

May 13, 2024

2025 Medium-Term Management Plan (FY 3/23 - FY 3/26)

~ Review of the first half and action in the second half ~

Introduction: Positioning of 2025 Medium-Term Management Plan

The TOYOBO Group philosophy “Jun-Ri-Soku-Yu”

was a personal maxim of our founder Eiichi Shibusawa, an industrialist who contributed greatly to Japan’s modernization. It has been the foundation of Toyobo Group’s business ever since.



Founder
Eiichi Shibusawa



Handed down from our founder, Eiichi Shibusawa

Corporate Philosophy Framework TOYOBO PVVs

We systematized “Jun-Ri-Soku-Yu” in 2019.

Principle

“Jun-Ri-Soku-Yu”

Adhering to reason leads to prosperity

Vision
















We will continue to create the solutions needed by people and the earth with our materials and science.

Values

We welcome change, enjoy change, and create change.

TOYOBO Spirit : Challenge, Reliability, Collaboration

“Jun-Ri-Soku-Yu”, or adhering to reason leads to prosperity

Ideals we seek to realize	<h3 style="text-align: center;">Innovation</h3> <p style="text-align: center;">We will be a group that continues to create the solutions needed by people and the Earth with materials and science</p>														
Social change and trends in 2030	Standardization in dealing with safety, human rights and social justice issues	Increased and diversified needs concerning access to medical care/health promotion	Demographic change, humancentric innovation, accelerated urbanization	Decarbonization, resources circulation, limited natural resources											
Social issues to be solved through commitment	<table border="0" style="width: 100%; text-align: center;"> <tr> <td colspan="3" data-bbox="384 591 1528 686">People</td> <td colspan="2" data-bbox="1536 591 2438 686">Planet</td> </tr> <tr> <td data-bbox="384 691 868 958">  Employees' well-being and human rights in the supply chain </td> <td data-bbox="876 691 1233 958">  Healthy lifestyle and health care </td> <td data-bbox="1240 691 1623 958">  Smart community and comfortable space </td> <td data-bbox="1630 691 2012 958">  Decarbonized society and circular society </td> <td data-bbox="2020 691 2438 958">  Good condition of water area, atmosphere and soil, and biodiversity </td> </tr> </table>					People			Planet		 Employees' well-being and human rights in the supply chain	 Healthy lifestyle and health care	 Smart community and comfortable space	 Decarbonized society and circular society	 Good condition of water area, atmosphere and soil, and biodiversity
People			Planet												
 Employees' well-being and human rights in the supply chain	 Healthy lifestyle and health care	 Smart community and comfortable space	 Decarbonized society and circular society	 Good condition of water area, atmosphere and soil, and biodiversity											
Challenges toward the future	People First: Employees' safety, pride and rewarding work Respecting human rights in the entire supply chain	Contributing to the field of infectious diseases Contributing to improving QOL	Contributing to realizing humancentric, digital society Creating comfortable space	Helping achieve carbon neutrality Establishing an ecosystem for circulating resources	Bettering the environment through solutions Food loss reduction and sustainable food										
The state it wants to be in by 2030	<h3 style="text-align: center;">Prosperity</h3> <p style="text-align: center;">“Spiraling up” to a prosperous society where people can live with peace of mind and enhancement of corporate value</p>														

I . Review of first half of 2025 Medium-Term Management Plan

- Decline in earning power
(deterioration in terms of trade × sales volume decrease + fixed cost/expense increase)
- Deterioration in financial structure, partly due to upfront large-scale investment
- Steady progress of “Thorough safety, disaster prevention, and quality assurance,” “Preparations for the future,” and “Reestablishment of foundation.”

II . Priorities for the second half of 2025 Medium-term Management Plan (action to prepare for FY 3/26 onward)

- (1) Recover earning power
- (2) Reduce capital employed
- (3) Progress to the next growth stage (new creation)

III . Financial indicators (forecasts for FY 3/26) and improvement of ROE and ROIC

I . Review of first half of 2025 Medium-Term Management Plan

■ Decline in earning power

Operating profit: 20.0-25.0 billion yen → 9.0 billion yen (FY 3/24)

- Deterioration in terms of trade (reduced marginal profit ratio) × sales volume decrease
+ fixed cost/expense increase (offense/defense)
- Deterioration of performance in packaging film and nonwoven materials
→ Change in positioning of business portfolio
- Delay in announcement of investment results and growth strategies (new equipment launch)

■ Deterioration in financial structure, partly due to upfront large-scale investment

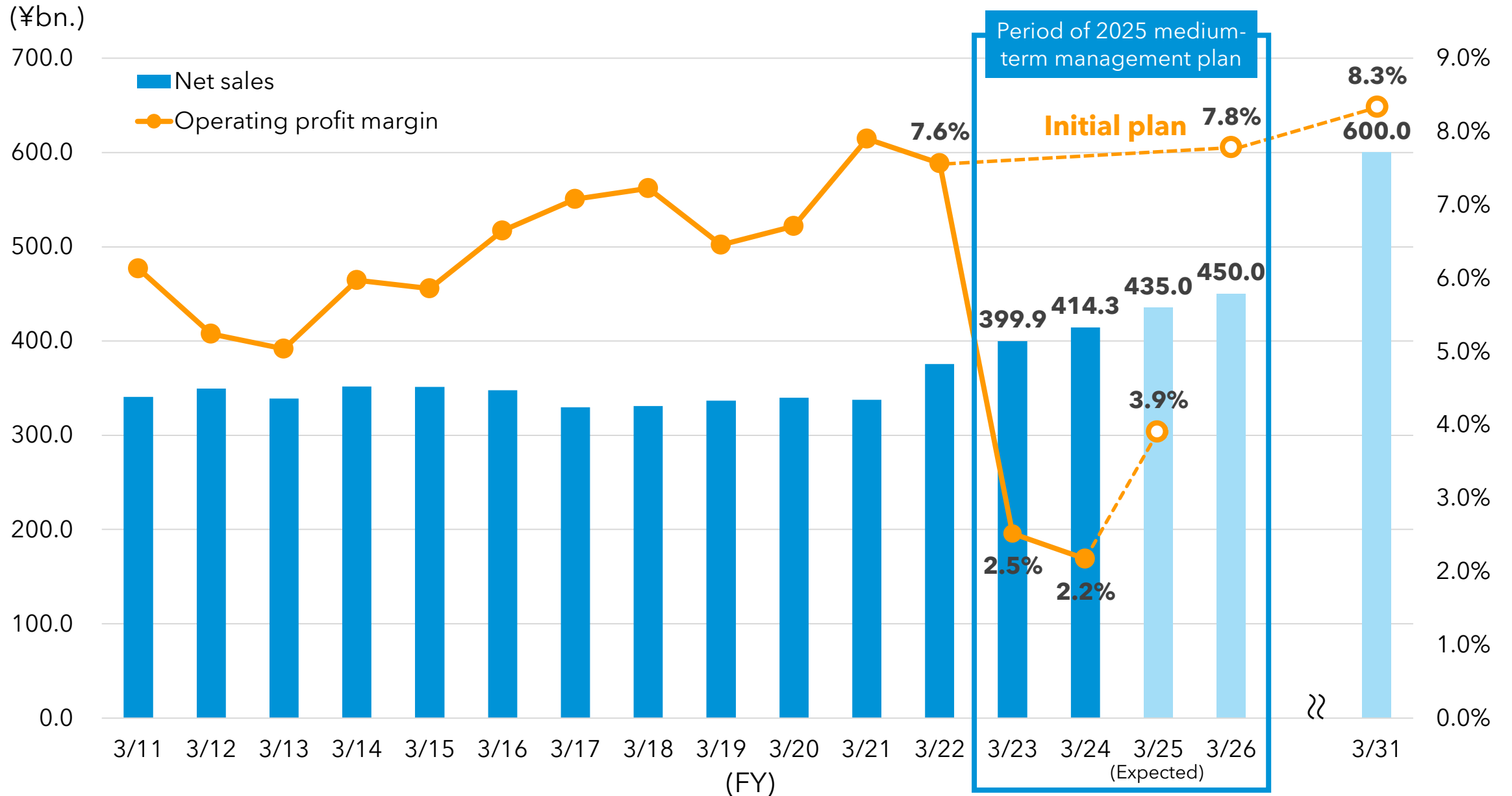
D/E ratio: under 1.0 times → over 1.2 times (FY 3/24)

- Decline in earning power (= decrease in operating cash flow) + large-scale investment (films, life science, etc.)
→ negative free cash flow (increase in interest-bearing debt)
- Delays in reorganization of business portfolio caused increase in total assets and capital employed

■ Steady progress of "Thorough safety, disaster prevention, and quality assurance," "Preparations for the future," and "Reestablishment of foundation."

