

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

Value
creation
process

Strategy for advancing
value creation

Human resource
strategy
Details > p.25

Innovation
strategy
Details > p.32

2025
Medium-Term
Management Plan
Details > p.21

Business strategy
Details > p.41

Green strategy
Details > p.35

Sustainable
Vision 2030
Details > p.20

Sustainability
strategy
Details > p.46

Realizing sustainable growth

Ushering in both a prosperous society where people can live with peace of mind and the enhancement of corporate value



Materiality

- Domain contributing to solving social issues through business
- Human capital domain
- Environmental and manufacturing domain
- Business foundation domain
Details > p.15

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).

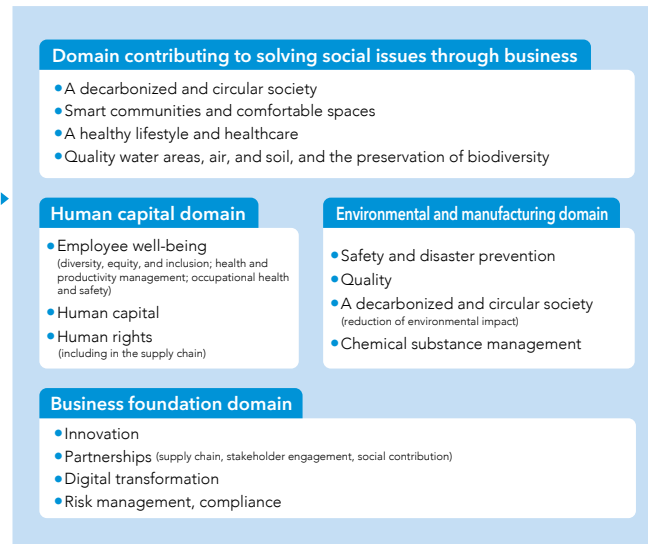
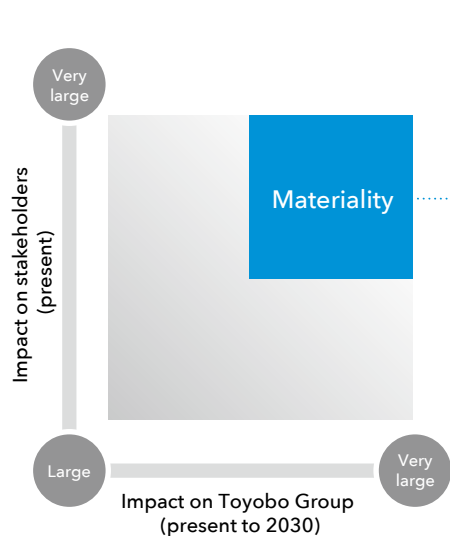
Process of identifying material issues

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.

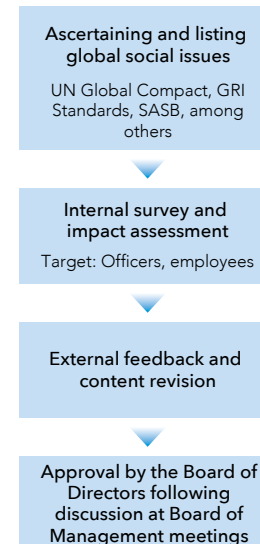
Management of materiality indicators (PDCA)

