May 11, 2023

TOYOBO
Beyond Horizons

Presentation to Investors
for Year Ended March 31, 2023

TOYOBO CO., LTD.

Greetings, I am Takeuchi, the President of TOYOBO. Thank you for joining us for today’s earnings announcement. We would also like to thank you for your continued support of our company.

Highlights

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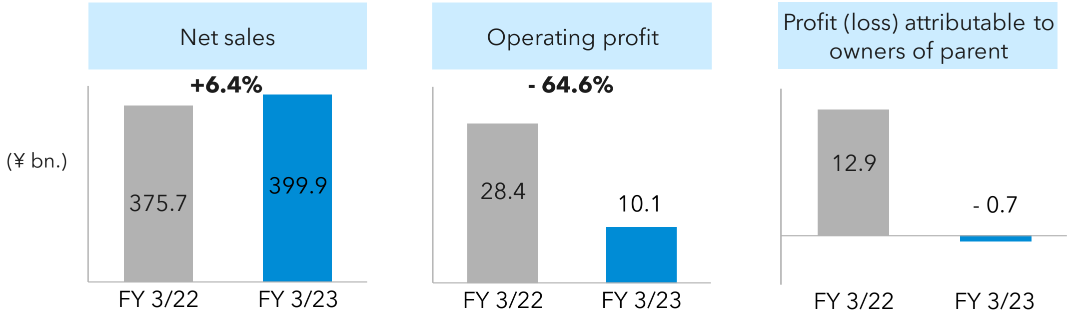
FY 3/23 Results

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.

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Let me begin with a review of the financial results. These are the highlights. In addition to deteriorating market conditions and increased expenses for launching new equipment for industrial films, soaring raw material and fuel prices had a significant impact, resulting in an increase in sales and a decrease in operating profit despite the promotion of product price revisions.

As for net profit, the Company posted an extraordinary losses of JPY15.7 billion due to impairment losses on the nonwoven materials and other businesses, resulting in a net loss of JPY0.7 billion.

For FY 3/24, although PCR-related profit will decrease, we forecast the operating profit of JPY15.0 billion, about 1.5 times that of the previous year, and the net profit of JPY4.0 billion, due to further price revisions and measures for businesses requiring improvement, in addition to a recovery in the industrial film market.

This was a tough financial year for us. Main reason is that we have undergone major changes in the cost structure of our businesses, which means that their earning power has temporarily decreased. For FY 3/24, we hope to quickly regain the earning power and return to our original baseline of operating profit of JPY20.0 to JPY25.0 billion.

Reference: External Environment – FY 3/23 reviews and FY 3/24 assumptions

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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.

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The external environment is as described. For FY 3/24, although the domestic economy will recover moderately, a slight slowdown is expected in Europe and the US, partly due to financial instability. We expect a recovery from the middle of the fiscal year in industrial film market, especially MLCC, which is related to our business.

Summary of Results: P&L

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(¥ bn.)

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

- 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)

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Now, please see the P&L. The sales increased. As for the operating profit, I will later provide an analysis in the slide of "Changes in Operating Profit".
The extraordinary income includes insurance claim income related to a fire accident and a gain on sale of investment securities.
As for extraordinary losses, as I mentioned at the beginning of this report, we have impaired some businesses, such as the nonwoven materials business, because it will take time for earnings to recover amid significant changes in the cost structure. In addition, the assets to be suspended herein are the thermal power plant that will be impaired in energy conversion.
Although we are reporting a net loss of JPY0.7 billion, we will continue to pay a dividend of JPY40 per share for FY 3/23, based on the assumption that earnings will recover in FY 3/24, since this is a temporary drop in earnings.