- Thorough safety, disaster prevention, and quality assurance: Steady progress toward unwavering trust
- Preparations for the future: Narrowing down of main themes in business development, progress on DX, response to carbon neutral
- Reestablishment of foundation: Human resources investment (training etc.), infrastructure maintenance, uptrend in organizational culture improvement

Decline in Earning Power



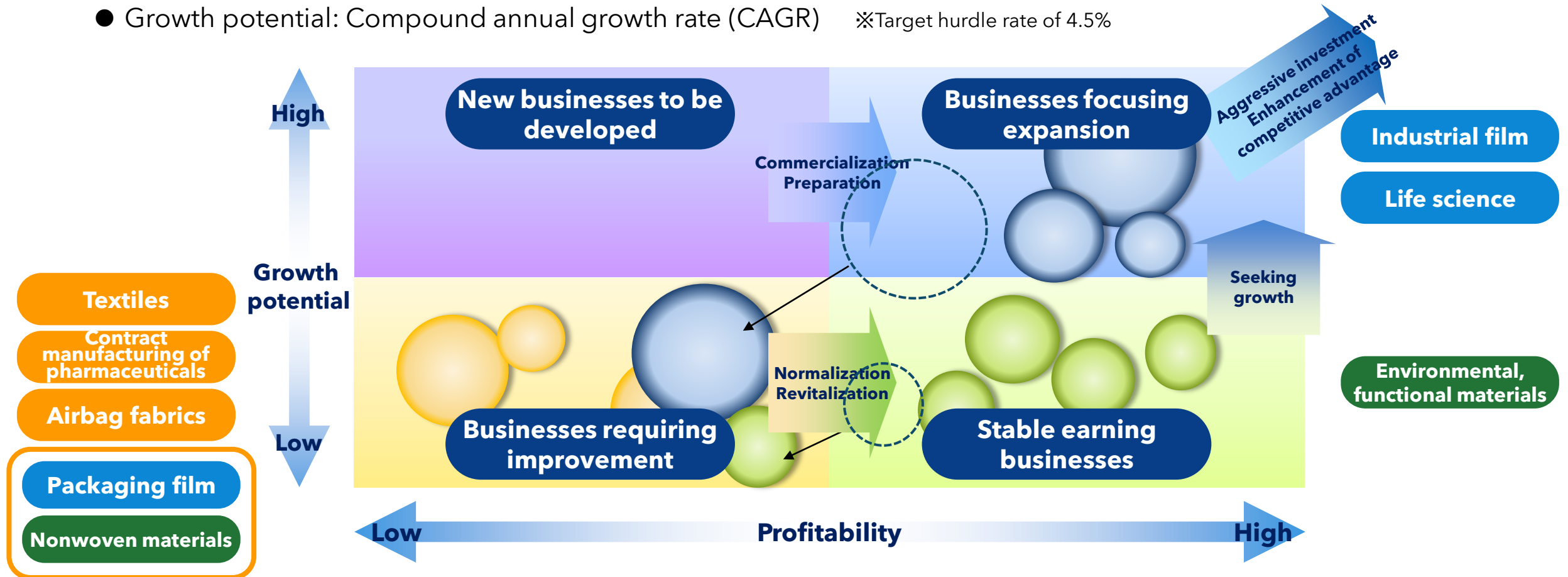
Results by Segment

(¥bn.)

	Net sales			Operating profit		
	FY 3/23 Results	FY 3/24 Results	FY 3/26 Initial plan	FY 3/23 Results	FY 3/24 Results	FY 3/26 Initial plan
Films	146.1	156.5	190.0	1.6	2.7	16.5
Life Science	38.1	34.6	43.0	9.2	4.4	7.0
Environmental and Functional Materials	110.8	115.3	145.0	4.0	4.7	12.5
Others	104.9	107.8	72.0	- 4.8	- 2.8	- 1.0
Total	399.9	414.3	450.0	10.1	9.0	35.0

Reforms delayed due to deteriorating earnings in two businesses

- Profitability: Return on capital employed (ROCE) = Operating profit / Capital employed ※Target hurdle rate of 6.5%
- Growth potential: Compound annual growth rate (CAGR) ※Target hurdle rate of 4.5%



- Determine whether the business is a "stable earning business" or a "business requiring improvement," taking into account not only the hurdle rate but also qualitative information.
- The entire Group's capital efficiency indicator is ROIC, and the management indicator for each business is ROCE.

Factors of Decreasing Earning Power

Deterioration in terms of trade × sales volume decrease + fixed cost/expense increase

	Initial forecasts (As of May 2022)	Current condition (FY 3/23 - FY 3/24)
External factors	Geopolitical risk	- Conflict in Ukraine, increased tension in the Middle East
	Raw materials price remains high	- Raw materials and fuel prices remain high, while coal prices settles (impact of yen depreciation, etc.).
	Recovery from COVID-19 pandemic	- Chinese economy: Slowdown and stagnation, increasing deflationary pressure - Packaging film: Adjustments of inventories became prolonged, slow recovery in volume - Automobile volume recovery. Progress of EVs + acceleration of next-generation development - Significant decrease of reagents for PCR testing, but overseas demand for diagnostic and dialysis-related products increased
Internal factors	4 years to remake and prepare	- Progress in line with roadmap on safety, disaster prevention, quality assurance, and environmental measures - Execution of infrastructure maintenance and renewal investment. Increase in costs for offense/defense
	Growth investment	- Aggressive investment centered on films and life science. Development investment increase - Delay in launch of new equipment and new products for packing film

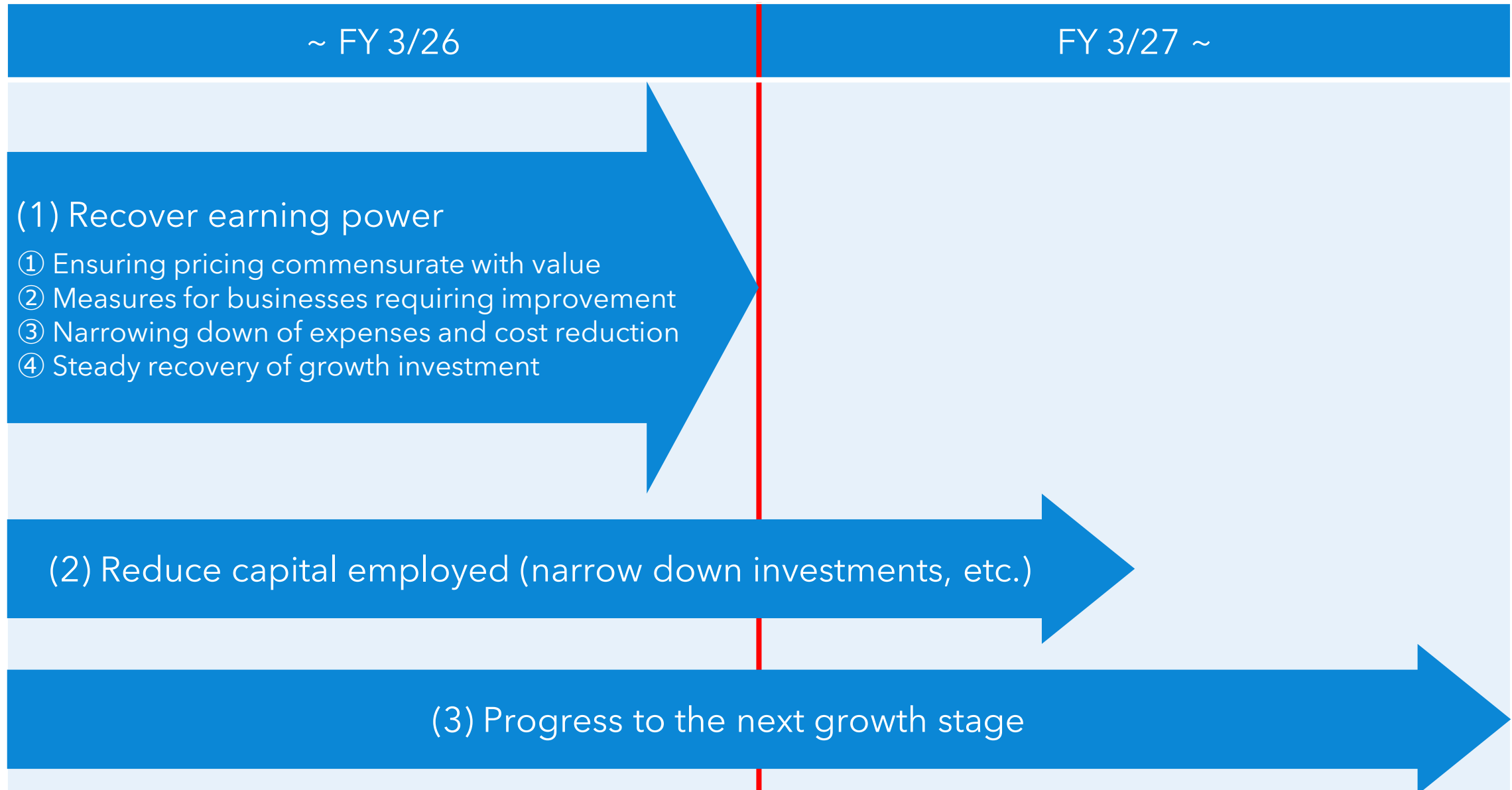
2025 Medium-Term Management Plan: Progress of Four Measures

Measure 1	Thorough safety, disaster prevention, and quality assurance	<ul style="list-style-type: none"> ○ Zero serious incident in FY 3/24 (△ number of work-related injuries increased from the previous year) ○ Development of the quality assurance structure in contract manufacturing of pharmaceuticals and engineering plastics ○ Construction and operation of three defense line
Measure 2	Reorganization of the business portfolio	<ul style="list-style-type: none"> ▲ Businesses focusing expansion: Deterioration in packaging film performance (○ Growth investment in films and life science) △ Stable earning businesses: Start of TOYOBO MC Corporation. Strategies and shift of resources based on business label. Deterioration in nonwoven materials performance. ○ Businesses Requiring Improvement : <ul style="list-style-type: none"> - Achieved profitability in textiles (reorganization of business, two plant suspension and consolidations) - Contract manufacturing of pharmaceuticals and airbag fabrics narrowed their losses and were on track to return to profitability.
Measure 3	Preparations for the future	<ul style="list-style-type: none"> ○ Setting of three areas of innovation creation and priority themes (Innovation Creation Vision) ○ Legacy systems update in progress. Companywide project to reform operations ○ Acquisition of SBT approval, third-party verification of environmental data, and participation in GX League
Measure 4	Reestablishment of foundation	<ul style="list-style-type: none"> ○ Selection of next-generation personnel. Promote diversity and human rights due diligence ○ Development of training for onsite leaders and other engineers ○ Development of and renewal of business sites and plant infrastructure △ Strengthening the group governance structure ○ Instillation of corporate philosophy framework "TOYOBO PWVs"

(○: As planned, △: Delayed, ▲: Severely delayed)

II . Priorities for the second half of 2025 Medium-term Management Plan (action to prepare for FY 3/26 onward)

Actions to Increase Corporate Value



(1) Recover earning power

- ① Ensuring pricing commensurate with value
- ② Measures for businesses requiring improvement
- ③ Narrowing down of expenses and cost reduction
- ④ Steady recovery of growth investment

(2) Reduce capital employed (narrow down investments, etc.)