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) ① 42% ② 53% 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						
	Human rights (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
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			Officer in charge
				Themes	FY2026 indicators	FY2025 results	
Business foundation domain	Governance	<p>Medium and long term</p> <ul style="list-style-type: none"> Compliance with laws and regulations, and responding to system changes Social demands for strengthening corporate governance 	<p>Medium and long term</p> <ul style="list-style-type: none"> Practicing sustainability management aimed at enhancing corporate value 	<ol style="list-style-type: none"> Number of meetings of the Board of Directors/ Nomination and Compensation Advisory Committee Attendance rate of officers at meetings in 1. above Content disclosure on effectiveness evaluation of the Board of Directors 	<ol style="list-style-type: none"> Disclosure of results Disclosure of results Disclosure of contents of effectiveness evaluation 	<ol style="list-style-type: none"> 25 times (17 times / 8 times) Attendance by directors at meetings ⁽¹⁰⁾ Evaluation of the effectiveness of the Board of Directors ⁽¹²⁾ 	Takehiko Inada
	Innovation	<p>Medium and long term</p> <ul style="list-style-type: none"> 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 	<p>Medium and long term</p> <ul style="list-style-type: none"> Creating new markets by developing new products and businesses that address social issues Early response to changes in customer needs and strengthened regulations 	<ol style="list-style-type: none"> Promotion of development in the three key themes Number of new inventors Number of intellectual property education sessions for Toyobo and Group companies 	<ol style="list-style-type: none"> At least 75% At least 30 people 20 times per year 	<ol style="list-style-type: none"> 92% (11 out of 12 organizational tasks achieved) 54 people 24 times per year 	Katsuya Ito
	Partnerships (supply chain)	<p>Short, medium, and long term</p> <ul style="list-style-type: none"> Negative impact on business activities due to illegal actions or compliance violations by suppliers 	<p>Short, medium, and long term</p> <ul style="list-style-type: none"> Securing social sustainability and long-term competitive advantage 	<ol style="list-style-type: none"> Ratio of CSR procurement surveys returned (conducted every other year) Ratio of reduction in CO₂ emissions (intensity) related to logistics (sales) 	<ol style="list-style-type: none"> 90% or more Reduction of 0.5% year on year 	<ol style="list-style-type: none"> Not conducted Increase of 3.4% year on year 	Taichi Sakai
	Partnerships (stakeholder engagement)	<p>Short, medium, and long term</p> <ul style="list-style-type: none"> Failure to fulfill accountability leading to unestablished trust with stakeholders Reputational risk 	<p>Short, medium, and long term</p> <ul style="list-style-type: none"> Building strong trust relationships with diverse stakeholders 	<ol style="list-style-type: none"> Number of press releases Number of dialogue sessions with investors Frequency of engagement with stakeholders Number of meetings with employees and labor unions 	<ol style="list-style-type: none"> At least 75 per year At least 150 per year At least 3 times per year 60 times per year 	<ol style="list-style-type: none"> 81 cases 130 cases 3 times 62 times 	Norio Iizuka 4. Takehiko Inada
	Data security, privacy	<p>Short, medium, and long term</p> <ul style="list-style-type: none"> Information leaks, system failures, or stoppages due to cyberattacks Loss of customer trust, deterioration of relationships with business partners, and decreased competitiveness 	<p>Short, medium, and long term</p> <ul style="list-style-type: none"> Gaining customer trust, maintaining good relationships with business partners, and improving competitiveness 	<ol style="list-style-type: none"> Promotion of information security measures <ul style="list-style-type: none"> Renewal of network security infrastructure Renewal of computer security infrastructure Number of information security training sessions Number of incidents (e.g., information leaks, service outages) 	<ol style="list-style-type: none"> 100% completion of renewal 15 sessions per year 0 incidents per year 	<ol style="list-style-type: none"> Renewal completion 55% <ul style="list-style-type: none"> Network measures 16% Computer measures 93% 13 times per year 0 incidents per year 	Norio Iizuka
	Compliance	<p>Short, medium, and long term</p> <ul style="list-style-type: none"> Business activity stagnation, loss of social credibility, and damage to corporate value 	<p>Short, medium, and long term</p> <ul style="list-style-type: none"> Establishing a stable management foundation Strengthening risk management systems Fostering a culture of compliance awareness 	<ol style="list-style-type: none"> Improvement of compliance awareness <ol style="list-style-type: none"> Sufficient dissemination of top management messages Actions mindful of compliance Enhancement of compliance study sessions and various training programs Awareness and use of the compliance consultation desk <ol style="list-style-type: none"> Awareness of the compliance consultation desk Existence of a desk where employees can consult or report with confidence and trust Disclosure of the number of cases handled by the compliance consultation desk Number of serious violations of laws and regulations 	<ol style="list-style-type: none"> (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 (1) Positive survey responses: 95% or higher (2) Positive survey responses: 70% or higher (3) Disclosure of actual results Disclosure of actual results 	<ol style="list-style-type: none"> (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: <ul style="list-style-type: none"> Compliance study sessions—100% attendance by required participants In-house education and training—30 sessions per year (1) 91% (2) Self-policing mechanism (consultation when a violation is recognized)—83%* (3) 116 cases handled 0 cases <p>* 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.</p>	Takehiko Inada
	Compliance (R&D, intellectual property)			<ol style="list-style-type: none"> Achievement rate of education and anti-fraud activities related to R&D Implementation of audits related to compliance with intellectual property regulations 	<ol style="list-style-type: none"> 100% 100% 	<ol style="list-style-type: none"> 100% 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.



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

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,

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.

