

May 13, 2025



# Presentation to Investors

for Year Ended March 31, 2025

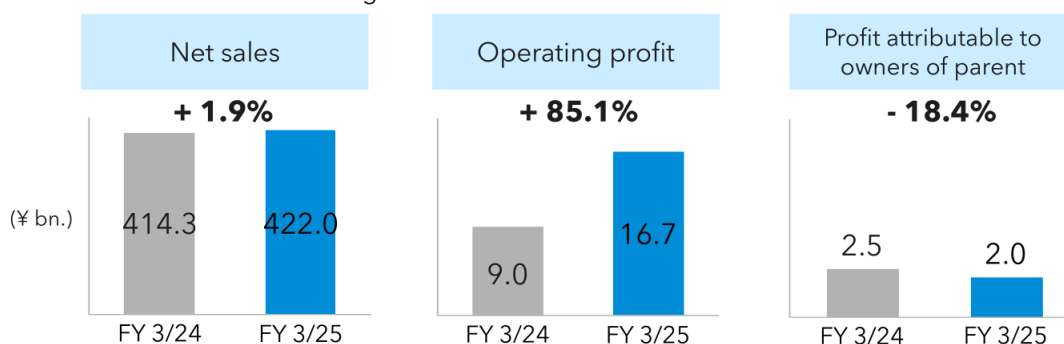
TOYOBO CO., LTD.  
President & Representative Director  
Ikuo Takeuchi

Hello, everyone. Thank you very much for joining us today for a presentation of our financial results and the progress report of our medium-term management plan. I would also like to thank you for your continued support of our company.

I will now begin the briefing using the presentation deck.

## FY 3/25 Results

Operating profit increased because Industrial film and Environmental and Functional Materials performed strong, in addition to improvement in profitability of businesses requiring improvement. Net profit was ¥2.0 billion due to the effect of exchange fluctuations, loss on disposal of fixed assets, profit attributable to non-controlling interests and others.



## FY 3/26 Forecasts

Because of the profit improvements of the businesses requiring improvement like Packaging film and growth investment effects in Life Science and other areas, we forecast operating profit of ¥21.0 billion and net profit of ¥4.5 billion.

These are the highlights.

Both net sales and operating profit increased.

Operating profit increased by JPY7.7 billion. This was mainly because Industrial film as well as Environmental and Functional Materials were solid and the profitability of Packaging film and other businesses requiring improvement have improved.

Net profit was only JPY2.0 billion. This was due to the deterioration of non-operating income and expenses and extraordinary income and losses. Specifically, the factors were the deterioration in foreign exchange gains and losses, the loss on disposal of non-current assets, impairment losses in Films and Nonwoven materials, and then profit attributable to non-controlling interests.

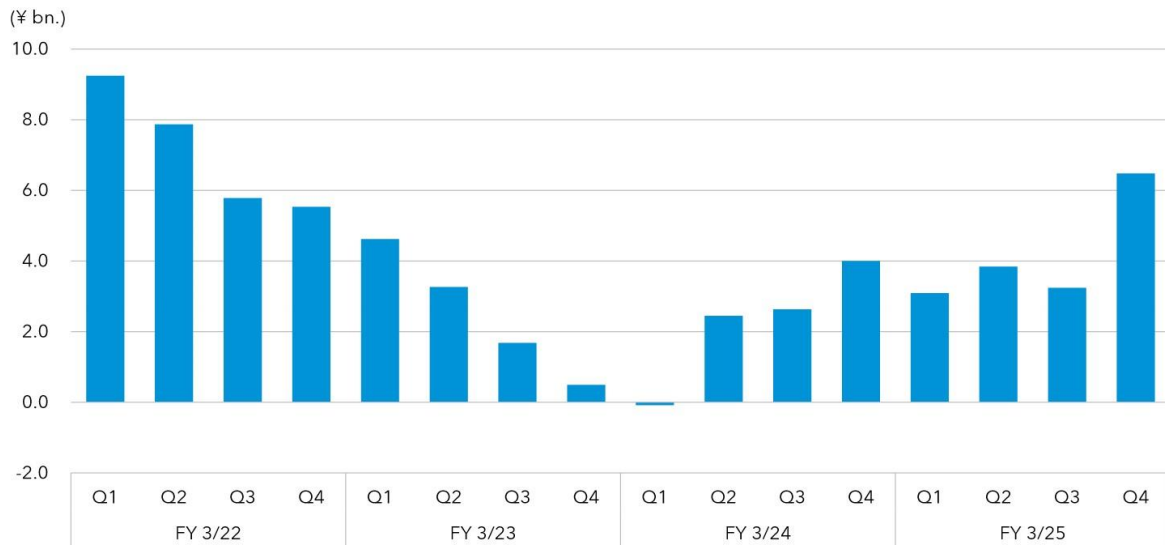
The full-year forecasts for FY 3/26 are an operating profit of JPY21.0 billion and a net profit of JPY4.5 billion. We aim to increase both sales and profit in FY 3/26, following on from FY 3/25.

Profitability of businesses requiring improvement will improve, such as Packaging film, which has been improving since H2 of last year, will further improve, and the effects of growth investment in Life Science and others will be realized.

As for my perception of the overall business performance as CEO, we are on the road to recovery overall. Yet, we are still in the process of recovery. We have taken steps to further increase profit, and we are determined to achieve this goal by working through these measures.

## (Reference) Operating Profit by Quarter

**TOYOB0**



3

This is the quarterly operating profit trend.

Although there were concerns that the recovery was temporarily at a standstill, we think we can confirm that Q4 was recovering.