(3) Progress to the next growth stage

(1) Recover Earning Power: Basic Policy

<p>① Ensuring pricing commensurate with value</p>	<ul style="list-style-type: none">- Follow up on execution of pricing by management: shift price setting from cost based to value based
<p>② Measures for businesses requiring improvement</p>	<ul style="list-style-type: none">- Packaging film: Production system revision, early expansion of eco-conscious products, sales expansion for overseas- Nonwoven materials: Reorganization of domestic business, production system revision- Airbag fabrics, contract manufacturing of pharmaceuticals: Execution of the roadmap to profitability- Textiles: Returned to profitability in FY 3/24 → pursue capital efficiency improvement
<p>③ Narrowing down of expense and cost reduction</p>	<ul style="list-style-type: none">- Increase in cost competitiveness of business sites and plants- Reduction in cost of indirect materials and services- Increase in operational efficiency and productivity
<p>④ Steady recovery of growth investment</p>	<ul style="list-style-type: none">- Profit increase by realizing effects of growth investments and development investment

(1) Recover Earning Power: ② Measures for Businesses Requiring Improvement

Packaging film

Factors in deterioration of operating results		Measures
<ul style="list-style-type: none"> - High prices for raw materials and fuel - Delayed and insufficient price increase 	Deterioration in terms of trade	<ul style="list-style-type: none"> - Accelerated shift to eco-conscious products - Accelerate roll-out of ultra-highly rigid OPP film - Thorough revision of product pricing - Marketing reforms (including strengthening overseas sales) - Early full-fledged operation of new equipment - Review of production system, narrow down investments
<ul style="list-style-type: none"> - Prolonged distribution inventory adjustment (partially affected by imported products) - Change in consumer behavior 	Sales volume decrease	
<ul style="list-style-type: none"> - Delay in new equipment launch (start-up cost recorded) 	Fixed cost increase	

Nonwoven materials

Factors in deterioration of operating results		Measures
<ul style="list-style-type: none"> - Competition with overseas products - Commoditization 	Profit decrease	<ul style="list-style-type: none"> - Strengthening and promotion of development - Revision of domestic production system - Expansion of production outsourcing

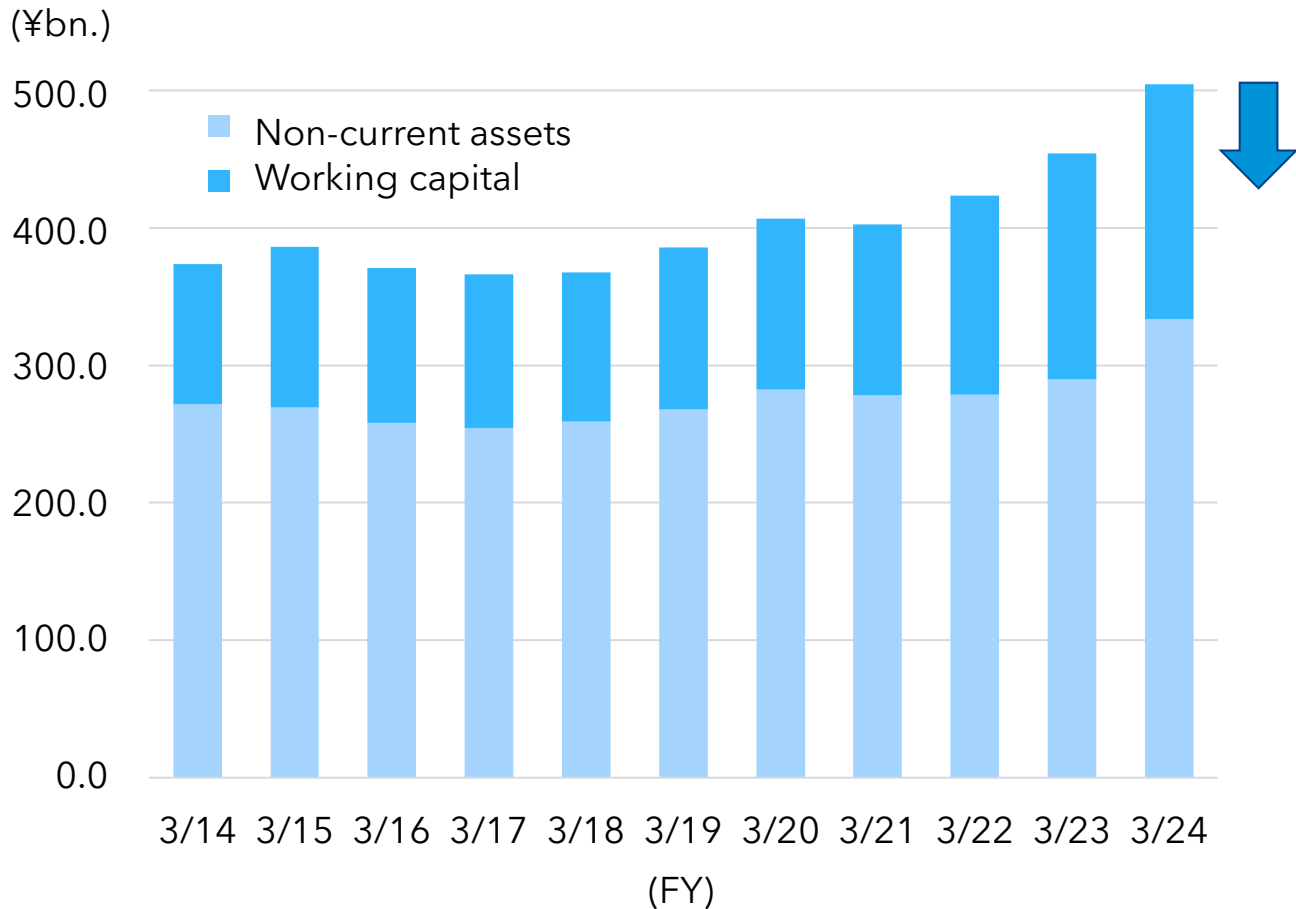
Productivity reform and cost structure changes
(eliminate, consolidate, connect) through companywide project

- Increase in cost competitiveness of business sites and plants
(revise corporate division expenses and reallocate businesses)
- Reduction in cost of indirect materials and services
- Increase in operational efficiency and productivity
(increase operation quality while reducing costs)

(2) Reduce Capital Employed

Emphasis on capital efficiency and optimization of capital employed

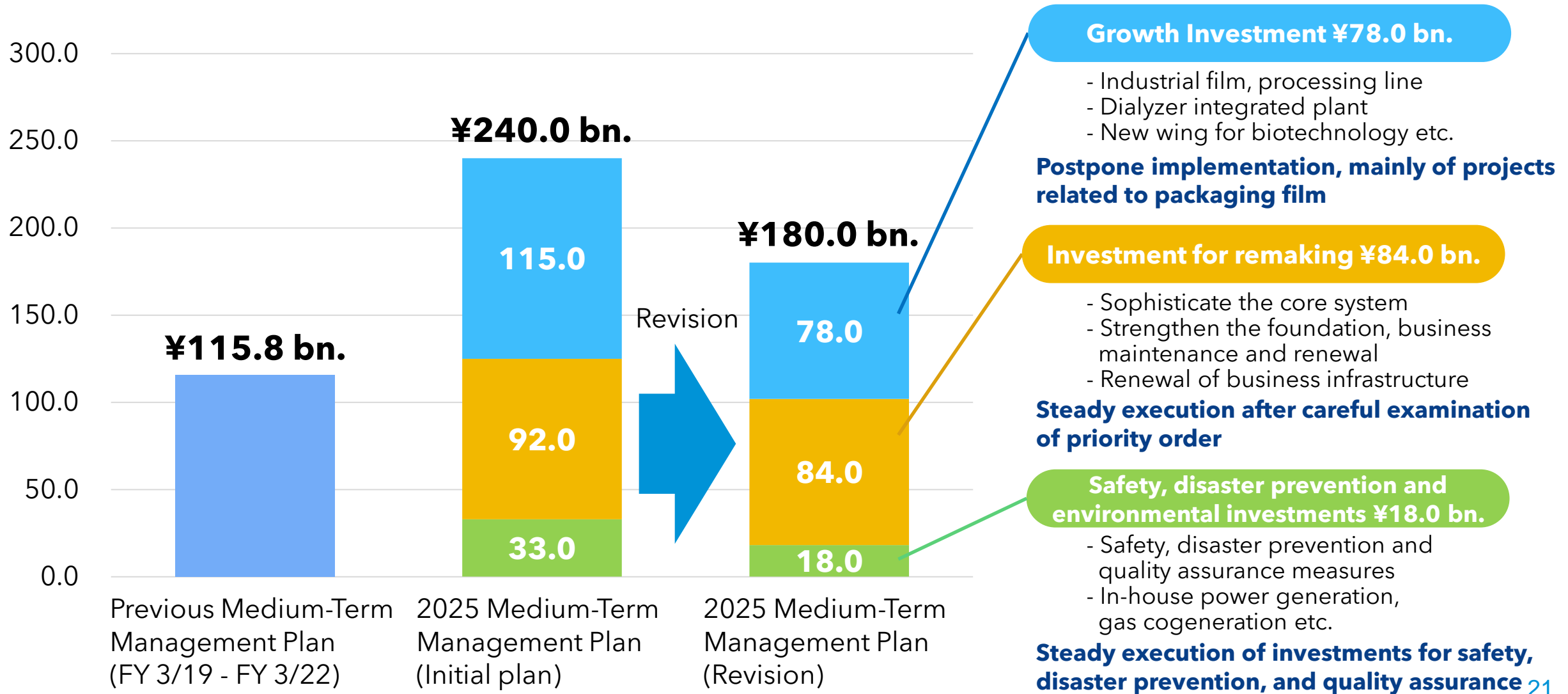
Changes in capital employed



- Narrow down investments
- Business portfolio reforms
 - Normalization of businesses requiring improvement
 - Stratification and countermeasure execution based on hurdle rate (operating profit margin on employed capital)
- Divestment of non-business assets