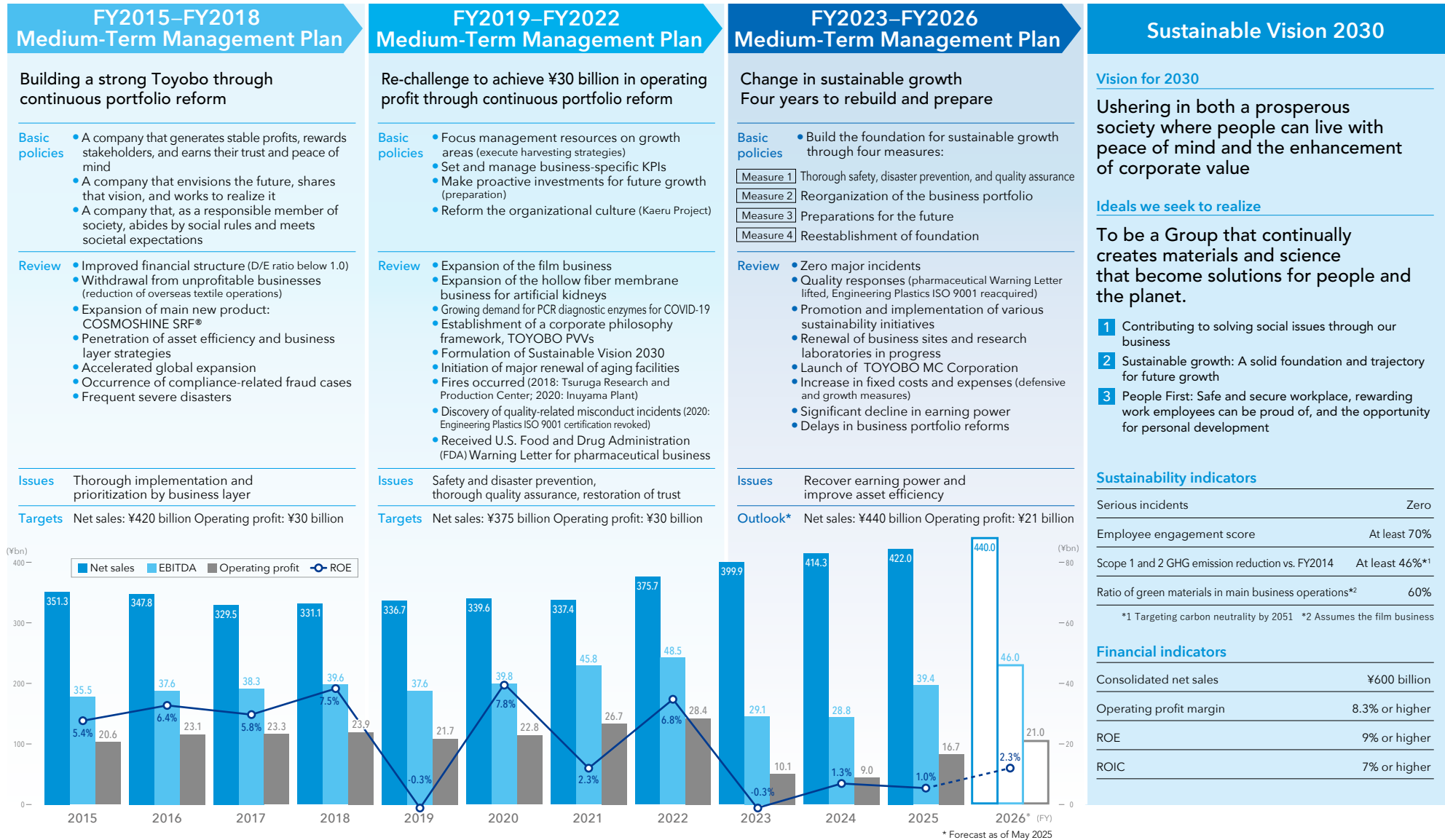
Going forward, including fiscal 2026, we will restore the trust of the capital markets by reliably achieving the targets we have set. Furthermore, by improving ROE and actively communicating our growth story, we believe we can foster a tangible sense of progress, driving an increase in the stock price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

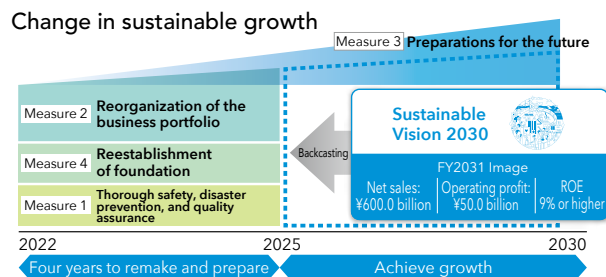


Medium-Term Management Plan

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.



