

May 13, 2022



# Presentation to Investors

for Year Ended March 31, 2022

TOYOBO CO., LTD.  
President, Representative Director,  
CEO and Co-COO  
**Ikuo Takeuchi**

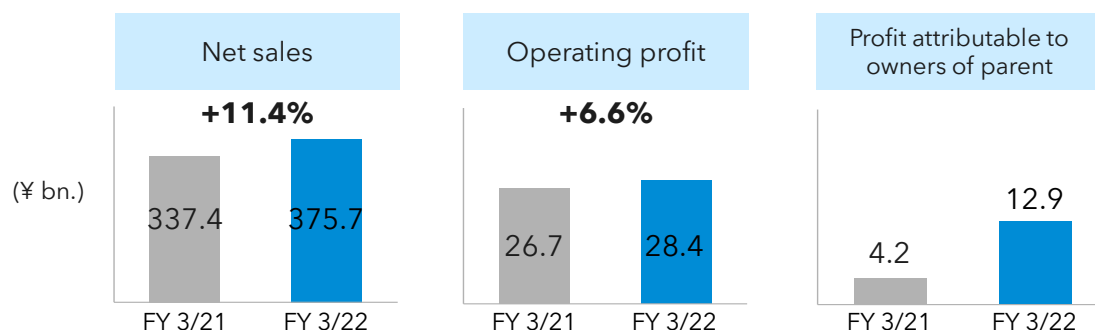
Hello, everyone. This is Takeuchi, the President of TOYOBO.

Thank you very much for taking the time out of your busy schedule to attend today's financial results briefing. We would also like to thank you for your continued support of our company.

I will now begin briefing using the presentation deck.

## FY 3/22 Results

- 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 ¥28.4 bn. ( +6.6% ), and profit of ¥12.9 bn. ( 3.1-fold )



## FY 3/23 Forecasts

Despite proceeding price revisions and effect of increased production of films, operating profit is forecasted to be ¥24.0 bn. and profit is forecasted to be ¥13.0 bn. considering rising raw material and fuel prices as well as decreased shipments of reagents for PCR tests.

2

Here you see highlights of the financial results. As for the results for FY2022, despite the impact of soaring raw material and fuel prices, sales and profits increased due to steady sales of industrial films and PCR testing reagents. Net sales increased 11.4% from the previous year to JPY375.7 billion, operating profit increased 6.6% to JPY28.4 billion, and net profit was JPY12.9 billion, which accounts for 3.1 times higher than same period last year due to improved extraordinary income and losses.

As for our forecast for FY2023, we expect to benefit the impact of increasing industrial film production volume, and we will proceed price revisions for each product. However, due to continued high raw material and fuel prices and a decrease in shipping volume of PCR test reagents, we are forecasting operating profit of JPY24 billion and net profit of JPY13 billion.

## Summary of Results: P&L

**TOYOB**O

|   | FY 3/21 | FY 3/22      | YOY    |          | Pervious (¥bn.)<br>forecasts<br>(Mar. 2022) |
|---|---------|--------------|--------|----------|---|
|   |         |              | Amount | %        |   |
| Net sales   | 337.4   | <b>375.7</b> | + 38.3 | +11.4%   | 370.0                                       |
| Operating profit  | 26.7    | <b>28.4</b>  | + 1.8  | + 6.6%   | 29.0  |
| (Ratio to sales)  | 7.9 %   | <b>7.6%</b>  | -      | -        | 7.8%  |
| Ordinary profit   | 20.7    | <b>23.1</b>  | + 2.4  | + 11.5%  | 24.0  |
| Extraordinary income and losses   | -15.1   | <b>-8.3</b>  | -      | -        | -   |
| Profit attributable to owners of parent                                   | 4.2     | <b>12.9</b>  | + 8.7  | + 206.2% | 10.5  |
| EBITDA* *Operating profit + Depreciation (includes goodwill)              | 45.8    | <b>48.5</b>  | + 2.8  | + 6.0%   | -   |
| EPS (¥)   | 47.3    | <b>144.8</b> | -      | -        | -   |
| ROE* * Profit / Beginning and ending balance average shareholder's equity | 2.3%    | <b>6.8%</b>  | -      | -        | -   |
| ROIC* *NOPAT / (Interest-bearing debt + Net assets)                       | 5.0%    | <b>5.1%</b>  | -      | -        | -   |
| Operating CF  | 35.0    | <b>17.1</b>  | -17.9  | -        | -   |
| Depreciation  | 19.1    | 20.1         | + 1.0  | + 5.2%   | -   |
| CAPEX   | 23.3    | 33.6         | + 10.4 | + 44.7%  | -   |

- Extraordinary income: Gain on sale of investment securities ¥6.5 bn.

- Extraordinary losses : Of which, impairment loss of ¥9.4 bn. (Contract manufacturing business of pharmaceuticals, Textile business, Xenomax - Japan Co., Ltd.)

- Dividends will be ¥40 per share (planned)

3

I will now go over the details. This page focuses on P&L.

As for net sales and operating profit, as I just mentioned, both sales and profit increased. Regarding extraordinary income and losses, the column shows extraordinary income of JPY6.5 billion from the sale of investment securities, and extraordinary losses of JPY9.4 billion, of which impairment losses were recorded.

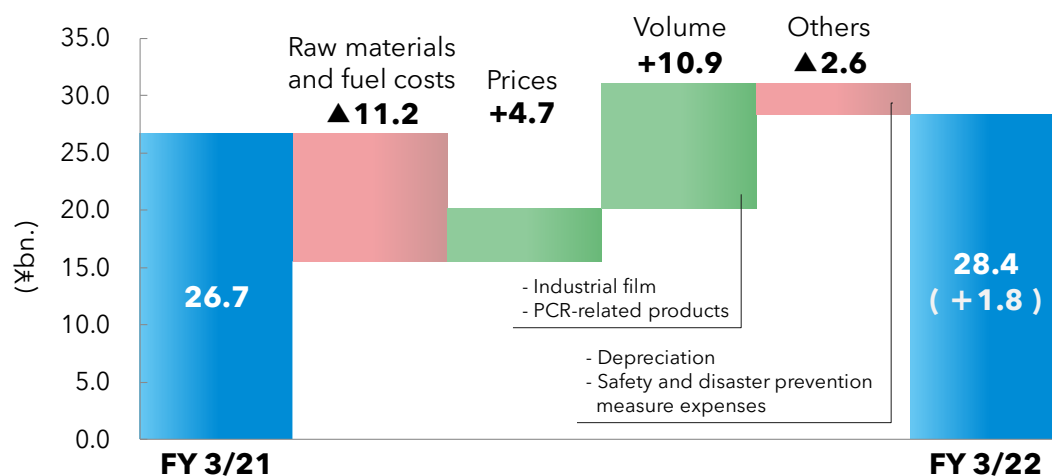
Operating cash flow declined compared to last year. This was due to an increase in working capital as sales activities recovered.