(2) Reduce Capital Employed: Narrow down Investments

Revision of CAPEX to reduce by 60.0 billion yen



(3) Progress to the Next Growth Stage: Growth Strategy for Films

Increased production and expansion of highly functional film

* Compared to FY 3/22

- Mold releasing film for MLCC
 - New inline coating equipment
 - Processing equipment Unit 2
 - Horizontal recycling
- Approx. 2.5x increase in production capacity**
- Polarizer protective films for LCDs "COSMOSHINE SRF"
 - Establish system for increased production through thinner films and modification of existing production lines



New manufacturing equipment to be built at the Utsunomiya Plant (image)

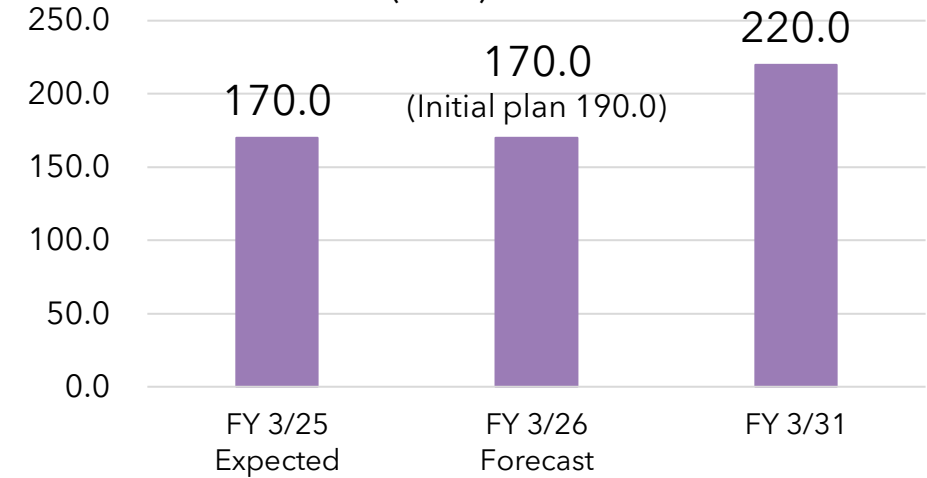
Development of new highly functional film

- Expand implementation of PEN film (wind power generation (isolation), sealers for fuel battery cells)
- Development of post-"COSMOSHINE SRF", post-mold releasing film for MLCC (semiconductor process, eco-conscious, foldable)

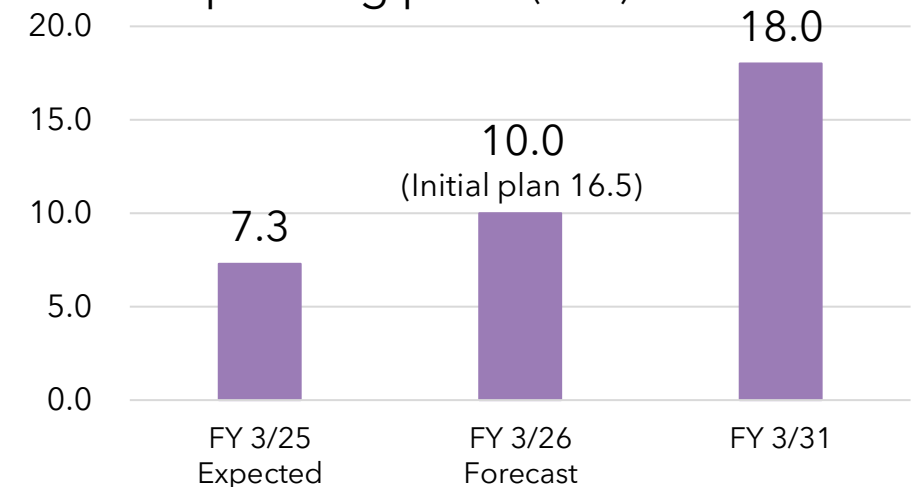


New MIRAI fuel cell unit

Net sales (¥bn.)



Operating profit (¥bn.)



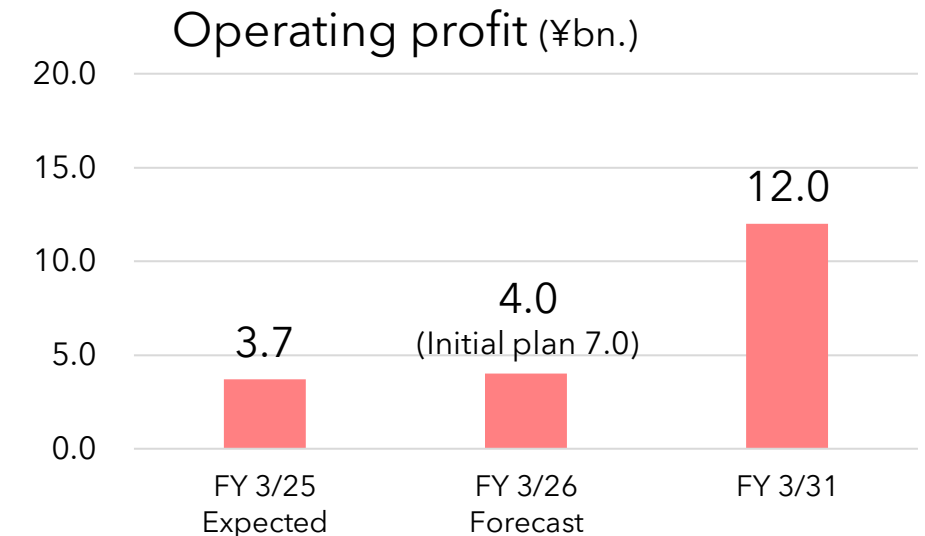
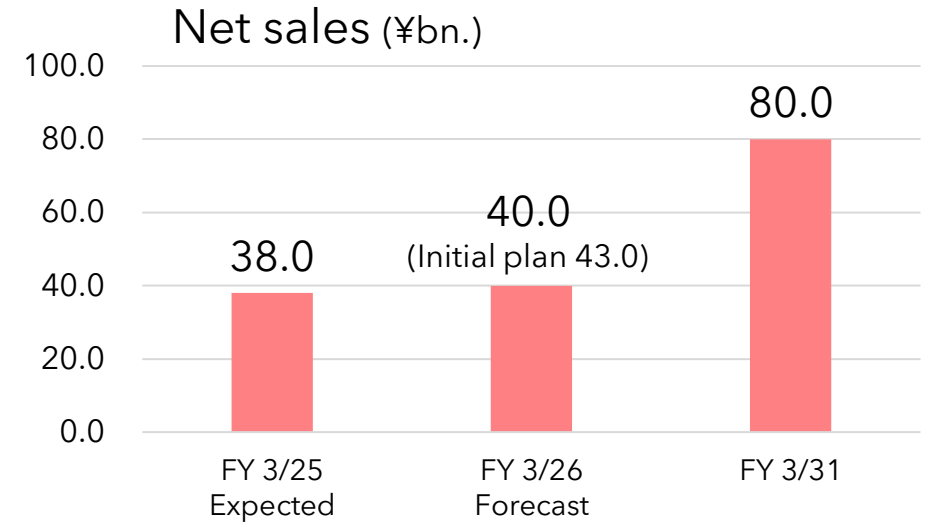
(3) Progress to the Next Growth Stage: Growth Strategy for Life Science

Biotechnology business

- Raw enzymes for biochemical diagnosis
 - Production capacity expansion, **approx. 1.5x increase in production capacity (from 2024)**, and expansion of overseas development
- Expansion of solutions business for infectious diseases
 - New equipment for raw materials for genetic diagnostic reagents**Approx. 3x increase in production capacity (from 2024)**
- Development of biotechnology in other markets
 - Biomanufacturing (agricultural spreading agent)

Medical materials business

- Increase production of artificial kidney hollow fiber while closely watching overseas development
 - Integrated production plant jointly with Nipro Corporation (from 2024, Odate City, Akita Prefecture)
- Expansion of applications for acute blood purification membranes and process membranes
 - CART membranes (ascites filtration and concentration), virus removing membranes, filtration membranes for culture media
- Expansion of biomaterials business
 - Antithrombogenic polymer "SEC ONE SURFACE"



(3) Progress to the Next Growth Stage: Growth Strategy for Environmental, Functional Materials

