



November 9, 2021

Presentation to Investors
for the First Half Ended September 30, 2021

TOYOBO CO., LTD.
President, Representative Director,
CEO and Co-COO
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Hello, everyone. I'm Takeuchi of TOYOBO.

Thank you for joining us in our briefing meeting today. Thank you for your continued support of TOYOBO.

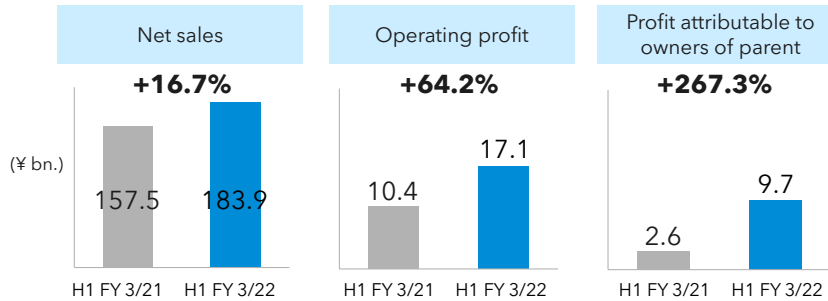
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Highlights



H1 FY 3/22

- Despite the impact of rising raw material and fuel prices, sales and profit increased as industrial films and reagents for PCR testing performed strongly.
- Operating profit of ¥17.1 bn. (1.6-fold), and profit of ¥9.7 bn. (3.7-fold)



FY 3/22 Forecasts

Forecasts of operating profit of ¥29.0 bn., net profit of ¥13.0 bn. remain unchanged due to concerns regarding the impact of rising raw material prices and fuel prices, and the production curtailment of automobiles despite strong performance of industrial films.

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Please turn to page 2.

This is a summary of the results for the first half of the fiscal year under review. Despite the impact of rising raw material and fuel prices, sales and profit increased as industrial films and reagents for PCR testing performed strongly. Operating profit was JPY17.1 billion, up 1.6-fold, and profit was JPY9.7 billion, up 3.7-fold. Operating profit of JPY17.1 billion was the highest since 2006.

At the bottom of the slide is a description of our forecast for the full year ending March 2022. Our forecast for operating profit of JPY29 billion, and net profit of JPY13 billion remains unchanged due to concerns regarding the impact of rising raw material prices and fuel prices, the production curtailment of automobiles, and the expected slowdown of PCR testing despite the strong performance of industrial films.

Summary of Results: P&L



(¥bn.)

	FY 3/21		FY 3/22	YOY	
	H1	H2	H1	Amount	%
Net sales	157.5	179.9	183.9	+ 26.4	+16.7%
Operating profit	10.4	16.2	17.1	+ 6.7	+ 64.2%
(Ratio to sales)	6.6 %	9.0 %	9.3%	-	-
Ordinary profit	5.9	14.8	13.3	+ 7.4	+ 127.0%
Extraordinary income and losses	-1.9	-13.2	-1.8	+ 0.1	-
Profit attributable to owners of parent	2.6	1.6	9.7	+ 7.1	+ 267.3%
EBITDA* <small>*Operating profit + Depreciation (includes goodwill)</small>	19.5	26.2	27.1	+ 7.6	+ 38.7%
EPS (¥)	29.7	17.6	109.2	-	-
ROE*	2.3%		10.2%	-	-
<small>*Annualized for H1 of FY 3/22. (Profit*2 / Beginning and ending balance average shareholder's equity)</small>					
Operating CF	13.4	21.6	11.8	-1.6	-
Depreciation	9.1	10.0	10.0	+ 0.9	+ 9.7%
CAPEX	11.8	11.4	13.8	+ 2.0	+ 16.5%

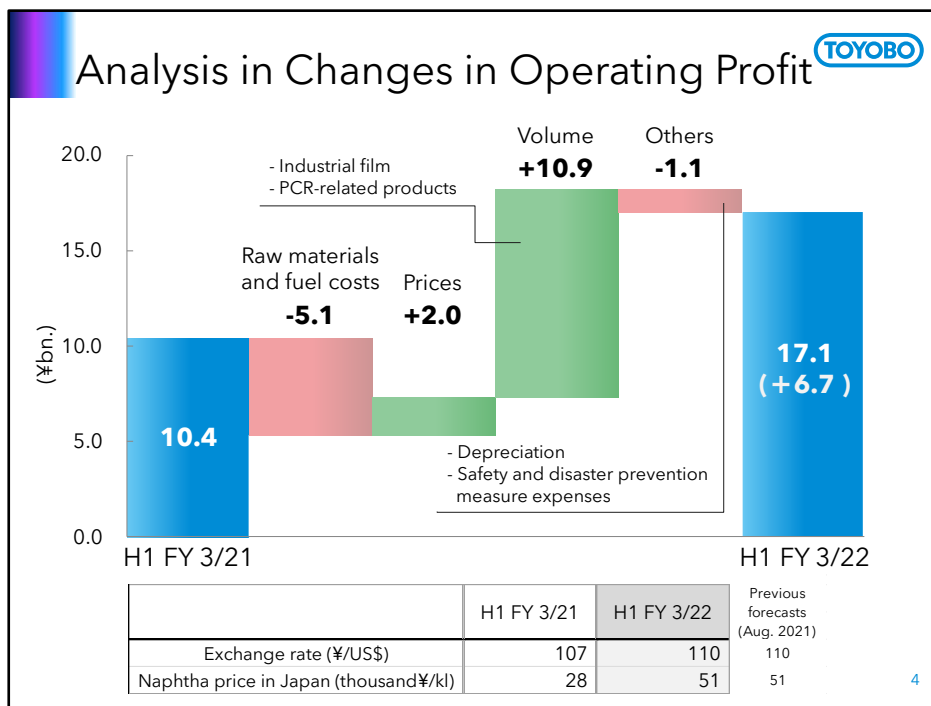
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Now, I will explain the details according to the material. Please turn to page 3.