Analysis in Changes in Operating Profit

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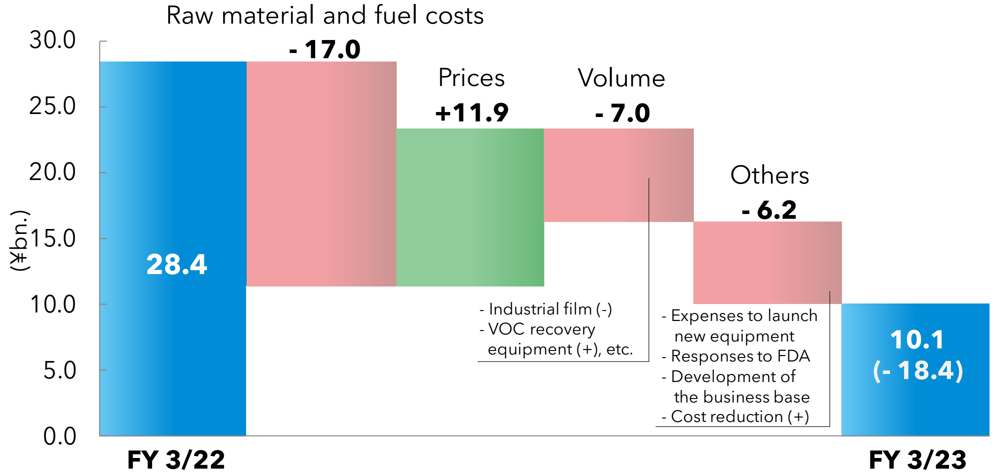

	FY 3/21	FY 3/22			FY 3/23		
		H1	H2		H1	H2	
Exchange rate (¥/US$)	106	110	115	112	134	137	135
Naphtha price in Japan (thousand¥/kl)	31	51	63	57	84	70	77

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This is an analysis of changes in operating profit.
Looking at the overall picture, raw material and fuel costs rose by JPY17.0 billion compared to the operating profit of JPY28.4 billion in FY 3/22, and we passed on about 70% of the cost to the customer in terms of price. However, industrial films and packaging films showed a downward swing due to a decline in volume.
In addition, the expenses of launching equipment for packaging films in Japan and Indonesia have been accumulated. There was also an increase in headcount for infrastructure development.
Overall, the operating profit was JPY10.1 billion, a significant decrease of JPY18.4 billion from the previous year.
See the figures below the graph.
Compared to FY 3/21, costs have changed significantly. Last year, the raw material and fuel costs increase, which is not shown here, was JPY11.2 billion, and adding last year and this year, the cost increased by approximately JPY28.0 billion.
This major shift in cost structure has an impact on our company that is equivalent to the major change in the industrial structure during the past strong Japanese yen.
We are aware that we will be at a major turning point in the future, as we

will be looking for ways to increase added value based on the assumption that this cost structure will not change significantly, and also, we will be taking solemn measures for businesses that cannot add value.

Summary of Results: BS

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

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

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Please see the balance sheet.
First, TOYOBO MC, the new company, was established on April 1. Because April 1 fell on a holiday, the funds transfer was completed at the end of March, which contributes to the increase of cash and deposits.
On the other hand, non-controlling interests have increased.
Regarding inventories, we proceeded with reduction in production within H2 because film and other shipments did not recover as planned, but as a result, inventories increased and inventory costs rose, resulting in a JPY25.9 billion increase.
In addition, the increase in property, plant and equipment is due to aggressive investments that exceeded depreciation. As a result, interest-bearing debt has increased in order to raise these funds.

Summary of Results: CF, etc.

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(¥ bn.)

	FY 3/22	FY 3/23	YOY
Cash flows from operating activities	17.1	**7.8**	- 9.3
Cash flows from investing activities	- 24.6	**- 36.0**	- 11.4
Free cash flows	- 7.5	**- 28.2**	- 20.7
Cash flows from financing activities	- 1.7	**61.3**	+63.0
Others	1.1	**0.7**	- 0.5
Net increase (decrease) in cash and cash equivalents	- 8.1	**33.8**	+41.9
Cash and cash equivalents at end of period	26.4	**60.2**	+33.8

	FY 3/22	FY 3/23	YOY
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.

See cash flow and other tables. The capital investment was JPY42.7 billion in FY 3/23.