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 Description	Progress Status	Details
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
Measure 2	Reorganization of the business portfolio	○	Quality assurance systems and mechanisms established; engineering plastics ISO 9001 certification reacquired, pharmaceutical Warning Letter from the FDA lifted Quality > p.48
		▲	Businesses focusing expansion: Growth investments executed as planned, but the start-up of some new facilities delayed
Measure 3	Preparations for the future	○	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 4	Reestablishment of foundation	○	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 PWs

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

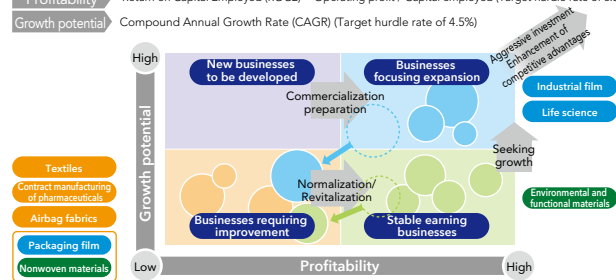
Overview of the 2025 Medium-Term Management Plan

Business portfolio

Changes in business portfolio positioning

Delays in reform due to deteriorating profitability in two businesses

Profitability Return on Capital Employed (ROCE) = Operating profit / Capital employed (Target hurdle rate of 6.5%)
Growth potential Compound Annual Growth Rate (CAGR) (Target hurdle rate of 4.5%)



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

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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Leveraging Toyobo Group's manufacturing capabilities and Mitsubishi Corporation's global management expertise, measures were implemented to strengthen the management foundation and improve profitability <ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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 <ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Aim for zero accidents through activities aligned with the road map for safety and disaster prevention
Quality	<ul style="list-style-type: none"> Deliver safe and reliable products and services through activities aligned with the quality assurance management structure reconstruction road map
Compliance	<ul style="list-style-type: none"> 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

Details > p.23

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

4 Secure investment returns and create new value

Details > p.23

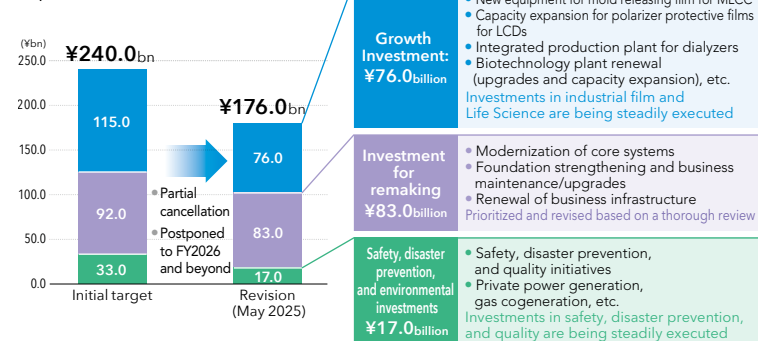
Actively invest in growth for businesses focusing expansion: industrial film and Life Science
 Create new value to achieve further medium- to long-term revenue growth

5 Narrowing down of investment and expenses, and cost reduction

Narrowing down of investment	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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

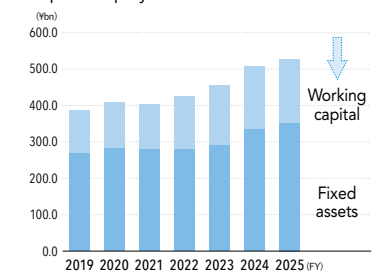
Capital investment (FY2023–2026 total)



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

Capital employed



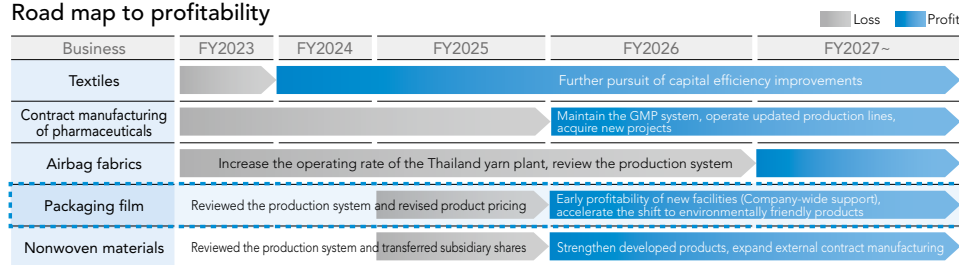
Medium-Term Management Plan

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

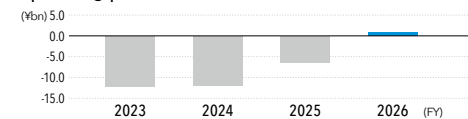


Improvement effects

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

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

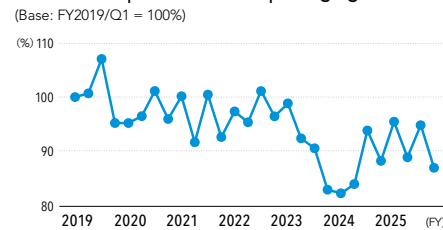
Operating profit (total of 5 businesses)



