

November 7, 2024



# Presentation to Investors

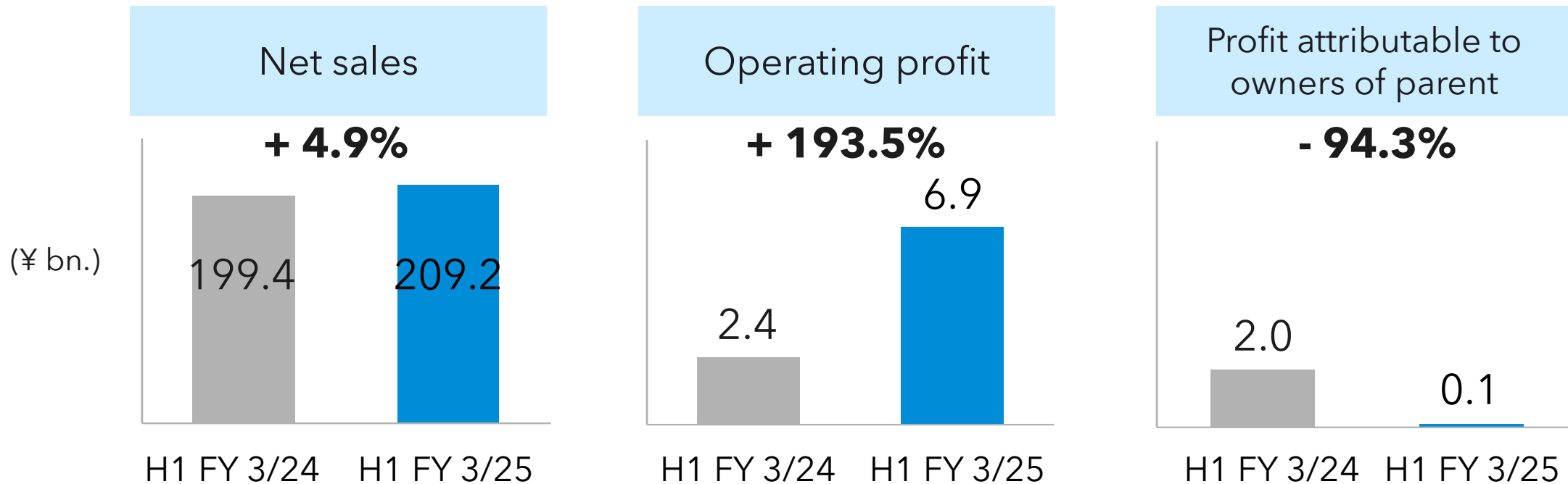
for the Second Quarter Ended September 30, 2024

TOYOBO CO., LTD.

## H1 FY 3/25 Results

Operating profit increased because profit improved for Industrial film, Environmental and Functional Materials and Functional Textiles, though operating profit of Life Science decreased.

Net profit was ¥0.1 billion due to loss on disposal of fixed assets and the effect of exchange fluctuations.



## FY 3/25 Forecasts

We forecast operating profit of ¥17.0 billion and net profit of ¥2.6 billion, based on improvement of profit for Packaging film and Life Science, in addition to volume increase for electronic materials, improvement of terms of trade and cost reduction.

