May 13, 2024

TOYOBO
Beyond Horizons

2025 Medium-Term Management Plan (FY 3/23 - FY 3/26)

~ Review of the first half and action in the second half ~

TOYOBO CO., LTD.

I would like to begin the review of the first half of the 2025 Medium-Term Management Plan. Now that the second year of the four-year Medium-Term Management Plan has concluded, I would like to review the two years and discuss what needs to be done for H2 of the plan, looking ahead to FY 3/27 and beyond.

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Introduction: Positioning of 2025 Medium-Term Management Plan

Corporate Philosophy Framework "TOYOBO PVVs"

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The TOYOBO Group philosophy
"Jun-Ri-Soku-Yu"
was a personal maxim of our founder Eiichi Shibusawa, an industrialist who contributed greatly to Japan's modernization. It has been the foundation of Toyobo Group's business ever since.

Founder
Eiichi Shibusawa

Handed down from our founder, Eiichi Shibusawa

Corporate Philosophy Framework
TOYOBO PVVs
We systematized "Jun-Ri-Soku-Yu" in 2019.

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. TOYOBO Spirit : Challenge, Reliability, Collaboration

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First, by way of confirmation, here is the positioning of this 2025 Medium-Term Management Plan.

As for the corporate philosophy, our mission is to live by the doctrine of the late Mr. Eiichi Shibusawa, "Adhering to reason leads to prosperity." Specifically, we are committed to creating the solutions needed by people and the earth.

Entire Picture of the Sustainable Vision 2030 (Announced in May 2022)

"Jun-Ri-Soku-Yu", or adhering to reason leads to prosperity

Ideals we seek to realize	**Innovation** We will be a group that continues to create the solutions needed by people and the Earth with materials and science				
Social change and trends in 2030	Standardization in dealing with safety, human rights and social justice issues	Increased and diversified needs concerning access to medical care/health promotion	Demographic change, humancentric innovation, accelerated urbanization	Decarbonization, resources circulation, limited natural resources	
Social issues to be solved through commitment	**People**			**Planet**	
	Employees' well-being and human rights in the supply chain	Healthy lifestyle and health care	Smart community and comfortable space	Decarbonized society and circular society	Good condition of water area, atmosphere and soil, and biodiversity
Challenges toward the future	People First: Employees' safety, pride and rewarding work	Contributing to the field of infectious diseases	Contributing to realizing humancentric, digital society	Helping achieve carbon neutrality	Bettering the environment through solutions
	Respecting human rights in the entire supply chain	Contributing to improving QOL	Creating comfortable space	Establishing an ecosystem for circulating resources	Food loss reduction and sustainable food
The state it wants to be in by 2030	**Prosperity** "Spiraling up" to a prosperous society where people can live with peace of mind and enhancement of corporate value				

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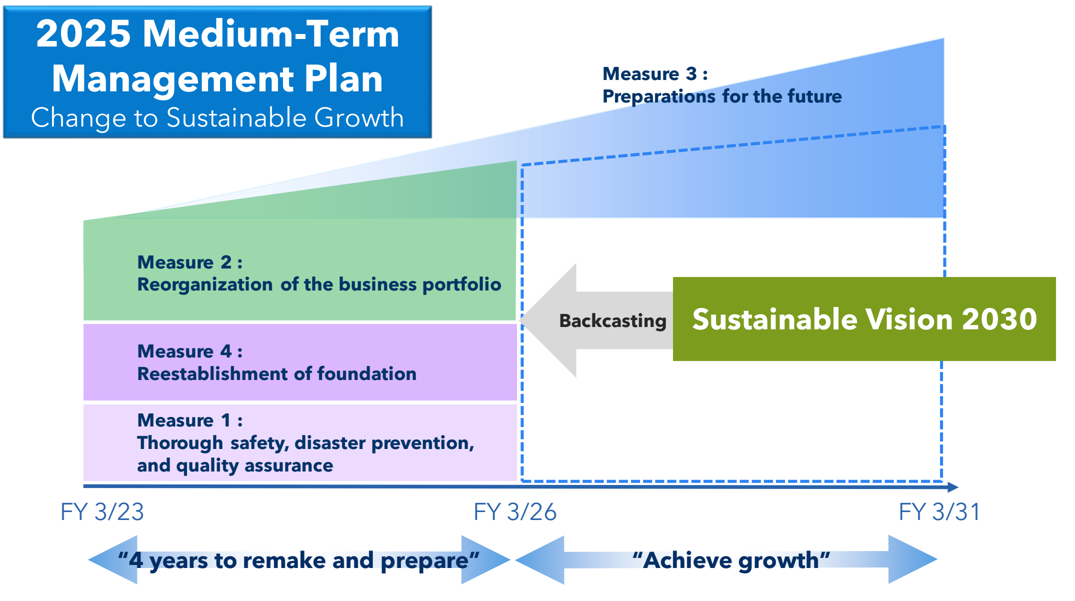
The Sustainable Vision 2030 is the embodiment of the commitment. Based on our corporate philosophy, we will commit to solving social issues for the planet and its people, through innovation that continues to create the solutions needed by people and the earth, thereby enhancing the prosperity of society and our corporate value.

2025 Medium-Term Management Plan: Basic Policy and 4 Measures (Announced in May 2022)



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2025 Medium-Term Management Plan was built using a "back-cast" approach with 2030 as the target. As 4 years to remake and prepare, while aggressively making capital investments, we reestablish foundation of our infrastructure. This time, the first half of the plan is over.

Summary

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Ⅰ. Review of first half of 2025 Medium-Term Management Plan

- Decline in earning power
  (deterioration in terms of trade × sales volume decrease + fixed cost/expense increase)
- Deterioration in financial structure, partly due to upfront large-scale investment
- Steady progress of "Thorough safety, disaster prevention, and quality assurance," "Preparations for the future," and "Reestablishment of foundation."

Ⅱ. Priorities for the second half of 2025 Medium-term Management Plan (action to prepare for FY 3/26 onward)

(1) Recover earning power

(2) Reduce capital employed

(3) Progress to the next growth stage (new creation)

Ⅲ. Financial indicators (forecasts for FY 3/26) and improvement of ROE and ROIC

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There are three points I would like to make today. First of all, I would like to look back on the first half.

The second point is, that in the second half of the plan, we set forth the challenge of what we are going to do to 2025 and then Sustainable Vision 2030.

Finally, we would also like to present financial indicators as measures of improvement to enhance corporate value in the future.

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Ⅰ. Review of first half of 2025 Medium-Term Management Plan

(3) Review of First Half of 2025 Medium-Term Management Plan

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- **Decline in earning power**
  Operating profit: 20.0–25.0 billion yen → 9.0 billion yen (FY 3/24)
  - Deterioration in terms of trade (reduced marginal profit ratio) × sales volume decrease + fixed cost/expense increase (offense/defense)
  - Deterioration of performance in packaging film and nonwoven materials → Change in positioning of business portfolio
  - Delay in announcement of investment results and growth strategies (new equipment launch)
- **Deterioration in financial structure, partly due to upfront large-scale investment**
  D/E ratio: under 1.0 times → over 1.2 times (FY 3/24)
  - Decline in earning power (= decrease in operating cash flow) + large-scale investment (films, life science, etc.) → negative free cash flow (increase in interest-bearing debt)
  - Delays in reorganization of business portfolio caused increase in total assets and capital employed
- **Steady progress of "Thorough safety, disaster prevention, and quality assurance," "Preparations for the future," and "Reestablishment of foundation."**
  - Thorough safety, disaster prevention, and quality assurance: Steady progress toward unwavering trust
  - Preparations for the future: Narrowing down of main themes in business development, progress on DX, response to carbon neutral
  - Reestablishment of foundation: Human resources investment (training etc.), infrastructure maintenance, uptrend in organizational culture improvement

