August 8, 2024

Presentation to Investors
for the First Quarter Ended June 30, 2024

TOYOBO CO., LTD.

Greetings, my name is Ono, CFO of TOYOBO. Thank you for joining us today. I would also like to take this opportunity to thank you for your deep understanding and cooperation with our activities.

I will now give an overview of the financial results for Q1 FY 3/25.

Highlights

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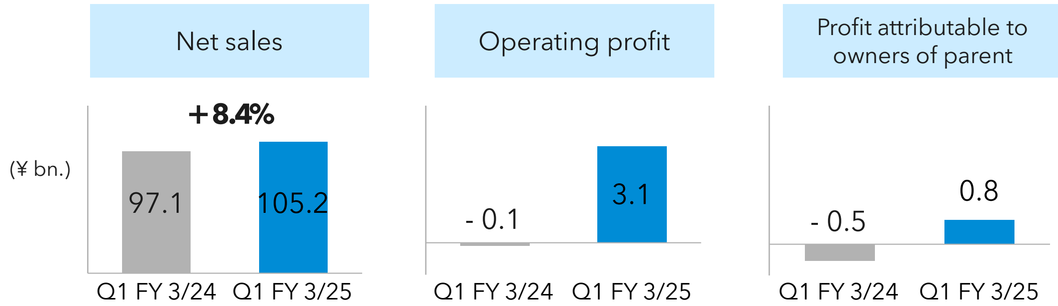
Q1 FY 3/25 Results

Sales increased because polarizer protective films for LCDs and VOC recovery equipment used in the manufacturing process for LIBS* continued to perform strongly. Operating profit was ¥3.1 billion and net profit was ¥0.8 billion.

*lithium-ion battery separators



FY 3/25 Forecasts

We forecast operating profit of ¥17.0 billion and net profit of ¥2.6 billion, based on demand recovery for packaging film and electronic materials in addition to advancing measures for businesses requiring improvement and progress of product price revisions.

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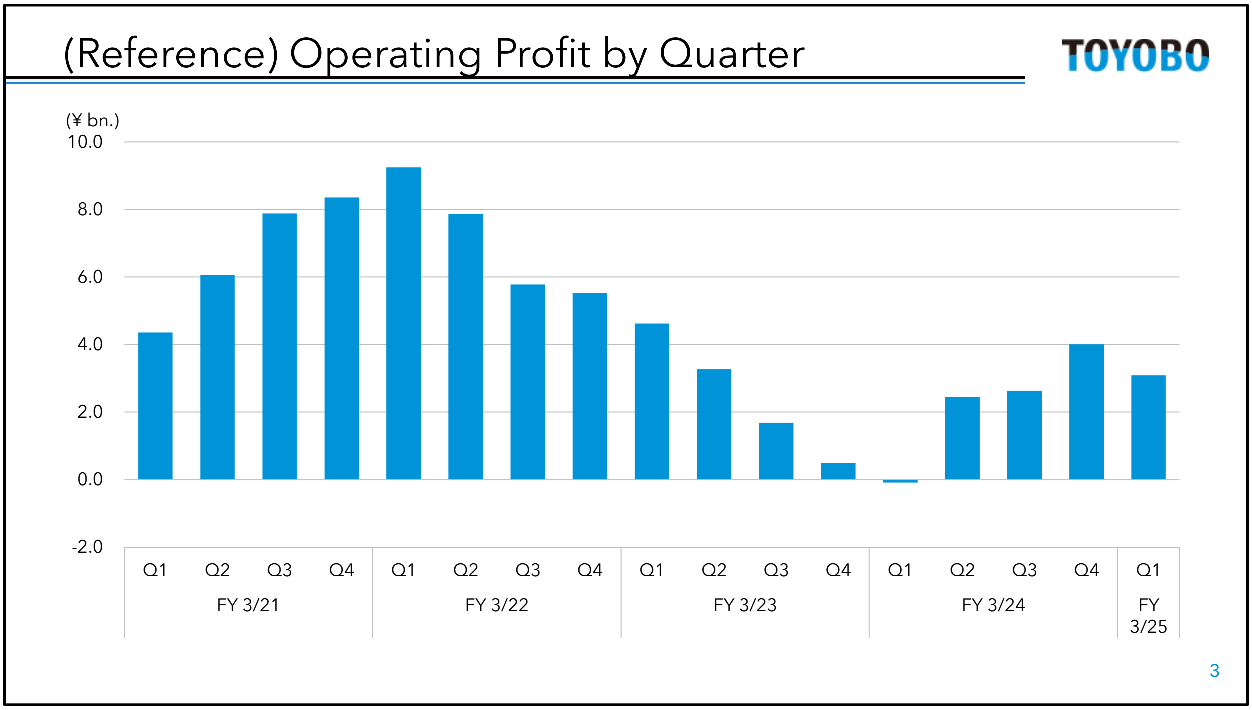
These are the highlights for Q1 FY 3/25.