The main CAPEX are listed in the columns below.

The investment of JPY20.0 billion is undergoing on the new equipment of mold releasing film for MLCC. The biochemicals plant is undergoing a renewal plus capacity expansion of nearly JPY7.0 billion. There are many 70 to 80-year-old buildings in the research center, so we are investing in the renovation.

In addition, we are launching a new plant for hollow fiber membranes for dialysis and are also making solemn investments for growth and renovation which we have made decisions.

Summary of Results: Segment

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(¥ 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	**170.0**	19.9	**4.6**	- 15.3	5.2
Mobility	44.7	**49.3**	- 1.8	**- 4.5**	- 2.7	- 4.0
Lifestyle and Environment	114.3	**129.9**	3.5	**3.0**	- 0.5	2.5
Life Science	35.0	**38.1**	8.7	**9.2**	+0.6	9.4
Real Estate and Others	11.4	**12.6**	2.2	**2.2**	- 0.0	2.2
Elimination & Corporate	-	**-**	- 4.0	**- 4.5**	- 0.4	- 4.3
Total	375.7	**399.9**	28.4	**10.1**	- 18.4	11.0

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I would like to look into by segment.
Net sales increased except for films and functional materials business.
Regarding films and functional materials business, approximately JPY7.0 billion as three months' worth of accounting is included in FY 3/22 net sales, as a result of the absorption of the former TEIJIN FILM SOLUTIONS.
It means a revenue increase in real terms in FY 3/23.
Operating profit decreased except for life science.
In particular, out of the JPY18.4 billion, films and functional materials business accounts for JPY15.3 billion, and this is the main reason for the decrease in profit this time around.

Films and Functional Materials

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(¥ bn.)

	FY 3/22			FY 3/23			YOY		Previous forecasts Feb. 2023
	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%	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.

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I will elaborate on each of these segments. This is the films and functional materials business.

Of the JPY15.3 billion decrease in profits, about half was due to the decline in industrial films, 30% was due to packaging films, and the remainder was due to functional materials and others.

As for packaging films, demand was strong in H1 but slowed sharply in H2. It is our understanding that some customers stockpiled inventories in anticipation of higher prices, and this led to a reactionary adjustment. We expect shipments to recover in FY 3/24, as customers are currently adjusting their inventories. Although volume decreased, we were able to pass on prices, resulting in a sales increase of more than 10%.

I did not fully discuss earlier, but out of the JPY17.0 billion cost increase of raw material and fuel, JPY10.0 billion is for raw material and JPY7.0 billion is for fuel, especially the coal portion. Since we have not been able to convince our customers about fuel part of the price revision, we have not been able to keep up with increasing cost. We intend to negotiate with our customers on that part as well, and hope to achieve a price increase this year.

Industrial films have fallen sharply this time around. This is a drop in volume, mainly for the mold releasing film for MLCC.

As for "COSMOSHINE SRF", there was an inventory adjustment in the panel industry, but only a slight decrease in terms of surface area. The decline in volume was minimal, but we still have issues regarding price pass-through.
Originally, we had set prices that were not linked to raw materials, and because earnings in the panel industry as a whole were very tight, it was difficult to pass on prices.
We believe that the area base will still increase in the medium to long term, and we are considering expanding the volume by developing a thinner film from the current 80 micrometers to 60 micrometers. That portion, sales testing costs, will be partially increased in the current fiscal year.
There is another pillar of industrial films: mold releasing film for MLCC. Since July, the sales dropped by about 20% compared to last year and has not recovered well. We understand that a major factor is the Shanghai lockdown, which has led to a reduction in smartphone production in China and a shortage of semiconductors.
In the medium to long term, we expect the market growth at an annual rate of 7%, so we are in the process of preparing our supply system, including capital investment in Utsunomiya.
As for this recovery, at this point we, as I mentioned earlier, expect it to begin in H2. We plan to move forward with price increases in the future.
As for functional materials, sales of industrial adhesives for China, which are high-value-added products, did not increase in volume. The price revision didn't complete. The result was a JPY15.3 billion decrease in profit, as I mentioned at the beginning.