## Business Environment in the FY 3/25 (Difference from Initial Forecasts) **TOYOBO**

Segment	Business	Initial Forecasts	FY 3/25 Results	
			Situation*	
Films	Packaging film	Inventory adjustment finishes and the market moves toward a gradual recovery.	→	Inventory adjustment finished and the market moved toward a gradual recovery.
	Industrial film	Demand for polarizer protective films for LCDs is approximately the same level year on year.	→	Demand was strong.
		Recovery in demand for MLCC from the second half.	↘	Gradual expansion throughout the fiscal year but lower than forecast.
Life Science	Biotechnology	Strong demand for enzymes for biochemical diagnostic reagents.	→	Demand was strong.
	Medical materials	Strong demand for artificial kidney hollow fiber.	→	Demand was strong.
Environmental and Functional Materials	Resin and chemical	Automobile production perform strongly.	↘	The North and Central American shipments were strong. But Asia shipments were slowing.
		Recovery in demand for electronics materials applications.	→	Demand recovered.
	Environment and fiber	Strong demand for VOC recovery equipment.	↘	The slowdown in adoption of EVs had an impact.
Functional Textiles and Trading	Airbag fabrics	The business environment for nonwoven materials continue to be intensely competitive.	→	The business environment continued to be intensely competitive.
		Automobile production perform strongly.	↘	The North and Central American shipments were strong. But Asia shipments were slowing.
Others		Naphtha price in Japan remains high, while coal prices settles.	↘	Naphtha price in Japan remained high (Responded by product price revisions).

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

4

This is the business environment in the FY 3/25.

There are three points of difference from the initial forecasts.

First, although shipments related to LCDs remained strong, the recovery related to MLCCs was not as strong as initially expected. It increased compared to the previous year but the growth in the smartphone-related area was lower than expected.

Second point is related to automobiles. North and Central America remained steady. However, China and Southeast Asia, mainly Japanese-affiliated companies, slowed down.

Sales of EV-related products were strong in H1 of the fiscal year. H2 slowed down. In particular, the VOC recovery equipment used in lithium-ion separator manufacturing process was greatly affected by the cautious investment stance of our customers.

The third point, it is raw material. Domestic naphtha prices rose slightly despite the forecast that they would stay unchanged, remaining high.

## Summary of Results: P&L

**TOYOBO**

(¥ bn.)

	FY 3/23	FY 3/24	FY 3/25	YOY		Previous forecasts (Feb. 2025)
				Amount	%	
Net sales	399.9	414.3	<b>422.0</b>	+7.8	+1.9%	435.0
Gross profit	85.0	88.0	<b>97.1</b>	+9.1	+10.3%	-
Operating profit	10.1	9.0	<b>16.7</b>	+7.7	+85.1%	17.0
(Ratio to sales)	2.5%	2.2%	<b>3.9%</b>	-	-	3.9%
Non-operating income and expenses	- 3.5	- 2.0	<b>- 6.1</b>	- 4.0	-	-
Ordinary profit	6.6	7.0	<b>10.6</b>	+3.6	+52.1%	11.5
Extraordinary income and losses	- 6.0	- 1.4	<b>- 3.4</b>	- 2.0	-	-4.0
Profit attributable to non-controlling interests (deducted)	- 0.2	1.1	<b>3.2</b>	+2.1	-	-
Profit attributable to owners of parent	- 0.7	2.5	<b>2.0</b>	- 0.5	- 18.4%	2.6
EBITDA* <small>*Operating profit + Depreciation (includes goodwill)</small>	29.1	28.8	<b>39.4</b>	+10.5	+36.6%	40.0
EPS (¥)	- 7.4	27.9	<b>22.7</b>	-	-	29.5
ROE* <small>*Profit / Beginning and ending balance average shareholder's equity</small>	-	1.3%	<b>1.0%</b>	-	-	-
ROIC* <small>*NOPAT / (Interest-bearing debt + Net assets)</small>	1.7%	1.3%	<b>2.3%</b>	-	-	-

- Dividends will be ¥40 per share (scheduled)

5

This is a summary of our results of P&L.

Sales and operating profit are as discussed at the beginning of this report.

Gross profit is steadily improving. The gross profit ratio was 21% in FY 3/23 and FY 3/24. This fiscal year, it grew to 23% for the full year and 24% in Q4 alone. This improvement in gross profit led directly to an increase in operating profit.

## Non-operating Income and Expenses, Extraordinary Income and Losses

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### Non-operating income and expenses: breakdown

(¥ bn.)

	FY 3/24	FY 3/25	YOY
Foreign exchange gains	1.3	-	- 1.3
Compensation income	0.0	<b>0.6</b>	+0.6
Other	2.4	<b>2.6</b>	+0.2
Total non-operating income	3.7	<b>3.2</b>	- 0.5
Interest expenses	1.4	<b>2.2</b>	+0.8
Foreign exchange losses	-	<b>0.7</b>	+0.7
Other	4.4	<b>6.4</b>	+2.0
Total non-operating expenses	5.7	<b>9.2</b>	+3.5
Total non-operating income and expenses	- 2.0	<b>- 6.1</b>	- 4.0

### Extraordinary income and losses: breakdown

(¥ bn.)

	FY 3/24	FY 3/25	YOY
Gain on sale of non-current assets	-	<b>0.7</b>	+0.7
Gain on sale of shares of subsidiaries and associates	-	<b>1.5</b>	+1.5
Gain on sale of investment securities	3.3	<b>0.1</b>	- 3.2
Total extraordinary income	3.3	<b>2.3</b>	- 1.0
Impairment losses	0.8	<b>1.9</b>	+1.1
Loss on disposal of non-current assets	3.5	<b>3.7</b>	+0.2
Other	0.4	<b>0.1</b>	- 0.3
Total extraordinary losses	4.7	<b>5.8</b>	+1.1
Total extraordinary income and losses	- 1.4	<b>- 3.4</b>	- 2.0

6

Non-operating income and expenses and extraordinary income and losses.