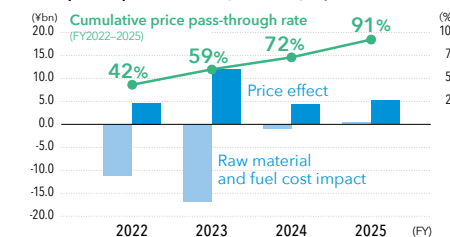
Factors behind the decline in profitability and delays in improvement for packaging film

	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



Impact of raw material and fuel costs, and price pass-throughs



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

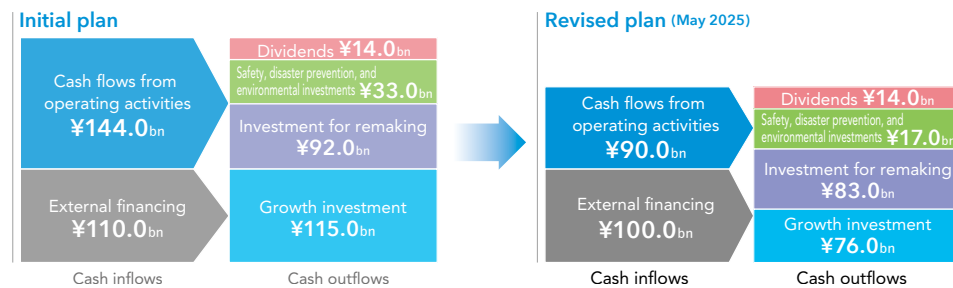
Financial and capital strategy

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.

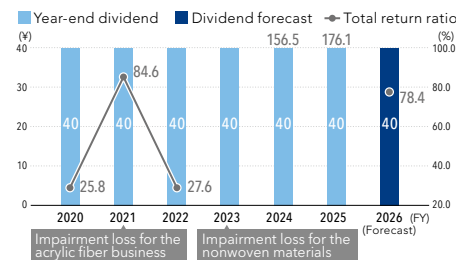
Cash flow allocation (FY2023–2026)

Targets and past performance > p.21



Policy on shareholder returns

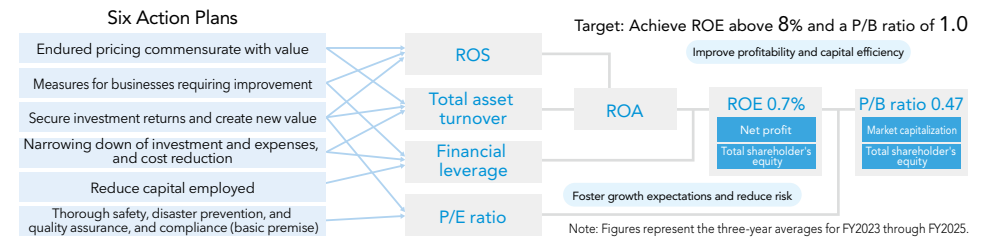
During the 2025 MTP, our policy is to aim for a total return ratio of 30% (including share buybacks as an option), while continually providing a stable dividend. This approach considers sustainable profit levels, retention of earnings for future investments, and improvement of our financial position.



Management focused on cost of capital and the stock price

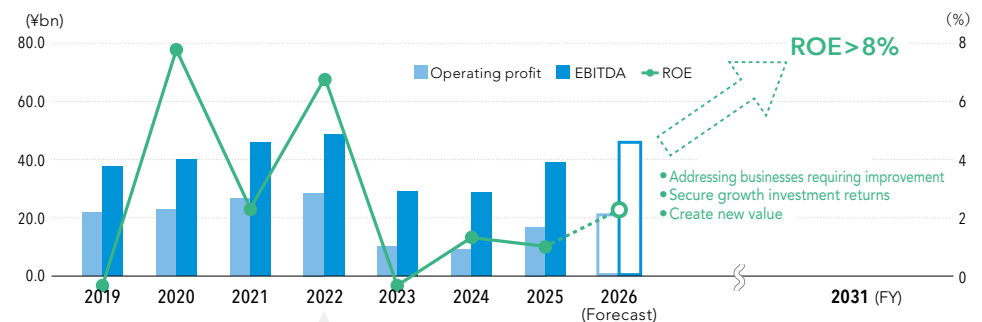
Current situation

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
Four years to remake and prepare

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