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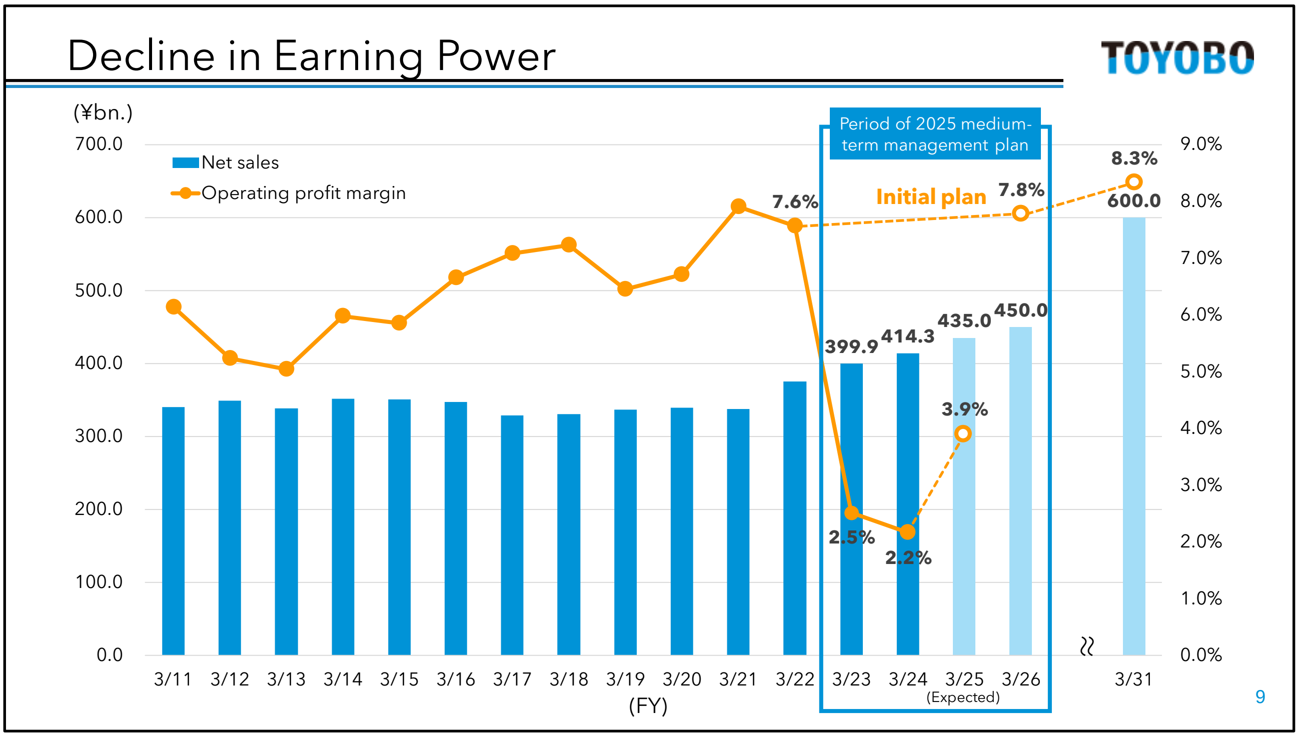
First, a recap of H1.

Looking back at the past 10 years of earning power, operating profit was JPY20.0 to JPY25.0 billion, but in the past two years it has stagnated at JPY10.0 billion and JPY9.0 billion. In this area, terms of trade have changed significantly, but at the same time, fixed costs have also increased.

Then, we have been investing aggressively, but we recognize that this growth strategy has yet to manifest. The Company's financial position has deteriorated, partly due to preceding large-scale investments. We have been working on the individual aspects of our business portfolio, but we have not yet been able to reorganize our portfolio on a large scale. By completing the portfolio reorganization, we hope to compress overall total assets.

We recognize that we made steady progress in safety, disaster prevention, and quality assurance, preparations for the future, and reestablishment of foundation.



We allocate the operating profit margin given the decline in earning power. It has dropped significantly in the last two years.

Results by Segment

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(¥bn.)

	Net sales			Operating profit		
	FY 3/23 Results	FY 3/24 Results	FY 3/26 Initial plan	FY 3/23 Results	FY 3/24 Results	FY 3/26 Initial plan
Films	146.1	156.5	**190.0**	1.6	2.7	**16.5**
Life Science	38.1	34.6	**43.0**	9.2	4.4	**7.0**
Envrionmental and Functional Materials	110.8	115.3	**145.0**	4.0	4.7	**12.5**
Others	104.9	107.8	**72.0**	- 4.8	- 2.8	**- 1.0**
Total	399.9	414.3	**450.0**	10.1	9.0	**35.0**

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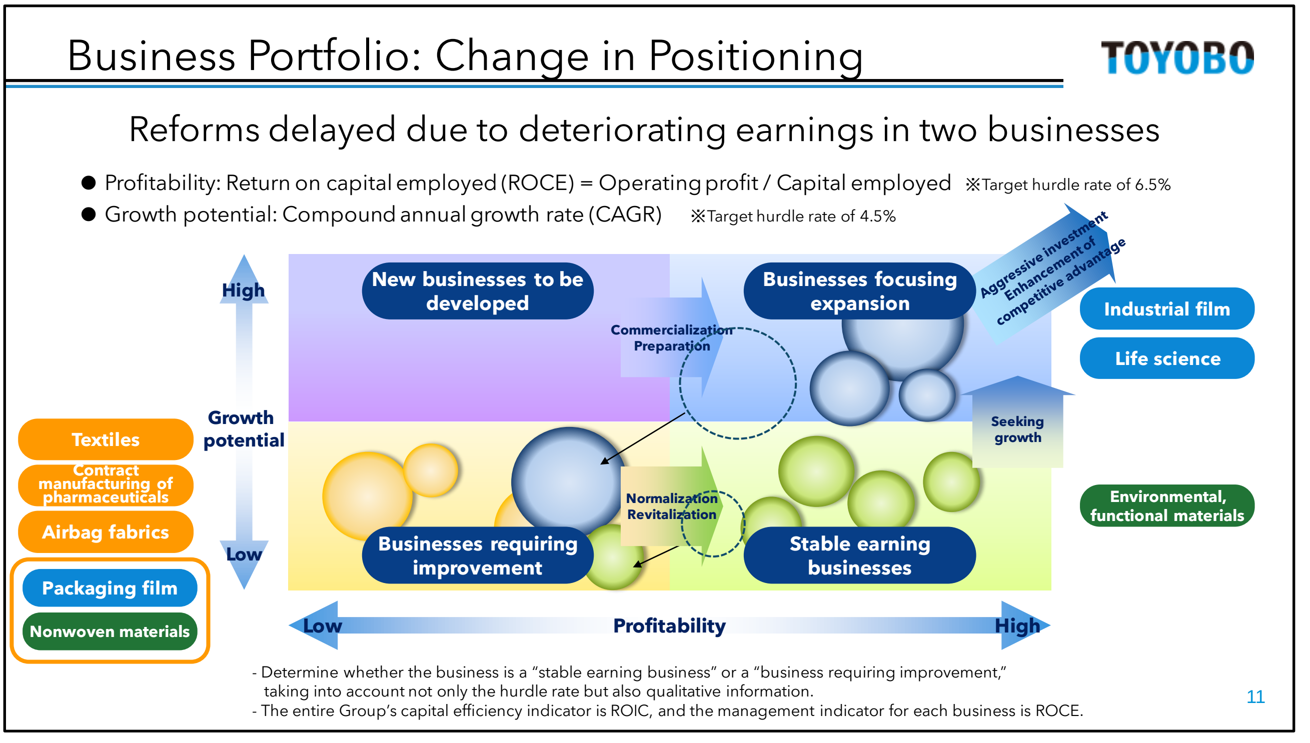
This is by segment. We had originally aimed for JPY35.0 billion, but you can see that we have yet to reach that goal in each segment. In particular, this means that films stagnation is significant.



Regarding the business portfolio, this time we have moved the packaging film and nonwoven materials, whose earnings have deteriorated significantly.

This circle shows the size of the capital employed.

As for businesses requiring improvement, three businesses made steady improvement but the positioning of businesses requiring improvement has changed significantly, and overall asset efficiency has deteriorated with the addition of two new loss-making businesses.

Regarding the businesses focusing expansion, we are actively investing in industrial film and life science business. On the other hand, for stable earning businesses, we are promoting portfolio reforms within TOYOBO MC to expand those that are growing.

Factors of Decreasing Earning Power

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Deterioration in terms of trade × sales volume decrease + fixed cost/expense increase

	Initial forecasts (As of May 2022)	Current condition (FY 3/23 - FY 3/24)
External factors	Geopolitical risk	- Conflict in Ukraine, increased tension in the Middle East
	Raw materials price remains high	- Raw materials and fuel prices remain high, while coal prices settles (impact of yen depreciation, etc.).
	Recovery from COVID-19 pandemic	- Chinese economy: Slowdown and stagnation, increasing deflationary pressure - Packaging film: Adjustments of inventories became prolonged, slow recovery in volume - Automobile volume recovery. Progress of EVs + acceleration of next-generation development - Significant decrease of reagents for PCR testing, but overseas demand for diagnostic and dialysis-related products increased
Internal factors	4 years to remake and prepare	- Progress in line with roadmap on safety, disaster prevention, quality assurance, and environmental measures - Execution of infrastructure maintenance and renewal investment. Increase in costs for offense/defense
	Growth investment	- Aggressive investment centered on films and life science. Development investment increase - Delay in launch of new equipment and new products for packing film

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As for the factors that contributed to the decline in earning power, the worsening of terms of trade has increased costs, while nonwoven materials have been affected by deflationary pressure in China. The decrease in quantity was due in part to the industry's inventory adjustments by recover from COVID-19. Fixed costs and expenses have increased both defensively and offensively.