Mobility

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(¥ bn.)

	FY 3/22			FY 3/23			YOY		Previous forecasts
	H1	H2	Full year	H1	H2	Full year	Amount	%	Feb. 2023
Net sales	21.6	23.2	44.7	24.1	25.2	49.3	+4.6	+10.3%	51.0
Operating profit	- 0.9	- 0.9	- 1.8	- 2.0	- 2.5	- 4.5	- 2.7	-	- 4.0
(Ratio to sales)	-	-	-	-	-	-	-	-	-

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.

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Next is mobility business.
Regarding mobility business, we recognize that global automobile production has returned slightly in 2022 compared to 2021.
However, there was a downward revision of annual forecast midway through the fiscal year because the recovery was not as good as what we had heard from our customers at the beginning of the fiscal year.
The recovery was slightly delayed, which led to price increases and price negotiations with the auto industry. Part of the effort was executed, but it has been taking a long time. We expect to see the effects of such price pass-through transactions beginning in FY 3/24.
This time, profit decreased JPY2.7 billion from last year, but most of this decrease is due to the deterioration of the engineering plastics business.
The engineering plastics business, which had been generating a steady profit in the past, has now turned into a loss due to a sharp rise in raw material prices and an increase in costs associated with overseas production. At this time, we are negotiating prices or correcting those with sinking prices in an effort to restore profitability.
The airbag fabrics have been in deficit, and we are working on this as a pressing top-priority issue. Unfortunately, we have not yet been able to largely improve the situation.

One of the factors is that the business has been accepted under severe sales conditions along the lines of expanding market share and volume, and the cost of relatively expensive raw materials due to the fire accident, resulting in a difficult situation as far as earnings are concerned.
Since we have been negotiating prices and reviewing the terms and conditions of transactions significantly over the past year, we expect this deficit to narrow in the next fiscal year. We are aiming to return to profitability in the next fiscal year, but we hope you understand that it will take another two years.

Lifestyle and Environment

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(¥ bn.)

	FY 3/22			FY 3/23			YOY		Previous forecasts
	H1	H2	Full year	H1	H2	Full year	Amount	%	Feb. 2023
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%

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.

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Next, lifestyle and environment business.
The decrease here is limited to JPY500 million. We handle a variety of materials, but environmental solutions and high performance fibers performed well, resulting in an increase in sales and profit.
On the other hand, nonwoven materials struggled, and it was impaired.
With regard to textiles business, we are proceeding with structural reforms in the form of factory consolidation at our Toyama site. In some areas, due to the high ratio of overseas purchase, we have struggled with higher purchase costs, but sales to the Middle East have been strong, and we are almost on track to turn a profit in FY 3/23 here, which means that we were in the red for the fiscal year that ended, but will certainly turn a profit this fiscal year.
Among nonwoven materials, Spunbond products, in particular, are used for civil engineering and construction, in addition to automotive applications.
In particular, there was a lack of progress in passing on prices in the civil engineering and construction sectors and a lack of recovery in volumes in the automotive sector. Originally, the marginal profit of this business was not very high, but the price of raw materials has risen so much that it is difficult to foresee a recovery in earnings, which is why the impairment loss

was recorded this time.
As for the future, we plan to proceed with reforms, including a review of production capacity.

Life Science

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(¥ bn.)

	FY 3/22			FY 3/23			YOY		Previous forecasts
	H1	H2	Full year	H1	H2	Full year	Amount	%	Feb. 2023
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.