Net sales totaled JPY105.2 billion, an increase of JPY8.1 billion, or 8.4%, from the same period last year. Operating profit is JPY3.1 billion, an improvement of JPY3.2 billion. Net profit for the quarter was JPY0.8 billion, an improvement of JPY1.3 billion.

As for the reasons for the increase in both sales and profit, sales of polarizer protective films for LCDs “COSMOSHINE SRF” and VOC recovery equipment used in the manufacturing process for LIBS performed strong.

The full-year forecasts for the fiscal year ending March 2025 reflect these Q1 results and the accumulation of the full-year results. We will maintain our initial forecasts of JPY17.0 billion in operating profit and JPY2.6 billion in net profit by promoting measures for businesses requiring improvement and product price revisions, in addition to a recovery in demand for packaging film and electronic materials.



Next is the quarterly trend in operating profit.

As you can see, Q1 FY 3/24 bottomed out, and Q2, Q3, and Q4 FY 3/24 have been gradually recovering.

Although we slightly underperformed in Q1 FY 3/25 compared to Q4 FY 3/24, we believe that we are on course for a gradual recovery.

Summary of Results: P&L

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(¥ bn.)

	FY 3/24 Q1	FY 3/25 Q1	YOY Amount	YOY %
Net sales	97.1	**105.2**	+8.1	+8.4%
Gross profit	19.1	**23.1**	+4.0	+21.1%
(Ratio to sales)	19.6%	**22.0%**	-	-
Operating profit	- 0.1	**3.1**	+3.2	-
(Ratio to sales)	-	**2.9%**	-	-
Ordinary profit	- 0.3	**2.0**	+2.3	-
Extraordinary income and losses	- 0.5	**0.1**	+0.6	-
Profit attributable to owners of parent	- 0.5	**0.8**	+1.3	-
EBITDA* *Operating profit + Depreciation (includes goodwill)	4.4	**8.7**	+4.3	+96.2%
EPS (¥)	- 5.8	**8.9**	-	-
Depreciation	4.5	**5.6**	+1.1	+24.1%
CAPEX	10.8	**13.8**	+3.0	+27.8%
R&D expenses	3.4	**3.7**	+0.3	+8.2%

Next is the financial summary, P&L.

The results for Q1 FY 3/25 show sales of JPY105.2 billion, an operating profit of JPY3.1 billion, an ordinary profit of JPY2.0 billion, and a net profit of JPY0.8 billion.

The amount and the percentage of increase or decrease are shown in the columns on the right. All items were positive. Also of note is gross profit, which was JPY23.1 billion. Compared to the previous year, this represents an increase of JPY4.0 billion, or 21.1%.

The gross profit margin was 22.0% this Q1, an improvement of more than 2 points from the previous year. We believe the price revisions leveraged improved spreads. Additionally, withdrawal from unprofitable products and a shift to high value-added products contributed as well.

In addition, operating profit, and depreciation increased, resulting in EBITDA of JPY8.7 billion, which is an increase of JPY4.3 billion.

Capital investment totaled JPY13.8 billion, an increase of JPY3.0 billion from previous Q1.

