

May 11, 2023



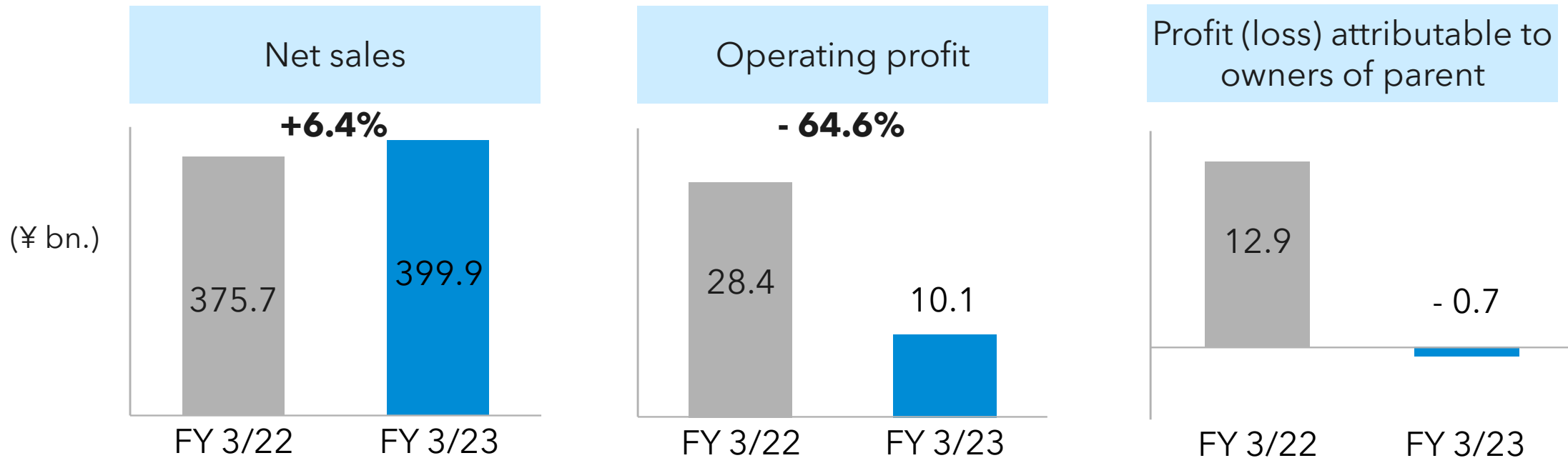
# Presentation to Investors

for Year Ended March 31, 2023

TOYOBO CO., LTD.

## FY 3/23 Results

Although sales increased because we proceeded with product price revisions, profit declined due to the considerable impacts of higher raw material and fuel prices, along with deteriorating market conditions for industrial film and increasing expenses to launch new equipment. Loss came to ¥0.7 bn. due to an extraordinary losses of ¥15.7 bn. including impairment losses on the nonwoven materials business.



## FY 3/24 Forecasts

We forecast operating profit of ¥15.0 bn. (approx. 1.5x increase YOY) and net profit of ¥4.0 bn., reflecting not only a recovery in market conditions for industrial film, etc., but further price revisions and implementation of measures for businesses requiring improvement.

## **FY 3/23**

### **The global economy slowed down**

- Rising raw material and fuel prices stemming from the impact of the situation in Ukraine, among others.
- Monetary tightening policies in Europe and the United States and China's zero-COVID policy (lockdowns).

### **The domestic economy's recovery remained slow**

- The normalization of the economy from COVID-19 pandemic was seen in the second half of the year.
- Rising raw material and fuel prices, and delays in the recovery of automobile production due to shortages in the supply of materials such as semiconductors.

## **FY 3/24**

### **The global economy**

- The economy in China is expected to recover gradually following the resumption of economic activities due to the lifting of lockdowns.
- The economy in Europe and the United States will slow down as a result of monetary tightening policies in response to increasing inflationary pressure.

### **The domestic economy**

- The raw material and fuel prices will remain high, although decline compared to FY 3/23.
- A moderate economic recovery is expected mainly in domestic demand, following the end of the COVID-19 pandemic.