Depreciation has improved due to continued investment in industrial film sector. Capital investment increased by more than JPY10 billion, but the increase in films also had a very large effect.

For the current fiscal year, we plan to pay a dividend of JPY40 per share.

## Analysis in Changes in Operating Profit

TOYOBO



|                                       | FY 3/21 |     |     | FY 3/22 |     |     |
|---------------------------------------|---------|-----|-----|---------|-----|-----|
|                                       | H1      | H2  |     | H1      | H2  |     |
| Exchange rate (¥/US\$)                | 107     | 105 | 106 | 110     | 115 | 112 |
| Naphtha price in Japan (thousand¥/kl) | 28      | 35  | 31  | 51      | 63  | 57  |

4

Next, I will explain the factors behind the increase and decrease in operating profit.

As for the reasons for the increase or decrease, the price of Naphtha is shown in the lower column. In our case, a JPY1,000 increase in the price of raw fuel per kiloliter will result in a JPY500 million increase in the price of raw fuel. Based on this, the cost increase was JPY 11.2 billion due to the sharp rise in raw materials and fuels. We resorted to price shifting to absorb increased costs, that said, we were unable to move quickly enough during the current fiscal year. This was compensated for by growth in the sales of high value-added products, which ensured an overall increase in profit.

As for the review of the selling price, it is JPY4.7 billion against JPY11.2 billion, limited to more than 40% of the increase cost. Particularly affected were packaging films, which we will discuss in more detail later. The current fiscal year and the new fiscal year will see further increases in raw material and fuel prices, so the major theme for the current fiscal year is to review the selling price and see how far we can go.

Looking at the sales volume, industrial films, PCR testing, and enzyme-related products for biotechnology also contributed to the increase in profit. The other

negative JPY2.6 billion includes an increase in depreciation and amortization as well as an increase in safety and disaster prevention expenses and other expenses.

## Summary of Results: BS

**TOYOTO**

|                               | (B)           |               | (A)           | (¥bn.)    |
|-------------------------------|---------------|---------------|---------------|-----------|
|                               | Mar. 31, 2020 | Mar. 31, 2021 | Mar. 31, 2022 | (A) - (B) |
| Total assets                  | 488.9         | 491.2         | <b>517.8</b>  | + 26.6    |
| Cash and deposits             | 25.2          | 34.7          | <b>27.2</b>   | - 7.5     |
| Inventories                   | 80.6          | 76.3          | <b>96.0</b>   | + 19.7    |
| Property, plant and equipment | 231.5         | 224.6         | <b>227.6</b>  | + 2.9     |
| Net assets                    | 182.6         | 188.6         | <b>197.1</b>  | + 8.5     |
| Shareholder's equity          | 177.9         | 185.7         | <b>194.9</b>  | + 9.1     |
| (Retained earnings)           | 61.9          | 64.4          | <b>74.7</b>   | + 10.3    |
| Non-controlling interests     | 4.7           | 2.9           | <b>2.3</b>    | - 0.6     |
| Interest-bearing debt         | 175.1         | 187.0         | <b>191.2</b>  | + 4.3     |
| D/E ratio                     | 0.98          | 1.01          | <b>0.98</b>   | -         |
| Net Debt / EBITDA ratio*      | 3.8           | 3.3           | <b>3.4</b>    | -         |

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

5

As for the next point, which relates to the balance sheet, I would like to make two points here.

I mentioned earlier that working capital increased, which means inventories increased. Then at the beginning of the fiscal year, we had a thick fund on hand in case of the coronavirus and other effects, but now that we are back to normal times, we have dropped our cash and cash equivalents.

The company's financial structure remains sound, with a debt-to-equity ratio of less than 1 times.

## Summary of Results: Segment

**TOYOBO**

(¥bn.)

|                                | Net sales |              | Operating profit |             |       | Pervious forecasts<br>(Feb. 2022) |
|--------------------------------|-----------|--------------|------------------|-------------|-------|-----------------------------------|
|                                | FY 3/21   | FY 3/22      | FY 3/21          | FY 3/22     | YOY   |                                   |
| Films and Functional Materials | 152.8     | <b>170.3</b> | 20.0             | <b>19.9</b> | - 0.1 | 21.0                              |
| Mobility                       | 36.6      | <b>44.7</b>  | -1.6             | <b>-1.8</b> | - 0.2 | -1.8                              |
| Lifestyle and Environment      | 109.1     | <b>114.3</b> | 4.4              | <b>3.5</b>  | - 0.9 | 3.7                               |
| Life Science                   | 27.1      | <b>35.0</b>  | 4.5              | <b>8.7</b>  | + 4.1 | 7.8                               |
| Real Estate and Others         | 11.8      | <b>11.4</b>  | 2.3              | <b>2.2</b>  | - 0.1 | 2.1                               |
| Elimination & Corporate        | -         | <b>-</b>     | -3.0             | <b>-4.0</b> | - 1.0 | -3.8                              |
| Total                          | 337.4     | <b>375.7</b> | 26.7             | <b>28.4</b> | + 1.8 | 29.0                              |

6

The following is the situation by segment.

As for sales, each segment secured an increase in revenues.

Life Science is the only segment that generated positive profit, while the other segments saw a decrease in profit due to the impact of raw material and fuel prices, as I mentioned at the beginning of this report. Of these, the film and functional materials segment have been exceeding the previous year's performance until the middle of the fiscal year, but in the second half of the fiscal year, it was affected by the raw materials and fuels prices. The increase of JPY1 billion in Elimination & Corporate category is due to an increase in research and development activities.