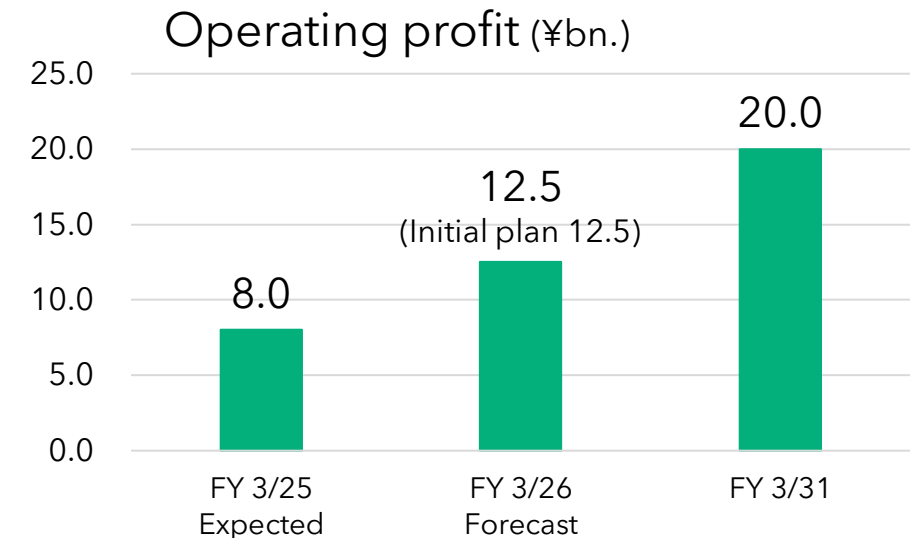
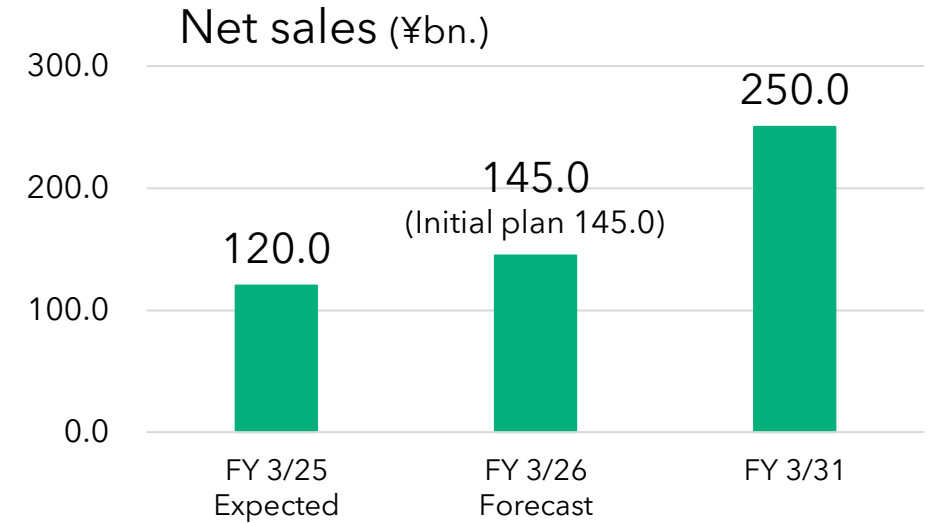
Resin and chemicals business

- Engineering plastics
 - EV response, expansion of OEM for overseas companies
- "VYLON" "HARDLEN"
 - Lithium-ion battery pouch applications, high-speed transmission applications (low dielectric)
 - Practical use of "vitrimers"* (adhesive sheets for electronic materials)

* "Vitrimer" is a registered trademark of FONDS ESPCI PARIS.

Environment and fiber business

- VOC recovery equipment
 - For lithium-ion battery separator plants
- Water treatment membrane
 - FO membranes (energy savings in seawater desalination process, osmotic pressure power generation), BC membranes (wastewater treatment etc.)
- High performance fibers
 - Mooring cables for offshore floating wind power generation



(3) Progress to the Next Growth Stage: Organization for Innovation Creation

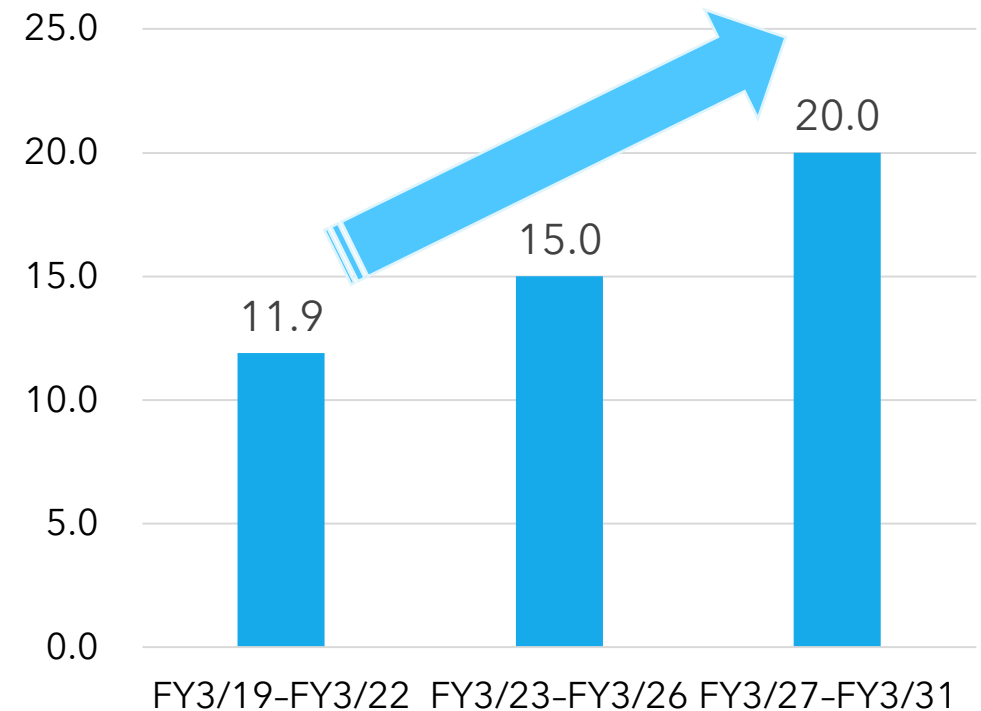
Company-wide innovation system through collaboration between corporate research and divisional development



- R&D open innovation
 - Investment in U.S. biotech venture, comprehensive partnership agreement with Kobe University
- Marketing Innovation
 - TOYOBO MC Corporation: Mobility Business Strategy Unit

Amount of R&D investments

Ratio of R&D expenses to net sales 3.6-3.8%



Annual amount of R&D investments (billions of yen/year) (including intellectual property-related expenses)

(Reference) TOYOBO MC Corporation: Start of Mobility Business Strategy Unit

Establishment of a new organization to promote business in the mobility field, supervised by the President

- Change from previous material proposal type approach to direct OEM approach
⇒ Promote integrated development from the concept planning stage for next-generation automobiles
- Utilize knowledge and network of the Mitsubishi Corporation Group (including Beyond Materials Corporation*)
- Priority themes
 - (1) Metal replacements for mass reduction (weight reduction)
 - (2) Next-generation interior and exterior parts (adoption of plastics, functionality)
 - (3) Next-generation environmental response (recycling)
 - (4) New materials and technology (further development of processing technology)
 - (5) Fluorine alternatives (regulation compliance)

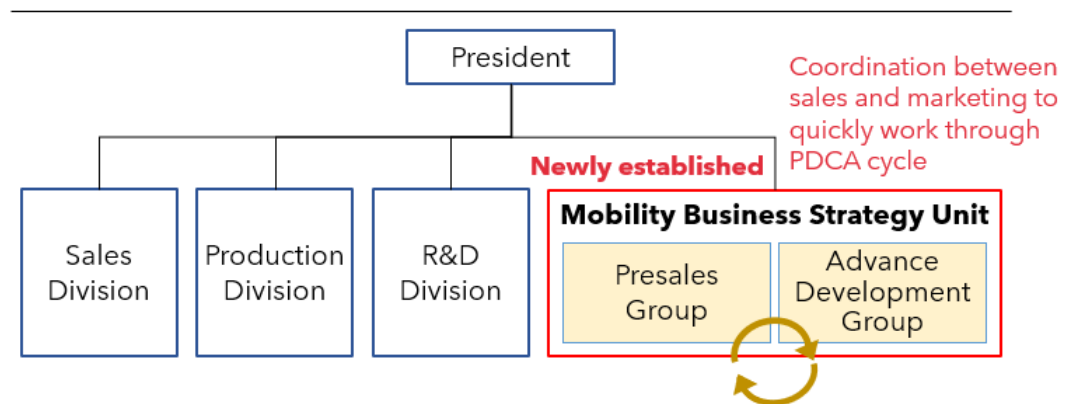
* Beyond Materials Corporation

Consulting and engineering services company for the materials industry

Joint venture between Mitsubishi Corporation and FEV Consulting GmbH (Germany)

Using digital technology to provide wide-ranging support/services mainly in the areas of market research, strategy formulation/execution, and product development and testing