# Summary of Results: P&L

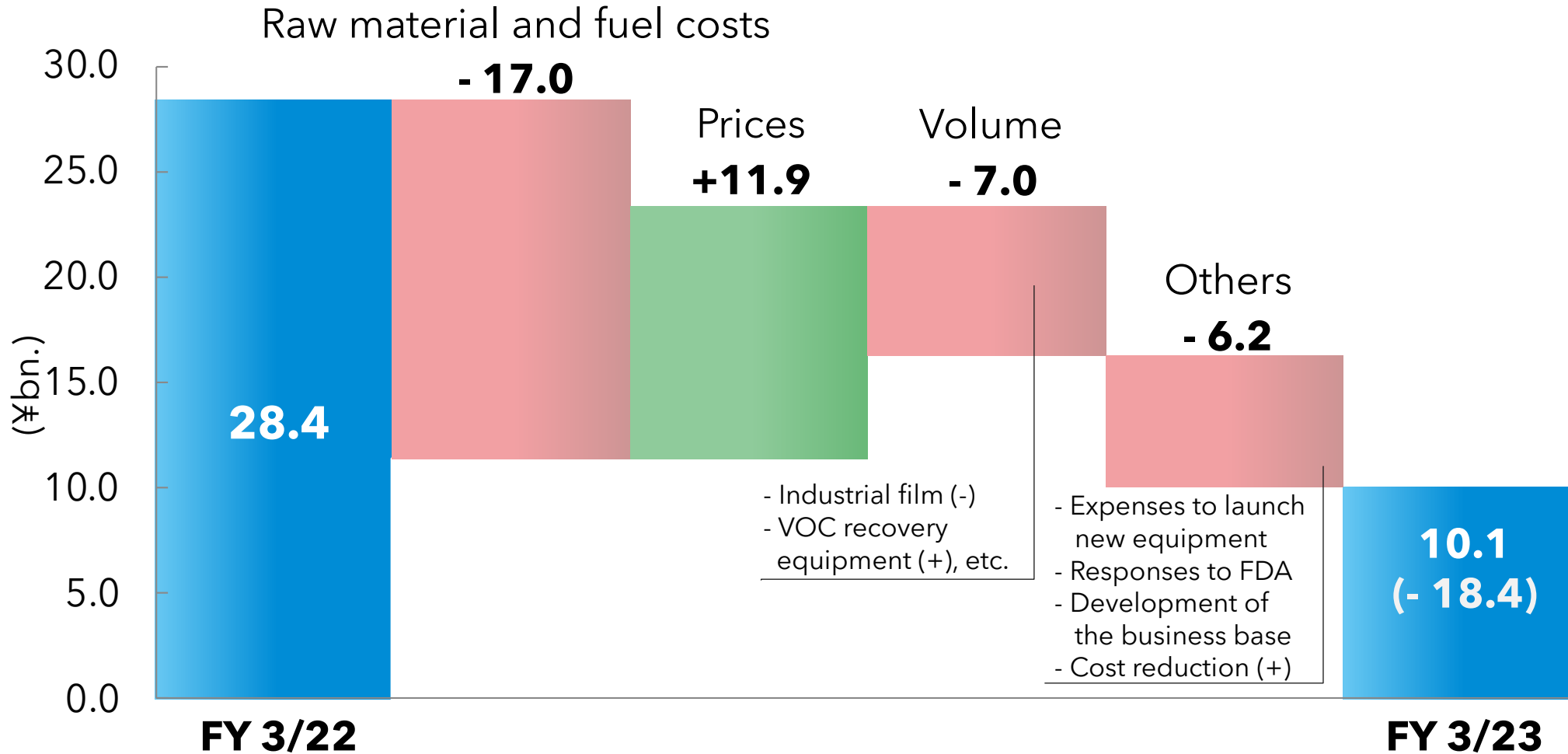
**TOYOBO**

(¥ bn.)

	FY 3/21	FY 3/22	FY 3/23	YOY		Previous forecasts (Feb. 2023)
				Amount	%	
Net sales	337.4	375.7	<b>399.9</b>	+24.2	+ 6.4%	400.0
Operating profit	26.7	28.4	<b>10.1</b>	- 18.4	- 64.6%	11.0
(Ratio to sales)	7.9%	7.6%	<b>2.5%</b>	-	-	2.8%
Ordinary profit	20.7	23.1	<b>6.6</b>	- 16.5	- 71.5%	7.5
Extraordinary income	0.6	6.5	<b>9.8</b>	+3.2	-	-
Extraordinary losses	15.8	14.8	<b>15.7</b>	+0.9	-	-
Profit attributable to owners of parent	4.2	12.9	<b>- 0.7</b>	- 13.5	-	6.5
EBITDA* <small>*Operating profit + Depreciation (includes goodwill)</small>	45.8	48.5	<b>29.1</b>	- 19.4	- 40.0%	30.5
EPS (¥)	47.3	144.8	<b>- 7.4</b>	-	-	73.1
ROE* <small>*Profit / Beginning and ending balance average shareholder's equity</small>	2.3%	6.8%	<b>-</b>	-	-	-
ROIC* <small>*NOPAT / (Interest-bearing debt + Net assets)</small>	5.0%	5.1%	<b>1.7%</b>	-	-	-

- Extraordinary income: ¥5.6 bn. for insurance claim income related to the fire accident, ¥2.9 bn. for gain on sale of investment securities.
- Extraordinary losses: Impairment losses of ¥9.8 bn. on assets to be suspended and business assets for the nonwoven materials business, etc.
- Dividends will be ¥40 per share (planned)

# Analysis in Changes in Operating Profit



	FY 3/21	FY 3/22			FY 3/23		
		H1	H2		H1	H2	
Exchange rate (¥/US\$)	106	110	115	112	134	137	135
Naphtha price in Japan (thousand¥/kl)	31	51	63	57	84	70	77

