

TOYOBO Co., Ltd. Q&A Summary for the Presentation Regarding Financial Results for FY 3/25

Date and Time: Tuesday, May 13, 2025 at 8:45 - 9:30 a.m. (Japan Standard Time)

Place: WEB Conference

Presenter: Ikuo Takeuchi, President & Representative Director

Chikao Morishige, CTO, Head,

Environmental and Functional Materials Division

Masanao Kudo, Managing Executive Officer, Head, Films Division

Taizo Ono, Executive Officer, CFO

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: Compared to the levels seen in the fourth quarter of FY3/25, the operating profit forecast for Films in FY3/26 seems conservative. What is the reason? Have you factored in product price revisions?

A: It is due to the increase in costs associated with the renovation of existing production line to enhance the production capacity of polarizer protective films for LCDs in FY3/26. We are planning to revise product prices for both Packaging film and Industrial film.

Q: In Life Science, why does the operating profit for FY3/26 only return to the level of FY3/24, despite the large-scale investments?

A: In addition to the loss of profits from products related to COVID-19 (which had supported the segment until FY3/23), depreciation and costs to launch new equipment associated with capital investment are brought forward. The new equipment will fully contribute from FY3/27 onward, leading to an even greater expansion in profits.

Q: Why has the pace of growth in performance for Environmental and Functional Materials slowed from the original plans?

A: In addition to the deterioration of the profitability of nonwoven materials and delayed recovery of “VYLON” and “HARDLEN” in the Chinese market, sales of VOC recovery equipment have declined due to the slowdown in the adoption of EVs.

Q: What is the state of progress on the collaboration between TOYOBO and Mitsubishi Corporation in TOYOBO MC Corporation?

A: We have steady progress in collaborative efforts to expand sales through Mitsubishi Corporation's channels, such as the initiatives undertaken with lithium manufacturers on brine concentration (BC) membranes, "BREATHAIR" initiatives with furniture manufacturers and office equipment manufacturers, and so on.

Q: As we continue to see negative free cash flow in recent years, how are you approaching future cash flow management policies and dividends?

A: In addition to increasing operating cash flow by expanding businesses, we aim to achieve positive free cash flow by decreasing investing cash flow by narrowing down capital investment. Having adopted a basic policy of maintaining stable dividends, we have decided to keep dividends at the same level, after comprehensively taking various factors into consideration, including the fact that we have secured a certain level of distributable profits and that we have reasonable prospects of restoring profits to an appropriate level in the short term.