Analysis in Changes in Operating Profit

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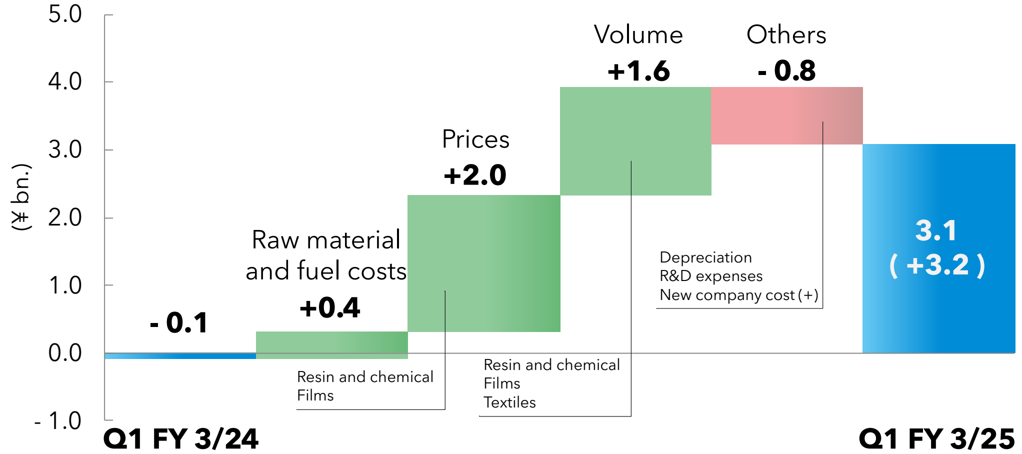

	FY 3/23		FY 3/24				FY 3/25
	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Exchange rate (¥/US$)	141	132	137	145	148	149	156
Naphtha price in Japan (thousand¥/kl)	72	67	67	64	73	73	79

Now, I would like to analyze the factors that caused the increase or decrease in operating profit.

First, as for raw material and fuel costs, we estimate a gain of JPY0.4 billion here.

Naphtha prices in Japan for Q1 FY 3/25 is shown in the table below the graph. The price was JPY79,000/kl, a significant increase compared to the same period of the previous year. However, we believe that there is a certain time lag before this naphtha price is reflected in the cost of sales of our products, and we believe that the naphtha price corresponding to the cost of sales for this Q1 would actually be applied from H2 FY 3/24, which is about six months earlier.

Therefore, we compare the average naphtha price of JPY73,000/kl in H2 FY 3/24 with the average price of JPY69,500/kl in H2 FY 3/23 and look at the amount of impact. This would result in a unit price difference of JPY3,500/kl, which is calculated to be approximately JPY0.4 billion in the direction of a loss.

On the other hand, the fuel cost is actually in the direction of gains, so our analysis shows a total gain of approximately JPY0.4 billion for both raw material and fuel costs.

As for sales price, we estimate a gain of JPY2.0 billion.

We are working to raise prices, mainly in the films segment. We believe we have successfully implemented price pass-through mechanisms to largely offset the raw material and fuel cost hikes till FY 3/24.

However, we acknowledge the need to continue our price revision effort following the current rising naphtha prices, logistics costs, and various other costs. Price revisions are also underway for automotive applications such as resin and chemical, and airbag fabric.

The volume is estimated to be a gain of JPY1.6 billion.

"COSMOSHINE SRF" continued to perform well. In addition, the volume of resin and chemical, VOC recovery equipment, and traditional Arabic fabric has been increasing.

In other items, we estimate a loss of JPY0.8 billion, including an increase in depreciation expenses for new facilities to be put into operation and an increase in research and development expenses.

Summary of Results: BS

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(¥ bn.)

	Mar. 31, 2023	(B) Mar. 31, 2024	(A) Jun. 30, 2024	(A) - (B)
Total assets	588.9	607.0	**611.5**	+4.6
Cash and deposits	60.7	33.8	**31.8**	- 2.0
Inventories	121.9	122.0	**121.0**	- 0.9
Property, plant and equipment	240.2	281.5	**290.4**	+9.0
Net assets	221.4	230.1	**230.8**	+0.7
Shareholder's equity	189.6	197.0	**196.1**	- 0.9
(Retained earnings)	70.5	70.3	**67.6**	- 2.7
Non-controlling interests	31.8	33.1	**34.7**	+1.6
Interest-bearing debt	229.4	249.2	**260.5**	+11.2
D/E ratio	1.21	1.26	**1.33**	-
Net Debt / EBITDA ratio*	5.8	7.5	**6.6**	-

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

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Here is the balance sheet.