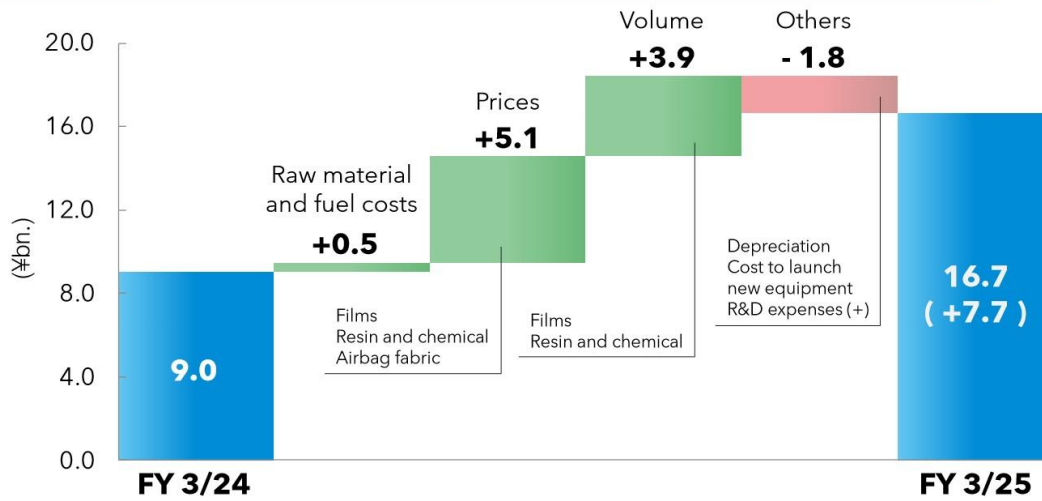
Regarding non-operating income and expenses, what was a foreign exchange gains last year became losses this year. Half of the negative JPY4.0 billion overall was impacted by this. The remaining losses came from the increase in interest expenses.

Regarding extraordinary income and losses, last year, there was a gain on sale of investment securities, but this year, there was none, and there was also an impairment losses.

If you go back to the P&L, you will see that EBITDA was steadily improving, partly due to an increase in depreciation. However, since there was no net profit remaining, ROE was at an extremely low level, and we recognize that it is an urgent issue to be improved as quickly as possible.

Regarding dividends, we plan to continue to pay JPY40 per share based on our policy of stable dividends, considering a certain level of profit available for dividends, and the fact that we are on the road to recovery.

# Analysis in Changes in Operating Profit



	FY 3/23	FY 3/24			FY 3/25		
		H1	H2		H1	H2	
Exchange rate (¥/US\$)	135	141	148	145	152	152	152
Naphtha price in Japan (thousand¥/kl)	77	65	73	69	78	74	76

This is an analysis of changes in operating profit.

Of the JPY7.7 billion increase, prices and volume contributed the most. The prices review initiated in FY 3/24 positively impacted the spread. Inventory adjustments have now been completed and volume of Packaging film, Industrial film and resin-related products recovered, contributing to a positive outcome.

The naphtha price in Japan increased as a total for the year but raw material and fuel costs worked in a positive and beneficial direction. The price of coal dropped significantly.

As for others, depreciation increased by JPY2.9 billion, and the cost of launching a new equipment also increased by two digits in billions. On the other hand, efforts to reduce expenses resulted in a negative balance of only JPY1.8 billion.

## Summary of Results: BS

**TOYOTO**

	(B)		(A)	(¥ bn.)
	Mar. 31, 2023	Mar. 31, 2024	Mar. 31, 2025	(A)-(B)
Total assets	588.9	607.0	<b>617.8</b>	+10.8
Cash and deposits	60.7	33.8	<b>28.6</b>	- 5.2
Inventories	121.9	122.0	<b>119.0</b>	- 3.0
Property, plant and equipment	240.2	281.5	<b>296.5</b>	+15.0
Net assets	221.4	230.1	<b>232.0</b>	+2.0
Shareholder's equity	189.6	197.0	<b>195.3</b>	- 1.7
(Retained earnings)	70.5	70.3	<b>69.0</b>	- 1.3
Non-controlling interests	31.8	33.1	<b>36.7</b>	+3.7
Interest-bearing debt	229.4	249.2	<b>267.9</b>	+18.6
D/E ratio	1.21	1.26	<b>1.37</b>	-
D/E ratio (after adjustment of equity content) <sup>*1</sup>	-	-	<b>1.15</b>	-
Net Debt / EBITDA ratio <sup>*2</sup>	5.8	7.5	<b>6.1</b>	-

\*1 D/E ratio after adjustment of equity content of a subordinated term loan and publicly offered subordinated bond

\*2 (Interest-bearing debt - Cash and deposits) <Ending> / EBITDA

8

This is the balance sheet.

Here, reflecting the aggressive capital investment to date, property, plant and equipment increased by JPY15.0 billion compared to last year, and interest-bearing debt financed this increase.

Regarding the financial strength, last year, the Company executed JPY40.0 billion in hybrid financing, which meant that the D/E ratio after adjustment of equity content was 1.15 times, keeping it within manageable limits.

## Summary of Results: CF, etc.

**TOYOBO**

(¥ bn.)

	FY 3/24	FY 3/25	YOY
Cash flows from operating activities	21.6	<b>30.1</b>	+8.5
Cash flows from investing activities	- 58.8	<b>- 46.4</b>	+12.4
Free cash flows	- 37.2	<b>- 16.3</b>	+20.9
Cash flows from financing activities	8.3	<b>10.5</b>	+2.2
Others	2.0	<b>- 0.1</b>	- 2.1
Net increase (decrease) in cash and cash equivalents	- 26.9	<b>- 5.9</b>	+21.0
Cash and cash equivalents at end of period	33.3	<b>27.4</b>	- 5.9
Depreciation	19.8	<b>22.7</b>	+2.9
CAPEX	61.6	<b>43.2</b>	- 18.4
R&D expenses	15.3	<b>14.3</b>	- 1.0

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

9

Next, cash flow.

Capital investment peaked in FY 3/24 and fell in FY 3/25, which means that it will almost peak out.

Along with that, operating profit increased. We are aiming for a further improvement in operating cash flow and a further decrease in investment cash flow, so we are aiming for a flat or even positive free cash flow.

## Summary of Results: Segment

**TOYOBO**

(¥ bn.)

	Net sales		Operating profit			Previous forecasts (Feb. 2025)
	FY 3/24	FY 3/25	FY 3/24	FY 3/25	YOY	
Films	156.5	<b>166.8</b>	2.7	<b>6.9</b>	+4.2	6.5
Life Science	34.6	<b>34.3</b>	4.4	<b>2.0</b>	- 2.4	2.5
Environmental and Functional Materials	115.3	<b>110.8</b>	4.7	<b>8.0</b>	+3.3	8.0
Functional Textiles and Trading	95.7	<b>98.1</b>	- 1.0	<b>0.5</b>	+1.6	0.8
Real Estate and Others	12.2	<b>12.0</b>	3.0	<b>2.6</b>	- 0.5	2.7
Elimination & Corporate	-	-	- 4.8	<b>- 3.3</b>	+1.4	- 3.5
Total	414.3	<b>422.0</b>	9.0	<b>16.7</b>	+7.7	17.0

10

By segment, profit increased except for Life Science and Real Estate and Others.