Organization structure

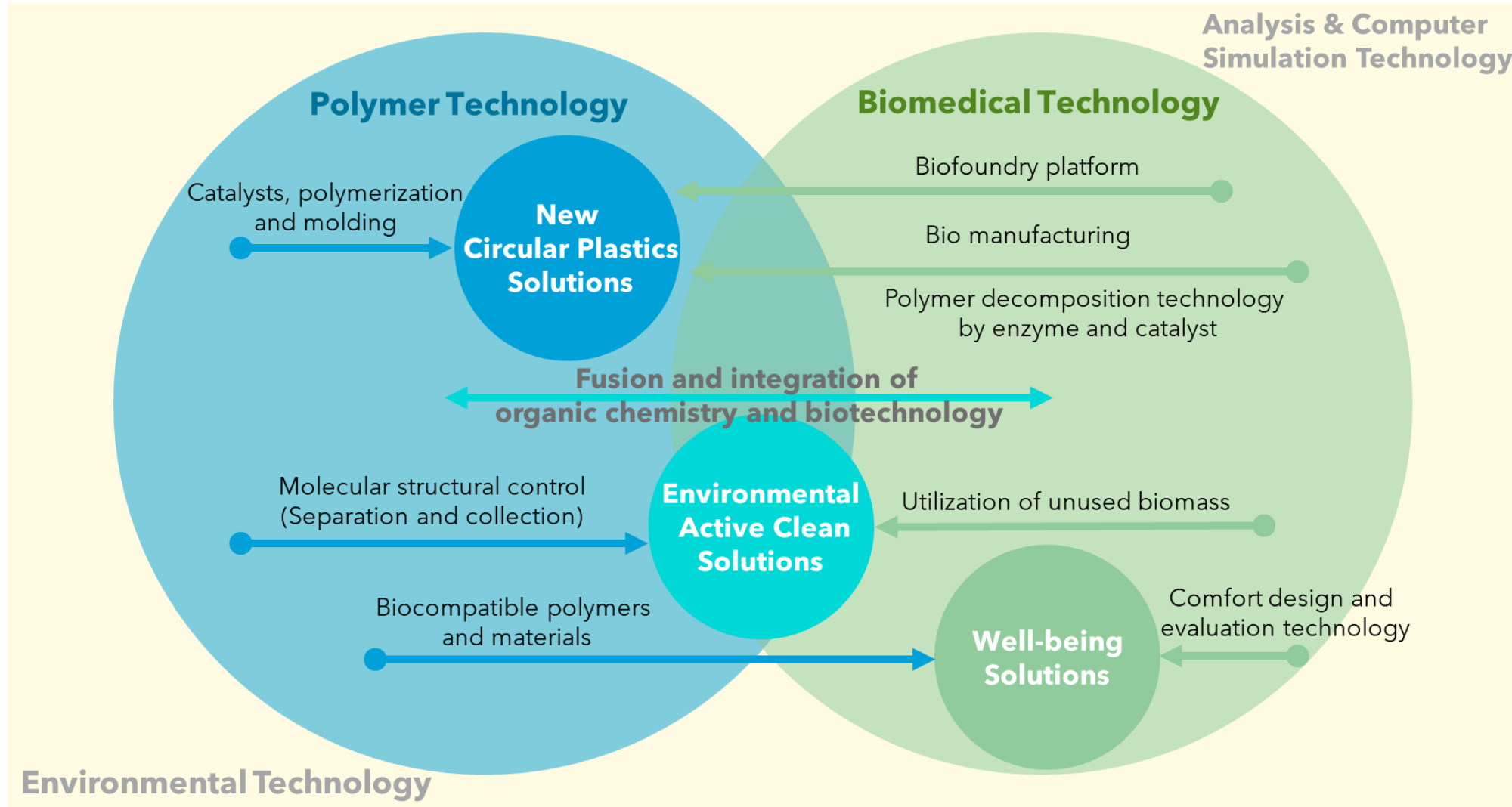


Net sales target in the mobility domain: FY 3/31 100.0 billion yen

(within net sales for the Environmental and Functional Materials segment)

(3) Progress to the Next Growth Stage: Challenge for New Domains by Integrating Core Technologies

Four core technologies : polymer technology, biomedical technology, environmental technology, and analysis & computer simulation technology.



(3) Progress to the Next Growth Stage: New Creation in Three Areas

New Circulation Plastics Solution	Conversion to renewable polymer <ul style="list-style-type: none">- Highly efficient chemical recycling of used plastics (establishment of R Plus Japan, Ltd., utilization of Anellotech Inc.'s technology)- 100% biomass new plastic such as PEF (Polyethylene furanoate)
Environmental Active Clean Solution	Providing new eco-conscious materials and services <ul style="list-style-type: none">- Practical use of "vitrimers"* which is eco-friendly, solvent-free and high-heat-resistant adhesive materials- Energy savings in seawater desalination process using FO membranes (forward osmosis)- Expansion into energy conservation, salt making, wastewater treatment, and recovery of valuable substances using BC membranes (treating high-concentration salt water)- Material for organic photovoltaics: Outstanding energy-saving technology. Achieve the world's highest level of conversion efficiency in a dim room
Well-Being Solutions	Medical materials and devices that meet Unmet Medical Needs <ul style="list-style-type: none">- Acute blood purification membrane: Ascites filtration and concentration membrane (CART), therapeutic devices for sepsis- Biocompatible polymer: Polymer that can provide characteristics such as antithrombogenicity, inflammation prevention, and antibiofouling for plastics, metals, medical devices, etc. Providing value to the next-generation medicine <ul style="list-style-type: none">- "Catarosev" : Purification kit to recover exosomes with high efficiency, purity and yield
Cross-domains	Providing petroleum-free and sustainable materials through "biomanufacturing" <ul style="list-style-type: none">- MEL: Providing surfactants produced by microorganisms as agricultural spreading agent, blending agents for feed, coating agent for sanitary materials, etc.<ul style="list-style-type: none">※ Selected for NEDO "Research and Development of Technologies to Promote Biomanufacturing"

* "Vitimer" is a registered trademark of FONDS ESPCI PARIS.

Ⅲ. Financial indicators (forecasts for FY 3/26) and improvement of ROE and ROIC

Financial Indicators (FY 3/26 Forecasts)

	FY 3/22 Results	FY 3/23 Results	FY 3/24 Results	FY 3/26 Forecasts	FY 3/26 Initial plan
Net sales (¥bn.)	375.7	399.9	414.3	450.0	450.0
Operating profit (¥bn.)	28.4	10.1	9.0	25.0	35.0
(Ratio to sales) (%)	7.6	2.5	2.2	5.6	7.8
EBITDA (¥bn.) *1	48.5	29.1	28.8	51.0	63.0
Profit attributable to owners of parent (¥bn.)	12.9	- 0.7	2.5	9.0	15.0
ROE (%) *2	6.8	-	1.3	≥ 4.5	≥ 7.0
ROIC (%) *3	5.1	1.7	1.3	≥ 4.0	≥ 5.0
D/E ratio	0.98	1.21	1.26	< 1.40	< 1.20
Net Debt / EBITDA ratio *4	3.4	5.8	7.5	< 5.0	< 5.0
CAPEX (FY 3/23-FY 3/26 cumulative) (¥bn.)				180.0	240.0

*1 Operating profit + Depreciation (includes goodwill) *2 *Profit / Beginning and ending balance average shareholder's equity

*3 *NOPAT / (Interest-bearing debt + Net assets) *4 (Interest-bearing debt - Cash and deposits) <Ending> / EBITDA

Targets by Segment (FY 3/26 Forecasts)

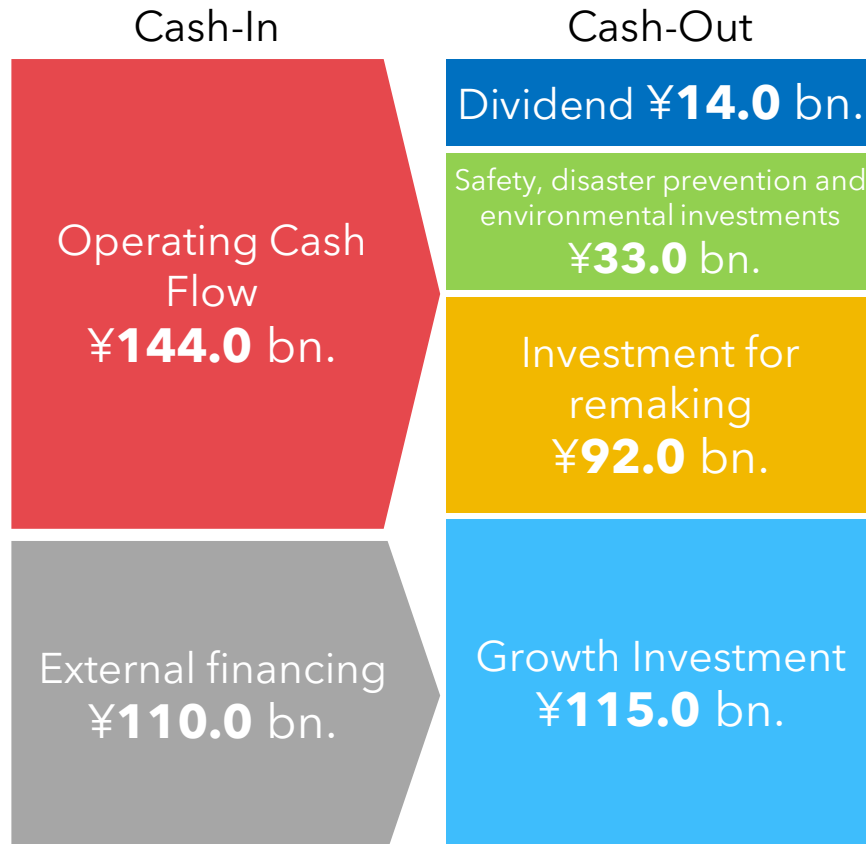
(¥bn.)