External factors are as described. We recognize that the internal factor may be the delay in results for the new challenges.

2025 Medium-Term Management Plan: Progress of Four Measures

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Measure 1	Thorough safety, disaster prevention, and quality assurance	O Zero serious incident in FY 3/24 (△ number of work-related injuries increased from the previous year) O Development of the quality assurance structure in contract manufacturing of pharmaceuticals and engineering plastics O Construction and operation of three defense line
Measure 2	Reorganization of the business portfolio	▲ Businesses focusing expansion:Deterioration in packaging film performance (O Growth investment in films and life science) △ Stable earning businesses: Start of TOYOBO MC Corporation. Strategies and shift of resources based on business label. Deterioration in nonwoven materials performance. O Businesses Requiring Improvement : - Achieved profitability in textiles (reorganization of business, two plant suspension and consolidations) - Contract manufacturing of pharmaceuticals and airbag fabrics narrowed their losses and were on track to return to profitability.
Measure 3	Preparations for the future	O Setting of three areas of innovation creation and priority themes (Innovation Creation Vision) O Legacy systems update in progress. Companywide project to reform operations O Acquisition of SBT approval, third-party verification of environmental data, and participation in GX League
Measure 4	Reestablishment of foundation	O Selection of next-generation personnel. Promote diversity and human rights due diligence O Development of training for onsite leaders and other engineers O Development of and renewal of business sites and plant infrastructure △ Strengthening the group governance structure O Instillation of corporate philosophy framework "TOYOBO PVVs"

(O: As planned、△: Delayed、▲: Severely delayed)

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Looking back at the four measures, we have made steady progress in through safety, disaster prevention and quality assurance. In particular, for quality issues, the three defense lines were created to separate production and quality assurance on the production environment, separate a quality assurance department to oversee them, and then separate an internal audit function whether the quality assurance department is functioning.

We are also making steady progress in the area of systemization to reduce the amount of human input. Regarding fostering a culture of quality, we are also promoting awareness reform, and we recognize that we are making steady progress.

Reorganization of the business portfolio. We have taken action in each of these segments, as indicated on the previous slide.

However, in business focusing expansion, the performance of packaging film deteriorated amidst changes in the business environment, and although packaging film was designated as an expansion business in the Sustainable Vision 2030 and the 2025 Medium-Term Management Plan, its positioning has been changed to emphasize asset efficiency in the future.

As for the stable earning business, TOYOBO MC has made a good start. Among these, we have begun to take measures for nonwoven materials, where business is severe. As for the businesses requiring improvement, they are steadily improving.

As for preparations for the future, we have focused on three areas of innovation, are steadily investing in updating the legacy parts of our systems, and have acquired SBT approval for environmental responsiveness.

In reestablishmentof foundation, we are advancing in each of these areas. We are putting more effort than ever before in the area of human resources, but we recognize that there are still issues to be addressed regarding group governance, and we are in the process of strengthening this area of our business as well.

These are some reflections on H1.

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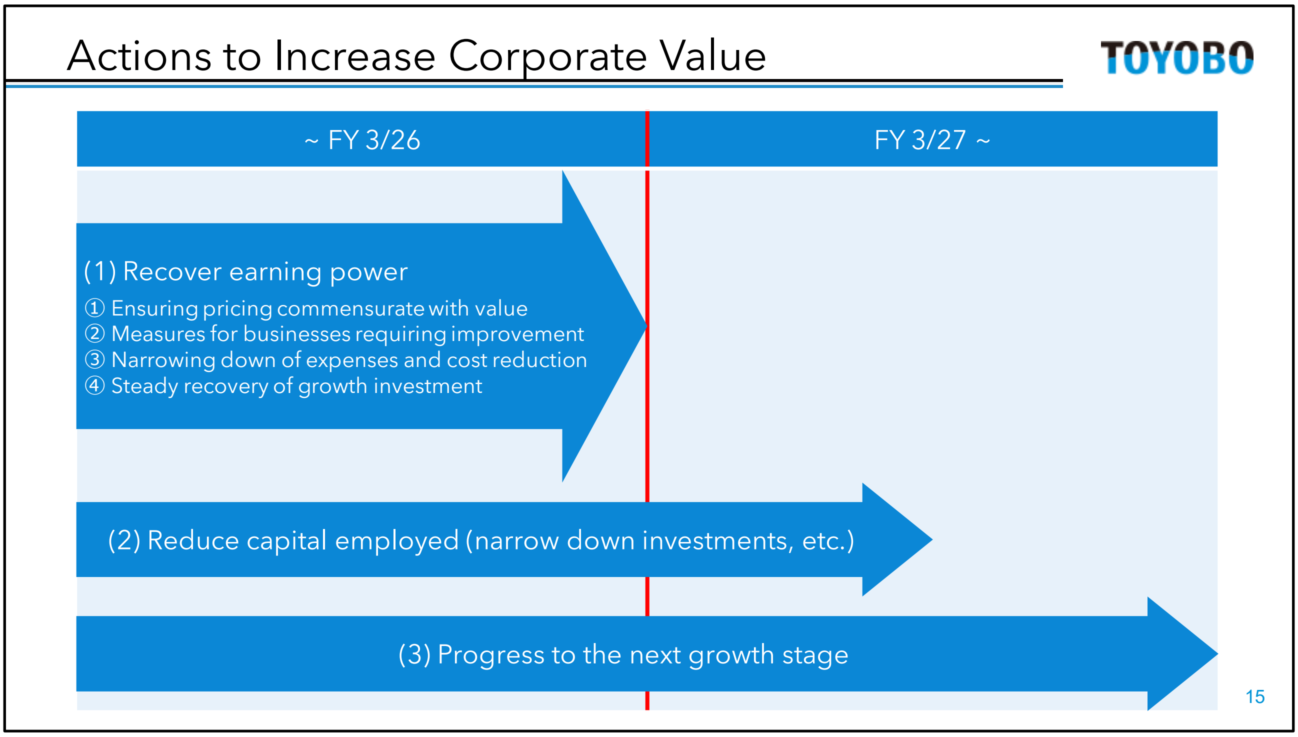
Ⅱ. Priorities for the second half of 2025 Medium-term Management Plan (action to prepare for FY 3/26 onward)



The second half of the action is based on this.

Regardless, we recognize that recovering earning power is the top priority. This is an area that is consistent with the management policy for FY 3/25, and the first step is to return to the profit level by thoroughly promoting this policy.

On the other hand, we recognize that we need to do more to improve asset efficiency, including the reduction of non-business assets, which we have not fully done.

On the other hand, we are taking on new challenges in the next stage of growth, looking ahead to 2030, and we must tackle these challenges.

We recognize that these three are the key actions for the second half.

(1) Recover Earning Power: Basic Policy

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① Ensuring pricing commensurate with value	- Follow up on execution of pricing by management: shift price setting from cost based to value based
② Measures for businesses requiring improvement	- Packaging film: Production system revision, early expansion of eco-conscious products, sales expansion for overseas - Nonwoven materials: Reorganization of domestic business, production system revision - Airbag fabrics, contract manufacturing of pharmaceuticals: Execution of the roadmap to profitability - Textiles: Returned to profitability in FY 3/24 → pursue capital efficiency improvement
③ Narrowing down of expense and cost reduction	- Increase in cost competitiveness of business sites and plants - Reduction in cost of indirect materials and services - Increase in operational efficiency and productivity
④ Steady recovery of growth investment	- Profit increase by realizing effects of growth investments and development investment

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Basic policy of recovering earning power. As far as the packaging film business goes, we are urgently rebuilding this business as a company-wide project.

As for nonwoven materials, we are in the process of executing a reorganization of domestic business and reviewing our production system by the end of this fiscal year.

Third, with regard to narrowing down of expense and cost reduction, SG&A expenses have risen by JPY10.0 billion over the past three years, and while there are some variable SG&A expenses, overall, we have been working on a tight budget. But there is a part of it that is necessary to meet the demands of society.

However, we cannot just increase these costs, so from now on, we are considering compressing them as an urgent company-wide project, and we will prevent further increases by reducing fixed costs, especially by improving operational efficiency and productivity.