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Next is life science business.
As for life science business, both sales and profit increased.
In particular, in biotechnology, PCR-related sales and profits remained almost at the same level in FY 3/23 as in FY 3/22. However, there has been a significant drop from Q4 for PCR. On the other hand, sales of enzymes for diagnostic reagents and raw material enzymes for genetic testing reagents for overseas customers were firm.
In the medical business, sales of hollow fiber membranes for artificial kidney dialysis were strong. However, the profit decline was due to higher costs for petroleum-derived raw materials, which delayed price negotiations for that part of the business.
In pharmaceuticals, we have worked hard over the past year to establish a GMP system in response to a Warning Letter from the FDA. This means that the cost of that part of the project has increased. We plan to manage to lift the FDA Warning Letter by the end of this fiscal year and move toward normalization.
These are the very difficult financial results for FY 3/23. As I mentioned at the beginning of this presentation, we recognize that the current fiscal year, FY 3/24, is the year in which we will set a goal to return to the original baseline profit level of JPY20.0 billion to JPY25.0 billion.

Forecasts for FY 3/24

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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.

(¥ bn.)

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

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)

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Here is our outlook of FY 3/24.
As mentioned at the beginning, we are forecasting operating profit of JPY15.0 billion and net profit of JPY4.0 billion by further price pass-through, in addition to market recovery in industrial film, and by promoting measures to improve businesses that require improvement.
As for capital investment, as you can see here, we will continue to promote the growth investments that have already been decided in previous years, which I mentioned earlier, and we will continue to promote a high level of investment.
For the current fiscal year, we are forecasting a dividend of JPY40 per share, as we are on track to achieve a recovery in earnings.

Analysis in Changes in Operating Profit

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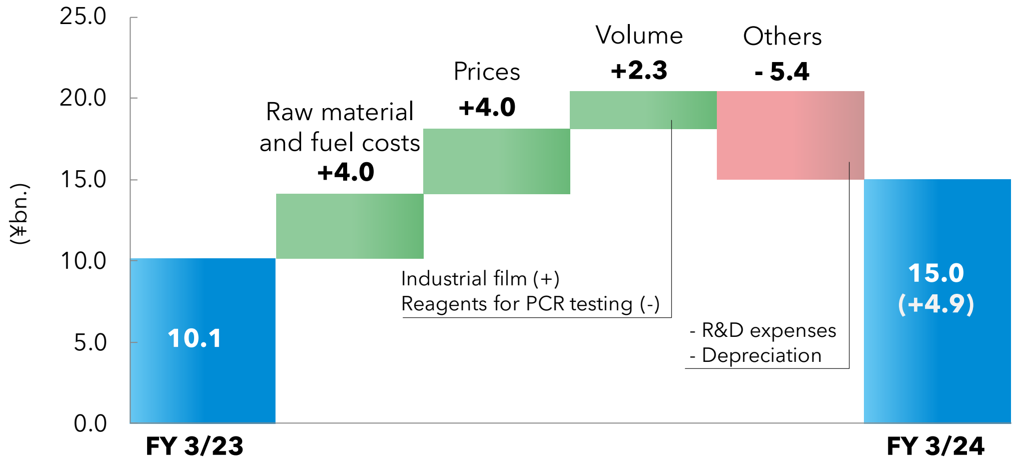

	FY 3/23	FY 3/24
Exchange rate (¥/US$)	135	133
Naphtha price in Japan (thousand¥/kl)	77	65

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This is an analysis of factors contributing to the increase or decrease in operating profit of JPY15.0 billion for the current fiscal year.
We have a cost sensitivity of JPY500 million for every JPY1,000 of domestically produced naphtha. Based on these considerations, we are forecasting an overall profit increase of 1.5 times by positive effect in raw material and fuel portion compared to FY 3/23, the effects of the review of selling prices that had been left over, and anticipating a volume effect from the recovery of industrial films and packaging films.
In addition, domestic naphtha and coal will be stabilized, but on the other hand, the cost will increase due to fuel conversion from coal to LNG, and the raw materials and fuel portion will be less effective than in the past.