I will explain the details of the segments later but note that due to adjustments to the fiscal months of a subsidiary, the 3-month sales and operating profit of Teijin's former film business that we acquired have been added to sales and operating profit, respectively. We achieved increases in sales and profits even after subtracting this factor. Profit attributable to owners of the parent was particularly strong during the first half. This was because of tax effects at a group company, which reduced the tax amount.

We posted a YoY increase in terms of EBITDA as well. EBITDA, or earnings before depreciation, is an indicator that we will focus on going forward, as we expect depreciation to increase due to aggressive investments.

Although this isn't part of the P&L, we saw a decrease in operating cash flow due to an increase in working capital accompanying the recovery in sales.



Please turn to page 4. Here is a waterfall chart of the factors behind changes in operating profit.

In a nutshell, the negative impact of soaring raw material and fuel prices was compensated for and overcome by increasing the volume of high value-added products.

As for the price pass-on, the increase in raw materials and fuel prices was JPY5.1 billion, while the revision of selling prices was JPY2 billion, which is only about 40%. In this regard, the prices of many products have suddenly risen, and we have asked customers to accept price revisions, but there has been a time lag until the realization of these revisions.

As for volume factors, as shown here, the major ones are industrial films, PCR test-related products, and, although not shown here, automobile-related products, such as engineering plastics, also contributed to the increase in profits.

As for the other items, capital investment has been increasing, which means that there has been an increase in depreciation, and as I mentioned at the financial results briefing in May, we have spared no expense in investing in safety and disaster prevention, and this has cost us several hundred million yen.

As a result, operating profit increased to JPY17.1 billion in the first half of the fiscal

year compared to JPY10.4 billion in the same period last year.

Summary of Results: BS



	(B)		(A)	(¥bn.)
	Mar. 31, 2020	Mar. 31, 2021	Sep. 30, 2021	(A) - (B)
Total assets	488.9	491.2	503.7	+ 12.5
Cash and deposits	25.2	34.7	26.3	- 8.4
Inventories	80.6	76.3	86.8	+ 10.5
Property, plant and equipment	231.5	224.6	228.2	+ 3.6
Net assets	182.6	188.6	198.6	+ 10.0
Shareholder's equity	177.9	185.7	195.8	+ 10.1
(Retained earnings)	61.9	64.4	70.4	+ 6.1
Non-controlling interests	4.7	2.9	2.8	- 0.1
Interest-bearing debt	175.1	187.0	185.5	- 1.5
D/E ratio	0.98	1.01	0.95	-
Net Debt / EBITDA ratio*	3.8	3.3	2.9	-

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

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Next is the balance sheet.

As I mentioned earlier, working capital has increased due to a rise in inventories. The rise in inventories is due to increased sales. As for cash and deposits, the level has returned to normalcy. We increased the cash buffer during the pandemic but have now restored it to the normal level.

Summary of Results: Segment



(¥bn.)

	Net sales		Operating profit		
	H1 FY 3/21	H1 FY 3/22	H1 FY 3/21	H1 FY 3/22	YOY
Films and Functional Materials	73.8	85.9	8.7	12.2	+ 3.5
Mobility	15.0	21.6	-1.3	-0.9	+ 0.4
Lifestyle and Environment	50.2	54.7	1.8	1.9	+ 0.1
Life Science	12.4	16.3	1.6	4.6	+ 3.0
Real Estate and Others	6.2	5.3	1.0	1.1	+ 0.0
Elimination & Corporate		-	-1.4	-1.8	- 0.4
Total	157.5	183.9	10.4	17.1	+ 6.7

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Next, I will go over the segment results. Please turn to page 6.

As for the contents of the segments, all sales items showed a recovery except for the Real Estate segment.

Operating profit also increased in all segments. As you can see, Films and Functional Materials and Life Science drove the increase in profits. On the other hand, the Mobility business continued to show a loss due to the continued struggles of airbags.

Films and Functional Materials



(¥bn.)

	FY 3/21			FY 3/22			YOY	
	Q1	Q2	H1	Q1	Q2	H1	Amount	%
Net sales	36.3	37.5	73.8	45.7	40.2	85.9	+ 12.1	+16.5%
Operating profit	3.9	4.8	8.7	6.8	5.4	12.2	+ 3.5	+40.4%
(OPM)	10.8%	12.8%	11.8%	14.9%	13.5%	14.2%	-	-

Packaging film

- Impacted by rising raw material prices despite strong demand of environmentally conscious products.

Industrial film

- Sales of polarizer protective films for LCDs increased due to the operation of the new line (Unit 3).
- Sales of mold releasing film for MLCC increased due to the operation of the new line (processing equipment).

Functional Materials

- Sales of industrial adhesives "Vylon" for electronics applications were strong.

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Now, I would like to look at each segment in more detail. First, I will explain the Films and Functional Materials segment.

Overall, as I mentioned earlier, there was a significant increase in sales and profits. However, within this category, demand for packaging films has been very strong, but it has been greatly affected by raw material and fuel prices. In particular, the volume of olefins has been decreasing due to the fire in September last year.