# Summary of Results: BS

		(B)	(A)	(¥ bn.)
	Mar. 31, 2021	Mar. 31, 2022	Mar. 31, 2023	(A)-(B)
Total assets	491.2	517.8	<b>588.9</b>	+71.1
Cash and deposits	34.7	27.2	<b>60.7</b>	+33.5
Inventories	76.3	96.0	<b>121.9</b>	+25.9
Property, plant and equipment	224.6	227.6	<b>240.2</b>	+12.7
Net assets	188.6	197.1	<b>221.4</b>	+24.3
Shareholder's equity	185.7	194.9	<b>189.6</b>	- 5.3
(Retained earnings)	64.4	74.7	<b>70.5</b>	- 4.2
Non-controlling interests	2.9	2.3	<b>31.8</b>	+29.6
Interest-bearing debt	187.0	191.2	<b>229.4</b>	+38.2
D/E ratio	1.01	0.98	<b>1.21</b>	-
Net Debt / EBITDA ratio*	3.3	3.4	<b>5.8</b>	-

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

# Summary of Results: CF, etc.

(¥ bn.)

	FY 3/22	FY 3/23	YOY
Cash flows from operating activities	17.1	<b>7.8</b>	- 9.3
Cash flows from investing activities	- 24.6	<b>- 36.0</b>	- 11.4
Free cash flows	- 7.5	<b>- 28.2</b>	- 20.7
Cash flows from financing activities	- 1.7	<b>61.3</b>	+63.0
Others	1.1	<b>0.7</b>	- 0.5
Net increase (decrease) in cash and cash equivalents	- 8.1	<b>33.8</b>	+41.9
Cash and cash equivalents at end of period	26.4	<b>60.2</b>	+33.8
Depreciation	20.1	19.0	- 1.0
CAPEX	33.6	42.7	+9.1
R&D expenses	13.8	14.1	+0.3

CAPEX: new equipment of mold releasing film for MLCC, renovation of Tsuruga biochemicals plant and renovation of Otsu research center.

# Summary of Results: Segment

(¥ bn.)

	Net sales		Operating profit			Previous forecasts (Feb. 2023)
	FY 3/22	FY 3/23	FY 3/22	FY 3/23	YOY	
Films and Functional Materials	170.3	<b>170.0</b>	19.9	<b>4.6</b>	- 15.3	5.2
Mobility	44.7	<b>49.3</b>	- 1.8	<b>- 4.5</b>	- 2.7	- 4.0
Lifestyle and Environment	114.3	<b>129.9</b>	3.5	<b>3.0</b>	- 0.5	2.5
Life Science	35.0	<b>38.1</b>	8.7	<b>9.2</b>	+0.6	9.4
Real Estate and Others	11.4	<b>12.6</b>	2.2	<b>2.2</b>	- 0.0	2.2
Elimination & Corporate	-	-	- 4.0	<b>- 4.5</b>	- 0.4	- 4.3
Total	375.7	<b>399.9</b>	28.4	<b>10.1</b>	- 18.4	11.0



	FY 3/22			FY 3/23			YOY		(¥ bn.)
	H1	H2	Full year	H1	H2	Full year	Amount	%	
Net sales	85.9	84.4	170.3	86.7	83.3	170.0	- 0.3	- 0.2%	Previous forecasts Feb. 2023 171.0
Operating profit	12.2	7.7	19.9	4.2	0.4	4.6	- 15.3	- 76.7%	5.2
(Ratio to sales)	14.2%	9.1%	11.7%	4.9%	0.5%	2.7%	-	-	3.0%

## Packaging film

- Product price revisions were unable to keep up with rising raw material and fuel prices. Furthermore, cargo movements slowed in the second half of the year.

## Industrial film

- Demand for mold releasing film for MLCC and other products decreased in addition to the rising raw material and fuel prices.

## Functional materials

- Sales of industrial adhesives “Vylon” declined due to the impact of China’s zero-COVID policy.

(¥ bn.)

	FY 3/22			FY 3/23			YOY	
	H1	H2	Full year	H1	H2	Full year	Amount	%
Net sales	21.6	23.2	44.7	24.1	25.2	49.3	+4.6	+10.3%
Operating profit	- 0.9	- 0.9	- 1.8	- 2.0	- 2.5	- 4.5	- 2.7	-
(Ratio to sales)	-	-	-	-	-	-	-	-

Previous forecasts  
Feb. 2023

51.0

- 4.0

-

## Engineering plastics

- In Japan, product price revisions were unable to keep up with rising raw material and fuel prices.
- Overseas, although product price revisions proceeded in response to rising raw material prices and logistics costs, there was an increase in costs for the overseas production.

## Airbag fabrics

- Despite product price revisions being advanced, profitability was not improved due to rising procurement prices for airbag yarn and other raw materials.

	FY 3/22			FY 3/23			YOY		(¥ bn.)
	H1	H2	Full year	H1	H2	Full year	Amount	%	
Net sales	54.7	59.6	114.3	64.6	65.3	129.9	+15.6	+13.6%	127.0
Operating profit	1.9	1.6	3.5	1.2	1.8	3.0	- 0.5	- 13.2%	2.5
(Ratio to sales)	3.4%	2.7%	3.0%	1.9%	2.7%	2.3%	-	-	2.0%

(¥ bn.)