## Films and Functional Materials

**TOYOBO**

(¥bn.)

|                           | FY 3/21 |       |           | FY 3/22 |      |           | YOY    |        |
|---------------------------|---------|-------|-----------|---------|------|-----------|--------|--------|
|                           | H1      | H2    | Full year | H1      | H2   | Full year | Amount | %      |
| Net sales                 | 73.8    | 79.1  | 152.8     | 85.9    | 84.4 | 170.3     | + 17.5 | +11.4% |
| Operating profit<br>(OPM) | 8.7     | 11.3  | 20.0      | 12.2    | 7.7  | 19.9      | - 0.1  | - 0.7% |
|                           | 11.8%   | 14.3% | 13.1%     | 14.2%   | 9.1% | 11.7%     | -      | -      |

### Packaging film

- Despite strong demand, sales price revisions were unable to make up for the sudden rise of raw material prices in the second half.

### Industrial film

- Sales of polarizer protective films for LCDs increased by approx. 20% due to the operation of the new line (Unit 3).
- Sales of mold releasing film for MLCC increased by approx. 15% due to the operation of the new line (processing equipment).

### Functional Materials

- Although sales of industrial adhesives "Vylon" for electronics applications were strong, they were affected by high raw material prices.

7

Let me now touch on the contents of each segment. In the Films and Functional Materials segment, sales increased, and profit slightly decreased.

These three businesses a core of this segment. The packaging film business has seen an increase in revenue and a significant decrease in profit. Demand has been strong due to the stay-at-home needs, but it was affected by soaring material and fuel prices. In particular, olefin products suffered not only from the fire accident two years ago but also from particularly deteriorated spreads due to rising raw material and fuel prices. At this point, we have received a total of six price increase from a petrochemical manufacturers, and we have gained the understanding of our customers to pass the price on to them. Those price shifting should appear in material price in April to June timing. Which means that the spread will be recovered in the April-June period. However, petrochemical manufacturers have already requested the seventh increase, and we will continue to request further price increases hereafter.

As for industrial films, both sales and profit increased. The driver of the increase in sales and profit was the polarizer protective films for LCDs "SRF". The sales increased by 20% due to the additional new production line. The market for ceramic capacitors continues to grow at 7% per year, and the new line is now in operation, resulting in a 15% increase in sales. SRF, display-



related, the overall number of TV monitors is not likely to increase down the road, however, the display size per unit will be increased. With larger display screen, SRF is equipped with just right features, and we believe that SRF has secured more than 50% of the protective film market share as a whole.

As for functional materials, there are about three products in this category other than industrial adhesives, such as printing plates and various other products. Among those are the industrial adhesives, Vylon, the sale of this product particularly grew in electronics and its peripherals. However, due to the impact of raw materials price hike, the profit resulted in a slight decrease.

(¥bn.)

|                           | FY 3/21 |       |           | FY 3/22 |       |           | YOY    |        |
|---------------------------|---------|-------|-----------|---------|-------|-----------|--------|--------|
|                           | H1      | H2    | Full year | H1      | H2    | Full year | Amount | %      |
| Net sales                 | 15.0    | 21.6  | 36.6      | 21.6    | 23.2  | 44.7      | + 8.1  | +22.3% |
| Operating profit<br>(OPM) | - 1.3   | - 0.3 | - 1.6     | - 0.9   | - 0.9 | - 1.8     | - 0.2  | -      |

## Engineering plastics

- Overseas, sales were strong in China, the United States and Thailand. Sales price revisions proceeded.
- In Japan, sales price revisions fell short. There were impacts from the production curtailment of automobiles in the second half.

## Airbag fabrics

- Faced challenges as sales price revisions were unable to make up for high raw material prices.

8

Let me move on to the next segment. Mobility. This segment was on a recovery track in the first half of the year, but in the second half of the year, adjustments were made due to a shortage of semiconductors or raw materials. The segment as a total is in the red and struggling.

As for engineering plastics, we were able to secure a profit, but there was a large deficit in airbag fabrics.

In the engineering plastics business, overseas sales were firm and price revisions were advanced. On the other hand, in Japan, though sales volume recovered in the first half of the year, price revisions did not catch up in the second half, resulting in a somewhat more difficult situation in Japan than overseas.

On the other hand, airbags, as I mentioned earlier, have been struggling, and we are now quickly reviewing the business structure to get back on our feet. In order to fulfilling supplier responsibilities, We have been procuring raw yarns and raw materials under somewhat unfavorable contract terms, which has been a factor in the high costs caused by the fire accident. In addition, nylon 66 has been rising very much since the latter half of the fiscal year, and we have had some disadvantages in terms of conditions with customers, such as Naphtha base. The overall deficit was not easily eliminated in the FY2022.

In addition, to improve the current situation of this deficit, we will first improve the spread by starting up the raw yarns factory in Thailand. Regarding the new plant in Thailand, when I last talked to you six months ago, I said that it would start operation in April, but due to the impact of COVID-19, the start-up date is scheduled to be delayed until June. It will take a little less than a year for certification after actual operation, so it will take some time, but we hope to have this in commercial production in the first half of the next fiscal year to improve the spread.

(¥bn.)

|                           | FY 3/21 |      |           | FY 3/22 |      |           | YOY    |         |
|---------------------------|---------|------|-----------|---------|------|-----------|--------|---------|
|                           | H1      | H2   | Full year | H1      | H2   | Full year | Amount | %       |
| Net sales                 | 50.2    | 59.0 | 109.1     | 54.7    | 59.6 | 114.3     | + 5.1  | + 4.7%  |
| Operating profit<br>(OPM) | 1.8     | 2.6  | 4.4       | 1.9     | 1.6  | 3.5       | - 0.9  | - 21.1% |
|                           | 3.5%    | 4.4% | 4.0%      | 3.4%    | 2.7% | 3.0%      | -      | -       |

### Environmental solutions

- Sales of VOC emissions treatment equipment decreased due to a decrease in orders as a result of the stagnation of operating activities overseas in the previous fiscal year. However, orders were favorable due to the expansion of the lithium-ion battery market.

### Nonwoven fabrics

- Sales of spunbond were affected by the production curtailment of automobiles and high raw material prices despite recovering for building materials.

### Functional fiber materials

- Sales of polyester staple fibers and functional cushion material "BREATHAIR" were affected by rising raw material prices.
- Demand for high-performance fibers was strong for use in fishing line and bicycle tires in niche fields.

### Textiles

- Recovery of sales for sports and uniforms was slow despite the strong performance of traditional Arabic fabric.