As for the pass-on of costs to prices, we asked our customers to bear about half of the portion of the rising raw material cost since January. However, it has taken some time to realize this pass-on, and there is a time lag until it is reflected in the settlement price. We hold high expectations that the pass-on of costs will have an effect on profits in the second half of the fiscal year.

As for industrial films, the operation of new lines had a positive impact on sales of polarizer protective films for LCDs "SRF", and mold releasing film for MLCC. SRF sales increased by 25%, and sales of mold releasing film for MLCC increased by 30%.

As for functional materials, sales of resins for electronic applications were strong.

Topics: Films Business



Mold releasing film for MLCC

- Market growth of 7% or more annually
- Strength: Only manufacturer in the world that can constantly carry out manufacturing of high-end products from base film to processing
- 25% share in FY 3/21. Aim for 35% share by 2025.

➤ Increase of processing equipment

- Capital investment of ¥6.0 bn.
- Full-fledged operation of Unit 1 from June 2020
- Operation of Unit 2 from Q1 FY 3/23

➤ New installation of manufacturing equipment

- Capital investment of ¥20.0 bn.
- Commence work from summer 2022, Commence operation from autumn 2024
- 20,000 tons of production capacity per year
- Inline coating technology from the former TFS
- x Film production technology from TOYOBO

Biaxially Oriented Polypropylene Film

- Environmentally Conscious Food Packaging Film
- Film products with high functionality, such as defogging and high rigidity

➤ Refurbishment of production equipment

- Capital investment of approx. ¥7.0 bn.
- Commence operation from Q1 FY 3/23
- 20,000 tons of production capacity per year

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Next, I will talk more about the addition of new production lines for industrial films.

We have already released this press release, but the market for mold releasing film for MLCC is growing very fast, and there is a shortage of these products even now, so there is a strong demand from our customers.

TOYOBO's strength is that we can constantly carry out manufacturing of products from polyester base film to processing. We are particularly strong in high-end products. And, recently, we added the former film team of Teijin that is strong in the middle zone. We aim to combine the strengths of both companies to become the world's top manufacturer.

As written here, the amount of capital investment is JPY20 billion. By combining the potential of both companies, we aim for a production capacity of 20,000 tons per year and look to commence operation from autumn 2024.

At the bottom of the slide, we explain our biaxially oriented polypropylene film, which is mainly used for food packaging film. Last year, we lost 10,000 tons of production capacity due to a fire. We are creating a new line next to the site of the fire. We believe that our competitiveness will be enhanced by offering new general-purpose film, in terms of both volume and functionality, once the line comes into operation next year.

Mobility



(¥bn.)

	FY 3/21			FY 3/22			YOY	
	Q1	Q2	H1	Q1	Q2	H1	Amount	%
Net sales	6.8	8.2	15.0	11.1	10.5	21.6	+ 6.5	+43.5%
Operating profit (OPM)	- 0.7	- 0.6	- 1.3	- 0.5	- 0.4	- 0.9	+ 0.4	-

Segment overall: Sales performed strongly due to recovery of automobile production in Japan and overseas.

Engineering plastics

- Sales were strong in Japan and overseas.

Airbag fabrics

- Delays to improvements due to the sudden rise of raw material prices despite the recovery of sales.

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Next, I will talk about the Mobility segment.

In the Mobility segment, sales improved due to the recovery of automobile production in Japan and overseas.

As for engineering plastics, sales were strong in Japan and overseas. Profits have also been solid as customers have relatively shown understanding toward price increases.

On the other hand, in terms of airbags, there has been a sharp rise in raw material costs, including raw material Nylon 66 and silicon coating materials, and the pass-on of costs to prices has not caught up with the pace of rising costs, despite the recovery of sales. One of the reasons for this is the structure of business practices in the industry, where price increases are implemented with a half-year delay rather than raising prices as needed. On top of that, we entered into an agreement to procure fabric at a higher price subsequent to the outbreak of a fire at our airbag fabric plant in order to fulfill our supply responsibility. This has resulted in an unconventional cost structure, and the airbag business has continued to post a loss. Until now, we focused on increasing our market share of airbags and thus implemented a sales strategy that prioritized sales volume. Going forward, we will attach greater importance to the spread and ask customers to accept price increases so that we can secure an appropriate margin. We recognize that the loss in this business is a major issue for the entire company.

Lifestyle and Environment



(¥bn.)

	FY 3/21			FY 3/22			YOY	
	Q1	Q2	H1	Q1	Q2	H1	Amount	%
Net sales	22.9	27.3	50.2	27.7	27.0	54.7	+ 4.5	+ 9.0%
Operating profit	0.3	1.4	1.8	1.5	0.4	1.9	+ 0.1	+ 5.7%
(OPM)	1.5%	5.2%	3.5%	5.4%	1.4%	3.4%	-	-

Environmental solutions

- Volatile organic compound (VOC) emissions treatment equipment faced a temporary decrease in orders because of the COVID-19 pandemic.

Nonwoven fabrics

- Sales of spunbond were affected by high raw material prices despite performing strongly for building materials and automotive applications.

Functional fiber materials

- Polyester staple fibers were affected by the high cost of raw materials.
- In high-performance fibers, sales of "IZANAS" for use in fishing line and ropes and "Tsunoooga" used in cut resistant gloves were strong.

Textiles

- Sales for sports and uniforms stagnated despite the recovery of traditional Arabic fabric.