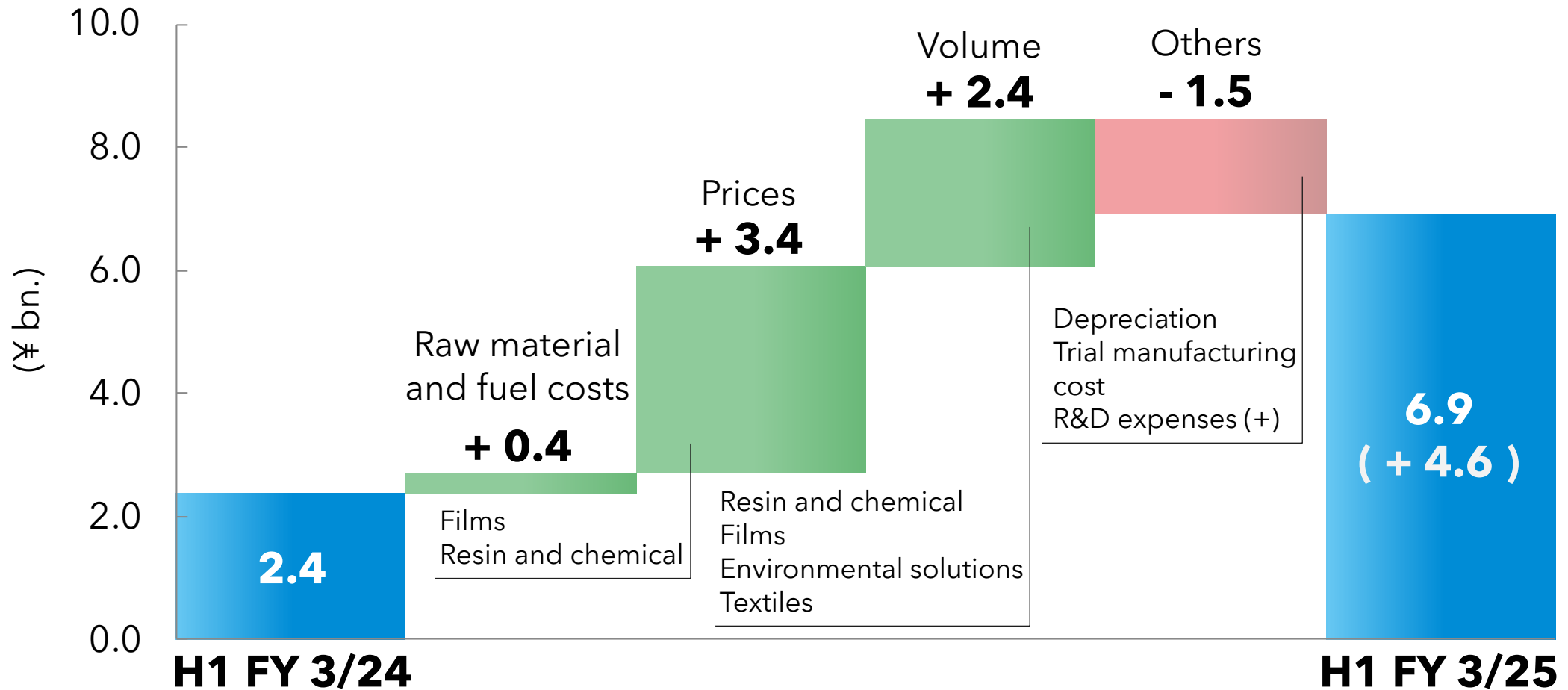
# Summary of Results: P&L

**TOYOBO**

(¥ bn.)

	FY 3/24		FY 3/25	YOY	
	H1	H2	H1	Amount	%
Net sales	199.4	214.8	<b>209.2</b>	+9.7	+4.9%
Gross profit	41.8	46.2	<b>47.3</b>	+5.5	+13.2%
Operating profit	2.4	6.6	<b>6.9</b>	+4.6	+193.5%
(Ratio to sales)	1.2%	3.1%	<b>3.3%</b>	-	-
Ordinary profit	1.0	5.9	<b>3.2</b>	+2.1	+206.5%
Extraordinary income and losses	2.0	- 3.4	<b>- 0.9</b>	- 2.9	-
Profit attributable to owners of parent	2.0	0.4	<b>0.1</b>	- 1.9	- 94.3%
EBITDA* <small>* Operating profit + Depreciation (includes goodwill)</small>	11.8	17.0	<b>18.1</b>	+6.4	+54.0%
EPS (¥)	22.8	5.0	<b>1.3</b>	-	-
ROE* <small>*Annualized for H1 of FY 3/25. ( Profit*2 / Beginning and ending balance average shareholder's equity)</small>	1.3%		<b>0.1%</b>	-	-
Operating CF	10.1	11.5	<b>17.1</b>	+7.0	+69.6%
Depreciation	9.4	10.4	<b>11.2</b>	+1.8	+19.0%
CAPEX	30.0	31.6	<b>25.0</b>	- 5.0	- 16.6%
R&D expenses	7.7	7.6	<b>7.2</b>	- 0.5	- 6.4%