9

This is the Living and Environment segment. This business also includes a variety of businesses, but many of these businesses use synthetic fiber technologies for industrial applications. Overall, sales increased and profit decreased.

Environmental solutions and VOC emissions treatment equipment, which performed relatively well last year, are equipment used in the manufacturing process of separators for lithium-ion batteries, as described here. The demand for methylene chloride is increasing rapidly as it is recovered and reused. We had a good year in FY2021, but in FY2022, we had a decrease in revenue because we were not able to conduct overseas sales activities easily due to the COVID-19 effect, which led to a decrease in orders. However, as you are all aware, as the trend toward EVs continues, more and more separator plants are being set up, and orders have been very strong.

In the area of non-woven fabrics and polyester staple fiber for textile functional materials, there is fierce competition in the industry, and the delay in price shifting has resulted in a decrease in profit.

On the other hand, with regard to high-performance fibers, a fiber functional material, demand for fishing line and bicycle tires, for example, was strong in

very niche fields, and we secured an increase in sales and profit here.

As for textile fibers and textiles, sales to the Middle East were firm, but sports applications and uniform-related products sold in department stores and other retailers were slow to recover, resulting in a loss and a difficult business situation here as well. In the textile business, however, JAPAN EXLAN, the company known for have suffered an impairment loss two years ago, saw growth in acrylics for non-apparel use. MIYUKI KEORI has improved their profit line. Overall, as we announced last fall, we will reduce fixed costs for textiles by consolidating the three plants at the Toyama Works into one plant. We expect to eliminate the deficit in the current fiscal year by restoring competitiveness in a manner linked to overseas operations.

(¥bn.)

|                           | FY 3/21 |       |           | FY 3/22 |       |           | YOY    |         |
|---------------------------|---------|-------|-----------|---------|-------|-----------|--------|---------|
|                           | H1      | H2    | Full year | H1      | H2    | Full year | Amount | %       |
| Net sales                 | 12.4    | 14.7  | 27.1      | 16.3    | 18.7  | 35.0      | + 7.9  | + 29.2% |
| Operating profit<br>(OPM) | 1.6     | 2.9   | 4.5       | 4.6     | 4.0   | 8.7       | + 4.1  | + 91.6% |
|                           | 12.9%   | 19.8% | 16.7%     | 28.2%   | 21.7% | 24.7%     | -      | -       |

### Biotechnology

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

### Medical materials

- Sales of artificial kidney hollow fiber were strong. Shipments of virus removing filters for antibody processes grew.
- Nerve regeneration conduit "Nerbridge" launched marketing initiative in North America. Bone regeneration inducing materials "Bonarc" obtained approval for manufacturing and sales, planning to begin sales from FY2023.

### Pharmaceuticals

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

10

Next is Life Science. This time, it was this segment that drove the increase in profit among all segments.

Among them, in biotechnology, sales of raw materials, reagents, and equipment for PCR testing together expanded. In addition to this, the conventional enzyme raw materials were also strong, and overall, there was not enough capacity in the facilities, so we are now working hard to increase the capacity.

In the medical field, our hollow fiber membranes for dialysis and CTA membranes have been well received in the market, with shipments in Japan and overseas being strong due to their reputation as biocompatible materials with no anaphylactic shock. At the same time, this technology has recently begun to be applied to virus removal membranes used in the antibody drug process. We hope that this new product will be adopted by pharmaceutical manufacturers as part of their BCP measures in the future.

In the medical field, the Nerve regeneration conduit, which I reported to you several years ago, will finally begin to be marketed in North America. The bone regeneration inducing agent that can be used for implants in cases where there is a slight loss of bone in the jaw. When this agent is inserted, the bone regenerates and implants can be placed there. In the future, we would like to

take our products overseas. As for medical products, we have finally started to see a variety of products in the past year, not only conventional dialysis membranes.

One of the issue businesses in this segment is contract manufacturing of pharmaceuticals. The business had been performing relatively solidly until now, but in response to the FDA, the US FDA has issued a Warning Letter for its quality assurance system. For its quality assurance system, there is a kind of caution about the manufacturing process, not the product itself. In response, we are currently reviewing our quality assurance system, using outside consultants, so that we can lift the FDA caution, or warning letter. This has resulted in a reduction in capacity utilization, as a considerable amount of manpower has been taken up in that area. As a result, there was a deficit in pharmaceuticals, and overall, although biotechnology and medical were strong, the overall increase in profit was limited to this figure. However, we have received a relatively large number of inquiries from major pharmaceutical manufacturers and other customers because of our presence in the pharmaceutical industry as an aseptic medium that can be used in the three global poles. We are aiming to lift the FDA's Warning Letter as soon as possible.

These are the segments, the results for the year just ended, and their contents.

## Forecasts for FY 3/23

**TOYOBO**

Despite proceeding price revisions and effect of increased production of films, operating profit is forecasted to be ¥24.0 bn. and profit is forecasted to be ¥13.0 bn. considering rising raw material and fuel prices as well as decreased shipments of reagents for PCR tests.

(¥bn.)

|   | FY 3/22 | FY 3/23      | YOY    |         |
|---|---------|--------------|--------|---------|
|   | Result  | Forecasts    | Amount | %       |
| Net sales                               | 375.7   | <b>410.0</b> | + 34.3 | + 9.1%  |
| Operating profit                        | 28.4    | <b>24.0</b>  | - 4.4  | - 15.6% |
| (Ratio to sales)                        | 7.6%    | <b>5.9%</b>  | -      | -       |
| Ordinary profit                         | 23.1    | <b>18.0</b>  | - 5.1  | - 22.1% |
| Extraordinary income and losses         | - 8.3   | <b>0.6</b>   | -      | -       |
| Profit attributable to owners of parent | 12.9    | <b>13.0</b>  | + 0.1  | + 1.0%  |
| EBITDA                                  | 48.5    | <b>45.0</b>  | - 3.5  | -7.2%   |
| EPS (¥)                                 | 144.8   | <b>146.3</b> | -      | -       |
| Depreciation                            | 20.1    | <b>21.0</b>  | + 0.9  | + 4.6%  |
| CAPEX                                   | 33.6    | <b>38.0</b>  | + 4.4  | + 13.0% |

11

Next, I would like to explain our business forecast for the full year of FY2023.