## (Reference) Operating Profit by Quarter (by Segment) **TOYOBO**

(¥ bn.)

	FY 3/24				FY 3/25			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Films	1.2	0.2	0.1	1.2	1.5	1.5	0.8	3.1
Life Science	1.4	1.0	1.1	1.0	0.4	0.5	0.6	0.5
Environmental and Functional Materials	-0.7	1.0	2.6	1.7	1.3	2.1	2.3	2.3
Functional Textiles and Trading	-0.7	-0.1	-0.7	0.5	0.2	-0.1	-0.0	0.5
Real Estate and Others	0.4	1.0	0.7	0.9	0.5	0.7	0.6	0.8
Elimination & Corporate	-1.7	-0.7	-1.2	-1.2	-0.7	-0.9	-1.0	-0.7
Total	-0.1	2.4	2.6	4.0	3.1	3.8	3.2	6.5

11

Here is the quarterly operating profit by segment.

Films was outstandingly better in Q4, but the start-up test originally scheduled for Q4 was executed in Q3, which meant that the costs were incurred ahead of schedule.

# Main Action Plan and Their Results by Segment



Segment	Action (Planned in May 2024)	Results*
Films	<b>Improvement in profitability of packaging film and further expansion of industrial film</b> - Packaging film: Further price revisions. Full-fledged launch of new production equipment and new product. Review production system.	D
	- Mold releasing film for MLCC: Respond to customers' production increase following a recovery in market conditions. Launch of new production equipment.	D
	- Polarizer protective films for LCDs: Respond to customers' production increase.	P
Life Science	<b>Reliable launch of new production equipment and implementation of measures for growth</b> - Biotechnology: Expand sales of enzymes for biochemical diagnostic reagents. Launch of renovated equipment for increased production.	P
	- Medical materials: Launch of an integrated production plant of artificial kidney hollow fiber. Expansion of membranes for the acute blood purification, membranes for manufacturing process and biomaterials.	D P
	- Pharmaceuticals: Maintain GMP system. Gain new orders.	P
Environmental and Functional Materials	<b>TOYOBO MC Corporation: Achievement based on growth measures, improvement of nonwoven materials' profitability</b> - Environmental solutions: Accelerate global expansion of VOC recovery equipment for LIBS* <sup>1</sup> . Acquiring FO <sup>2</sup> and BC <sup>3</sup> membrane's new projects.	D P
	- Industrial adhesives: Expansion of environmentally friendly products, overseas expansion and launch of new production equipment.	D
	- Engineering plastics: Construct the quality assurance structure. Revise price further and expand sales volume.	P
	- Nonwoven materials: Review domestic production system, expand outsourced production and strengthen and implement of developed products.	P
Functional Textiles and Trading	<b>Implementation of measures for businesses requiring improvement</b> - Airbag fabrics: Implementation of load map to improve earnings.	P
	- Textiles: Pursuit of further capital efficiency improvement.	P

\*1 Lithium-ion Battery Separators \*2 Forward Osmosis \*3 Brine Concentration

\* P: as Planned, D: Delayed 12

This is main action plan and their results by segment.

The area of delay in starting up new equipment is marked with a "D."

Also, some areas marked with a "D" because the operational capacity was insufficient. We aimed to expand product sales but we failed to reach the goal because of customers and the market factors.

There were delays in starting up operations across different segments. From a management perspective, investment levels were previously around JPY30.0 billion, which matched their operating cash flow. Yet, at one point, investment exceeded JPY40.0 billion. The management recognizes that the rush of investment and the lack of follow-up were significant issues that demand scrutiny.

(¥ bn.)

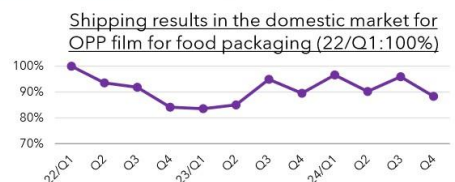
	FY 3/24			FY 3/25			YOY		Previous forecasts (Feb. 2025)
	H1	H2	Full year	H1	H2	Full year	Amount	%	
Net sales	78.1	78.5	156.5	82.8	84.0	166.8	+10.3	+6.6%	170.0
Operating profit (OPM)	1.4	1.3	2.7	3.0	3.9	6.9	+4.2	+157.4%	6.5
EBITDA	5.6	6.0	11.6	7.8	8.8	16.6	+5.0	+43.1%	-

## Packaging film

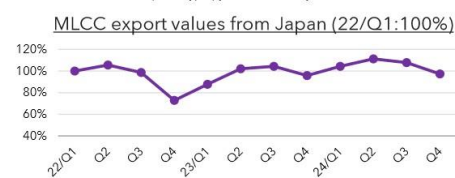
- Profitability has improved due to a recovery in cargo movements as well as progress in revising product prices, despite the impact of rising costs such as new product development expenses.

## Industrial film

- Sales of polarizer protective films for LCDs were steady.  
 - Although sales of mold releasing film for MLCC for AI servers, etc. expanded, the start-up costs for its new production equipment were increased.



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



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

Films saw an increase in sales and profit.

Unfortunately, we are still in the red about Packaging film. The past two years have seen a worsening of the spread, where prices revision have delayed in response to the sharp rise in raw material and fuel costs. Then, there was the impact of volume reductions due to inventory adjustments in market. However, these parts greatly improved, and the conventional products generally normalized.

Rather, part of the challenge is the delay in launching the new equipment and the costs associated with the start-up. We are now aiming to move into the black for the current fiscal year, as we have seen steady improvement on a QtoQ basis.

As for Industrial film, demand for polarizer protective films for LCDs was extremely strong especially in China. On the other hand, sales of mold releasing film for MLCC increased compared to last year but did not recover as much as initially expected. As stated, sales for AI servers were strong, but sales for smartphones did not grow that much.