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Next, I will talk about the Lifestyle and Environmental segment.

We have various and diverse businesses in this segment. Sales have recovered over the first half as a whole, but some businesses have not been able to compensate for the impact of rising raw material costs with price revisions.

High-performance fibers performed particularly well due to the recovery of cut resistance gloves. Nonwoven fabrics also performed well with a particularly solid demand for filter-related fabric. However, profit declined for spunbond and hygiene materials due to a direct hit from rising material costs, which were difficult to offset through price revisions.

In terms of environmental solutions, last year, the robust shipments of volatile organic compound (VOC) processing equipment, which is mainly used in the separator process of lithium-ion batteries, contributed to profit expansion. However, in the current fiscal year, orders have temporarily declined due to the lack of follow-up locally in our mainstay overseas operations. However, the current wave of EVs has prompted our customers to aggressively invest in expansion, and we are confident that sales will recover in the second half of this year, or at least by next year, even if it may take a little longer.

As for textiles, sales for sports and uniforms stagnated despite the recovery of traditional Arabic fabric. In response to this, we have recently proposed to the union

to consolidate the 3 spinning and weaving plants in Toyama into 1 plant over a period of 2 years. In addition, as we announced yesterday, we will integrate our textile sales functions and sales companies to strengthen their functions. In addition, in order to enhance our cost competitiveness, we will aim to improve the profitability of our apparel fibers as soon as possible.

Life Science



(¥bn.)

	FY 3/21			FY 3/22			YOY	
	Q1	Q2	H1	Q1	Q2	H1	Amount	%
Net sales	6.3	6.0	12.4	7.5	8.9	16.3	+ 4.0	+ 32.3%
Operating profit (OPM)	1.0	0.6	1.6	1.9	2.8	4.6	+ 3.0	+ 188.8%
	15.7%	10.0%	12.9%	24.9%	31.1%	28.2%	-	-

Biotechnology

- Sales of raw materials and reagents for PCR testing, and genetic testing equipment, etc. grew.

Medical materials

- Strong shipments for artificial kidney hollow fiber.

Pharmaceuticals

- Operation of the contract manufacturing business of pharmaceuticals reduced in order to respond to the FDA.



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Next is the Life Science segment.

This segment, along with Films and Functional Materials, was the driving force behind the increase in earnings. In particular, as mentioned here, sales of raw materials and reagents for PCR tests and genetic testing systems increased. We have doubled the production capacity of test reagents since February 2021, and this has contributed fully to the first half of this fiscal year. Particularly in the second quarter, sales and profits have increased significantly due to the rapid increase in demand due to the Olympics. At present, however, the spread of COVID-19 is finally abating, and our shipments are also slowing down. Therefore, our forecast for PCR-related sales in the second half assumes that there will not be a sixth wave of infections. In the future, in addition to PCR, we will introduce immunochromatography, a highly accurate antigen test, to strengthen our response in times of peace.

As for medical materials, shipments were robust for artificial kidney hollow fiber. Although our customer, Nipro, has requested us for more volume, we are already carrying out production at full capacity. In response to this, we are planning to build an integrated plant with Nipro, as announced last week, with an eye on overseas expansion. I will talk about this again later in the Topics section.

In terms of pharmaceuticals, the FDA has issued a warning letter regarding our quality assurance system, so we are responding to quality issues. As a result, our capacity utilization is currently reduced. However, this does not mean that we will not

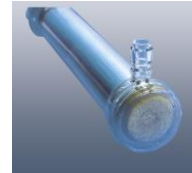
be able to produce or ship just because this warning letter has been issued. It does not mean that all the lines are stopped. Our customers and contractors have requested that we start operations as soon as possible, and we are planning to restart the line by the beginning of next year at the latest. Although we are currently struggling in the pharmaceuticals business, we are investing in the renewal of aging facilities and making them more advanced in addition to strengthening the quality system. By doing so, we will continue to fulfill our responsibility to supply pharmaceuticals over the medium to long term.

Topics: Medical Products Business



Artificial kidney hollow fiber

- Patients using membranes for artificial kidneys up 7% annually
- **New construction of plant for integrated production**
 - Integrated production system from hollow fiber production to processing and product commercialization for dialyzers
 - Inside NIPRO plant (Odate City, Akita Prefecture)
 - Capital investment of approx. ¥5.0 bn.
(Production equipment of hollow fiber)
 - Commence operation from July 2024



Virus removing filter

- Membrane that separates antibodies and viruses for use in manufacturing processes for antibody drugs
- Increase demand for manufacture of antibody drugs
- Plan to increase capacity from 2023 to 2025

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Here are the topics for the Medical Products Business.

The upper part of the slide describes the new construction of a plant for integrated production, which was also issued in a press release last Friday. Nipro will build a new building at their Odate factory, and we will be on the first floor. Since there will be 2 companies in the same building, we would like to move to integrated production based on the trust between the 2 companies. In a sense, this plant is positioned as a model plant for future integrated production, not only in Japan, but also overseas. We will build it now, and it will need to be validated, so it is scheduled to be operational in July 2024.

The other topic is the virus removing filter explained at the bottom. As written here, it is a membrane that separates antibodies and viruses for use in manufacturing processes for antibody drugs. We are a latecomer to the market, but the demand for virus removal filters is rapidly increasing in the vaccine and pharmaceutical industries. We are responding to production against our customers' BCP responses. Although we are not selling our filters directly, there is a growing demand for filter yarns, and we hope to focus on this area in the future.