Total assets amounted to JPY611.5 billion, representing an increase of JPY4.6 billion from the end of the previous period.

The main factor was property, plant and equipment of JPY290.4 billion, an increase of JPY9.0 billion.

To cover the increase in fixed assets, the interest-bearing debt totaled JPY260.5 billion, increased by JPY11.2 billion from the end of the previous fiscal year.

As a result, the D/E ratio took the form of 1.33 times.

Summary of Results: Segment

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(¥ bn.)

	Net sales		Operating profit		
	FY 3/24 Q1	FY 3/25 Q1	FY 3/24 Q1	FY 3/25 Q1	YOY
Films	39.0	**42.1**	1.2	**1.5**	+0.3
Life Science	8.1	**8.1**	1.4	**0.4**	- 1.0
Environmental and Functional Materials	25.0	**28.1**	- 0.7	**1.3**	+1.9
Functional Textiles and Trading	22.2	**24.0**	- 0.7	**0.2**	+0.9
Real Estate and Others	2.8	**2.9**	0.4	**0.5**	+0.1
Elimination & Corporate	-	**-**	- 1.7	**- 0.7**	+0.9
Total	97.1	**105.2**	- 0.1	**3.1**	+3.2

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Financial summary by segment.

Further details will be provided in the subsequent sections.

Excluding elimination & corporate, all segments were positive.

Films

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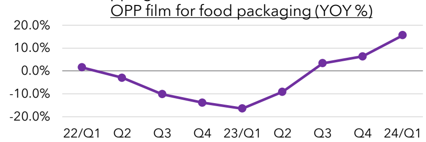
	FY 3/24	FY 3/25	YOY	
	Q1	Q1	Amount	%
Net sales	39.0	42.1	+3.1	+8.0%
Operating profit	1.2	1.5	+0.3	+21.2%
(OPM)	3.2%	3.6%	-	-

(¥ bn.)

Packaging film

- Adjustments of inventories on the market came to an end and there was a moderate recovery in cargo movement, but higher costs had an impact.

Shipping results in the domestic market for OPP film for food packaging (YOY %)

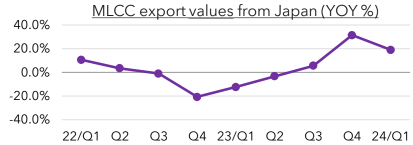


Source: Created by the Company based on member shipping statistics from the Japan Polypropylene Film Industry Association

Industrial film

- Polarizer protective films for LCDs were steady driven by strong demand.
- Mold releasing film for MLCC were sluggish as a full-fledged recovery in demand failed to materialize despite the end of inventory adjustments throughout the supply chain.

MLCC export values from Japan (YOY %)



Source: Created by the Company based on Trade Statistics of Japan

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Now, let me summarize business performance by segment.

First, the films segment achieved sales of JPY3.1 billion increase and an operating profit of JPY0.3 billion increase from previous Q1.

With regard to packaging film, the adjustment of distribution inventories, which had been continuing since H2 FY 3/23, was finally completed in Q4 FY 3/24. As a result, the market has bottomed out and is slowly recovering.

A graph of OPP film shipments for food packaging is on the right for reference. As you can see here, the market bottomed out in Q1 FY 3/24 and has been gradually recovering. Riding this trend, our packaging film is recovering in volume.

As for price revisions, we acknowledge that we have successfully implemented price pass-through mechanisms to largely offset the raw material and fuel costs till FY 3/24. However, price revisions in response to rising costs, such as distribution costs and fixed costs, have been partially implemented in Q1 but are still insufficient. In addition, the current naphtha price is also rising, and we acknowledge the need for further price increase efforts.

With regard to industrial film, "COSMOSHINE SRF" remained strong, driven by strong demand. We heard that the TV sales quantity has been flat. But the TV size is becoming larger and larger, and we see the market expanding on an area basis.