(¥ bn.)

	FY 3/24			FY 3/25			YOY		Previous forecasts (Feb. 2025)
	H1	H2	Full year	H1	H2	Full year	Amount	%	
Net sales	16.6	18.0	34.6	17.2	17.1	34.3	- 0.2	- 0.6%	36.0
Operating profit (OPM)	2.4	2.0	4.4	0.9	1.1	2.0	- 2.4	- 54.7%	2.5
EBITDA	3.4	3.1	6.6	2.5	2.8	5.3	- 1.3	- 19.8%	6.9%

### Biotechnology

- Demand for enzymes for diagnostic reagents was strong both in Japan and overseas. In addition to increased expenses associated with the expansion of production capacity, results were also hit by a temporary drop in productivity.

### Medical materials

- Although a trend in sales of artificial kidney hollow fiber was strong, the expenses to launch a new plant and the costs related to infrastructure investment were increased.

### Pharmaceuticals

- The Warning Letter by the FDA (July 2023) was lifted and product price revisions are progressing.

14

Life science reported a decrease in sales and profit.

Demand was extremely strong for both Biotechnology and Medical. As for why profit declined despite strong demand is due to the increase in depreciation for Biotechnology to launch new equipment. This was the first investment in about 20 years, and there was the increase in costs associated with the increase in production capacity in some areas and the delay in recovery from drop in productivity. We expect that full operations in FY 3/26 will contribute to increasing profit.

As for Medical, the start-up of new plant has been delayed. This was also the first investment in 20 years, so things did not go quite as originally envisioned. This also improved significantly in Q4, and we expect this to contribute to FY 3/26.

Regarding Pharmaceuticals, orders increased due to the lifting of the Warning Letter by FDA of US. We are receiving an increasing number of inquiries, and with the progress of price revisions, we are on track to achieve a profit in FY 3/26.

# Environmental and Functional Materials

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(¥ bn.)

	FY 3/24			FY 3/25			YOY		Previous forecasts (Feb. 2025)
	H1	H2	Full year	H1	H2	Full year	Amount	%	
Net sales	52.5	62.8	115.3	55.2	55.6	110.8	- 4.5	- 3.9%	115.0
Operating profit	0.4	4.3	4.7	3.4	4.6	8.0	+3.3	+70.6%	8.0
(OPM)	0.7%	6.8%	4.0%	6.1%	8.3%	7.2%	-	-	7.0%
EBITDA	2.1	6.3	8.4	5.6	6.9	12.5	+4.0	+47.8%	-

## Resin and chemical

- In engineering plastics, price revisions are progressing. Sales of these products increased for automotive use for the North and Central America.
- Sales of photo functional materials (photosensitive resin letterpress printing material) increased mainly in China and Southeast Asia.

## Environment and fiber

- In the environmental solutions, sales of BC<sup>\*1</sup> membrane equipment for lithium recovery contributed. Sales declined for VOC recovery equipment used in the manufacturing process for LIBS<sup>\*2</sup> due to the impact of the slowdown in the EV market.

- In the high performance fibers, sales to overseas remained steady.
- In the nonwoven materials, review of the production system in Japan proceeded, and profitability improved.

\*1 Brine Concentration

\*2 Lithium-ion battery separators

15

Next, Environmental and Functional Materials.

Overall, business performance remained strong. This was due to strong sales of automotive-related engineering plastics products and photo functional materials in Resin and Chemical.

In Environment and Fiber, as for VOC recovery equipment, it stalled in H2, but this BC membrane, a new one, started as a business.

On the other hand, a major factor in this improvement is nonwoven materials. The overall improvement in profit was supported by improved earnings due to the progress in reviewing the domestic production system.

# Functional Textiles and Trading

**TOYOBO**

(¥ bn.)

	FY 3/24			FY 3/25			YOY		Previous forecasts (Feb. 2025)
	H1	H2	Full year	H1	H2	Full year	Amount	%	
Net sales	45.7	50.0	95.7	47.9	50.1	98.1	+2.4	+2.5%	102.0
Operating profit (OPM)	- 0.9	- 0.2	- 1.0	0.1	0.4	0.5	+1.6	-	0.8
EBITDA	0.4	1.1	1.5	1.4	1.8	3.1	+1.6	+109.6%	-

## Textiles

- Sales of traditional Arabic fabric grew due to strong demand. Exports saw an uptick in profitability due to the effect of exchange fluctuations.
- Reforms of our business structure, such as the consolidation of production bases in Japan are gaining momentum.

## Airbag fabrics

- Profitability improved as product price revisions proceeded.

16

Functional Textiles and Trading. Both Textiles and Airbag fabrics have improved earnings.

Textiles has been profitable since FY 3/24, and in FY 3/25, it increased its profit even more. In addition to narrowing our focus to areas where we can secure profit, exports and shipments of traditional Arabic fabric to the Middle East were strong, while fixed cost measures were effective.

As for Airbag fabrics, we have been revising prices.

# Forecasts for Business Environment in the FY 3/26



Segment	Business	Condition of previous fiscal year (FY 3/25)	Forecasts (FY 3/26) <small>Effects of U.S. tariffs have not been factored in.</small>
Films	Packaging film	Inventory adjustment finished and the market moved toward a gradual recovery.	Demand at same level year on year.
	Industrial film	Strong demand for polarizer protective films for LCDs.	Demand at same level year on year.
		Gradual expansion for MLCC throughout the fiscal year but lower than forecast.	Product demand is growing for AI servers.
Life Science	Biotechnology	Strong demand for enzymes for biochemical diagnostic reagents.	Strong demand.
	Medical materials	Strong demand for artificial kidney hollow fiber.	Strong demand.
Environmental and Functional Materials	Resin and chemical	The North and Central American shipments for automobile production were strong. But Asia shipments were slowing.	Demand at same level year on year.
		Recovery in demand for electronics materials applications.	There is a trend of demand recovery.
	Environment and fiber	Impact of slowdown in adoption of EVs for VOC recovery equipment.	Slowdown in adoption of EVs continues to impact results.
		The business environment for nonwoven materials continued to be intensely competitive.	The business environment continue to be intensely competitive.
Functional Textiles and Trading	Airbag fabrics	The North and Central American shipments were strong. But Asia shipments were slowing.	Demand at same level year on year.
Others		Naphtha price in Japan remained high (Responded by product price revisions).	Domestic naphtha prices are on a declining trend.