This concludes my explanation of each segment.

Forecasts for FY 3/22



Forecasts of operating profit of ¥29.0 bn., net profit of ¥13.0 bn. remain unchanged due to concerns regarding the impact of rising raw material prices and fuel prices, and the production curtailment of automobiles despite strong performance of industrial films.

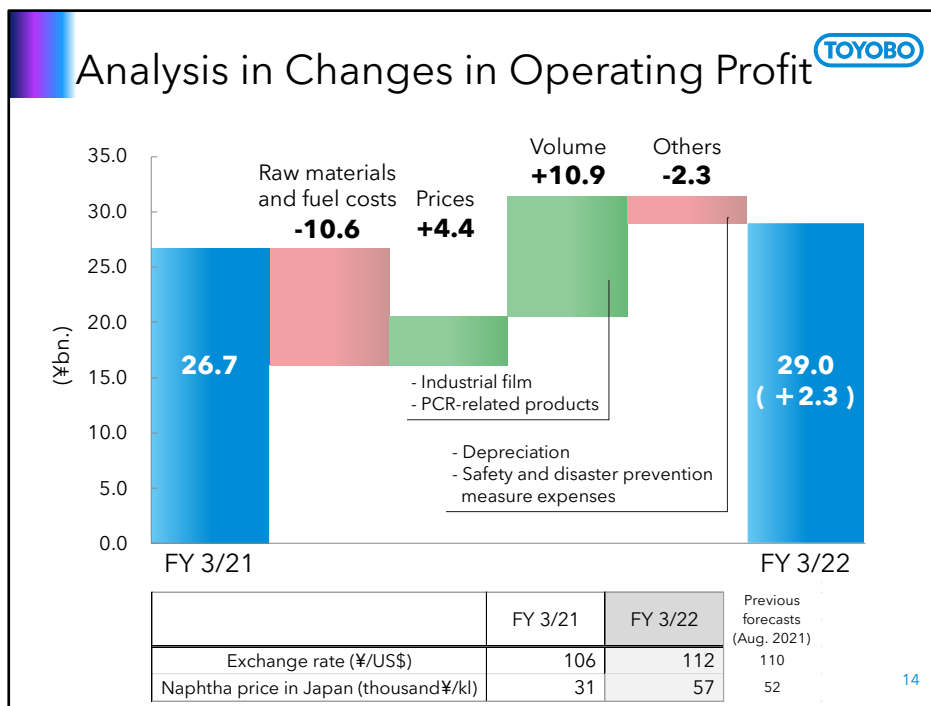
(¥bn.)

	FY 3/21	FY 3/22			YOY	
	result	H1	H2	forecasts	Amount	%
Net sales	337.4	183.9	181.1	365.0	+ 27.6	+ 8.2%
Operating profit	26.7	17.1	11.9	29.0	+ 2.3	+ 8.8%
(Ratio to sales)	7.9%	9.3%	6.6%	7.9%	-	-
Ordinary profit	20.7	13.3	10.7	24.0	+ 3.3	+ 15.9%
Extraordinary income and losses	- 15.1	- 1.8	- 5.2	- 7.0	-	-
Profit attributable to owners of parent	4.2	9.7	3.3	13.0	+ 8.8	+ 208.5%
EBITDA	45.8	27.1	22.2	49.3	+ 3.5	+ 7.8%
EPS (¥)	47.3	109.2	37.1	146.3	-	-
Depreciation	19.1	10.0	10.3	20.3	+ 1.2	+ 6.3%
CAPEX	23.3	13.8	17.2	31.0	+ 7.7	+ 33.3%
Dividend (¥)	40.0			40.0	-	-

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Next, I will explain our forecast for FY3/22.

As I mentioned at the beginning, although industrial films are performing well, we are also experiencing rising raw material and fuel prices, automobile production cutbacks, a slowdown in PCR testing, and the current difficulty in procuring some parts. In light of those factors, we have maintained our operating profit forecast of JPY29 billion.



Here is a waterfall chart of the factors behind changes in operating profit.

The price increase of naphtha has been particularly sharp, reaching JPY62,000 at the moment. The price of naphtha in the second half last year was JPY35,000, meaning that the price increased by a little less than JPY30,000. As such, we expect a corresponding increase in the price of raw materials and fuel.

We expect volume to be about the same as the first half, as there are some products that have been started up in the second half last year.

Forecasts by Segment



(¥bn.)

	Net sales		Operating profit			Previous forecasts (Aug. 2021)
	FY 3/21 result	FY 3/22 forecasts	FY 3/21 result	FY 3/22 forecasts	YOY	
Films and Functional Materials	152.8	170.0	20.0	21.0	+ 1.0	20.3
Mobility	36.6	40.0	- 1.6	- 1.4	+ 0.2	- 1.0
Lifestyle and Environment	109.1	111.0	4.4	3.7	- 0.7	5.2
Life Science	27.1	33.0	4.5	7.1	+ 2.6	6.0
Real Estate and Others	11.8	11.0	2.3	2.2	- 0.1	2.3
Elimination & Corporate	-	-	- 3.0	- 3.6	- 0.6	- 3.8
Total	337.4	365.0	26.7	29.0	+ 2.3	29.0

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Next, I will go over our forecast by segment.

We have made slight changes to our forecast issued in August. We raised our operating profit forecast for Films and Functional Materials and Life Science in light of results in the first half. On the other hand, we lowered our forecast for Mobility, which is expected to slow, and Lifestyle and Environment, which will be affected significantly by rising raw material and fuel costs.