Inventory adjustment of mold releasing film for MLCC has been completed. Both the high end and middle end are on the road to recovery, but we expect a full-scale recovery here to begin in H2 FY 3/25.

A graph of MLCC exports from Japan is on the right for reference. Although there is a slight downward trend in Q1 FY 3/25, we see the overall trend as bottoming out in Q4 FY 3/23 and rising steadily.

Life Science

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	FY 3/24 Q1	FY 3/25 Q1	YOY Amount	YOY %
Net sales	8.1	8.1	- 0.1	-0.8%
Operating profit	1.4	0.4	- 1.0	-72.2%
(OPM)	16.6%	4.6%	-	-

(¥ bn.)

Biotechnology

- Enzymes for diagnostic reagents remained steady, particularly for sales to the United States and Europe, but expenses associated with the expansion of production capacity increased.

Medical materials

- Artificial kidney hollow fiber trended strong, but expenses to launch an integrated production plant increased.

Pharmaceuticals

- Profitability improved as a result of the lifting of the Warning Letter by the FDA (July 2023).

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Next is the life science segment.

Net sales ended at JPY0.1 billion decrease and operating profit at JPY1.0 billion decrease from previous Q1.

One of the reasons for decrease in profit is that in this Q1 the production facility for enzymes for diagnostic reagents started up in Tsuruga Research and Production Center, and depreciation expenses has been proceeded. In addition, expenses to launch an integrated production plant increased for artificial kidney hollow fiber. Moreover, in previous Q1 our business benefited from special demand for reagents for COVID-19 PCR testing and then this Q1 the reactionary phase came.

In biotechnology, sales of enzymes for diagnostic reagents remained strong, mainly in Europe and the United States. The brand-new facility launched as scheduled in this Q1, and should contribute to our business performance from now on.

In medical materials, sales of artificial kidney hollow fiber have been favorable. We are in the final stages of commissioning the integrated production plant currently under construction.

In pharmaceuticals, the Company is moving toward improved profitability following the lifting of the warning letter from the US FDA.

Environmental and Functional Materials

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(¥ bn.)

	FY 3/24 Q1	FY 3/25 Q1	YOY Amount	YOY %
Net sales	25.0	28.1	+3.1	+12.3%
Operating profit	- 0.7	1.3	+1.9	-
(OPM)	-	4.5%	-	-

Resin and chemical

- Sales of engineering plastics increased for automotive use for the North America. Regained ISO 9001 Certification (May 2024).
- Sales of photo functional materials for water-wash photosensitive printing plates were strong for China and Europe.

Environment and fiber

- In the environmental solutions, sales of VOC recovery equipment used in the manufacturing process for LIBS* increased.
- In the high performance fibers, demand for "Tsunooga" used in cut resistant gloves recovered.
- Demand of nonwoven materials for automotive use recovered.

*lithium-ion battery separators

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In the environmental and functional materials segment, net sales increased JPY3.1 billion, and operating profit increased JPY1.9 billion.

In resin and chemical, sales of engineering plastics were strong, mainly in North America.

In addition, sales for the photo functional materials targeting China and Europe remained strong.

In environment and fiber, demand for environmental solutions, remained strong in the LIBS process for China and Japan.

In addition, demand for high-performance fibers has been recovering for use in cut-resistant gloves.

Demand for nonwoven materials has been recovering, especially for automotive applications.

Functional Textiles and Trading

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(¥ bn.)

	FY 3/24 Q1	FY 3/25 Q1	YOY Amount	YOY %
Net sales	22.2	24.0	+1.9	+8.5%
Operating profit	- 0.7	0.2	+0.9	-
(OPM)	-	0.8%	-	-

Textiles

- Sales of traditional Arabic fabric grew due to steady demand.
- Profitability improved as a result of reforms of business structure such as the consolidation of production bases in Japan.

Airbag fabric

- Profitability improved as product price revisions proceeded.

Functional textiles and trading.

Net sales increased JPY1.9 billion, and operating profit increased JPY0.9 billion.

In textiles, sales of traditional Arabic fabric increased due to firm demand.