	Net sales				Operating profit			
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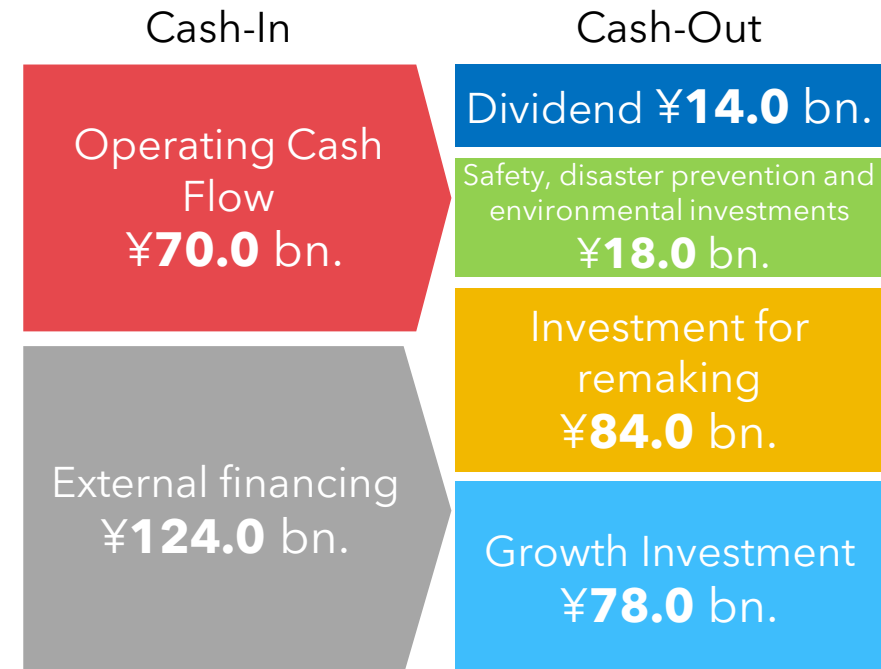
Cash Flow Allocation (FY 3/23 - FY 3/26)

◇ CAPEX: Prioritization of safety, disaster prevention, and environmental response, and revision according to decrease in operating cash flow

Initial plan



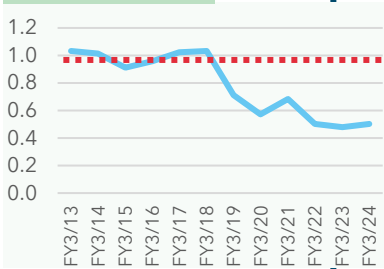
Revision



Management that is Conscious of Cost of Capital and Stock Price: Perception of the Current State

PBR 0.49

Market capitalization
Shareholder's equity



ROE 2.6 %

Net profit
Shareholder's equity



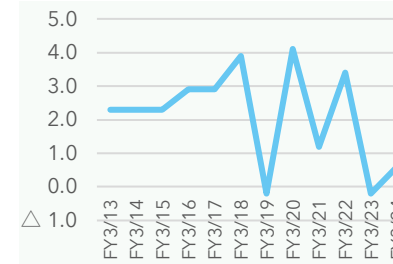
ROA 0.9 %

Net profit
Total assets



ROS 1.3 %

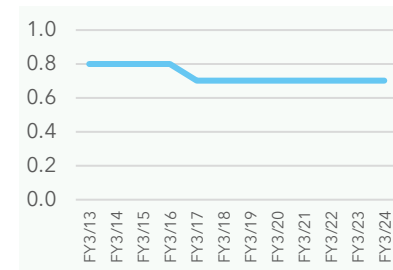
Net profit
Net sales



Improve profitability

Total asset turnover 0.70

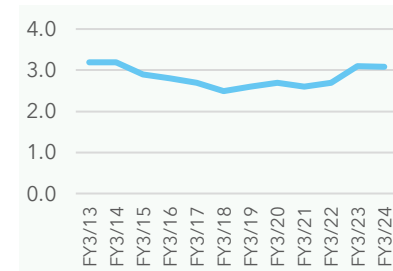
Net sales
Total assets



Improve capital efficiency

Financial Leverage 2.96

Total assets
Shareholder's equity



Fostering of growth expectations

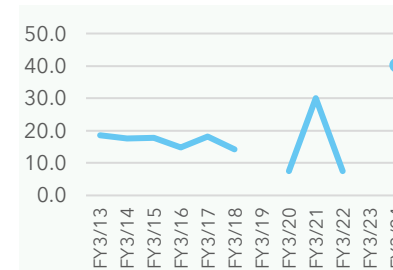
PBR: Significant decrease over the past few years



- ROE deteriorated
- PER decrease also affected

PER 24.0

Market capitalization
Net profit



*Indicators are average of FY 3/22, FY 3/23, FY 3/24

Management that is Conscious of Cost of Capital and Stock Price: Improvement of ROE and ROIC

Measure 2: Reorganization of the business portfolio

(1) Recover earning power

① Ensuring pricing commensurate with value

② Measures for businesses requiring improvement

- Textiles, airbag fabrics, contract manufacturing of pharmaceuticals
- Packaging film, nonwoven materials

③ Narrowing down of expenses and cost reduction

④ Steady recovery of growth

(2) Reduce capital employed
(narrow down investments, etc.)

Measure 3: Preparations for the future

(3) Progress to the next growth stage

Measure 1: Thorough safety, disaster prevention, and quality assurance

Measure 4: Reestablishment of foundation

Improve profitability
(ROS ↑)

Improve capital efficiency
(total asset turnover ↑)

ROE ↑

Fostering of growth expectations

Risk reduction
(cost of equity ↓)

PER ↑

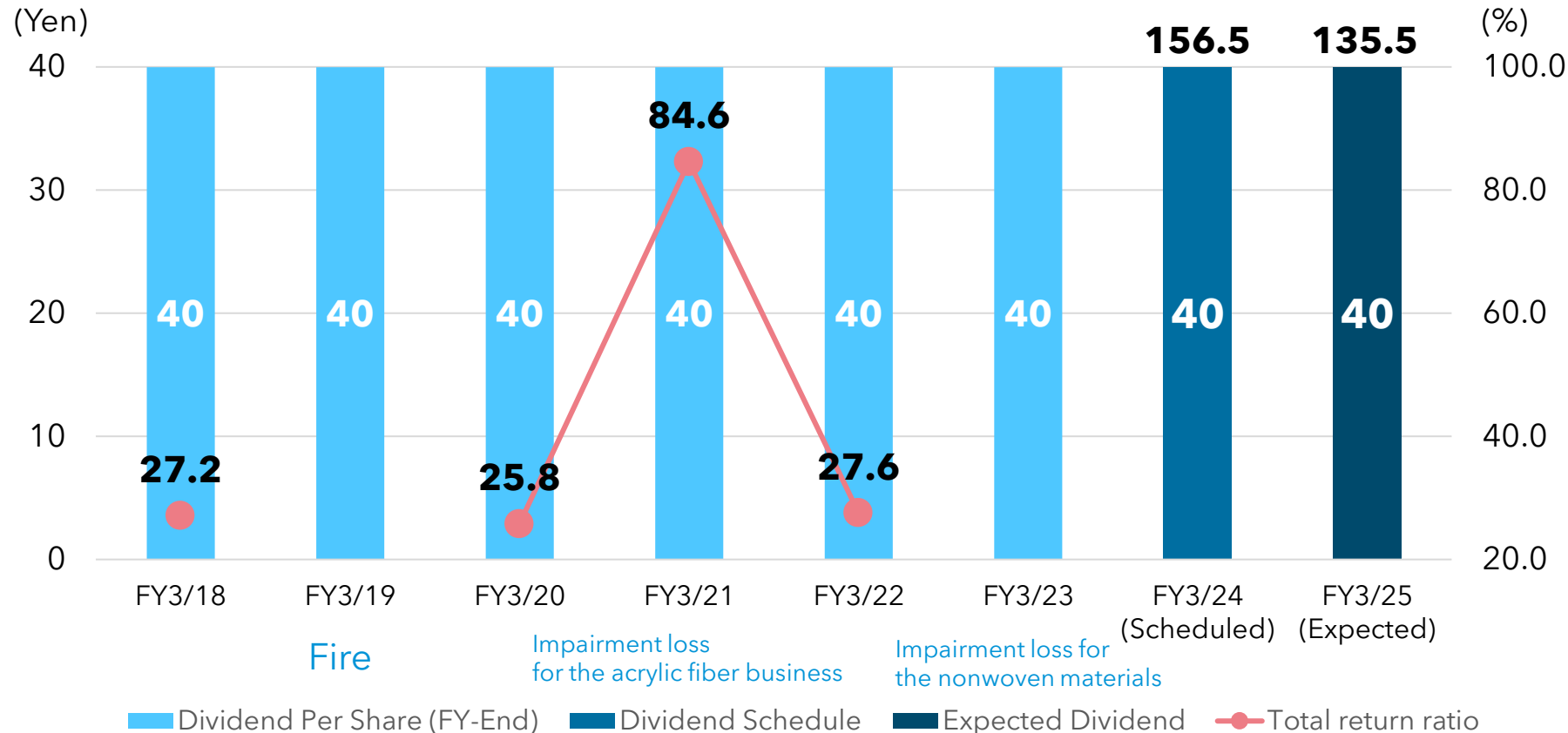
PBR ↑

Policy on Shareholders Returns

■ The policy during the term of 2025 Medium-Term Management Plan

Aim for a total return ratio of 30% (share buybacks are also included as an option), based on continually provide a stable dividend, in a comprehensive consideration of such factors as sustainable profit levels, retention of earnings for future investment and improving the financial position.