(1) Recover Earning Power: ② Measures for Businesses Requiring Improvement

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Packaging film

Factors in deterioration of operating results		Measures
- High prices for raw materials and fuel - Delayed and insufficient price increase	**Deterioration in terms of trade**	- Accelerated shift to eco-conscious products - Accelerate roll-out of ultra-highly rigid OPP film - Thorough revision of product pricing - Marketing reforms (including strengthening overseas sales) - Early full-fledged operation of new equipment - Review of production system, narrow down investments
- Prolonged distribution inventory adjustment (partially affected by imported products) - Change in consumer behavior	**Sales volume decrease**	
- Delay in new equipment launch (start-up cost recorded)	**Fixed cost increase**	

Nonwoven materials

Factors in deterioration of operating results		Measures
- Competition with overseas products - Commoditization	**Profit decrease**	- Strengthening and promotion of development - Revision of domestic production system - Expansion of production outsourcing

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Packaging film is a company-wide project. Factors in deterioration of operating results are described here.

As measures, the ratio of environmentally-friendly products should be increased. We would like to promote segmented and focused marketing approach.

In addition, while actively promoting capital investment, we are considering switching to an asset efficiency-oriented management approach overall.

With regard to nonwoven materials, we hope to achieve improvement by reviewing our domestic production system while promoting development.

(1) Recover Earning Power:
③ Narrowing Down of Expenses and Cost Reduction

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Productivity reform and cost structure changes
(eliminate, consolidate, connect) through companywide project

- Increase in cost competitiveness of business sites and plants (revise corporate division expenses and reallocate businesses)
- Reduction in cost of indirect materials and services
- Increase in operational efficiency and productivity (increase operation quality while reducing costs)

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Regarding fixed cost reduction, we are working on a company-wide project to review the cost structure, the head office, the staff, and the common costs of the plants.

(1) Recover Earning Power:
④ Steady Recovery of Growth Investment

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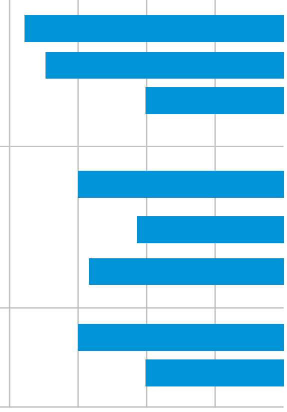
Segment	Details	Investment amount (¥bn., round number)	Time to realize investment results			
			FY 3/24	FY 3/25	FY 3/26	FY 3/27~
Films	- OPP film equipment (Inuyama) - Processing equipment Unit 2 of mold releasing film for MLCC (Tsuruga) - Equipment of mold releasing film for MLCC (Utsunomiya)	7.0 6.0 *1 20.0				
Life Science	- Equipment for raw enzymes for biochemical diagnosis (Tsuruga) - Equipment for reagents for PCR testing and genetic diagnostic reagents (Tsuruga) - Integrated production plant for artificial kidney hollow fiber (Akita)	7.0 6.5 5.0				
Environmental and Functional Materials	- Equipment for high performance resin (Takasago) - Equipment for high performance resin (Iwakuni)	8.0 *2				



*1: Total with Unit 1 *2: Total investment amount of JV

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Regarding growth investment, capital investments that we have made over the past three years are starting up to ensure that these will lead to results. We are aware that we must do whatever it takes to achieve this, as there is an investment of about JPY60.0 billion as shown.

(2) Reduce Capital Employed

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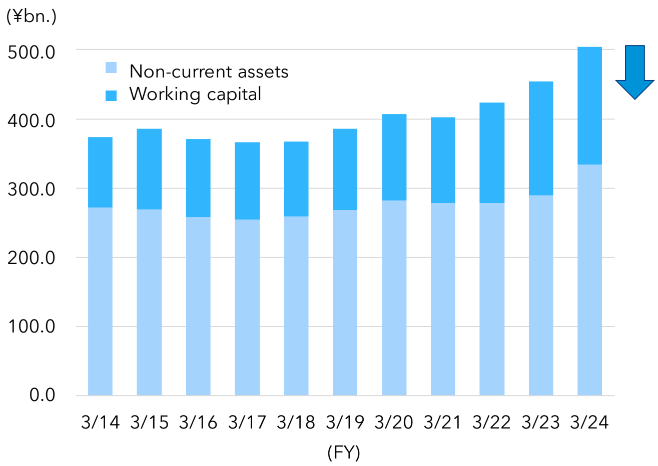
Emphasis on capital efficiency and optimization of capital employed

Changes in capital employed



- Narrow down investments
- Business portfolio reforms
  - Normalization of businesses requiring improvement
  - Stratification and countermeasure execution based on hurdle rate (operating profit margin on employed capital)
- Divestment of non-business assets

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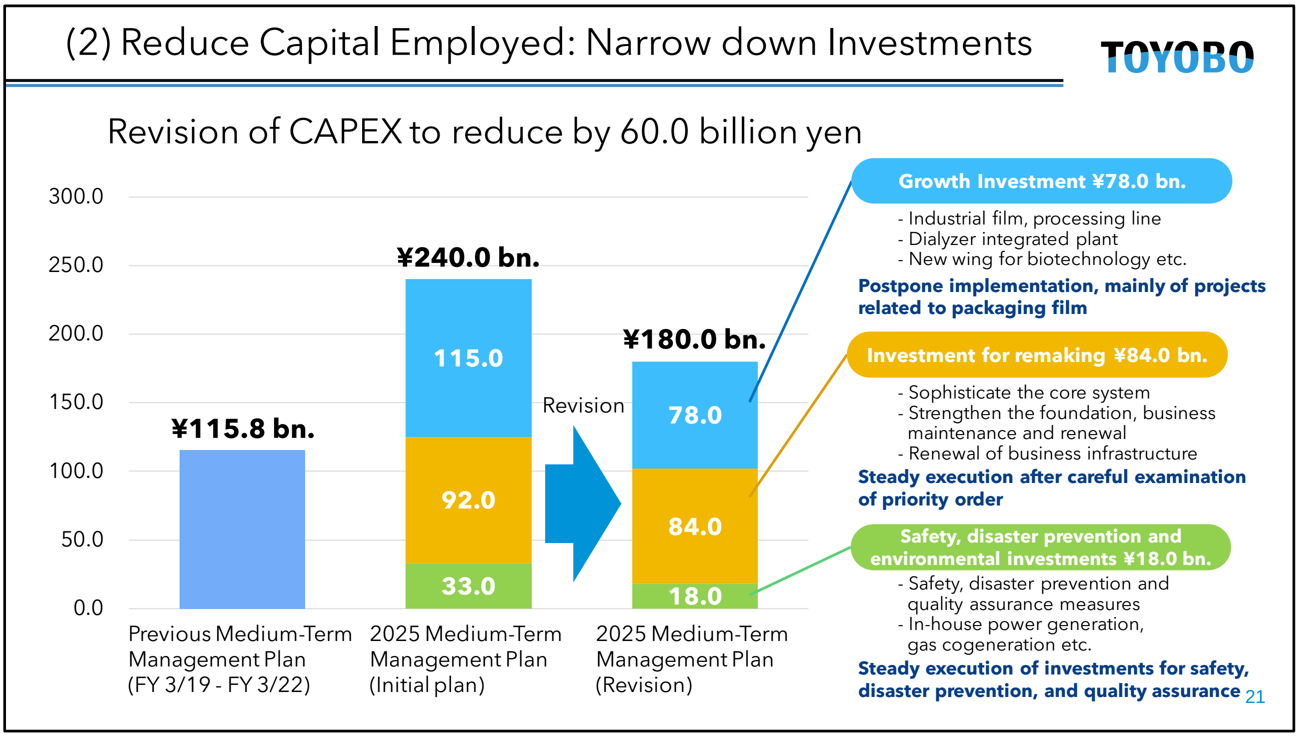
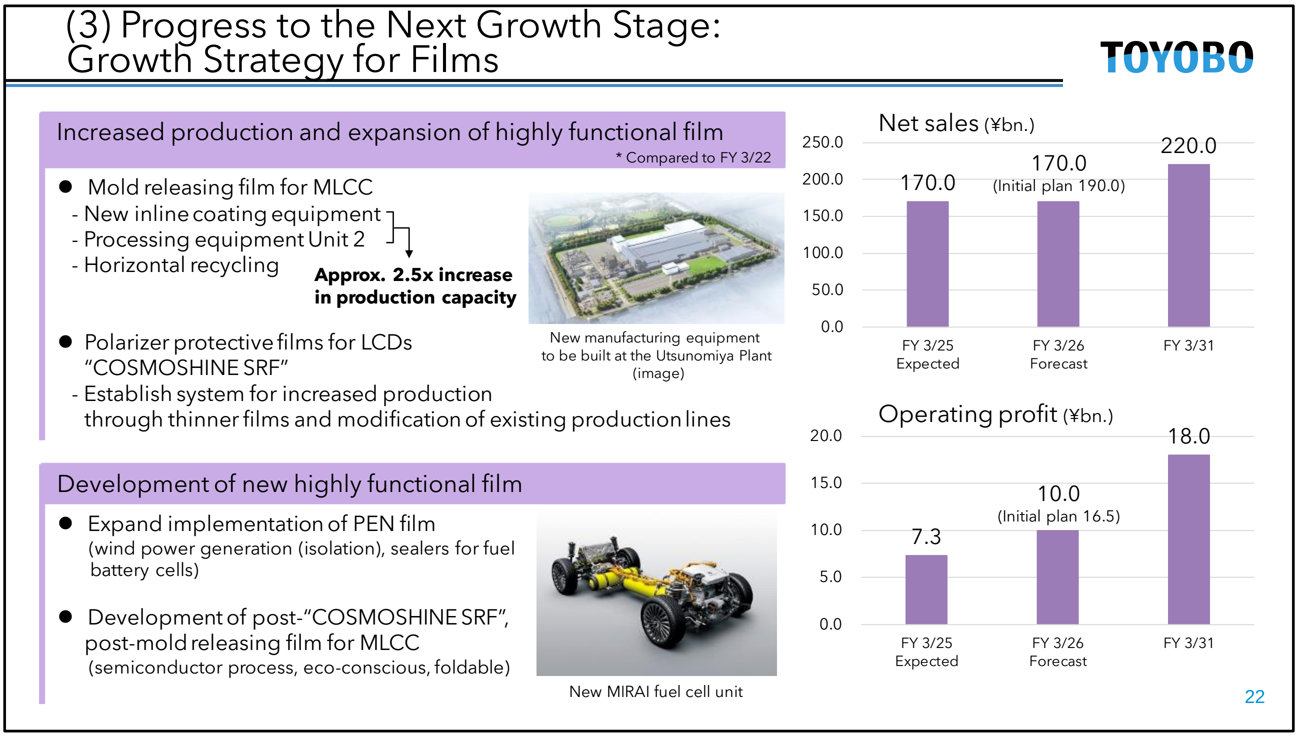
On the other hand, we are talking about the reduction of capital employed. We recognize that capital employed has also increased very much over the past few years, in part due to an increase in working capital and in part due to increased sales, but we also recognize that Non-current assets must be reviewed in the context of business portfolio reorganization, including the divestment of non-business assets.