In addition, we implemented structural improvements such as withdrawal from unprofitable products and consolidation of three domestic production plants into one plant. As a result, profitability improved.

Regarding airbag fabric, we revised product prices in Japan and overseas. As a result, profitability improved.

These summarize the performance by segment.

Forecasts for Business Environment in the FY 3/25

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Segment	Business	Initial Forecast (May 2024)	Forecasts: Situation*	Forecasts: Difference from Initial Forecast
Films	Packaging	Inventory adjustment finishes and the market moves toward a gradual recovery.	→	Inventory adjustment finishes and the market moves toward a gradual recovery.
	Industrial	Demand for polarizer protective films for LCDs is approximately the same level year on year.	→	Strong demand.
		Recovery in demand for MLCC from the second half.	→	Recovery from the second half.
Life Science	Biotechnology	Strong demand for enzymes for biochemical diagnostic reagents.	→	Strong demand.
	Medical materials	Continue to perform strongly for artificial kidney hollow fiber.	→	Strong demand.
Environmental and Functional Materials	Resin and chemical	Automobile production continue to perform strongly.	→	Continue to perform strongly mainly in overseas.
		Recovery in demand for electronics materials applications.	→	Recovery in demand.
	Environment and fiber	Strong demand for VOC recovery equipment.	→	Strong demand.
		The business environment for nonwoven materials continue to be intensely competitive.	→	The business environment continue to be intensely competitive.
Functional Textiles and Trading	Airbag fabric	Automobile production continue to perform strongly.	→	Continue to perform strongly.
Others		Naphtha price in Japan remains high, while coal prices settles.	↘	Soaring naphtha price in Japan. (Respond by product price revisions.)

*To initial forecast, ↗: improve, expand →: as expected ↘: worsening, decrease

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Here is the forecasts for business environment in the FY 3/25.

There will be no major change from the initial forecast announced with the financial results in May for the films, life science, environmental and functional materials, and functional textiles and trading businesses.

However, naphtha price in Japan continues to rise. At the beginning of the fiscal year, we assumed a naphtha price of JPY70,000/kl. The upward trend is still continuing with the current estimate of JPY75,000/kl. We would like to address this issue by revising product prices in the future.

Forecasts for FY 3/25

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We forecast operating profit of ¥17.0 billion and net profit of ¥2.6 billion,
based on demand recovery for packaging film and electronic materials
in addition to advancing measures for businesses requiring improvement and progress of product price revisions.

(¥ bn.)

	FY 3/24 Results	FY 3/25 Forecasts	YOY Amount	YOY %	Previous forecasts (May 2024)
Net sales	414.3	**435.0**	+20.7	+5.0%	435.0
Operating profit	9.0	**17.0**	+8.0	+89.0%	17.0
(Ratio to sales)	2.2%	**3.9%**	-	-	3.9%
Ordinary profit	7.0	**11.5**	+4.5	+65.2%	11.5
Extraordinary income and losses	- 1.4	**- 3.6**	- 2.2	-	- 3.8
Profit attributable to owners of parent	2.5	**2.6**	+0.1	+5.9%	2.6
EBITDA	28.8	**40.5**	+11.7	+40.6%	40.5
EPS (¥)	27.9	**29.5**	-	-	29.5
Depreciation	19.8	**23.5**	+3.7	+18.6%	23.5
CAPEX	61.6	**50.0**	- 11.6	- 18.8%	50.0
R&D expenses	15.3	**16.0**	+0.7	+4.5%	16.0

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

Forecasts for FY 3/25.

The forecasts for operating profit and net profit remain unchanged at JPY17.0 billion and JPY2.6 billion, respectively, due to the recovery in demand for packaging film and electronic materials, as well as measures for businesses requiring improvement and product price revisions.