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

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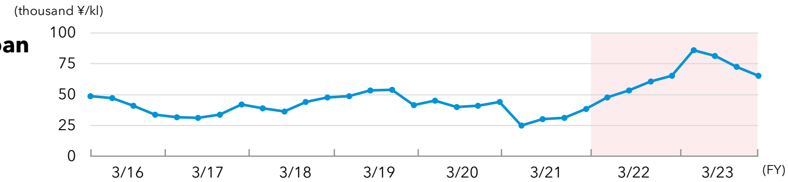
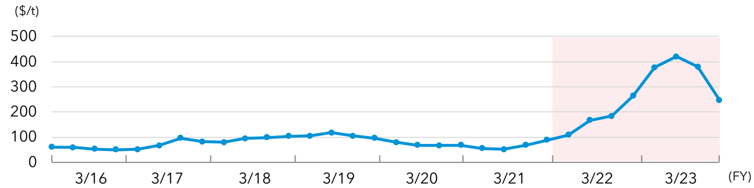
Naphtha price in Japan



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
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

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For reference, these are the current figures from past trends.
As you all know, naphtha prices have increased significantly in the past two years. Also, coal is written in dollar terms, but the amount procured has had a significant impact in the past two years, although it has not been enough to discuss in these places before.
Below, I show the raw material and fuel increase and price pass-through, of which the figures were discussed at the financial results briefing so far, but the cost has increased over the past two years, and we have not yet fully recovered that price. It is unlikely that the cost structure will return to what it used to be before COVID-19 in one fell swoop, so the challenge for the future is how to secure profits in this high-cost structure situation.

Reference: Recovery in market conditions for industrial film

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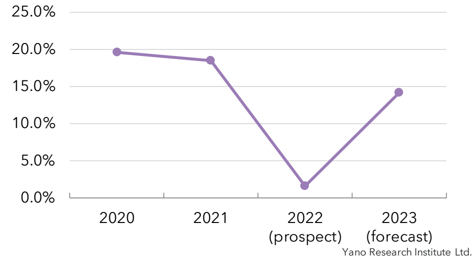
Mold releasing film for MLCC

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)



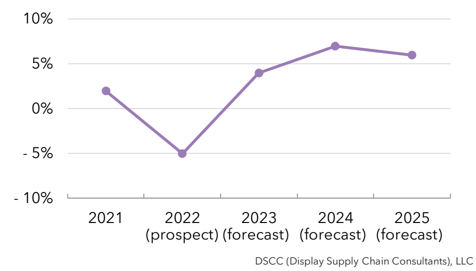
Polarizer protective films for LCDs "COSMOSHINE SRF"

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)



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Next is the recovery status of industrial films.
This is an area that you may be familiar with, but we expect a recovery toward FY 3/24.
The part marked here indicates that we are preparing to increase our supply capacity.

Forecasts by Segment

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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
Mobiliy	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
Total	399.9	10.1