Capital investment was originally planned to be raised from about JPY30.0 billion per year, just under JPY120.0 billion over four years, as commensurate with operating cash flow. However, we are reviewing the current deterioration in operating cash flow in the direction of reducing it by JPY60.0 billion, as we have made decisions and are executing major investments.

In particular, with regard to investment for growth, we have changed the positioning of packaging film, and we have decided to postpone this part of the investment. Regarding investment for remaking, we are almost in the process of implementing most of them, but we will consider postponing some of them after carefully examining their priorities.

As for safety, disaster prevention, and environmental investments, the safety and disaster prevention investments will be implemented without reduction, while no environmental investments can be implemented by the year 2025 any more on cash flow basis.



Speaking of the next growth stage, let me highlight the films business.

With the increased production and expansion of highly functional film, we expect to see the recovery of mold releasing film for MLCC, especially, high-end types. In the medium to long term, customers have announced further expansion, and to meet the demands, we will increase production capacity.

The soon-to-launch equipment at the Utsunomiya Plant is expected to manage to the increasing market share as the overall square footage increases.

Then, among the new highly functional film are PEN film (polyethylene naphthalate film). Nowadays, the possibilities are expanding for various applications, such as wind power generation and sealers for fuel battery cells, and we would like to take advantage of these possibilities.

(3) Progress to the Next Growth Stage: Growth Strategy for Life Science

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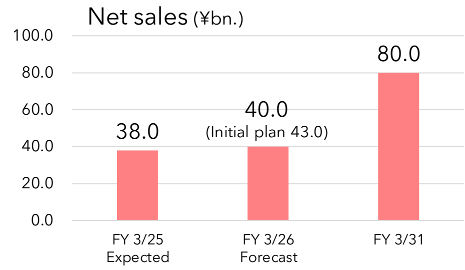
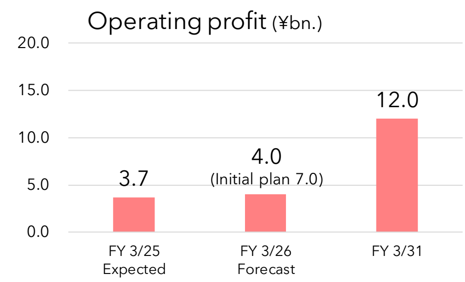
Biotechnology business

- Raw enzymes for biochemical diagnosis
  - Production capacity expansion, **approx. 1.5x increase in production capacity (from 2024)**, and expansion of overseas development
- Expansion of solutions business for infectious diseases
  - New equipment for raw materials for genetic diagnostic reagents **Approx. 3x increase in production capacity (from 2024)**
- Development of biotechnology in other markets
  - Biomanufacturing (agricultural spreading agent)

Medical materials business

- Increase production of artificial kidney hollow fiber while closely watching overseas development
  - Integrated production plant jointly with Nipro Corporation (from 2024, Odate City, Akita Prefecture)
- Expansion of applications for acute blood purification membranes and process membranes
  - CART membranes (ascites filtration and concentration), virus removing membranes, filtration membranes for culture media
- Expansion of biomaterials business
  - Antithrombogenic polymer "SEC ONE SURFACE"





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Next is the life science business.

As for the biotechnology business, we once increased profits due to special demand for COVID-19, but at the base, we are making capital investments in raw enzymes for biochemical diagnosis and the infectious disease solution business, which we hope to achieve.

We would like to participate in biomanufacturing, which is supported by NEDO, to produce biosurfactants.

As for medical, the plant will finally start operating this summer to meet the increasing demand for dialysis. We believe that if we respond to the very increasing demand overseas, we can increase our competitiveness with an integrated factory.

(3) Progress to the Next Growth Stage: Growth Strategy for Environmental, Functional Materials

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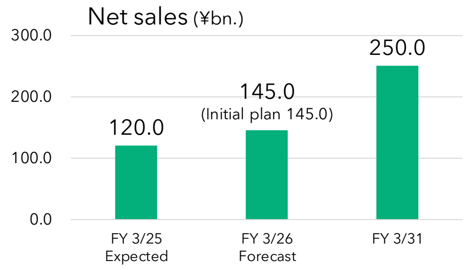
Resin and chemicals business

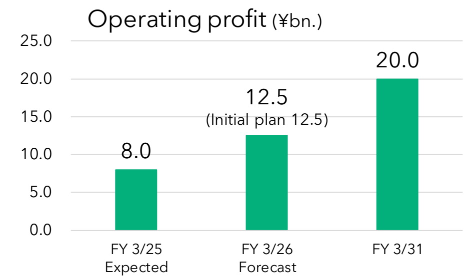
- Engineering plastics
  - EV response, expansion of OEM for overseas companies
- "VYLON" "HARDLEN"
  - Lithium-ion battery pouch applications, high-speed transmission applications (low dielectric)
  - Practical use of "vitrimers"* (adhesive sheets for electronic materials)

* "Vitrimer" is a registered trademark of FONDS ESPCI PARIS.



Environment and fiber business

- VOC recovery equipment
  - For lithium-ion battery separator plants
- Water treatment membrane
  - FO membranes (energy savings in seawater desalination process, osmotic pressure power generation), BC membranes (wastewater treatment etc.)
- High performance fibers
  - Mooring cables for offshore floating wind power generation



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The environmental and functional materials business. As for TOYOBO MC, we hope to achieve some significant results in this fiscal year in earnest. There is expansion within our current business, but we are also looking to expand into new areas in addition to that.

In particular, for engineering plastics, we are considering expanding to foreign OEMs with new marketing. In environment and fiber, we are considering expansion in water treatment membrane and high performance fibers.