Analysis in Changes in Operating Profit

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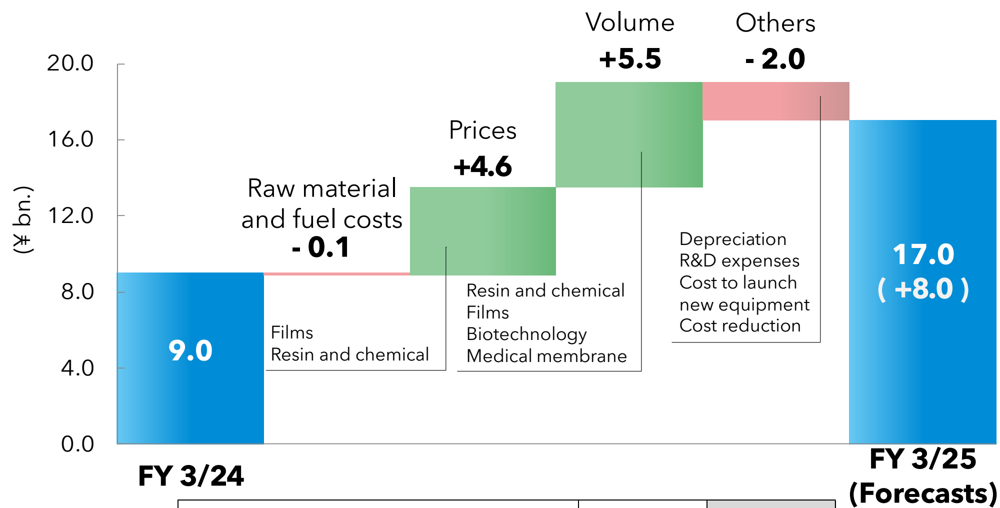

	FY 3/24	FY 3/25
Exchange rate (¥/US$)	145	152
Naphtha price in Japan (thousand¥/kl)	69	75

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Factors contributing to the increase or decrease in operating profit.

The contents have changed slightly.

As for raw material and fuel costs, naphtha prices have been rising recently, and we have revised the amount to a loss of JPY0.1 billion this time.

The naphtha price is calculated at JPY75,000/kl for the current fiscal year. When we calculated the loss of JPY0.1 billion, we accounted for a time lag of about six months.

We plan on offsetting the primary impact of the naphtha price increase using sales price and revised the sales price effect to JPY4.6 billion.

We revised the volume effect to JPY5.5 billion, taking into account the recovery of packaging film and MLCC.

The forecast for the others section is a loss of JPY2.0 billion, taking into account depreciation, R&D expenses, etc., as initially assumed.

Forecasts by Segment

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(¥ bn.)

	Net sales		Operatinig profit			Previous forecasts (May 2024)
	FY 3/24 Results	FY 3/25 Forecasts	FY 3/24 Results	FY 3/25 Forecasts	YOY	
Films	156.5	**170.0**	2.7	**7.3**	+4.6	7.3
Life Science	34.6	**38.0**	4.4	**3.7**	- 0.7	3.7
Envrionmental and Functional Materials	115.3	**120.0**	4.7	**8.0**	+3.3	8.0
Functional Textiles and Trading	95.7	**95.0**	- 1.0	**0.0**	+1.0	0.0
Real Estate and Others	12.2	**12.0**	3.0	**2.5**	- 0.5	2.5
Elimination & Corporate	-	**-**	- 4.8	**- 4.5**	+0.3	- 4.5
Total	414.3	**435.0**	9.0	**17.0**	+8.0	17.0

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Lastly, I will address the forecasts by segment.

The forecasts for the films, life science, environmental and functional materials, and functional textiles and trading remain unchanged from the beginning of the fiscal year.

This is a brief presentation of the financial results.

In this fiscal year, we strive to achieve the JPY17.0 billion operating profit announced at the beginning of the year at any cost. By doing so, we hope to build a sense of trust both internally and externally.

We look forward to your continued support. That is all.

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Appendix

Business Performance

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(¥ bn.)