For the current fiscal year, the effect of increased production of film, in packaging film, as the olefin line at Inuyama plant begins to operate, or the coater for ceramic capacitors in industrial film begins to move. In addition to that, price revisions. By promoting these things, sales will increase. However, due to the continued rise in raw material and fuel prices and the decrease in shipments for PCR testing, operating profit is expected to decrease 15% from the previous year to JPY24 billion, and net profit is expected to remain at the same level as the previous year due to an improvement in extraordinary profit as mentioned at the beginning of this document.

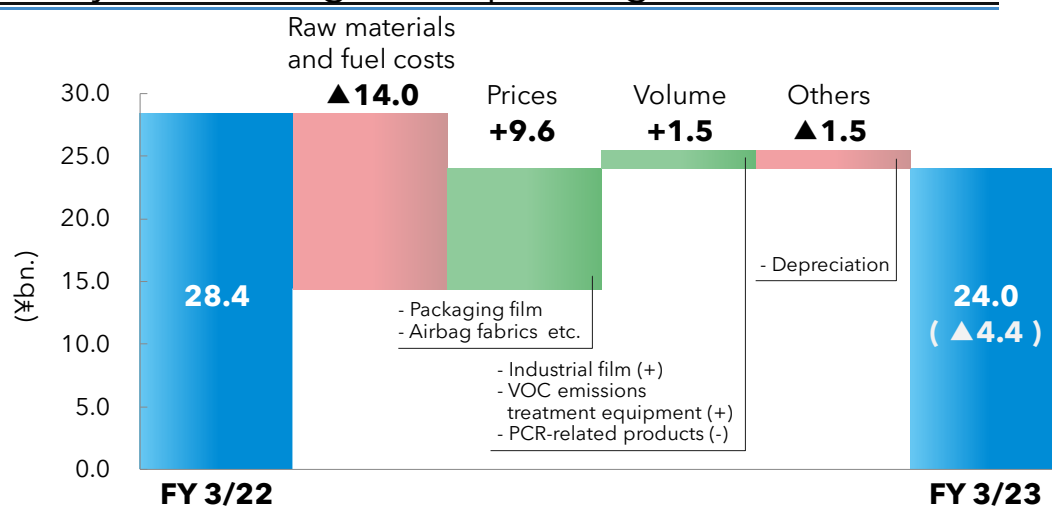
In the slides for this fiscal year, you mentioned that there will be further increases in capital investment, but the main items that will be accounted for are the increase in biotechnology capacity, and then films, as I mentioned earlier, a new olefins line will be put into operation. We are investing in the renewal of our R&D facility in Katata, and there will be further investment in other areas.

Based on this net profit, we currently expect to pay a dividend of JPY40 per share for the current fiscal year.



# Analysis in Changes in Operating Profit

**TOYOB0**



|                                       | FY 3/22 | FY 3/23 |
|---------------------------------------|---------|---------|
| Exchange rate (¥/US\$)                | 112     | 125     |
| Naphtha price in Japan (thousand¥/kl) | 57      | 84      |

12

The Naphtha price is JPY84,000, which is about the same level as the current level, but based on this assumption, the raw fuel price is expected to increase by JPY14 billion. We are already moving forward with price pass-through on this fiscal year, by achieving this, the overall price increase will be JPY9.6 billion against JPY14 billion, which means that 69% of since only 40% of the cost was passed on last fiscal year, the total amount passed on over the past two years is still about 50%, and this amount is to be raised further.

Regarding the volume, there is an effect from the expansion of the volume of industrial films and packaging films. We also expect an increase in shipments of equipment for VOC separators for LIB, but PCR testing is expected to drop 40% to 50% from the previous fiscal year, contributing to an increase in volume of about JPY1.5 billion.

## Forecasts by Segment

**TOYOB0**

(¥bn.)

|                                | Net sales         |                      | Operating profit  |                      |       |
|--------------------------------|-------------------|----------------------|-------------------|----------------------|-------|
|                                | FY 3/22<br>result | FY 3/23<br>forecasts | FY 3/22<br>result | FY 3/23<br>forecasts | YOY   |
| Films and Functional Materials | 170.3             | <b>188.0</b>         | 19.9              | <b>19.0</b>          | - 0.9 |
| Mobility                       | 44.7              | <b>55.0</b>          | - 1.8             | <b>- 1.6</b>         | + 0.2 |
| Lifestyle and Environment      | 114.3             | <b>125.0</b>         | 3.5               | <b>3.0</b>           | - 0.5 |
| Life Science                   | 35.0              | <b>31.0</b>          | 8.7               | <b>5.5</b>           | - 3.2 |
| Real Estate and Others         | 11.4              | <b>11.0</b>          | 2.2               | <b>2.1</b>           | - 0.1 |
| Elimination & Corporate        | -                 | -                    | - 4.0             | <b>- 4.0</b>         | + 0.0 |
| Total                          | 375.7             | <b>410.0</b>         | 28.4              | <b>24.0</b>          | - 4.4 |

13

The segments are as I have just outlined. The largest drop is in Life Science, followed by Films and Functional Materials due to the impact of increased depreciation. In the Lifestyle and Environment segment, we are working hard to pass on raw material and fuel prices to our customers, as this is a highly competitive industry, but at this point we believe that a decrease in profits is inevitable.

For the current fiscal year, as I have said many times before, we will be looking at how we can promote price shifting and accomplish what needs to be done regarding the projects that need to be done.

This is a summary of the financial results so far.

## 2018 Medium-Term Management Plan: Plan and Results

**TOYOB0**

|   | FY 3/19 | FY 3/20 | FY 3/21 | FY 3/22      | FY3/19 - FY3/22<br>Targets |
|---|---------|---------|---------|--------------|----------------------------|
| Net sales (¥bn.)                                  | 336.7   | 339.6   | 337.4   | <b>375.7</b> | <b>375.0</b>               |
| Operating profit (¥bn.)                           | 21.7    | 22.8    | 26.7    | <b>28.4</b>  | <b>30.0</b>                |
| (Ratio to sales) (%)                              | 6.5     | 6.7     | 7.9     | <b>7.6</b>   | <b>8.0</b>                 |
| Profit attributable to owners<br>of parent (¥bn.) | -0.6    | 13.8    | 4.2     | <b>12.9</b>  | <b>16.0</b>                |
| ROE (%)   | -3.0    | 7.8     | 2.3     | <b>6.8</b>   | <b>&gt; 8.0</b>            |
| D/E ratio   | 0.93    | 0.98    | 1.01    | <b>0.98</b>  | <b>&lt; 1.0</b>            |