Previous forecasts  
Feb. 2023

## Environmental solutions

- Sales of VOC recovery equipment and replacement elements for Lithium-Ion Battery (LIB) separator plants were strong due to increased demand for LIB because of the global shift to EV.

## Nonwoven materials

- Product price revisions were unable to keep up with rising raw material and fuel prices.

## High performance fibers

- Sales remained strong, centered on "ZYLON" for applications in building structural reinforcement and bicycle tires and "IZANAS" for use in fishing line.

## Textiles

- Due to the depreciation of the yen, overseas procurement costs increased but margins for traditional Arabic fabric improved.

	FY 3/22			FY 3/23			YOY		(¥ bn.) Previous forecasts Feb. 2023
	H1	H2	Full year	H1	H2	Full year	Amount	%	
Net sales	16.3	18.7	35.0	19.3	18.8	38.1	+3.1	+8.9%	39.0
Operating profit	4.6	4.0	8.7	5.4	3.8	9.2	+0.6	+6.4%	9.4
(Ratio to sales)	28.2%	21.7%	24.7%	28.0%	20.2%	24.2%	-	-	24.1%

## Biotechnology

- Sales of reagents for PCR testing decreased in Q4.
- Sales of enzymes for diagnostic reagents and genetic testing to the overseas market were robust.

## Medical materials

- Sales of artificial kidney hollow fiber trended strong but were affected by rising raw material and fuel prices.

## Pharmaceuticals

- Sales recovered due to production and shipment of over-the-counter formulations resumed in sequence despite rising expenses in response to suggestions from the FDA.

# Forecasts for FY 3/24

We forecast operating profit of ¥15.0 bn. (approx. 1.5x increase YOY) and net profit of ¥4.0 bn., reflecting not only a recovery in market conditions for industrial film, etc., but further price revisions and implementation of measures for businesses requiring improvement.

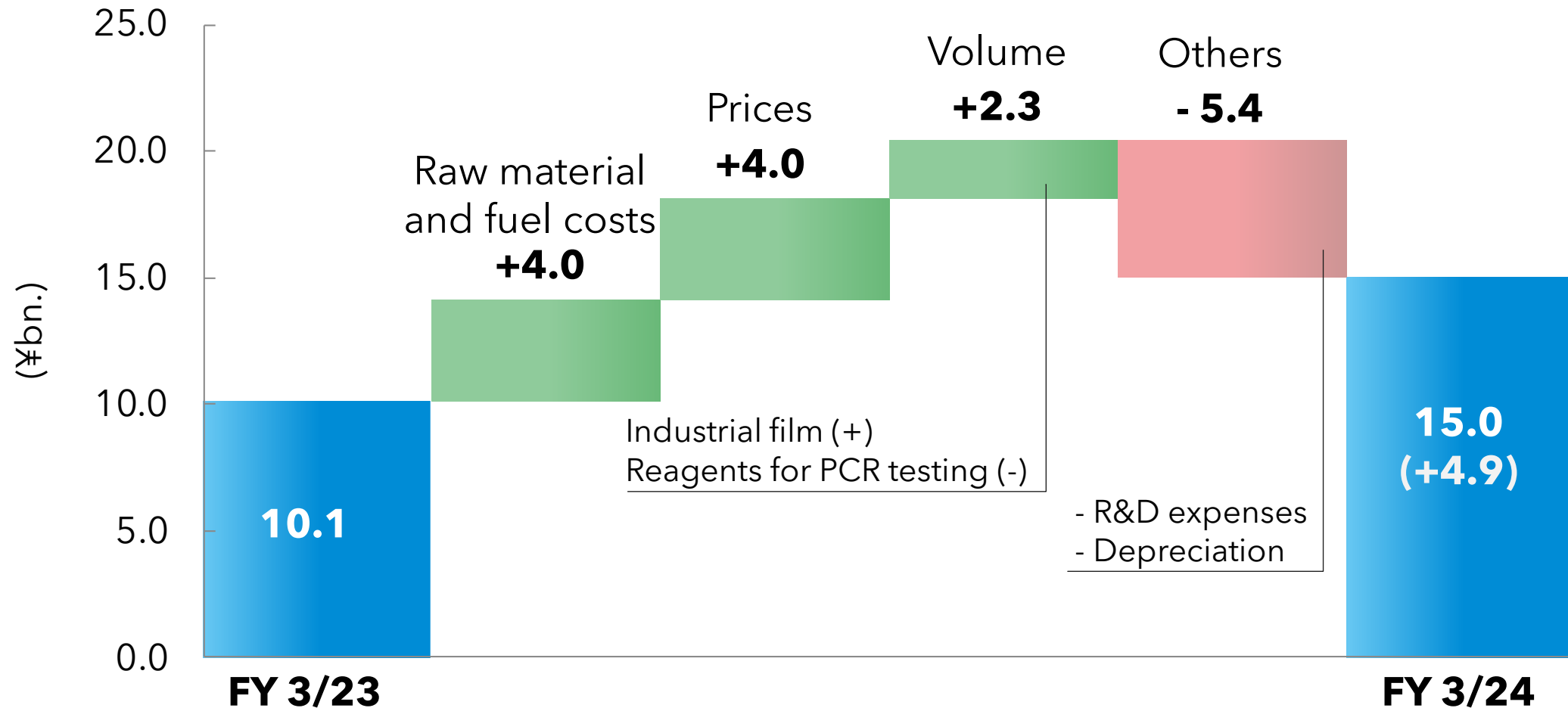
	FY 3/23	FY 3/24	YOY	
	Results	Forecasts	Amount	%
Net sales	399.9	<b>430.0</b>	+30.1	+7.5%
Operating profit	10.1	<b>15.0</b>	+4.9	+49.1%
(Ratio to sales)	2.5%	<b>3.5%</b>	-	-
Ordinary profit	6.6	<b>11.0</b>	+4.4	+66.9%
Extraordinary income and losses	- 6.0	<b>- 2.0</b>	-	-
Profit attributable to owners of parent	- 0.7	<b>4.0</b>	+4.7	-
EBITDA	29.1	<b>36.7</b>	+7.6	+26.1%
EPS (¥)	- 7.4	<b>45.0</b>	-	-
Depreciation	19.0	<b>21.7</b>	+2.7	+13.9%
CAPEX	42.7	<b>50.0</b>	+7.3	+17.0%
R&D expenses	14.1	<b>16.0</b>	+1.9	+13.4%