(3) Progress to the Next Growth Stage: Organization for Innovation Creation

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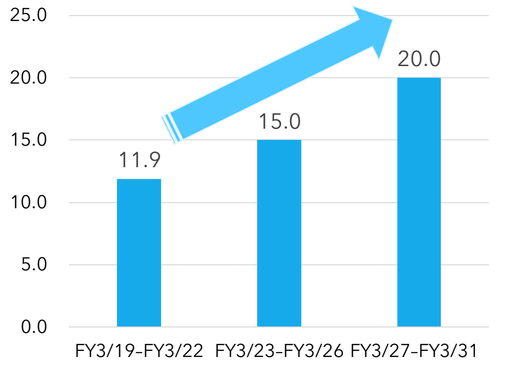
Company-wide innovation system through collaboration between corporate research and divisional development

- ■ R&D open innovation
  - Investment in U.S. biotech venture, comprehensive partnership agreement with Kobe University
- ■ Marketing Innovation
  - TOYOBO MC Corporation: Mobility Business Strategy Unit

Amount of R&D investments

Ratio of R&D expenses to net sales 3.6-3.8%



Annual amount of R&D investments (billions of yen/year) (including intellectual property-related expenses)

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This is the part of growth in 2030 or beyond 2030. We have narrowed our R&D investments considerably in the past, but we are now almost back to 3.6% to 3.8% to net sales.

Overall, the plan is not to do things on our own, but to promote a combination of the two: open innovation, and marketing innovation, which means not only creating products and technologies, but also changing the way we sell them.

(Reference) TOYOBO MC Corporation: Start of Mobility Business Strategy Unit

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Establishment of a new organization to promote business in the mobility field, supervised by the President

- Change from previous material proposal type approach to direct OEM approach
  ⇒ Promote integrated development from the concept planning stage for next-generation automobiles
- Utilize knowledge and network of the Mitsubishi Corporation Group (including Beyond Materials Corporation*)
- Priority themes
  (1) Metal replacements for mass reduction (weight reduction)
  (2) Next-generation interior and exterior parts (adoption of plastics, functionality)
  (3) Next-generation environmental response (recycling)
  (4) New materials and technology (further development of processing technology)
  (5) Fluorine alternatives (regulation compliance)

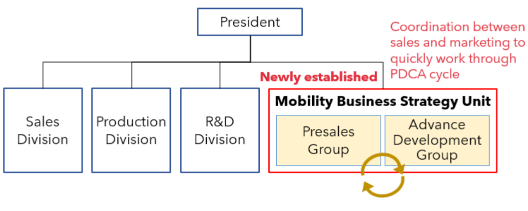
*** Beyond Materials Corporation**

Consulting and engineering services company for the materials industry

Joint venture between Mitsubishi Corporation and FEV Consulting GmbH (Germany)

Using digital technology to provide wide-ranging support/services mainly in the areas of market research, strategy formulation/execution, and product development and testing

Organization structure



Net sales target in the mobility domain: FY 3/31 100.0 billion yen
(within net sales for the Environmental and Functional Materials segment)

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Regarding the marketing innovation, we have established a team for mobility-related projects in the past, but this time TOYOBO MC will utilize the Mitsubishi Corporation Group's knowledge and network to approach OEM manufacturers directly and make proposals on the key themes listed here.

(3) Progress to the Next Growth Stage: Challenge for New Domains by Integrating Core Technologies

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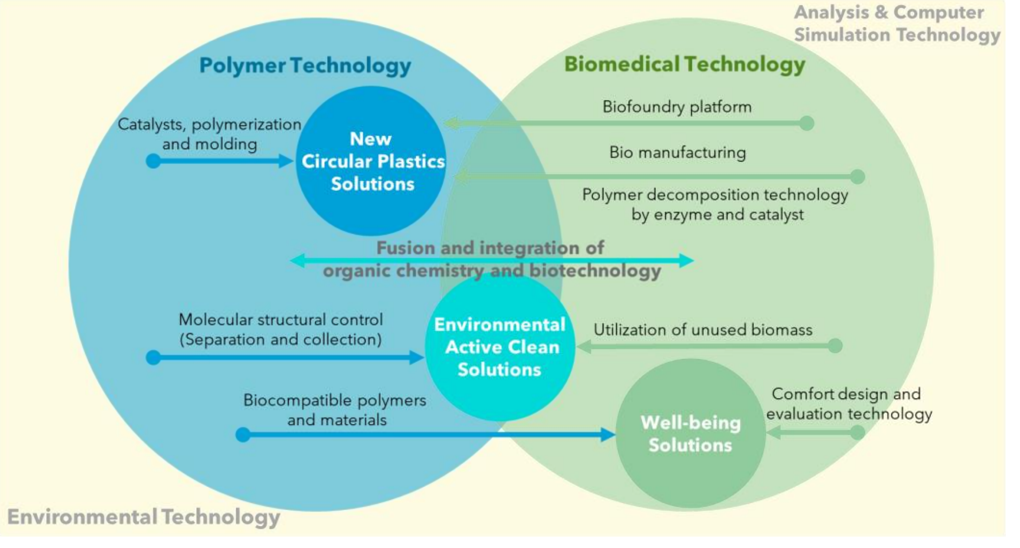
Four core technologies : polymer technology, biomedical technology, environmental technology, and analysis & computer simulation technology.



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The innovation part. We believe that our strengths of core polymer and biomedical technology lie in these three solutions.

(3) Progress to the Next Growth Stage: New Creation in Three Areas

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New Circulation Plastics Solution	**Conversion to renewable polymer** - Highly efficient chemical recycling of used plastics (establishment of R Plus Japan, Ltd., utilization of Anellotech Inc.'s technology) - 100% biomass new plastic such as PEF (Polyethylene furanoate)
Environmental Active Clean Solution	**Providing new eco-conscious materials and services** - Practical use of "vitrimers"* which is eco-friendly, solvent-free and high-heat-resistant adhesive materials - Energy savings in seawater desalination process using FO membranes (forward osmosis) - Expansion into energy conservation, salt making, wastewater treatment, and recovery of valuable substances using BC membranes (treating high-concentration salt water) - Material for organic photovoltaics: Outstanding energy-saving technology. Achieve the world's highest level of conversion efficiency in a dim room
Well-Being Solutions	**Medical materials and devices that meet Unmet Medical Needs** - Acute blood purification membrane: Ascites filtration and concentration membrane (CART), therapeutic devices for sepsis - Biocompatible polymer: Polymer that can provide characteristics such as antithrombogenicity, inflammation prevention, and antibiofouling for plastics, metals, medical devices, etc.
	Providing value to the next-generation medicine - "Catarosev" : Purification kit to recover exosomes with high efficiency, purity and yield
Cross-domains	**Providing petroleum-free and sustainable materials through "biomanufacturing"** - MEL: Providing surfactants produced by microorganisms as agricultural spreading agent, blending agents for feed, coating agent for sanitary materials, etc. ※ Selected for NEDO "Research and Development of Technologies to Promote Biomanufacturing"

* "Vitrimer" is a registered trademark of FONDS ESPCI PARIS.

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Specifically, as shown here, we believe that this new circulation plastics solution will be a major technological development that will lead to solutions for the various issues that have emerged with regard to the environmental impact of films.

In the area of well-being solutions, there is a lot of interest in kit to recover exosome among the stakeholders right now, and we recognize the importance of turning this into a business.

These are the growth areas.

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Ⅲ. Financial indicators (forecasts for FY 3/26) and improvement of ROE and ROIC

Financial Indicators (FY 3/26 Forecasts)

	FY 3/22 Results	FY 3/23 Results	FY 3/24 Results	**FY 3/26 Forecasts**	FY 3/26 Initial plan
Net sales (¥bn.)	375.7	399.9	414.3	**450.0**	450.0
Operating profit (¥bn.)	28.4	10.1	9.0	**25.0**	35.0
(Ratio to sales) (%)	7.6	2.5	2.2	**5.6**	7.8
EBITDA (¥bn.) *1	48.5	29.1	28.8	**51.0**	63.0
Profit attributable to owners of parent (¥bn.)	12.9	- 0.7	2.5	**9.0**	15.0
ROE (%) *2	6.8	-	1.3	**≧ 4.5**	≧ 7.0
ROIC (%) *3	5.1	1.7	1.3	**≧ 4.0**	≧ 5.0
D/E ratio	0.98	1.21	1.26	**< 1.40**	< 1.20
Net Debt / EBITDA ratio *4	3.4	5.8	7.5	**< 5.0**	< 5.0
CAPEX (FY 3/23-FY 3/26 cumulative) (¥bn.)				**180.0**	240.0

*1 Operating profit + Depreciation (includes goodwill) *2 *Profit / Beginning and ending balance average shareholder's equity
*3 *NOPAT / (Interest-bearing debt + Net assets) *4 (Interest-bearing debt - Cash and deposits)＜Ending＞／EBITDA

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Including the above, I would like to discuss the improvement of overall financial indicators, ROE, and ROIC.