This concludes my presentation on the consolidated results.

Management issues



(1) Recovery of trust (priority issue)

- (i) Thorough safety, disaster prevention and quality assurance
- (ii) Strengthening Risk Management

(2) Rearrangement of business portfolio

- (i) Prioritized investment into expanding businesses (Films, Life Science, Environment)
- (ii) Observe room for growth for stable businesses
- (iii) Implement "reform master plan" for businesses to improve

(3) Preparation for the future

- (i) Accelerate commercialization of strong themes and set future themes
- (ii) Formulate DX strategy and create precedent
- (iii) Define carbon neutral processes

(4) Reestablishment of foundation

- (i) Human resources
- (ii) Culture reform, Organizational development
- (iii) Business infrastructure

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I took office as president in April, and in May, I gave you all a presentation on our management policy and management issues.

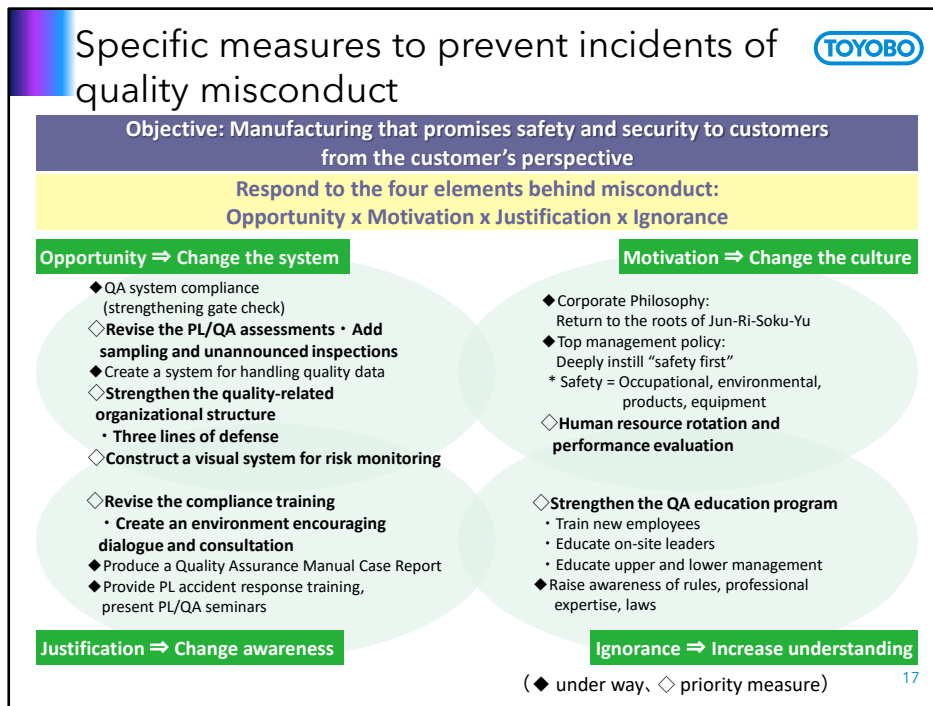
Our management policy is to rebuild our management base for sustainable growth. As mentioned in the Integrated Report, in a nutshell, we are now shifting from a survival orientation during the structural reform period to a sustainable orientation.

These are the 4 measures to realize this shift. We are working on the recovery of trust, rearrangement of business portfolio, preparation for the future, and reestablishment of our foundation. I believe that these are all the elements that are necessary for a company to be sustainable. The first of these is the restoration of trust. Last year, following a fire accident, we discovered a case of inappropriate quality, which has shaken our credibility as a manufacturing company. Over the past year, we have been working to restore this trust with a strong sense of urgency. In this context, today, I would like to explain the current situation regarding the inappropriate quality issues and our response to them.

The following is a list of specific initiatives for the prevention and eradication of quality misconduct. First of all, I would like to apologize to our customers once again for the inappropriate quality of our products, and I would also like to express my deepest apologies to our investors for any concern they may have caused. We have been working diligently for the past year to respond to our customers, and we are steadily working to resolve the issues with our customers. In addition to this case, we

are also conducting a survey involving a third party and a questionnaire to see if there are any other inappropriate cases. We said that we would announce the results of this survey in May 2021, but at this point, it is still ongoing. The reason for this is that we have been advised by an outside consultant that forcibly soliciting responses may cause some responses to go unnoticed. Although we have sent out reminders, we have yet to collect responses from everyone. We have already gathered most of the domestic responses. But there are people overseas who are still cautious about providing their answers, so we will continue to persuade them to respond.

However, at this point, we have not found any problems that could lead to a recall or other serious issues. We will let you know if we find out anything, but for now, we are working diligently to address the current issues. As for the survey, it will take some time, but we plan to complete it and report back in March next year.



These are our measures to prevent incidents of quality misconduct.