(¥ bn.)

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

Dividends: ¥40 per share (forecast)

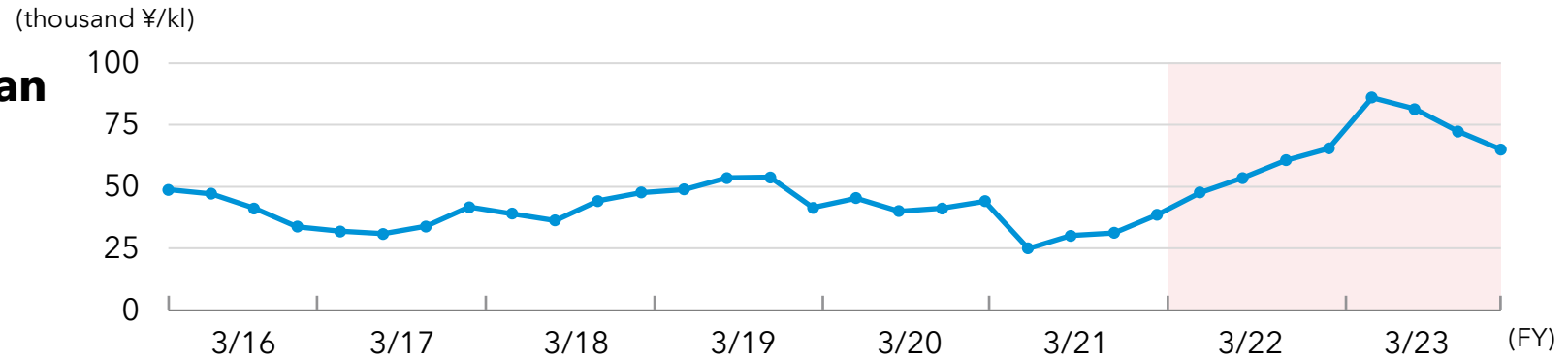
# Analysis in Changes in Operating Profit



	FY 3/23	FY 3/24
Exchange rate (¥/US\$)	135	133
Naphtha price in Japan (thousand¥/kl)	77	65

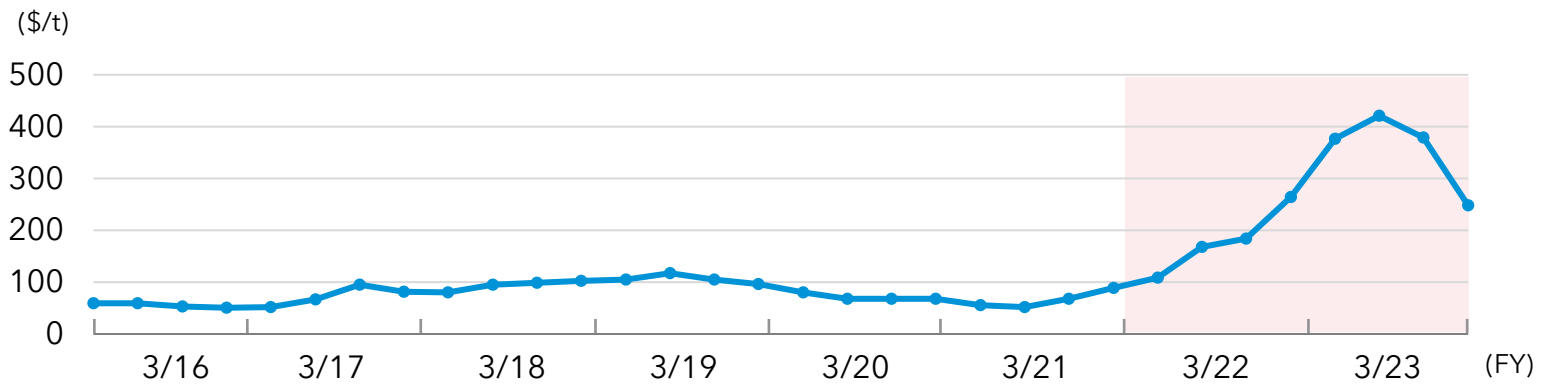
# Reference: Product price revisions for rising raw material and fuel prices