- Dividend FY 3/24 : ¥40 / Share (Schedule)
FY 3/25 : ¥40 / Share (Expected)



Appendix

We will be a group that continues to create the solutions needed by people and the Earth with materials and science

1. Contributing to solving social issues through business operations
2. Sustainable growth (solid foundation and track for future growth)
3. People First (safe working environment where employees can work with peace of mind, pride and rewarding work, self-growth)

Sustainability indices

Serious incidents

ZERO

Employee engagement score

Over **70%**

GHG emissions cut (over FY 3/14)

Over **46%**

Carbon neutrality in FY 3/51

Ratio of green materials in main business operation*

60%

*Assumed to be film business

Financial indices

Consolidated sales

600 billion yen

Operating profit margin

Over **8.3%**

ROE

Over **9%**

ROIC

Over **7%**

2025 Medium-Term Management Plan: Four Measures

(Announced in May 2022)

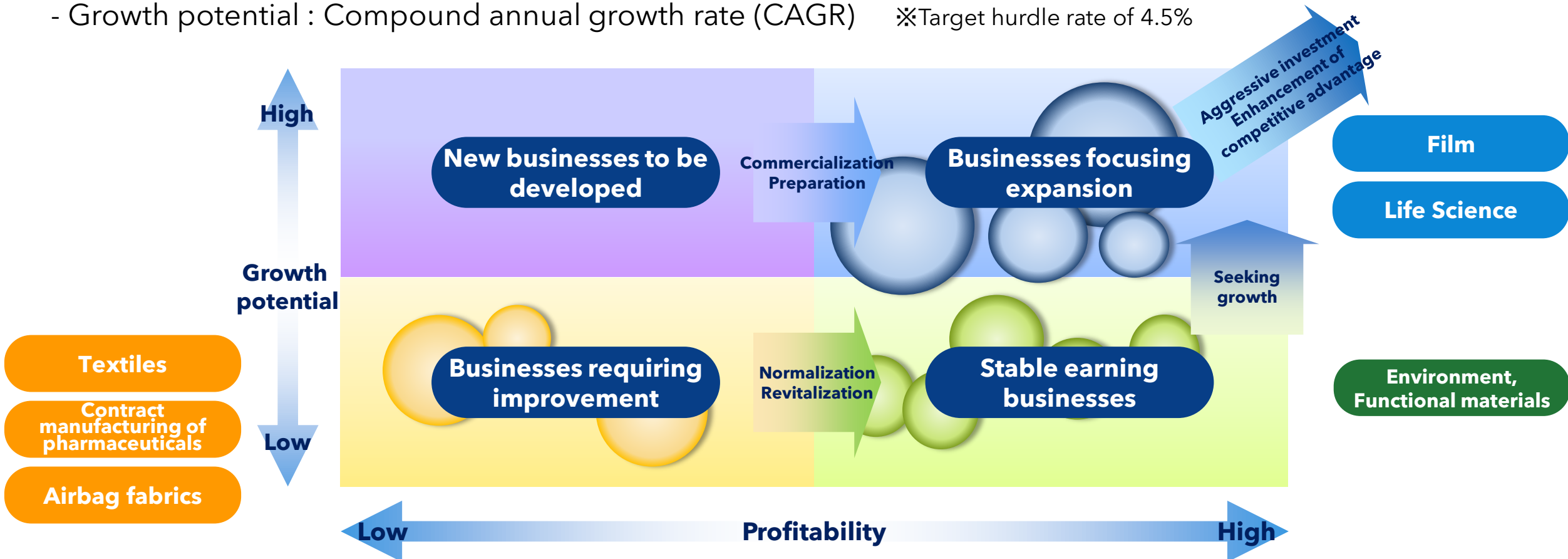


Measure 1	Thorough safety, disaster prevention, and quality assurance	<ul style="list-style-type: none">- Execute a master plan for safety and disaster prevention “zero accidents”- Reconstruct the quality assurance management structure- Risk management structure
Measure 2	Reorganization of the business portfolio	<ul style="list-style-type: none">- Stratify businesses (return on capital employed and growth potential)<ul style="list-style-type: none">(1) Focused expansion: proposal and implementation of growth measures, and enhancement of competitive advantage(2) Stable earning: seeking growth or maintenance and improvement(3) Requiring improvement: implementation of the master plan for what the business should be
Measure 3	Preparations for the future	<ul style="list-style-type: none">- Creation of new businesses and technologies: strengthening of environment and biotechnology related business, and Mirai Pro POC- DX strategy : SFA, MI, Smart Factory, and new earning ways- Roadmap for carbon neutrality (2050)
Measure 4	Reestablishment of foundation	<ul style="list-style-type: none">- Promote human resources development, diversity- Workplace capabilities in manufacturing- Development of the business base- Governance / Compliance - Change of the organizational culture

2025 Medium-Term Management Plan: Reorganization of the Business Portfolio (Announced in May 2022)

Assess and stratify each business into 4 quadrants with 2 axes: "Profitability" and "Growth potential"

- Profitability : Return on capital employed (ROCE) = Operating profit / Capital employed ※Target hurdle rate of 6.5%
- Growth potential : Compound annual growth rate (CAGR) ※Target hurdle rate of 4.5%



- Determine whether the business is a "stable earning business" or a "business requiring improvement," taking into account not only the hurdle rate but also qualitative information.
- The entire Group's capital efficiency indicator is ROIC, and the management indicator for each business is ROCE.

2025 Medium-Term Management Plan: Financial Targets

(Announced in May 2022)



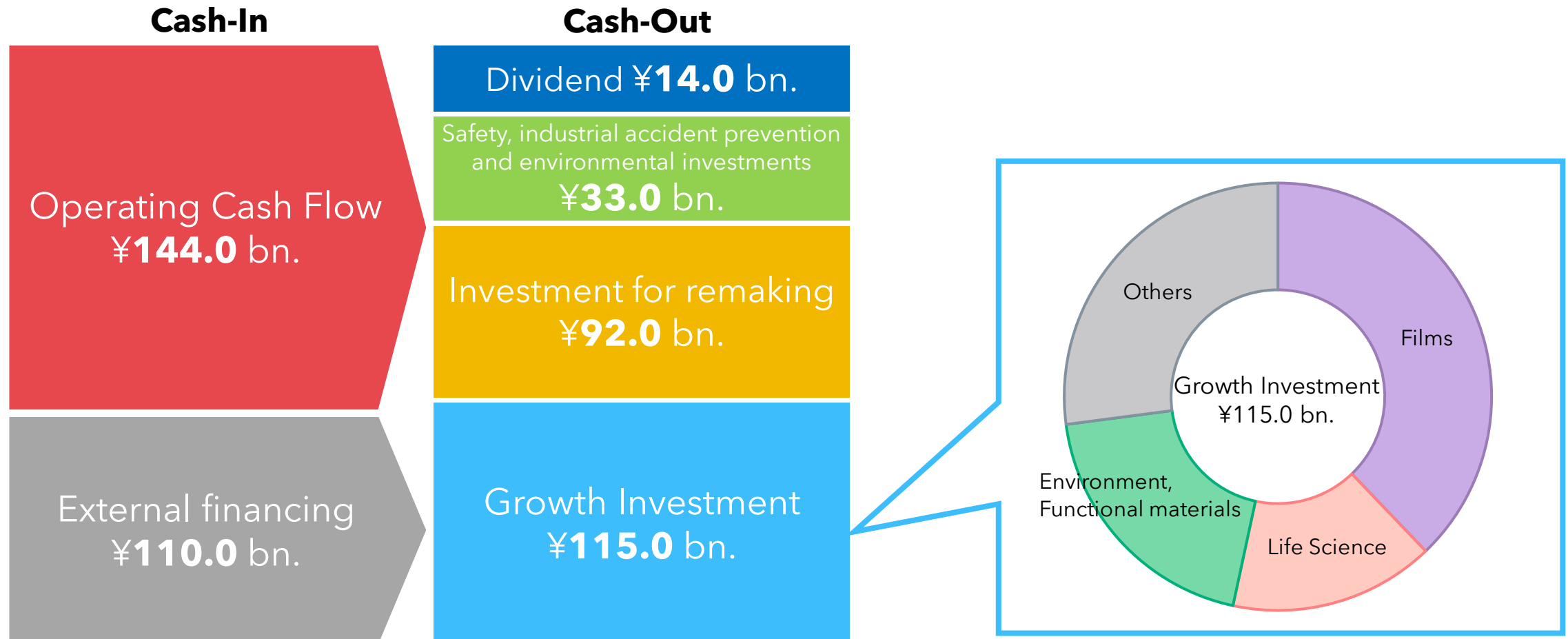
	FY 3/22 Results	FY 3/23 Results	FY 3/26 Targets	FY 3/31 Image
Net sales (¥bn.)	375.7	399.9	450.0	600.0
Operating profit (¥bn.)	28.4	10.1	35.0	50.0
(Ratio to sales) (%)	7.6	2.5	7.8	8.3
EBITDA (¥bn.)	48.5	29.1	63.0	90.0
Profit attributable to owners of parent (¥bn.)	12.9	- 0.7	15.0	23.0
ROE (%)	6.8	-	≥ 7.0	≥ 9.0
ROIC (%) *	5.1	1.7	≥ 5.0	≥ 7.0
D/E ratio	0.98	1.21	< 1.20	< 1.00
Net Debt / EBITDA ratio	3.4	5.8	< 5.0	< 4.0

* NOPAT / (Interest-bearing debt + Net assets)

Capital Policy : Cash Flow allocation (FY 3/23 - FY 3/26)

(Announced in May 2022)

- Give first priority to safety, disaster prevention and environmental responses, and at the same time, make aggressive investment in growing businesses
- Financial management: External financing within the range of D/E ratio of less than 1.2 times, and Net Debt / EBITDA ratio of the 4 times level



The business performance forecasts and targets included in the business plans contained in this presentation are based on information known to the Company's management as of the day of presentation. Please be aware that the content of the future forecasts may differ significantly from actual results, due to a number of unforeseeable factors.

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