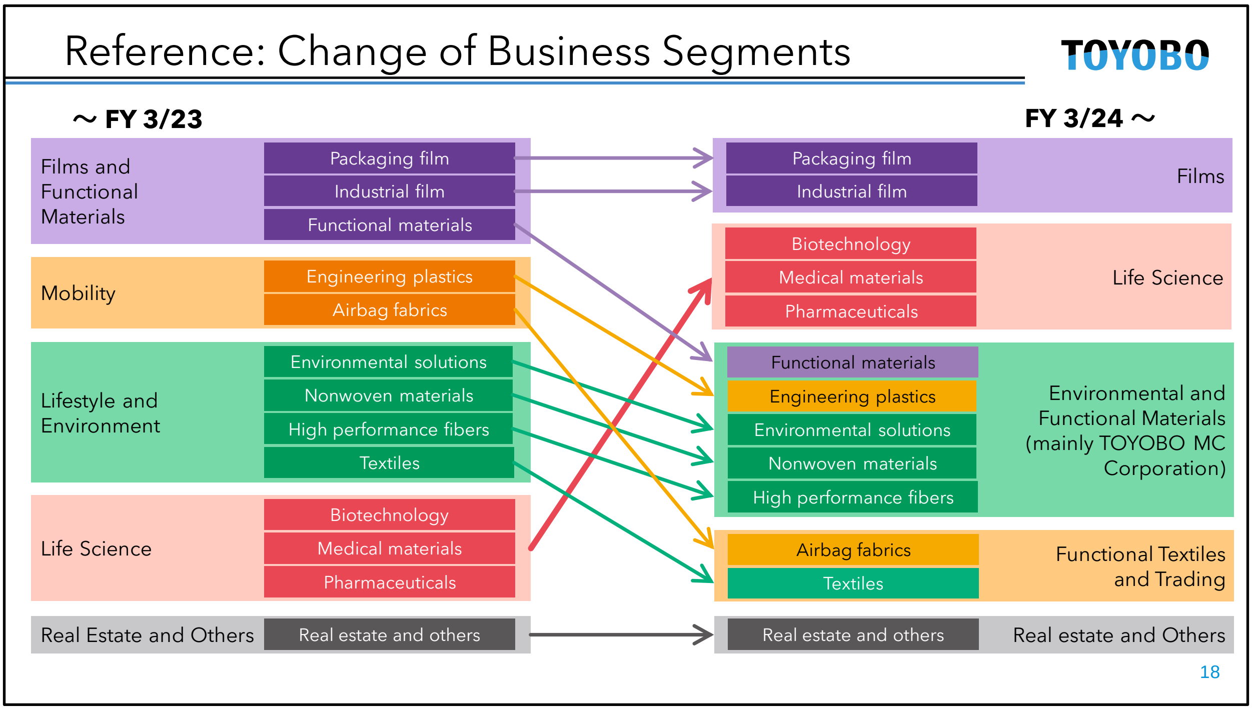
FY 3/24 Forecasts (New segment)

(¥ bn.)

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

- 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.

This is an overview by segment. The segments have been partially updated because of the establishment of a new company called TOYOBO MC. See the new segment on the right.
We are currently taking time to calculate the figures for sales, and will show you the sales in the new segment after the end of Q1.
Profits are described here.
While films are expected to recover, we have factored in a decrease in PCR profit for life science business, and then a narrowing of the deficit and improvement in profitability for environmental and functional materials, as well as functional textiles and trading.



This chart explains segment updates.

Main actions by businesses

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Films	**Pillar of income. Recovery of income** - Packaging film: Improve OP margin by further price revisions. Full-fledged launch of new production line and new product. - Mold releasing film for MLCC: Respond to customers' production increase following a recovery in market conditions. Build a new production line. - Polarizer protective films for LCDs: Respond to customers' production increase. Revise price.
Life Science	**Recovery of reduced portion of income post-COVID-19 and implementation of measures for growth** - Biotechnology: Expand sales of raw enzymes overseas while sales of PCR-related products decrease. Invest in renovation and production increase. - 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. - Pharmaceuticals: Respond to FDA's Warning Letter and build GMP system. Recover sales and improve profitability.
Environmental and Functional Materials	**TOYOBO MC Corporation: Starting up (Organization along functional lines, etc.). Execution of reformation plan.** - Environmental solutions: Accelerate global expansion of VOC recovery equipment for LIBs. Launch FO and BC membrane's new applications. - Industrial adhesives: Revise price further and recover sales volume. Develop new product for electronic applications. - Engineering plastics: Construct the quality assurance structure. Revise price further and recover sales volume.
Functional Textiles and Trading	**Implementation of measures for businesses requiring improvement** - Airbag fabrics: Improve profitability by further price revisions. Start commercial production in a new yarn plant (Thailand). - Textiles: Improve profitability by concentration of 3 plants with integrated business operations of overseas sites.

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Finally, key action items.
We will proceed with the following initiatives to regain earning power. Particular attention will be paid to the selling price, cost, and inventories before proceeding with these actions. Internally, we are already clear on what needs to be done, and we are looking forward to a year of accomplishing this.
This concludes the financial briefing.

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

Appendix

Business performance

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(¥ 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

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(¥ 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*1	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*2	-	7.8%	2.3%	6.8%	-	-
ROIC*3	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*4	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