14

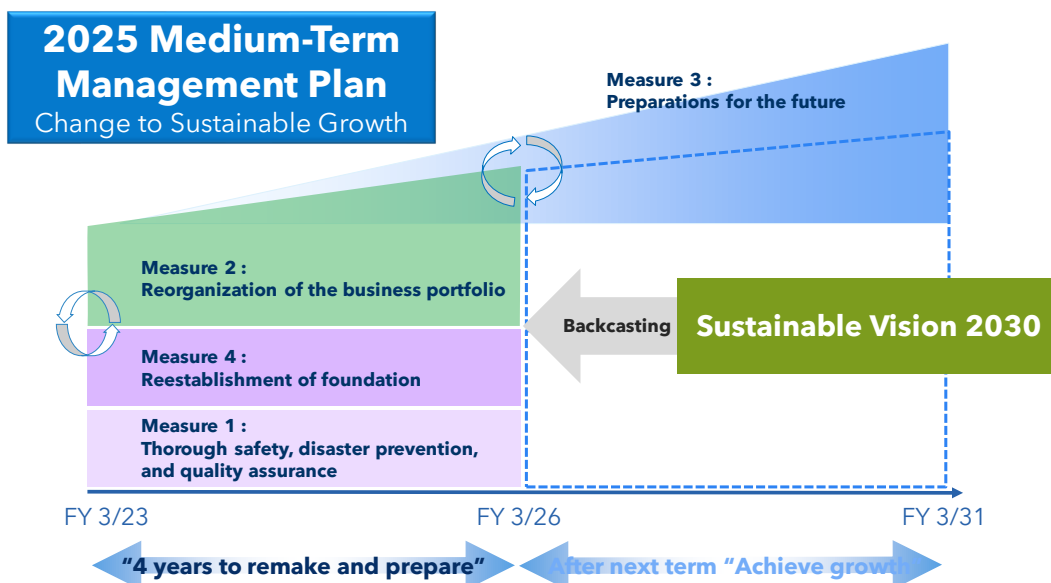
I will use the remainder of the meeting time to discuss some of the mid-term plans. I will explain our Medium-Term Management plan and the next vision to investors and analysts on May 27, today, I'd just touch on highlights.

First, here are the plans and accomplishments of the 2018 Medium-Term Management Plan, which ended in FY2022. On the far right is the planned value and how the actual results compare to it. Unfortunately, although we cleared the sales target, we were unable to achieve the operating profit target due to the impact of raw material and fuel prices and other factors, which is very disappointing and frustrating.

On the other hand, in the perspective of the financial structure, the Company has almost met its goals. As for the qualitative part, I will review them in details on the 27th, but we evaluate that we secured positive profits that exceeded the plan for film and biotechnology, but on the other hand, some other segment we had anticipated much growth came up short sufficiently. Furthermore, the improvement of businesses that we had recognized challenges was delayed, or new challenges added. There were some positive aspects, but there were more negative aspects than positive ones.

Above all, fluctuations in reliability- our Company caused two major fire

accidents, plus, case of misconduct over the quality, both led to the damage in credibility. Our Company caused a great deal of inconvenience and concern to our customers and everyone involved, and this is a major issue. Since I took office last year, restoring trust has been my top priority for the past year.



The vision for 2030 and the concept of the medium-term management plan have not changed much from the diagram we showed you a year or even six months ago, but one change is that we have included the title Transformation for Sustainable Growth in the 2025 medium-term management plan.

When I took office a year ago, I served for a year in survival mode, just trying to survive, and I had been trying to break away from the thinking of structural reform and make our business sustainable, but in this vision, in the medium-term management plan, we are not only trying to be sustainable, we are trying to grow. The main feature of this vision is that we want to emphasize growth, because that is what investors and shareholders expect from us. Our corporate philosophy is JUN-RI-SOKU-YU, adhering to reason leads to prosperity. As a result, the company will also develop, and we would like to realize that we can do more of what we should be doing. This is the centerpiece of this vision.

Today, I would like to explain about quality in the areas of safety, disaster prevention, and quality, as well as the new joint venture with MITSUBISHI CORPORATION in the area of portfolio reform, which was released at the end of the fiscal year.

**Carried out questionnaire surveys with the aim of confirming whether or not there are significant cases of misconduct concerning quality**

The investigation was mainly conducted by our Quality Assurance Division, which is independent from our business divisions, also was receiving advice and support from the misconduct investigation team of a major auditing firm to ensure the investigation's validity

- Subject: Executives and employees in Japan and abroad of the Toyobo Group (including contract and dispatch employees)
- Period: Between February and March 2021 Multi-language, anonymous survey  
Between July 2021 and January 2022 Multi-language survey, which required the respondents to write their name down 9,452 people (response rate: 93.8%)

**According to the result of the detailed investigation, we did not find any grave case of misconduct over the quality at this point.**

**We will continue company-wide activities to rectify the situation, including issues that were discovered by the investigation. Also, we will further enhance the compliance awareness that the Toyobo Group has promoted, change the awareness about quality assurance and improve the organizational culture.**

16

First are the results of the quality survey.

In October 2020, an improper UL certification of engineering plastics came into our attention. Since then, the Company has been investigating whether there were any such inappropriate incidents not only in the engineering plastics business but also in other businesses. This March 17 announcement is released as the result of a survey of more than 10,000 participants, all of the members of the TOYOBO Group in Japan and overseas. Serious quality-related improprieties as described. The term serious here means product safety, defects in basic performance, or legal violations, and third-party certification, as depicted in UL. It turned out that our incident was not rated as serious violations.

However, we have received questionnaires on cases where internal rules were not adequately followed or where the agreements promised to customers were unclear, so the Quality Assurance division is leading individual hearings to resolve these issues, with the customer's consent. As for quality assurance, we do not believe this is the sufficient. The entire company is striving to reform not only the structure but also the awareness and culture of the company.

Above all, what we have recognized this time is the importance of knowledge.

There are many opinions as to what can contribute to a breeding ground for corruption. Opportunity. Motive. Justification, we concluded that it is a lack of knowledge. We didn't provide adequate employee training in the past. We are now in the process of providing internal training not only to managers but also to all employees. Our current goal is to reacquire ISO certification for engineering plastics by the end of this fiscal year.

