

## **TOYOBO Co., Ltd. Q&A Summary for the Presentation Regarding Financial Results for FY 3/24**

**Date and Time:** Friday, May 14, 2024 at 9:00 - 9:45 a.m. (Japan Standard Time)

**Place:** WEB Conference

**Presenter:** Ikuo Takeuchi, President & Representative Director

**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: What are the factors behind the delay in improvement in operating profit versus the initial plans in the films business for FY 3/24?**

A: In addition to a decline in demand for packaging film, there is a time lag between the initiation of price revisions and the realization of earnings.

**Q: Will the passing on of prices for packaging film be completed in FY 3/25?**

A: We expect the results of the passing on of prices implemented in November 2023 and January 2024 to materialize in FY 3/25. As for the soaring raw material and fuel prices, we have nearly passed on all the increased costs. However, regarding the increase in personnel costs and distribution costs, we have not yet been able to pass on the entirety of the cost increases and will continue to evaluate price revisions.

**Q: What is your view on the packaging film market? Will you still aim to capture increased sales quantities?**

A: In the period of stay-at-home demand during the COVID-19 pandemic, there was insufficient supply in Japan, and foreign products entered the domestic market. However, we do not expect a continued increase in overseas products, instead that they will remain at a fixed ratio of the total market. The domestic market is expected to shrink gradually, so we plan to increase our share by developing the sales of high value-added products.

**Q: What is the status of eco-friendly films?**

A: Sales have already been launched for several brands of new, ultra-highly rigid OPP film, and the market response has been positive. These are mono-material compatible films and are compliant with European environmental regulations.

**Q: What are the sales outlooks for “COSMOSHINE SRF” (SRF) and mold releasing film for multilayer ceramic capacitors (MLCC)?**

A: For SRF, compared to around 30% year-on-year increase in sales in FY 3/24, we expect little change in sales in FY 3/25. We are already operating at full capacity and planning to increase quantities further by making the films even thinner. For MLCC, compared to around a 25% year-on-year increase in sales in FY 3/24, we are planning for around a 20% increase in FY 3/25. We also expect high-end products to recover from the second half of FY 3/25.

**Q: The FY 3/25 operating profit forecasts for Environmental and Functional Materials seem conservative given levels in the second half of FY 3/24. What are the reasons for this?**

A: This is because although orders for VOC recovery equipment are steady, we expect a rebound reduction from the upfront demand seen in FY 3/24. The timing of replacement demand for elements is also a factor.