First, financial indicators. In FY 3/26, based on the current earnings situation, operating profit is JPY25.0 billion, and net profit is JPY9.0 billion.

This is not the goal, but we would like to further aim for an operating profit of JPY30.0 billion or more after FY 3/26.

As I mentioned earlier, we are in the process of reducing capital investment. Although ROE is not yet satisfactory, we would like to use this as a milestone to achieve the next step.

Targets by Segment (FY 3/26 Forecasts)

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(¥bn.)

	Net sales				Operating profit			
	FY 3/23 Results	FY 3/24 Results	**FY 3/26 Forecasts**	FY 3/26 Initial plan	FY 3/23 Results	FY 3/24 Results	**FY 3/26 Forecasts**	FY 3/26 Initial plan
Films	146.1	156.5	**170.0**	190.0	1.6	2.7	**10.0**	16.5
Life Science	38.1	34.6	**40.0**	43.0	9.2	4.4	**4.0**	7.0
Envrionmental and Functional Materials	110.8	115.3	**145.0**	145.0	4.0	4.7	**12.5**	12.5
Others	104.9	107.8	**95.0**	72.0	- 4.8	- 2.8	**- 1.5**	- 1.0
Total	399.9	414.3	**450.0**	450.0	10.1	9.0	**25.0**	35.0

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These are our targets by segment. In this, the downward revision is made for films, and for life science business, we are being a little conservative in lowering the figure here because the actual contribution to profit will be delayed until after FY 3/27. For the environmental and functional materials business, we are proceeding by achieving this as per our initial target.

Cash Flow Allocation (FY 3/23 - FY 3/26)

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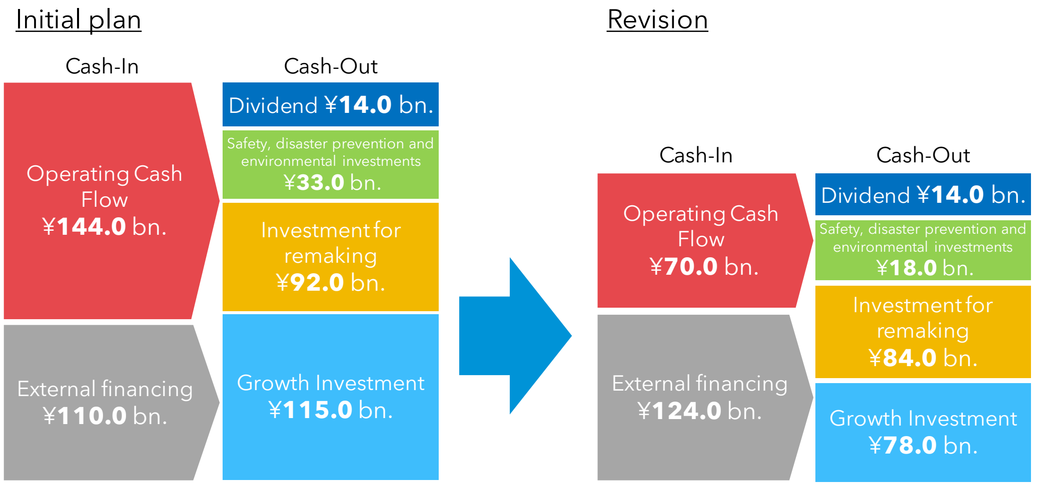
◇ CAPEX: Prioritization of safety, disaster prevention, and environmental response, and revision according to decrease in operating cash flow



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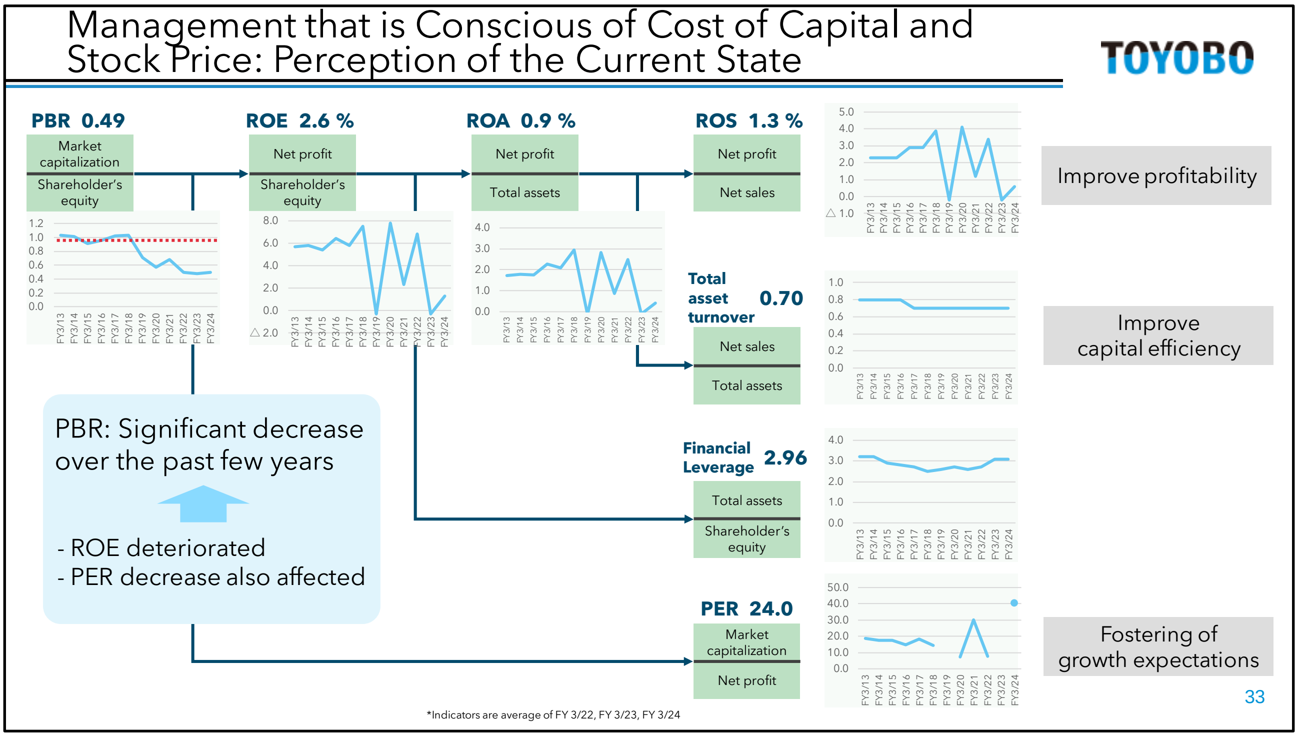
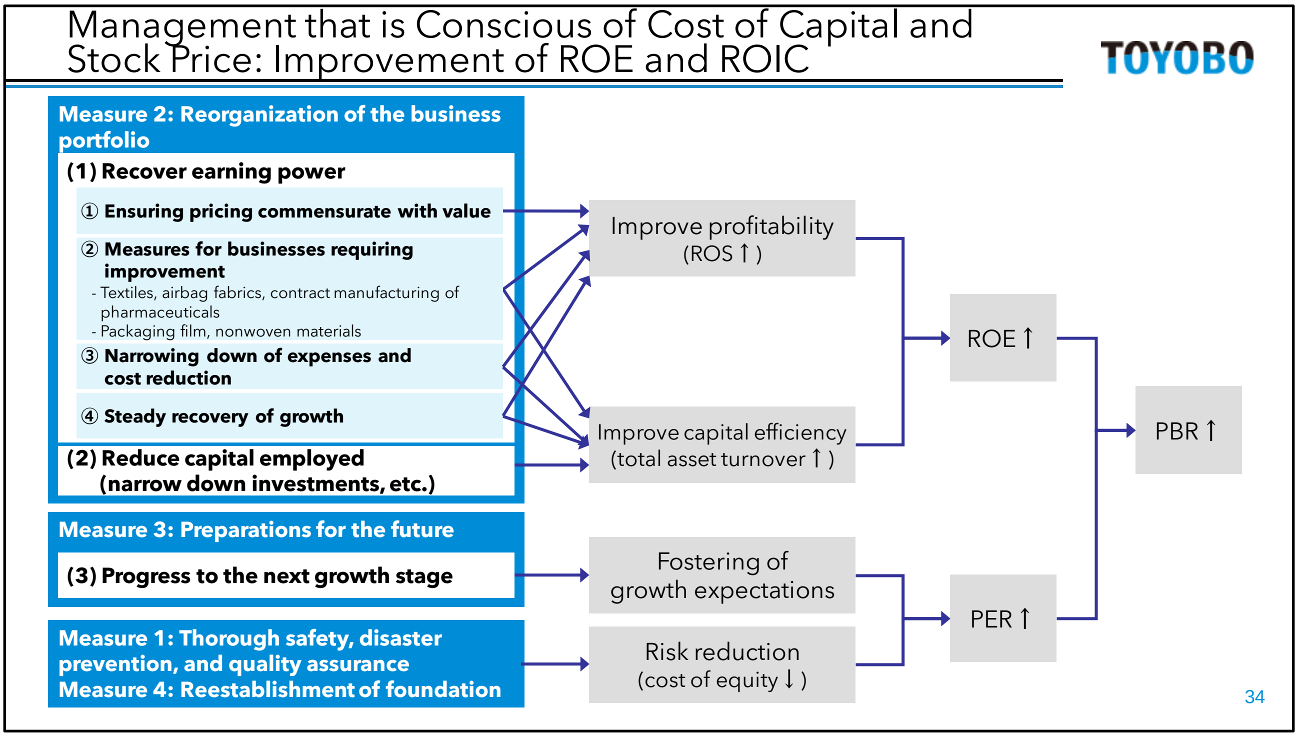
Based on these P&Ls, it is cash flow allocation. We were originally looking at JPY144.0 billion in operating cash flow, but this has been cut in half, and we are also considering reducing capital expenditures, which means that we will keep the increase in external financing to a bare minimum.