I would like to discuss our forecasts for business environment in the FY 3/26.

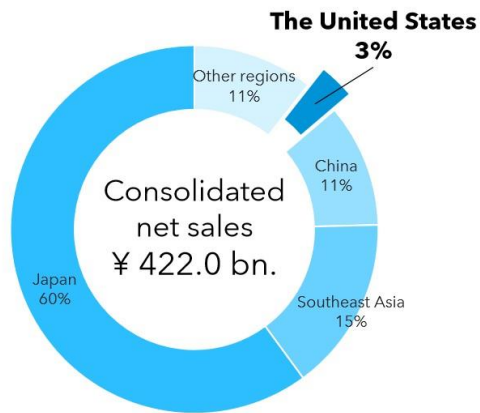
The US tariff measures are not reflected in this column.

Demand for MLCC-related products is expected to increase especially for AI servers in Films. Demand for the Packaging film is expected to remain at the same level as the previous year.

Among Environmental and Functional Materials, we expect the rebound of VOC recovery equipment to take some time.

Naphtha prices may be on a slight downward trend given the recent trends in crude oil prices and foreign exchange rates.

Share of sales by region for FY 3/25\*



\*Classification based on customer location

- Effects of mutual tariffs (direct and indirect) have not been factored into the forecasts for FY 3/26.

- U.S. sales that could be potentially impacted by mutual tariffs are approximately 3% (customer location basis).

Main businesses in the U.S. are as follows:

Segment	Business
Life Science	Biotechnology
Environmental and Functional Materials	Resin and chemical (Engineering plastics etc.)
	Environment and fiber

- Moving forward, should it become evident that business performance will be significantly affected, we will promptly disclose the information.

The next page shows the impact of the US tariff measures on business.

As a percentage of total sales, exports, including local production, are only 3%. Still, the scale of the project will be over JPY10.0 billion.

The main businesses that will be affected are Biotechnology and automotive related areas.

If such tariffs are incurred, we will discuss how to minimize them with the customers, and we would like to absorb them through self-help efforts.

## Forecasts for FY 3/26

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Because of the profit improvements of the businesses requiring improvement like Packaging film and growth investment effects in Life Science and other areas, we forecast operating profit of ¥21.0 billion and net profit of ¥4.5 billion.

(¥ bn.)

	FY 3/25	FY 3/26	YOY	
	Results	Forecasts	Amount	%
Net sales	422.0	<b>440.0</b>	+18.0	+4.3%
Operating profit	16.7	<b>21.0</b>	+4.3	+26.1%
(Ratio to sales)	3.9%	<b>4.8%</b>	-	-
Ordinary profit	10.6	<b>15.5</b>	+4.9	+46.4%
Extraordinary income and losses	- 3.4	<b>- 4.5</b>	- 1.1	-
Profit attributable to owners of parent	2.0	<b>4.5</b>	+2.5	+124.6%
EBITDA	39.4	<b>46.0</b>	+6.6	+16.9%
EPS (¥)	22.7	<b>51.0</b>	-	-
Depreciation	22.7	<b>25.0</b>	+2.3	+10.1%
CAPEX	43.2	<b>35.0</b>	- 8.2	- 18.9%
R&D expenses	14.3	<b>15.0</b>	+0.7	+5.2%

CAPEX: Expansion of production capacity for polarizer protective films for LCDs  
Dividends: ¥40 per share (expected)

19

This is the forecasts for the current fiscal year.

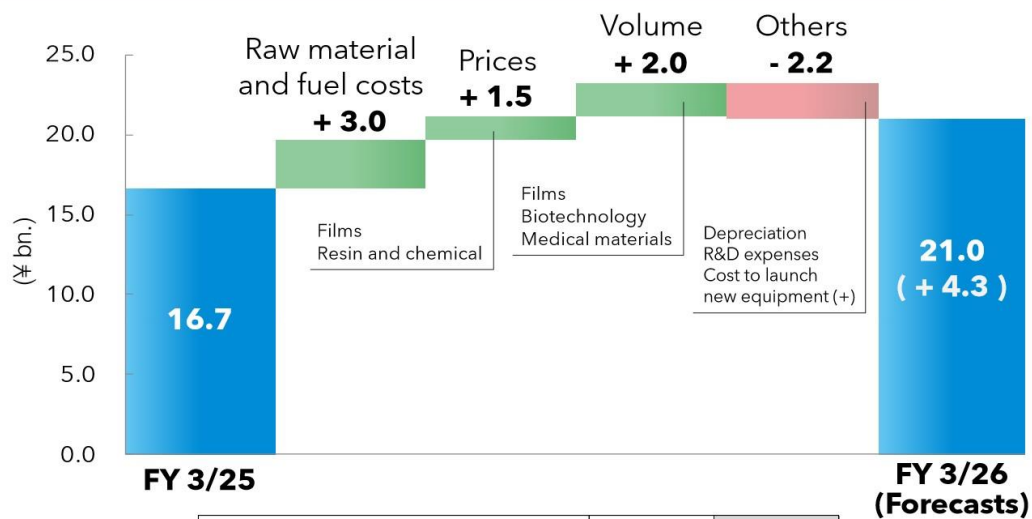
For the current fiscal year, businesses requiring improvement of Packaging film, Pharmaceuticals, and nonwoven materials should see an improvement in profitability.

In addition, as we expect to reap the benefits of our growth investment in Life Science and other areas, we plan to increase sales and profit.

Regarding capital investment, it will be further narrowed down compared to FY 3/25.

# Analysis in Changes in Operating Profit

**TOYOBO**



	FY 3/25	FY 3/26
Exchange rate (¥/US\$)	152	140
Naphtha price in Japan (thousand¥/kl)	76	70

20

This is an analysis of changes in operating profit.

The fact that raw material and fuel costs are going down means that this is a positive in the profit direction.