The idea is to create products that promise safety and security to customers from the customer's perspective. The triangle of misconduct, which some of you may be familiar with, is described here. The first element of misconduct is opportunity. We need to remove the opportunity for such tampering to occur. The second element is to make sure these misconducts are not justified. In addition, we are working on changing the systems, awareness, and culture so that the organization does not allow such misconduct to occur. There are various detailed measures, but we have adopted the method of 3 lines of defense in order to change the system. The first line of defense is for on-site workers to conduct checks. The second line of defense is for a quality assurance department that is independent of the business unit to conduct regular checks. The third line of defense is to set up a quality audit function within the internal audit department. We already have these 3 lines of defense, so we will use that to prevent tampering. And, even if such tampering were to occur, we will create a system that would detect them early on. In addition, we are urgently working on the systematization of data as we are lagging behind in the digitization of the database. As a response to justification, we have been promoting compliance education, in which I am involved, to raise awareness of our corporate philosophy, why we exist, and what kind of work we should do, based on the principle of junri sokuyu (adhering to reason leads to prosperity). With regard to changing the corporate culture, part of the problem is the personnel rotation system. In addition to this, we are reviewing the corporate culture using the organizational development method in order to create a

culture where it is easy to talk at the workplace, where it is easy to speak up when there is an abnormality, and where it is easy to respond. In addition to these 3 elements, another element that led to the quality misconduct this time was our ignorance. There were workers who took over the tasks from predecessors without knowing there was misconduct. We are inviting UL and ISO experts to help us relearn the basics, from executives to frontline members.

Roadmap for Building the Quality System



	FY2022	FY2023	FY2024	FY2025 and forward
Priority Issues	Regain trust Inspections to guarantee quality, build quality in the processes			Unwavering trust Instill the concept of quality assurance across the product lifecycle
Emergency Measures	Respond to external certifications Revise assessment processes Respond to customers			
Corrective Measures	Create guidelines for Quality DX	Horizontally expand to affiliates and overseas offices Horizontally develop quality DX examples Accelerate conversion to smart factories		
Standardization	Management structure (verification of effectiveness): Three lines of defense system, Risk Management Committee			
	Diligent quality assurance management (actively apply ISO to operations)			
	Create a map of quality-related human resources, train and actively use specialists in the professional system			
Changing Awareness	Corporate Philosophy: Return to the roots of Jun-Ri-Soku-Yu, deeply instill "safety first"			
	Change the organizational culture and awareness	Instill QA as an activity for everyone!		
	Train QA personnel and foster quality awareness			

The next page shows our roadmap for rebuilding the quality system. We are working to make this the first year of regaining trust. It will take about 3 years, until 2024, to improve the business structure. We hope to take the actions listed here.

Management issues



(1) Recovery of trust (priority issue)

- (i) Thorough safety, disaster prevention and quality assurance
- (ii) Strengthening Risk Management

(2) Rearrangement of business portfolio

- (i) Prioritized investment into expanding businesses (Films, Life Science, Environment)
- (ii) Observe room for growth for stable businesses
- (iii) Implement "reform master plan" for businesses to improve

(3) Preparation for the future

- (i) Accelerate commercialization of strong themes and set future themes
- (ii) Formulate DX strategy and create precedent
- (iii) Define carbon neutral processes

(4) Reestablishment of foundation

- (i) Human resources
- (ii) Culture reform, Organizational development
- (iii) Business infrastructure

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I explained today about quality in the context of restoring trust as a management issue.

Regarding the second point, our business portfolio, we are investing resources in the strongest areas and implementing structural reform measures where improvements are needed. As for preparing for the future, we would like to incorporate it into our upcoming vision, but we will also start working on themes to be commercialized after 2030. We would also like to clarify the process for carbon neutrality.

The foundation is what supports measures 1, 2, and 3. We are currently undergoing major reforms, including reforms in the personnel system, in terms of human resources and the organization that links them.

It has only been 6 months since we started working on these management issues. Going forward, we would like to report on the progress of our management issues in more detail at the financial results briefing in a year's time.

Last but not least, I would like to update you on the next vision, the 2030 Sustainability Vision, and the 2025 Medium-Term Plan. In the last presentation in May, I said that we would make an announcement in December. However, we are reviewing the content of the report from the perspective of sustainability, and we think it would be better to announce the results after we have finalized the current figures for fiscal 2021, so we would like to report and explain the results to you during

the financial results briefing around May. We would like to ask for your understanding of this change.

This completes my remarks. Thank you.



Business performance



(¥bn.)

Net sales	FY 3/21					FY 3/22	
	Q1	Q2	Q3	Q4	full year	Q1	Q2
Films and Functional Materials	36.3	37.5	39.2	39.8	152.8	45.7	40.2
Mobility	6.8	8.2	10.5	11.1	36.6	11.1	10.5
Lifestyle and Environment	22.9	27.3	27.1	31.9	109.1	27.7	27.0
Life Science	6.3	6.0	6.9	7.9	27.1	7.5	8.9
Real estate and Others	3.1	3.1	2.7	2.9	11.8	2.6	2.7
Elimination & Corporate	-	-	-	-	-	-	-
Total	75.5	82.1	86.4	93.5	337.4	94.6	89.2

Operating profit	FY 3/21					FY 3/22	
	Q1	Q2	Q3	Q4	full year	Q1	Q2
Films and Functional Materials	3.9	4.8	5.6	5.7	20.0	6.8	5.4
Mobility	-0.7	-0.6	-0.4	0.1	-1.6	-0.5	-0.4
Lifestyle and Environment	0.3	1.4	1.2	1.4	4.4	1.5	0.4
Life Science	1.0	0.6	1.6	1.4	4.5	1.9	2.8
Real estate and Others	0.5	0.6	0.6	0.7	2.3	0.4	0.7
Elimination & Corporate	-0.7	-0.7	-0.8	-0.8	-3.0	-0.8	-1.0
Total	4.4	6.1	7.9	8.4	26.7	9.2	7.9

