

TOYOBO Co., Ltd. Q&A Summary for the Presentation Regarding 2025 Medium-Term Management Plan

Date and Time: Friday, May 14, 2024 at 9:45 - 10:30 a.m. (Japan Standard Time)

Place: WEB Conference

Presenter: Ikuo Takeuchi, President & Representative Director

Future earnings forecasts and other forward-looking statements in this release are based on data currently available to manage and cannot be guaranteed by the Company. Actual business performance, etc. may differ from the forecasts due to various factors.

Q: We understood that in the last two years of the 2025 Medium-Term Management Plan (FY 3/25, FY 3/26), you are working to create a stronger organization through disciplined costs and investments. In the phase from FY 3/27 onward, will you again aim to increase sales quantities, or will you pursue high added value?

A: We will pursue high added value. As a leading example, when we created the Medium-Term Management Plan, our goal was to increase sales quantities of packaging film. However, we now plan to curb expansion of products for which added value is more difficult to capture. We plan to reduce assets of products with low profitability and maintain overall assets at current levels to boost our margins and focus on asset efficiency.

Q: Toyobo MC Corporation is forecasted to enjoy a large increase in earnings in FY 3/26, with no revisions to your forecast. Do you expect synergies to take a real effect in the last two years of the Medium-Term Management Plan?

A: New points of contact with users facilitated through cooperation with Mitsubishi Corporation that were not possible in the past through the Company's individual efforts have increased steadily in the past year, and we believe that these contacts will connect to our business in the last two years of the Medium-Term Management Plan. In the environmental sector, we expect fields related to regulations to be established quickly. However, the recycling field should take more time, as schemes need to be created. Time will also be required in the mobility sector as automobile OEM authentication is required. In our new organization, the "Mobility Business Strategy Unit," we are creating a long-term development roadmap and approaching to automobile OEMs from the planning and conceptual phase.

Q: For the overall films business, what are the reasons that the FY 3/26 forecasts are below initial targets despite the contributions of your existing pillar of “COSMOSHINE SRF” and the new production equipment for mold releasing film for multilayer ceramic capacitors (MLCC)?

A: “COSMOSHINE SRF” is progressing beyond our initial plans, but we expect a decline in both general industrial film and packaging film. Although we plan to bring new production equipment for MLCC online in FY 3/26, their real contributions to profits are not expected until FY 3/27 onward.

Q: What has changed about packaging film from prior to the creation of the Medium-Term Management Plan to now?

A: The past cost structure was based on a price for domestically produced naphtha of around ¥30,000/kl, and we were able to secure sufficient profits from general-purpose products. However, current persistently high raw material and fuel prices have made profits more difficult to secure. To return to profitability that exceeds the cost of capital, we have no choice but to reduce general-purpose products with low marginal profits. We will also seek to improve earnings by developing eco-friendly products, especially products for which we have a strong competitive advantage, starting with ultra-highly rigid OPP film, not only in Japan but also overseas.