As for prices, we did not make a full-year contribution in FY 3/25, so the increase in the selling price reflects the effect of the revision of the selling price realized in FY 3/25, as well as the increase in logistics and labor costs that we have asked our customers to increase.

Volume is generally stable, and for MLCC-related volume is expected to recover further.

As for others, depreciation will increase further, but overall, we will strive to reduce expenses.

We are determined to proceed with the overall goal of JPY16.7 billion to JPY21.0 billion.

## Forecasts by Segment

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(¥ bn.)

Net sales	FY 3/25 Results			FY 3/26 Forecasts			YOY
	H1	H2	Full year	H1	H2	Full year	Full year
Films	82.8	84.0	166.8	<b>90.0</b>	<b>85.0</b>	<b>175.0</b>	+8.2
Life Science	17.2	17.1	34.3	<b>20.0</b>	<b>21.0</b>	<b>41.0</b>	+6.7
Environmental and Functional Materials	55.2	55.6	110.8	<b>55.0</b>	<b>62.0</b>	<b>117.0</b>	+6.2
Functional Textiles and Trading	47.9	50.1	98.1	<b>45.0</b>	<b>50.0</b>	<b>95.0</b>	- 3.1
Real Estate and Others	6.0	6.0	12.0	<b>6.0</b>	<b>6.0</b>	<b>12.0</b>	+0.0
Elimination & Corporate	-	-	-	-	-	-	-
Total	209.2	212.9	422.0	<b>216.0</b>	<b>224.0</b>	<b>440.0</b>	+18.0

Operating profit	FY 3/25 Results			FY 3/26 Forecasts			YOY
	H1	H2	Full year	H1	H2	Full year	Full year
Films	3.0	3.9	6.9	<b>4.3</b>	<b>3.7</b>	<b>8.0</b>	+1.1
Life Science	0.9	1.1	2.0	<b>1.2</b>	<b>2.8</b>	<b>4.0</b>	+2.0
Environmental and Functional Materials	3.4	4.6	8.0	<b>3.3</b>	<b>5.7</b>	<b>9.0</b>	+1.0
Functional Textiles and Trading	0.1	0.4	0.5	<b>0.3</b>	<b>1.0</b>	<b>1.3</b>	+0.8
Real Estate and Others	1.2	1.4	2.6	<b>1.1</b>	<b>1.1</b>	<b>2.2</b>	- 0.4
Elimination & Corporate	- 1.6	- 1.7	- 3.3	<b>- 1.7</b>	<b>- 1.8</b>	<b>- 3.5</b>	- 0.2
Total	6.9	9.7	16.7	<b>8.5</b>	<b>12.5</b>	<b>21.0</b>	+4.3

21

The forecasts by segment.

Overall, there are items to be shipped in H2 and at the end of the fiscal year, so H2 is better than H1, but we would like to make a good profit from Q1.

### **Recover earning power to create the future**

1. Thorough safety, disaster prevention and quality assurance, and compliance (basic premise)
2. Endured pricing commensurate with value
3. Measures for businesses requiring improvement (low earning / loss-making segments)
4. Secure investment returns and create new value
5. Narrowing down of investment and expenses, and cost reduction
6. Reduce capital employed (improve asset efficiency)

22

Let's look at the last page. Management policy in FY 3/26.

The policy is the same as in FY 3/25, recover earning power to create the future, since we are on the way to recovery in terms of profit level.

As for action plans, conventionally, we have five, but we have added a sixth, reduce capital employed. This is an addition toward our efforts to improve asset efficiency.

That is all for my presentation. Thank you for your attention.

## Appendix

## Business Performance

(¥ bn.)

Net sales	FY 3/24					FY 3/25				
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year
Films	39.0	39.1	39.3	39.1	156.5	42.1	40.7	42.1	42.0	166.8
Life Science	8.1	8.4	8.7	9.3	34.6	8.1	9.1	8.5	8.6	34.3
Environmental and Functional Materials	25.0	27.6	33.6	29.2	115.3	28.1	27.2	28.3	27.3	110.8
Functional Textiles and Trading	22.2	23.5	23.2	26.8	95.7	24.0	23.9	23.3	26.8	98.1
Real Estate and Others	2.8	3.8	3.0	2.6	12.2	2.9	3.1	2.9	3.2	12.0
Elimination & Corporate	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>97.1</b>	<b>102.4</b>	<b>107.9</b>	<b>106.9</b>	<b>414.3</b>	<b>105.2</b>	<b>104.0</b>	<b>105.1</b>	<b>107.8</b>	<b>422.0</b>

Operating profit	FY 3/24					FY 3/25				
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year
Films	1.2	0.2	0.1	1.2	2.7	1.5	1.5	0.8	3.1	6.9
Life Science	1.4	1.0	1.1	1.0	4.4	0.4	0.5	0.6	0.5	2.0
Environmental and Functional Materials	-0.7	1.0	2.6	1.7	4.7	1.3	2.1	2.3	2.3	8.0
Functional Textiles and Trading	-0.7	-0.1	-0.7	0.5	-1.0	0.2	-0.1	-0.0	0.5	0.5
Real Estate and Others	0.4	1.0	0.7	0.9	3.0	0.5	0.7	0.6	0.8	2.6
Elimination & Corporate	-1.7	-0.7	-1.2	-1.2	-4.8	-0.7	-0.9	-1.0	-0.7	-3.3
<b>Total</b>	<b>-0.1</b>	<b>2.4</b>	<b>2.6</b>	<b>4.0</b>	<b>9.0</b>	<b>3.1</b>	<b>3.8</b>	<b>3.2</b>	<b>6.5</b>	<b>16.7</b>

# Major Indicators

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(¥ bn.)