## 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)

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

## Mold releasing film for MLCC

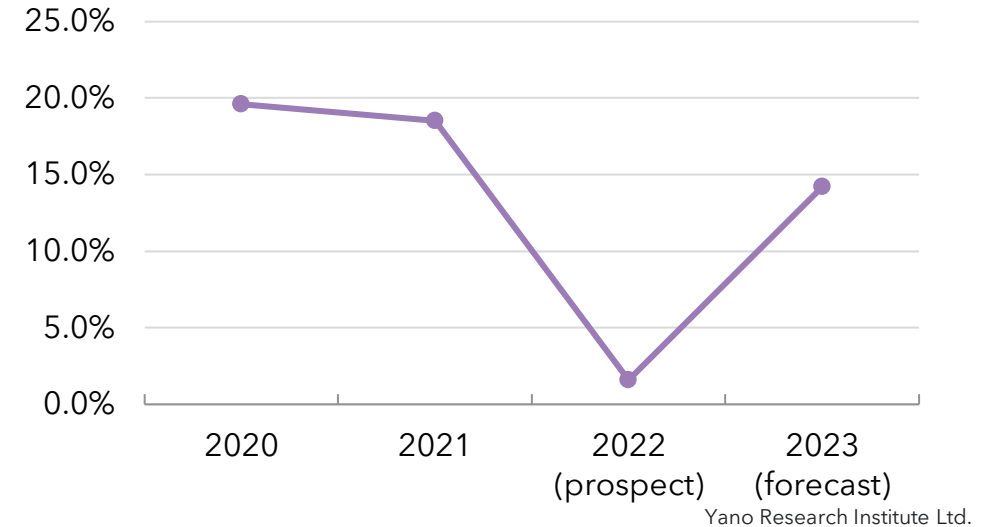
### Market

- FY 3/23: Slowing growth rate
- FY 3/24: Forecasting more than 10% YOY increase

FY 3/24

- Full operations of processing equipment Unit 1 & 2.
- Respond to customers' production increase following a recovery in market conditions.

Global shipment volume of mold releasing film for MLCC (YOY)



## Polarizer protective films for LCDs "COSMOSHINE SRF"

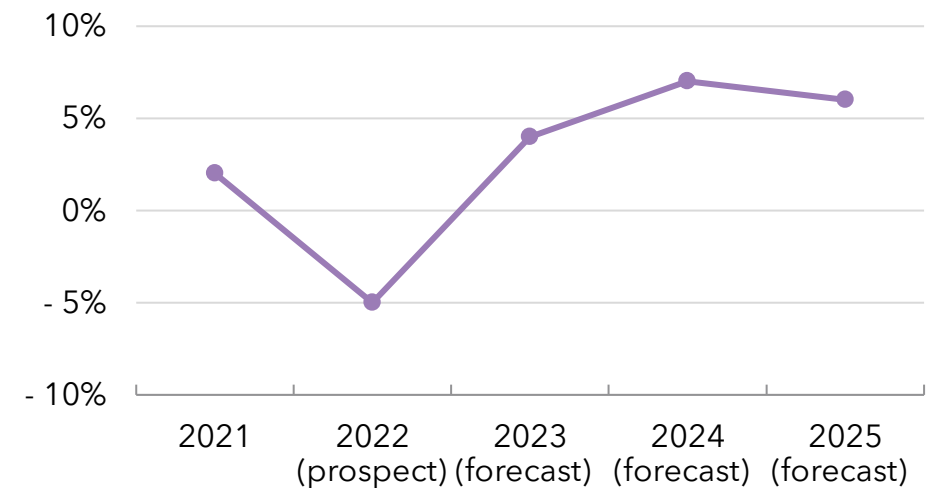
### TV Market

- FY 3/23: 5% YOY decrease on a surface-area basis  
⇒ Decrease only a few percent in our business
- FY 3/24: Forecasting 4% YOY increase on a surface-area basis

FY 3/24

- Full operations of Unit 1~3.
- Respond to customers' production increase.