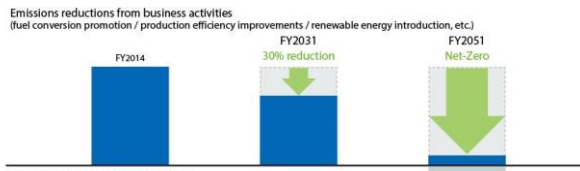
Carbon Neutral: Targets and Measures



FY 3/31 Targets Scope 1,2 : Reduce GHG emissions by 30% or more
(Compared to FY 3/14)

FY 3/51 Targets Scope 1,2 : Aim for net zero GHG emissions
Volume of avoided GHG emissions >
Amount of GHG output in the Company's value chain

Targets for Scope 1 and Scope 2*



* Scope 1: Direct emissions from owned or controlled sources
Scope 2: Indirect emissions from the use of purchased electricity, heat and steam

Measures

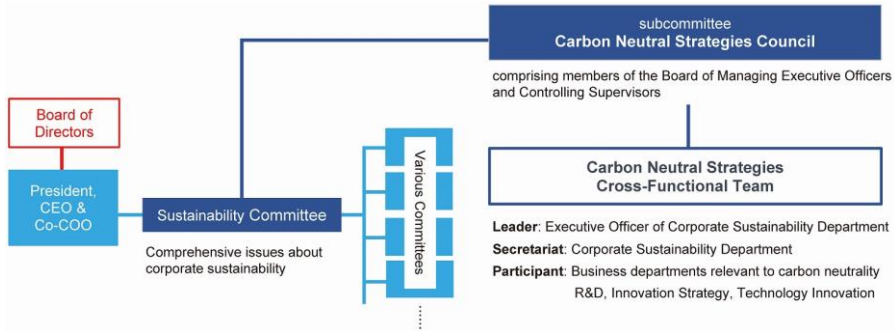
- Introduction of fuel conversion
(Shift toward low carbon usage, further decarbonization)
- Reduction of GHG emissions throughout entire value chain
 - Weight reduction of products, review of raw materials, promotion of green logistics
- Increase volume of avoided GHG emissions
 - Membranes for seawater desalination, FO membranes for osmotic power plants, bioplastics, CO₂ separation membranes
 - Films for wind power generation, power generation resources for organic thin-film solar cells, etc.

FY 3/21 compared with FY 3/14

Results of reduction of GHG emissions 26%

Scope1 : 718 Thousand tonnes-CO₂
Scope2 : 184 Thousand tonnes-CO₂

Carbon Neutral: Status



Three viewpoints for formulating carbon neutral strategy

- (1) Minimize GHG emissions associated with production activities
- (2) Reduce and avoid GHG emissions through provided solutions
- (3) Develop technologies, such as separation and collection of GHG

Commence TCFD scenario analysis



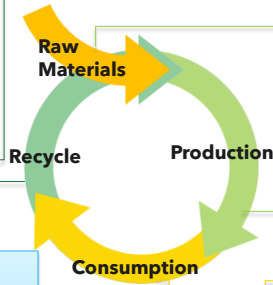
To achieve "zero waste" emission: Circular Economy



- **Material Recycling**
 - Polyester polymerization catalyst with superior recyclability "TOYOBO GS Catalyst"
- **Chemical Recycling**
 - Support development for thermal pyrolysis of waste plastic to raw materials

R Plus Japan, Ltd.

R Plus Japan, Ltd.
Jointly established company that transcends industry
Cooperation that transcends industry, such as packaging container manufacturers, trading companies and beverage manufacturers
Aim for practical application in 2027



- **Biomass**
 - Resins from 100% biomass PEF
 - Uses approx. 20% plant-derived ingredients "BIOPLANA"
- **Recycled resin**
 - Films made using over 80% recycled resin from beverage PET bottles "CYCLE CLEAN"
- **Mono-material**



Usage of "BIOPLANA"

- **Volume reduction, thickness reduction**
 - Film made thinner by 50% or more "SPACECLEAN" (20μm←40μm)
 - "CYCLECLEAN" (12μm←30μm)



Reduce

Environmentally Friendly Business: "ECO-PARTNER SYSTEM"

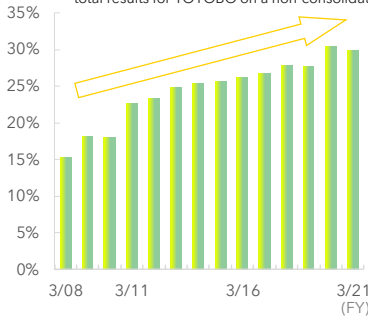


- Our company independently evaluates and certifies environmental impact (implemented since 1998).
- The product life cycle (from raw materials to disposal) is divided into 6 stages, and the environmental impact of each stage is evaluated.

Viewpoints: waste reduction / global warming prevention / resource conservation / chemical substance reduction / other environmental contributions

Sales ratio of "ECO-PARTNER SYSTEM" 30% in FY 3/21 (¥ 59 bn.)

*total results for TOYOBO on a non-consolidated basis



**Targets: 40% in FY 3/31
60% in FY 3/51**

"ELITOLON"

A filter that collects dust in the atmosphere with static electricity



VOC emissions treatment equipment

Equipment / elements for recovering methylene chloride used in the lithium-ion battery manufacturing process

● PEN film "Teonex"

A sealing material used for sealing fuel cell battery cells.
Adopted in Toyota's new fuel cell vehicle "MIRAI"





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.

TOYOBO CO., LTD

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