	FY 3/20	FY 3/21	FY 3/22	FY 3/23	FY 3/24	FY 3/25	FY 3/26
	Results						Forecasts
Net sales	339.6	337.4	375.7	399.9	414.3	422.0	440.0
Operating profit	22.8	26.7	28.4	10.1	9.0	16.7	21.0
(Ratio to sales)	6.7%	7.9%	7.6%	2.5%	2.2%	3.9%	4.8%
EBITDA* <sup>1</sup>	39.8	45.8	48.5	29.1	28.8	39.4	46.0
EPS (¥)	155.1	47.3	144.8	- 7.4	27.9	22.7	51.0
ROE* <sup>2</sup>	7.8%	2.3%	6.8%	-	1.3%	1.0%	2.3%
ROIC* <sup>3</sup>	4.5%	5.0%	5.1%	1.7%	1.3%	2.3%	2.8%
Depreciation	17.0	19.1	20.1	19.0	19.8	22.7	25.0
CAPEX	36.4	23.3	33.6	42.7	61.6	43.2	35.0
R&D expenses	11.7	12.7	13.8	14.1	15.3	14.3	15.0
Interest-bearing debt	175.1	187.0	191.2	229.4	249.2	267.9	-
D/E ratio	0.98	1.01	0.98	1.21	1.26	1.37	1.40
D/E ratio (after adjustment of equity content)* <sup>4</sup>	0.87	0.89	0.87	-	-	1.15	1.20
Net Debt / EBITDA ratio* <sup>5</sup>	3.8	3.3	3.4	5.8	7.5	6.1	5.0

\*1 Operating profit + Depreciation (includes goodwill)

\*2 Profit / Beginning and ending balance average shareholder's equity

\*3 NOPAT / (Interest-bearing debt + Net assets)

\*4 D/E ratio after adjustment of equity content of a subordinated term loan and publicly offered subordinated bond

\*5 (Interest-bearing debt - Cash and deposits) <Ending> / EBITDA

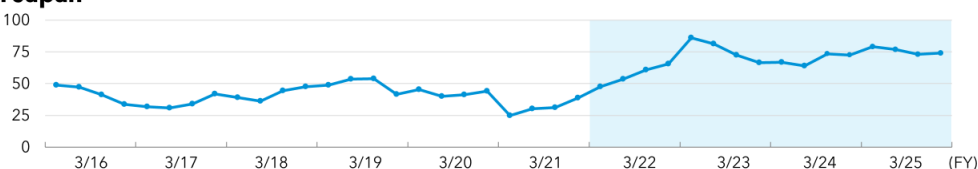
25

# Product Price Revisions for Rising Raw Material and Fuel Prices

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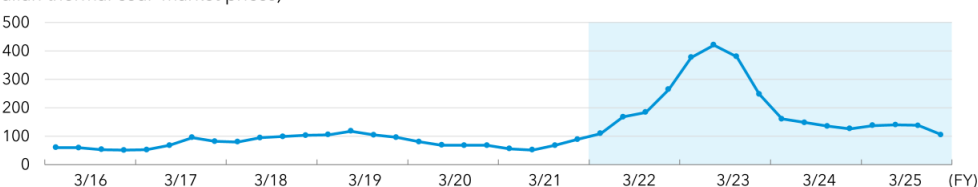
## Naphtha price in Japan

(thousand ¥/kl)



## Coal prices (Australian thermal coal market prices)

(\$/t)



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

(¥ bn.)

	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	FY 3/26
Raw material and fuel costs (A)	+4.1	- 3.7	- 4.5	+2.9	+5.6	- 11.2	- 17.0	- 1.0	+0.5	+3.0
Prices (B)	- 2.5	+1.6	+1.2	- 0.5	- 3.8	+4.7	+11.9	+4.4	+5.1	+1.5
Spread (A+B)	+1.6	- 2.1	- 3.3	+2.4	+1.8	- 6.5	- 5.1	+3.4	+5.6	+4.5

26

## Main Action Plan by Segment (FY 3/26)

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Segment	Action
Films	<p><b>Improve profitability of packaging film and further expand industrial film</b></p> <ul style="list-style-type: none"> <li>- Packaging film: Review production system. Increase operation rate of the new production equipment. Improve profitability (become profitable) through price revisions and stable production.</li> <li>- Mold releasing film for MLCC: Ensure successful launch of new production equipment.</li> <li>- Polarizer protective films for LCDs: Establish increased production system.</li> </ul>
Life Science	<p><b>Ensure profitability of new production equipment</b></p> <ul style="list-style-type: none"> <li>- Biotechnology: Expand sales of enzymes for biochemical diagnostic reagents (benefit from increased production).</li> <li>- Medical materials: Launch and get revenues started for an integrated production plant for artificial kidney hollow fiber. Commercialization of membranes for manufacturing process.</li> <li>- Pharmaceuticals: Maintain GMP system. Improve profitability (become profitable) through new orders.</li> </ul>
Environmental and Functional Materials	<p><b>TOYOBO MC Corporation: From strengthening the management foundation to implementation of growth measures</b></p> <ul style="list-style-type: none"> <li>- Engineering plastics: Capture overseas demand and product price revisions.</li> <li>- Environmental solutions: Expand sales of BC* membranes. Develop new applications for VOC recovery equipment.</li> <li>- Nonwoven materials: Review domestic production system (aim for profitability).</li> </ul>
Functional Textiles and Trading	<p><b>Improve profitability and asset efficiency</b></p> <ul style="list-style-type: none"> <li>- Airbag fabrics: Implementation of load map to improve earnings.</li> <li>- Textiles: Improvement of asset efficiency.</li> </ul>

\* Brine Concentration 27

## Main Factors for Changes in Operating Profit (Compared to the Previous Quarter)

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(¥ bn.)

Segment	Q3 FY 3/25	Q4 FY 3/25	QOQ	Main factors for changes
Films	0.8	3.1	+2.3	(+) Mold releasing film for MLCC: Decrease in costs for launching new equipment (temporary) (+) Packaging film: Product price revisions (+) Industrial film: Increase in sales
Life Science	0.6	0.5	-0.1	(+) Enzymes for biochemical diagnostic reagents: Volume increase due to new facilities (-) Enzymes for biochemical diagnostic reagents: Decline in productivity
Environmental and Functional Materials	2.3	2.3	+0.1	(+) "VYLON", "HARDLEN": Recovery in overseas demand (-) VOC recovery equipment: Decrease in sales (impact of slowdown in adoption of EVs)
Functional Textiles and Trading	-0.0	0.5	+0.5	(+) Textiles: Seasonal factors

28

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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29

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