**Toyobo Co., Ltd. and Mitsubishi Corporation are pleased to announce our agreement to establish a new joint venture company that will specialize in the planning, development, manufacturing and sales of functional materials.**

Separate a portion of the Company's businesses after the establishment of the new company, and Mitsubishi Corporation will fund the new company.

- Investment ratio: Toyobo 51 %, Mitsubishi Corporation 49 %
- Aims: New company will combine Toyobo's technological expertise and MC's collective capabilities to capture growth in global markets
- Launch date: In January 2023 or sometime thereabouts
- Business divisions transferring to the new company
  - " Environment, Functional materials" (Sales scale: approx. 100 billion yen)  
VYLON<sup>®</sup> and HARDLEN<sup>®</sup>, Photo Functional Materials, Fine Chemicals, Engineering Plastics, Water Treatment Membranes, VOC emissions treatment equipment, Functional Filters, Spunbond Nonwoven Fabrics, Lifestyle Materials, High-Performance Fibers etc.

17

And next is the agreement with MITSUBISHI CORPORATION to establish a joint venture company. This will be discussed in more detail and content at the May 27 briefing. The basic contract has been signed and the actual establishment of the company is still being discussed. I'm unable to discuss everything at this time, but I would like to explain the purpose of the agreement.

Our corporate philosophy is to solve society's problems and provide solutions, and our new vision is to achieve sustainable growth. Then the other thing that has been a challenge for us over the years is how to change our business portfolio. In that sense, we want to create this new joint venture company to change our business portfolio and also to achieve sustainable growth. We are determined to move forward with this initiative because we want to make films, life sciences, and then environmental functional materials, the third pillar of the fields we are strengthening.

Our business groups described here, are businesses that have made relatively stable profits in relatively customized markets leveraged by unique technologies for many years. We have tried to grow our businesses in the past but haven't seen much success. It has been difficult to share a big picture of growth, while each business entity has its own potential and willingness to grow further. It has been our challenge to overcome.



We've been having discussions with MITSUBISHI CORPORATION for about two years now, their intention is to view this joint venture project as a new business opportunity, different from the traditional resource development. By doing so, they hope to strengthen the competitiveness of the manufacturing industry, especially the Japanese materials industry. They have a vision that the joint venture can eventually transform to a manufacturer with a global presence. In the course of our discussions, we came to the conclusion that there are more business opportunities for our unique technology and products.

Investment ratio of both companies are 51% and 49%. In the short term, it is not going to double in size immediately, but it is our intention to expand this business in double or triple. I also believe that a new culture of TOYOBO can be created by bringing together two companies with completely different cultures, TOYOBO and MITSUBISHI CORPORATION. We position this as an opportunity to change not only the joint venture, but also TOYOBO.

**TOYOBO**  
Beyond Horizons



- ◆ The curved line running through the middle of the logo represents the horizon. This represents the meaning of TOYOBO's existence as a group that continues to create the solutions needed by people and the earth.
- ◆ The tagline "Beyond Horizons" refers not only to exceeding geographical boundaries, but also temporal boundaries. This incorporates the meaning of being responsible for not only things that can be seen currently, but the future as well.

18

Last but not least, the corporate logo is being renewed.

This past May 3, we celebrated our 140th anniversary. The logo design will be updated accordingly. The logo used to be designed with textile fabrics in mind, but the curves in this logo are designed with the horizon in mind, as we will be a company that solves and provides solutions to issues required by people and the earth. The caption Beyond Horizons is intended to indicate the significance of our existence, as well as to show that each of our employees is willing to take on challenges in the future, not geographically but in time, and that each of us is willing to go beyond our own limitations. We have added this caption to show that each and every one of our employees is willing to challenge themselves.

**“Sustainable Vision 2030,  
2025 Medium-Term Management Plan  
(FY 3/23 ~ FY 3/26)”**

To be announced on May 26, 2022

I have exceeded my time a little bit, but that is all for my explanation.

We hope to make an announcement on May 26 and explain to investors and analysts on May 27.

Thank you very much for your kind attention.

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

All Rights Reserved

**TOYOBO**  
Beyond Horizons

© TOYOBO CO., LTD. All rights reserved.

# Appendix

# Business Performance

**TOYOBO**

(¥bn.)

| Net sales                      | FY 3/21 |      |      |      |           | FY 3/22 |      |      |       |           |
|--------------------------------|---------|------|------|------|-----------|---------|------|------|-------|-----------|
|                                | Q1      | Q2   | Q3   | Q4   | Full year | Q1      | Q2   | Q3   | Q4    | Full year |
| Films and Functional Materials | 36.3    | 37.5 | 39.2 | 39.8 | 152.8     | 45.7    | 40.2 | 41.4 | 43.0  | 170.3     |
| Mobility                       | 6.8     | 8.2  | 10.5 | 11.1 | 36.6      | 11.1    | 10.5 | 10.6 | 12.6  | 44.7      |
| Lifestyle and Environment      | 22.9    | 27.3 | 27.1 | 31.9 | 109.1     | 27.7    | 27.0 | 27.7 | 31.9  | 114.3     |
| Life Science                   | 6.3     | 6.0  | 6.9  | 7.9  | 27.1      | 7.5     | 8.9  | 8.2  | 10.4  | 35.0      |
| Real estate and Others         | 3.1     | 3.1  | 2.7  | 2.9  | 11.8      | 2.6     | 2.7  | 2.8  | 3.3   | 11.4      |
| Elimination & Corporate        | -       | -    | -    | -    | -         | -       | -    | -    | -     | -         |
| Total                          | 75.5    | 82.1 | 86.4 | 93.5 | 337.4     | 94.6    | 89.2 | 90.7 | 101.2 | 375.7     |

| Operating profit               | FY 3/21 |      |      |      |           | FY 3/22 |      |      |      |           |
|--------------------------------|---------|------|------|------|-----------|---------|------|------|------|-----------|
|                                | Q1      | Q2   | Q3   | Q4   | Full year | Q1      | Q2   | Q3   | Q4   | Full year |
| Films and Functional Materials | 3.9     | 4.8  | 5.6  | 5.7  | 20.0      | 6.8     | 5.4  | 4.3  | 3.3  | 19.9      |
| Mobility                       | -0.7    | -0.6 | -0.4 | 0.1  | -1.6      | -0.5    | -0.4 | -0.6 | -0.3 | -1.8      |
| Lifestyle and Environment      | 0.3     | 1.4  | 1.2  | 1.4  | 4.4       | 1.5     | 0.4  | 0.8  | 0.8  | 3.5       |
| Life Science                   | 1.0     | 0.6  | 1.6  | 1.4  | 4.5       | 1.9     | 2.8  | 1.8  | 2.3  | 8.7       |
| Real estate and Others         | 0.5     | 0.6  | 0.6  | 0.7  | 2.3       | 0.4     | 0.7  | 0.5  | 0.6  | 2.2       |
| Elimination & Corporate        | -0.7    | -0.7 | -0.8 | -0.8 | -3.0      | -0.8    | -1.0 | -1.1 | -1.1 | -4.0      |
| Total                          | 4.4     | 6.1  | 7.9  | 8.4  | 26.7      | 9.2     | 7.9  | 5.8  | 5.5  | 28.4      |