Global TV market: Shipment surface-area (YOY)





# Forecasts by Segment

## FY 3/23 Results (Old segment)

	Net sales	Operating profit
	FY 3/23 Results	FY 3/23 Results
Films and Functional Materials	170.0	4.6
Mobility	49.3	- 4.5
Lifestyle and Environment	129.9	3.0
Life Science	38.1	9.2
Real Estate and Others	12.6	2.2
Elimination & Corporate	-	- 4.5
<b>Total</b>	<b>399.9</b>	<b>10.1</b>

## FY 3/24 Forecasts (New segment)

	Net sales	Operating profit	
	FY 3/24 Forecasts	FY 3/23 Results	FY 3/24 Forecasts
Films	<b>167.0</b>	1.6	<b>8.8</b>
Life Science	<b>35.0</b>	9.2	<b>5.2</b>
Environmental and Functional Materials	<b>135.0</b>	4.3	<b>5.8</b>
Functional Textiles and Trading	<b>80.0</b>	- 2.7	<b>- 1.5</b>
Real Estate and Others	<b>13.0</b>	2.2	<b>2.2</b>
Elimination & Corporate	-	- 4.5	<b>- 5.5</b>
<b>Total</b>	<b>430.0</b>	10.1	<b>15.0</b>

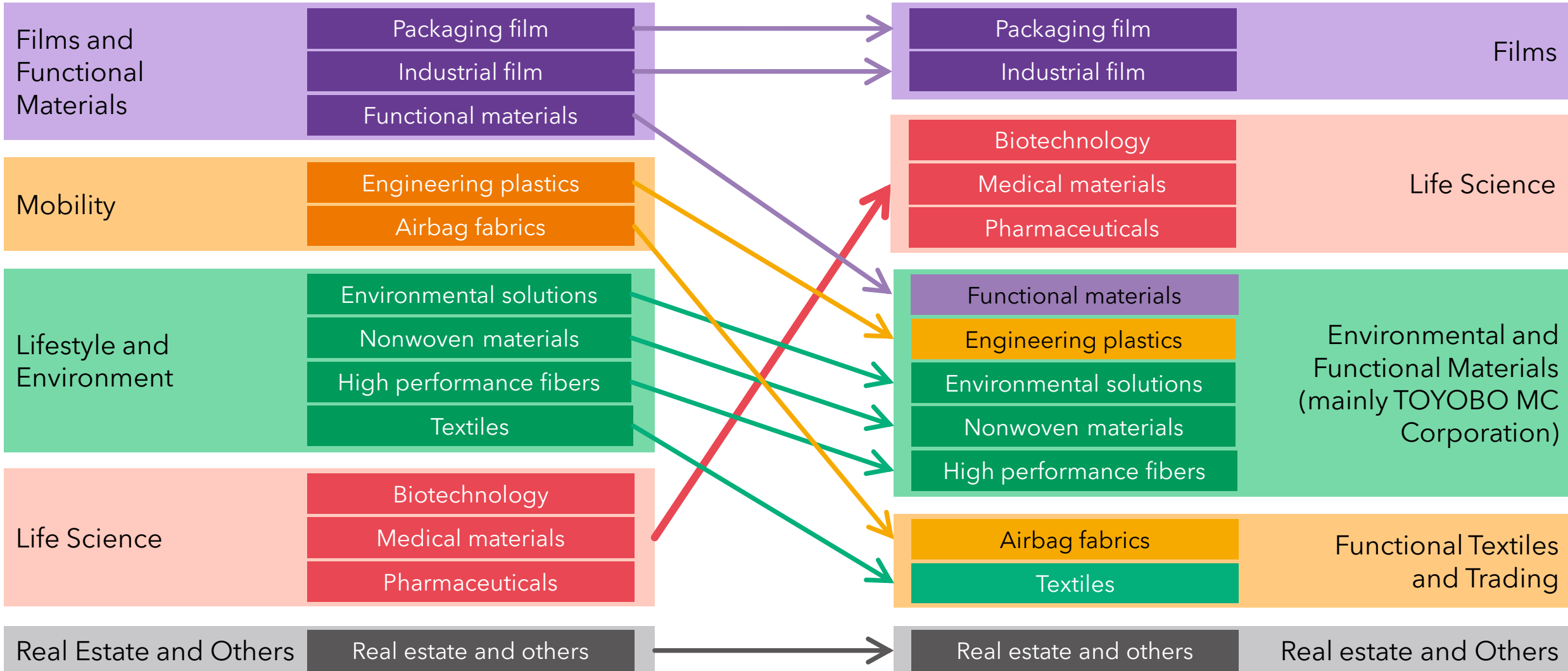
(¥ bn.)

- Operating profit for the new segment is a preliminary estimate since it has not been audited. Subject to change in the future.
- FY3/23 net sales in the new segment will be announced at Q1 results.
- Please see the following page for a comparison between the old and new segment.