Management that is conscious of cost of capital and stock price. This is all about improvement of ROS, profitability, and total asset turnover.



We are aware that the first and most urgent task is to improve this profitability and asset efficiency by doing the specific things I mentioned earlier. By implementing the four measures, we intend to improve PBR.

Policy on Shareholders Returns

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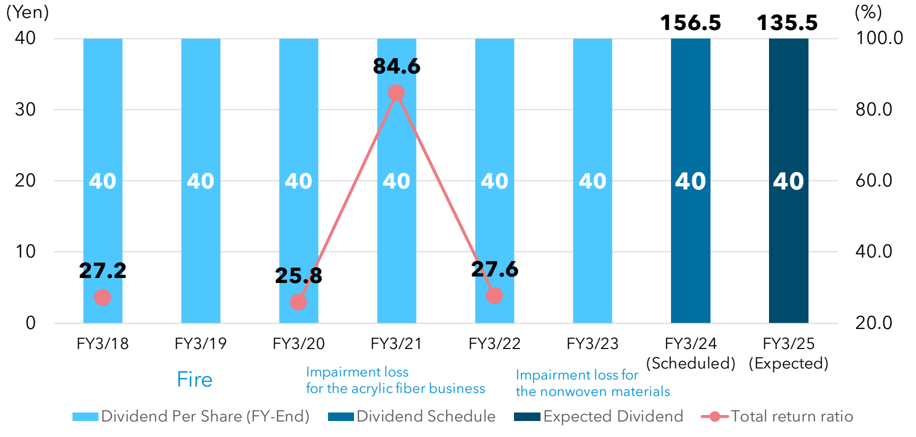
■ The policy during the term of 2025 Medium-Term Management Plan
Aim for a total return ratio of 30% (share buybacks are also included as an option), based on continually provide a stable dividend, in a comprehensive consideration of such factors as sustainable profit levels, retention of earnings for future investment and improving the financial position.

■ Dividend FY 3/24 : ¥40 / Share (Schedule)
FY 3/25 : ¥40 / Share (Expected)



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Finally, we have policy on shareholders returns. Although earnings are currently in a difficult situation, our policy is to maintain a stable dividend of JPY40 per share, based on the assumption that business performance will improve and recover.

That's all for me to review the 2025 Medium-Term Management Plan.

As I mentioned, we recognize that the first thing we need to do is to recover our performance in FY 3/25.

Thank you for your attention.

Appendix

Ideals we seek to realize in 2030 (Announced in May 2022)

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

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

Sustainability indices

Serious incidents	ZERO
Employee engagement score	Over 70%
GHG emissions cut (over FY 3/14)	Over 46% Carbon neutrality in FY 3/51
Ratio of green materials in main business operation*	60%

*Assumed to be film business

Financial indices

Consolidated sales	600 billion yen
Operating profit margin	Over 8.3%
ROE	Over 9%
ROIC	Over 7%

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

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Measure 1	**Thorough safety, disaster prevention, and quality assurance**	- Execute a master plan for safety and disaster prevention "zero accidents" - Reconstruct the quality assurance management structure - Risk management structure
Measure 2	**Reorganization of the business portfolio**	- Stratify businesses (return on capital employed and growth potential) (1) Focused expansion: proposal and implementation of growth measures, and enhancement of competitive advantage (2) Stable earning: seeking growth or maintenance and improvement (3) Requiring improvement: implementation of the master plan for what the business should be
Measure 3	**Preparations for the future**	- Creation of new businesses and technologies: strengthening of environment and biotechnology related business, and Mirai Pro POC - DX strategy : SFA, MI, Smart Factory, and new earning ways - Roadmap for carbon neutrality (2050)
Measure 4	**Reestablishment of foundation**	- Promote human resources development, diversity - Workplace capabilities in manufacturing - Development of the business base - Governance / Compliance - Change of the organizational culture

2025 Medium-Term Management Plan: Reorganization of the Business Portfolio (Announced in May 2022)

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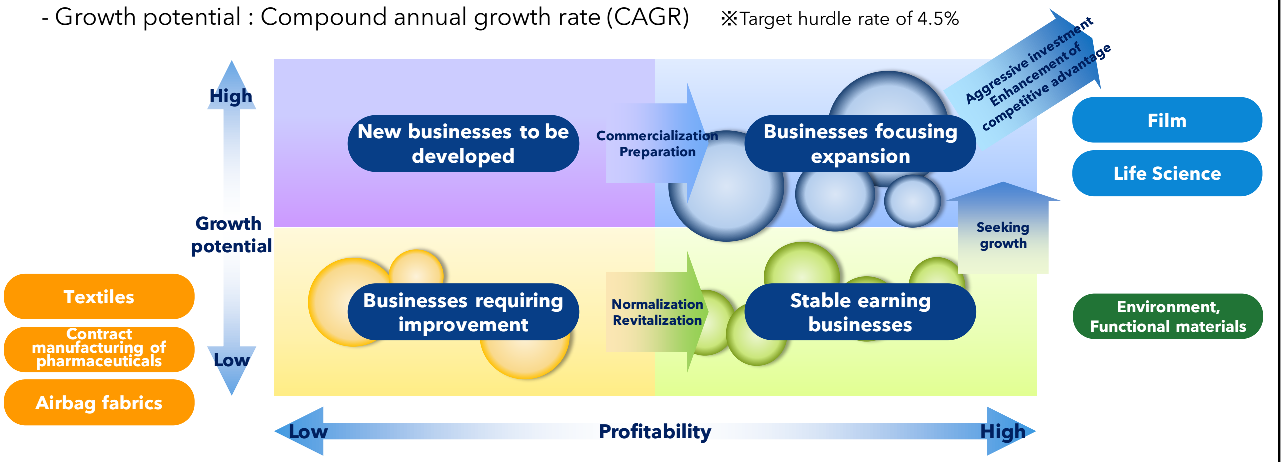
Assess and stratify each business into 4 quadrants with 2 axes: "Profitability" and "Growth potential"

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



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

2025 Medium-Term Management Plan: Financial Targets

(Announced in May 2022)

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

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

Capital Policy : Cash Flow allocation (FY 3/23 - FY 3/26)
(Announced in May 2022)

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- Give first priority to safety, disaster prevention and environmental responses, and at the same time, make aggressive investment in growing businesses
- Financial management: External financing within the range of D/E ratio of less than 1.2 times, and Net Debt / EBITDA ratio of the 4 times level

Cash-In

Operating Cash Flow ¥**144.0** bn.

External financing ¥**110.0** bn.

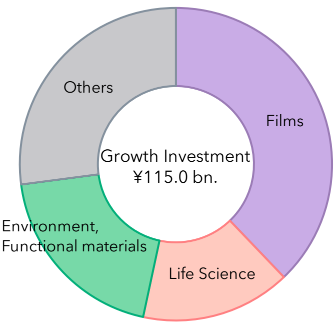
Cash-Out

Dividend ¥**14.0** bn.

Safety, industrial accident prevention and environmental investments ¥**33.0** bn.

Investment for remaking ¥**92.0** bn.

Growth Investment ¥**115.0** bn.



Please Note

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

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