Net sales	FY 3/24					FY 3/25
	Q1	Q2	Q3	Q4	Full year	Q1
Films	39.0	39.1	39.3	39.1	156.5	42.1
Life Science	8.1	8.4	8.7	9.3	34.6	8.1
Environmental and Functional Materials	25.0	27.6	33.6	29.2	115.3	28.1
Functional Textiles and Trading	22.2	23.5	23.2	26.8	95.7	24.0
Real Estate and Others	2.8	3.8	3.0	2.6	12.2	2.9
Elimination & Corporate	-	-	-	-	-	-
Total	97.1	102.4	107.9	106.9	414.3	105.2

Operating profit	FY 3/24					FY 3/25
	Q1	Q2	Q3	Q4	Full year	Q1
Films	1.2	0.2	0.1	1.2	2.7	1.5
Life Science	1.4	1.0	1.1	1.0	4.4	0.4
Environmental and Functional Materials	- 0.7	1.0	2.6	1.7	4.7	1.3
Functional Textiles and Trading	- 0.7	- 0.1	- 0.7	0.5	- 1.0	0.2
Real Estate and Others	0.4	1.0	0.7	0.9	3.0	0.5
Elimination & Corporate	- 1.7	- 0.7	- 1.2	- 1.2	- 4.8	- 0.7
Total	- 0.1	2.4	2.6	4.0	9.0	3.1

Product Price Revisions for Rising Raw Material and Fuel Prices

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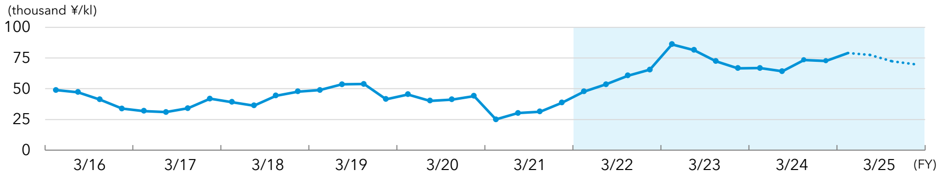
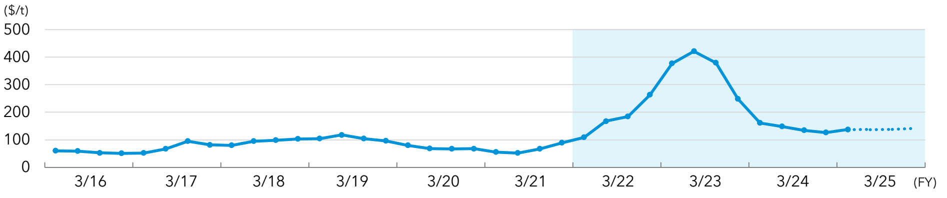
Naphtha price in Japan



Coal prices
(Australian thermal coal market prices)



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

(¥ bn.)

	FY 3/16	FY 3/17	FY 3/18	FY 3/19	FY 3/20	FY 3/21	FY 3/22	FY 3/23	FY 3/24	FY 3/25
Raw material and fuel costs (A)	+7.1	+4.1	- 3.7	- 4.5	+2.9	+5.6	- 11.2	- 17.0	- 1.0	- 0.1
Prices (B)	- 6.1	- 2.5	+1.6	+1.2	- 0.5	- 3.8	+4.7	+11.9	+4.4	+4.6
Spread (A+B)	+1.0	+1.6	- 2.1	- 3.3	+2.4	+1.8	- 6.5	- 5.1	+3.4	+4.5

Topics

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Selected as constituent of all six ESG indices adopted by GPIF again

- FTSE Blossom Japan Index
- FTSE Blossom Japan Sector Relative Index
- MSCI Nihonkabu ESG Select Leaders Index
- MSCI Japan Empowering Women (WIN) Select Index
- S&P/JPX Carbon Efficient Index
- Morningstar Japan ex-REIT Gender Diversity Tilt Index

FTSE Blossom Japan

FTSE Blossom Japan Sector Relative Index

2024 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX

2024 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

Polymer film/sheet -related technologies have achieved the top position in the "Global Score Overall Patent Strength Ranking" (implemented by Patent Results Co., Ltd.)

- Scores the degree of attention on patents for polymer film/sheet in four major countries and regions of Japan, the United States, Europe and China. A comprehensive assessment of the quality and volume.
- Recognized technologies
  : Polypropylene film with gas barrier and heat resistance properties, and low-cost high processability.
  : Polyester sealant film that has both strength and flexibility, and low adsorption properties of organic compounds., etc.

Please Note

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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Beyond Horizons