# Reference: Change of Business Segments

~ FY 3/23

FY 3/24 ~



<b>Films</b>	<p><b>Pillar of income. Recovery of income</b></p> <ul style="list-style-type: none"> <li>- Packaging film: Improve OP margin by further price revisions. Full-fledged launch of new production line and new product.</li> <li>- Mold releasing film for MLCC: Respond to customers' production increase following a recovery in market conditions. Build a new production line.</li> <li>- Polarizer protective films for LCDs: Respond to customers' production increase. Revise price.</li> </ul>
<b>Life Science</b>	<p><b>Recovery of reduced portion of income post-COVID-19 and implementation of measures for growth</b></p> <ul style="list-style-type: none"> <li>- Biotechnology: Expand sales of raw enzymes overseas while sales of PCR-related products decrease. Invest in renovation and production increase.</li> <li>- Medical membrane: Respond to increase in demand and build an integrated production plant of artificial kidney hollow fiber. Enter the market of the acute blood purification. Launch the new products for antibody drug manufacturing process.</li> <li>- Pharmaceuticals: Respond to FDA's Warning Letter and build GMP system. Recover sales and improve profitability.</li> </ul>
<b>Environmental and Functional Materials</b>	<p><b>TOYOBO MC Corporation: Starting up (Organization along functional lines, etc.). Execution of reformation plan.</b></p> <ul style="list-style-type: none"> <li>- Environmental solutions: Accelerate global expansion of VOC recovery equipment for LIBs. Launch FO and BC membrane's new applications.</li> <li>- Industrial adhesives: Revise price further and recover sales volume. Develop new product for electronic applications.</li> <li>- Engineering plastics: Construct the quality assurance structure. Revise price further and recover sales volume.</li> </ul>
<b>Functional Textiles and Trading</b>	<p><b>Implementation of measures for businesses requiring improvement</b></p> <ul style="list-style-type: none"> <li>- Airbag fabrics: Improve profitability by further price revisions. Start commercial production in a new yarn plant (Thailand).</li> <li>- Textiles: Improve profitability by concentration of 3 plants with integrated business operations of overseas sites.</li> </ul>

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.

TOYOBO CO., LTD.

**TOYOBO**  
Beyond Horizons

# Appendix

# Business performance

**TOYOTO**

(¥ bn.)

Net sales	FY 3/22					FY 3/23				
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year
Films and Functional Materials	45.7	40.2	41.4	43.0	170.3	45.3	41.4	41.6	41.7	170.0
Mobility	11.1	10.5	10.6	12.6	44.7	11.8	12.3	13.1	12.1	49.3
Lifestyle and Environment	27.7	27.0	27.7	31.9	114.3	32.1	32.5	29.9	35.3	129.9
Life Science	7.5	8.9	8.2	10.4	35.0	8.7	10.6	10.0	8.8	38.1
Real estate and Others	2.6	2.7	2.8	3.3	11.4	3.1	3.3	3.0	3.2	12.6
Elimination & Corporate	-	-	-	-	-	-	-	-	-	-
Total	94.6	89.2	90.7	101.2	375.7	101.0	100.1	97.6	101.2	399.9

Operating profit	FY 3/22					FY 3/23				
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year
Films and Functional Materials	6.8	5.4	4.3	3.3	19.9	3.5	0.7	0.3	0.1	4.6
Mobility	- 0.5	- 0.4	- 0.6	- 0.3	- 1.8	- 0.8	- 1.3	- 0.9	- 1.5	- 4.5
Lifestyle and Environment	1.5	0.4	0.8	0.8	3.5	0.3	0.9	0.4	1.4	3.0
Life Science	1.9	2.8	1.8	2.3	8.7	2.1	3.3	2.6	1.2	9.2
Real estate and Others	0.4	0.7	0.5	0.6	2.2	0.3	0.6	0.7	0.5	2.2
Elimination & Corporate	- 0.8	- 1.0	- 1.1	- 1.1	- 4.0	- 0.9	- 1.1	- 1.3	- 1.3	- 4.5
Total	9.2	7.9	5.8	5.5	28.4	4.6	3.3	1.7	0.5	10.1

# Major indicators

**TOYOTO**

(¥ bn.)

	FY 3/19	FY 3/20	FY 3/21	FY 3/22	FY 3/23	FY 3/24
	Results					Forecasts
Net sales	336.7	339.6	337.4	375.7	399.9	430.0
Operating profit	21.7	22.8	26.7	28.4	10.1	15.0
(Ratio to sales)	6.5%	6.7%	7.9%	7.6%	2.5%	3.5%
EBITDA <sup>*1</sup>	37.5	39.8	45.8	48.5	29.1	36.7
EPS (¥)	-6.8	155.1	47.3	144.8	-7.4	45.0
ROE <sup>*2</sup>	-	7.8%	2.3%	6.8%	-	-
ROIC <sup>*3</sup>	4.4%	4.5%	5.0%	5.1%	1.7%	-
Depreciation	15.8	17.0	19.1	20.1	19.0	21.7
CAPEX	25.5	36.4	23.3	33.6	42.7	50.0
R&D expenses	11.0	11.7	12.7	13.8	14.1	16.0
Interest-bearing debt	164.8	175.1	187.0	191.2	229.4	-
D/E ratio	0.93	0.98	1.01	0.98	1.21	-
Net Debt / EBITDA ratio <sup>*4</sup>	3.8	3.8	3.3	3.4	5.8	-

\*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