## Execution of safety and disaster prevention master plan "Zero Disaster" ~Roadmap for labor safety & disaster management

|  | FY2022  | FY 2023   | FY2024   | FY2025 - FY2026  |
|--|---|---|--|--|
| <b>Priority issues for the year</b>  | <ul style="list-style-type: none"> <li>● Top management commitment statement</li> <li>● Start on-site dialogues</li> <li>● Start safety and disaster prevention workshops</li> <li>● Organize the mission of the Safety and Disaster Management Division</li> <li>● Organize the SMS and EMS policies of all companies</li> </ul>   | <ul style="list-style-type: none"> <li>● Establish on-site dialogue as standard</li> <li>● Establish safety and disaster prevention workshops as standard</li> <li>● Construct a Group SMS and EMS system</li> <li>● Create overview of on-site inspection activities</li> <li>● <b>Start of new 3K human resource development exchange meetings</b></li> </ul> | <ul style="list-style-type: none"> <li>● Expand to all Group companies</li> <li>● Establish the Group SMS and EMS system</li> <li>● Establish new 3K human resource development exchange meetings as standard</li> </ul> | <ul style="list-style-type: none"> <li>● Develop for overseas sites</li> </ul> |
| <b>Fostering a culture of safety</b><br>(employee behavior and awareness)          | <p>Mostly dependent stage → Increasing independent stage → Emerging interdependent stage</p>  |   |  |  |
| <b>Reestablish shared values and communications</b>                                | <p>Top management commitment statement *An expression of management commitment and action, and a demonstration of tangible leadership(Declaration of Action, on-site dialogues)</p> <p>Workshops for specific position levels (all levels → broaden to Group companies and overseas bases)</p>  |   |  |  |
| <b>Safety infrastructure</b><br>(systems, human resource development)              | <p>3S activities (production innovation, small group)<br/>* Continuously improve ability to identify on-site risks, develop new 3K human resources capable of noticing and rectifying abnormalities</p> <p>Establish safety and disaster prevention training centers at all bases, construct a disaster prevention education program</p> <p>Appoint disaster prevention personnel, strengthen organization (secure personnel and specialists)</p> |   |  |  |
| <b>Steadily implement emergency response and incorporate into daily Management</b> | <p>Reconstruct the safety and security disaster prevention risk management system<br/>* Continuous risk management at all companies</p>   |   |  |  |
| <b>Synchronize with all-company risk management activities</b>                     | <p>Audit Project</p> <p>Conduct on-site inspections → Establish RA activities, review of case studies (strengthen horizontal development)</p> <p>Review the comprehensive disaster prevention checks → + Additional investment (2 billion yen) * Disaster prevention budget, set work stoppage schedule</p>   |   |  |  |
| <b>Mechanism to establish a tradition of learning</b>                              | <p>Inspect ducts → Duct fire countermeasures</p> <p>Medium-term safety and disaster prevention plan (update aging equipment, remove wooden buildings, replace firefighting equipment, etc.)</p>   |   |  |  |

New 3K : Kiduku (Notice), Kangaeru (Think), Koudou suru (Act)



## Roadmap for reconstruct the quality assurance management structure

|                            | FY2022   | FY2023  | FY2024 | FY2025  | FY2026 |
|----------------------------|--|---|--------|---|--------|
| <b>Priority Issues</b>     | <b>Regain trust</b>  |   |        | <b>Unwavering trust</b>   |        |
|                            | Inspections to guarantee quality, build quality in the processes   |   |        | Instill the concept of quality assurance across the product lifecycle |        |
| <b>Emergency Measures</b>  | Respond to external certifications   |   |        |   |        |
|                            | Revise assessment processes  |   |        |   |        |
|                            | Respond to customers   |   |        |   |        |
| <b>Corrective Measures</b> | Create guidelines for Quality DX   | Horizontally expand to affiliates and overseas offices                            |        |   |        |
|                            |  | Horizontally develop quality DX examples Accelerate conversion to smart factories |        |   |        |
| <b>Standardization</b>     | 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 |   |        |   |        |
| <b>Changing Awareness</b>  | 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  |   |        |   |        |

➤ **Selected as a member of “MSCI Japan ESG Select Leaders Index”**

Index that selects and organizes companies with excellent ESG evaluations from among the constituents of the MSCI Japan IMI Top 700 Index.

2022 CONSTITUENT MSCI JAPAN  
ESG SELECT LEADERS INDEX

➤ **Selected as a member of “FTSE Blossom Japan Sector Relative Index”**

Selected for the new ESG investment benchmark adopted by Japan’s Government Pension Investment Fund (GPIF)



FTSE Blossom  
Japan Sector  
Relative Index

➤ **Recognized as a Certified Health and Productivity Management Outstanding Organization**

Recognized as a Certified Health and Productivity Management Outstanding Organization in the large enterprise category under a certification program jointly sponsored by the Ministry of Economy, Trade and Industry (METI) and the Nippon Kenko Kaigi.



➤ **Selected as a Supplier Engagement Leader for first time by CDP**

Selected as a Supplier Engagement Leader - the highest ranking - in CDP’s Supplier Engagement Rating assessment for the first time. CDP is a British not-for-profit organization that runs a global disclosure system on supply chain environmental impacts.



➤ **Received 2-star Eruboshi certification based on the law for promoting women’s advancement**

Recognized by Japan’s Minister of Health, Labour and Welfare as a company that proactively works to promote the active participation of women