# Analysis in Changes in Operating Profit



	FY 3/23		FY 3/24				FY 3/25	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Exchange rate (¥/US\$)	141	132	137	145	148	149	156	148
Naphtha price in Japan (thousand¥/kl)	72	67	67	64	73	73	79	77

# Summary of Results: BS

**TOYOBO**

		(B)	(A)	(¥ bn.)
	Mar. 31, 2023	Mar. 31, 2024	Sep. 30, 2024	(A)-(B)
Total assets	588.9	607.0	<b>603.2</b>	- 3.8
Cash and deposits	60.7	33.8	<b>28.4</b>	- 5.4
Inventories	121.9	122.0	<b>120.0</b>	- 2.0
Property, plant and equipment	240.2	281.5	<b>291.9</b>	+10.4
Net assets	221.4	230.1	<b>228.9</b>	- 1.2
Shareholder's equity	189.6	197.0	<b>193.2</b>	- 3.8
(Retained earnings)	70.5	70.3	<b>67.0</b>	- 3.4
Non-controlling interests	31.8	33.1	<b>35.7</b>	+2.6
Interest-bearing debt	229.4	249.2	<b>256.6</b>	+7.4
D/E ratio	1.21	1.26	<b>1.33</b>	-
D/E ratio (after adjustment of equity content) <sup>*1</sup>	-	-	<b>1.11</b>	-
Net Debt / EBITDA ratio <sup>*2</sup>	5.8	7.5	<b>6.3</b>	-

\*1 D/E ratio after adjustment of equity content of a subordinated term loan and publicly offered subordinated bond

\*2 (Interest-bearing debt - Cash and deposits) <Ending> / EBITDA <Annualized>

# Summary of Results: Segment

**TOYOBO**

(¥ bn.)

(B)

(A)

	Net sales			Operating profit			
	FY 3/24		FY 3/25	FY 3/24		FY 3/25	YOY (A)-(B)
	H1	H2	H1	H1	H2	H1	
Films	78.1	78.5	<b>82.8</b>	1.4	1.3	<b>3.0</b>	+1.6
Life Science	16.6	18.0	<b>17.2</b>	2.4	2.0	<b>0.9</b>	- 1.5
Environmental and Functional Materials	52.5	62.8	<b>55.2</b>	0.4	4.3	<b>3.4</b>	+3.0
Functional Textiles and Trading	45.7	50.0	<b>47.9</b>	- 0.9	- 0.2	<b>0.1</b>	+1.0
Real Estate and Others	6.6	5.6	<b>6.0</b>	1.4	1.6	<b>1.2</b>	- 0.2
Elimination & Corporate	-	-	-	- 2.4	- 2.4	<b>- 1.6</b>	+0.7
Total	199.4	214.8	<b>209.2</b>	2.4	6.6	<b>6.9</b>	+4.6

(¥ bn.)

	FY 3/24			FY 3/25			YOY	
	Q1	Q2	H1	Q1	Q2	H1	Amount	%
Net sales	39.0	39.1	78.1	42.1	40.7	82.8	+4.8	+6.1%
Operating profit (OPM)	1.2	0.2	1.4	1.5	1.5	3.0	+1.6	+110.4%
	3.2%	0.5%	1.8%	3.6%	3.7%	3.6%	-	-

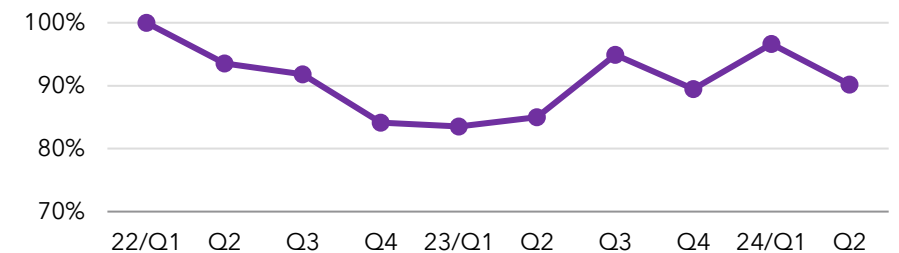
## Packaging film

- Delay in profitability improvement. Although product price revisions proceeded, higher costs, mainly for new product development expenses, had an impact.

## Industrial film

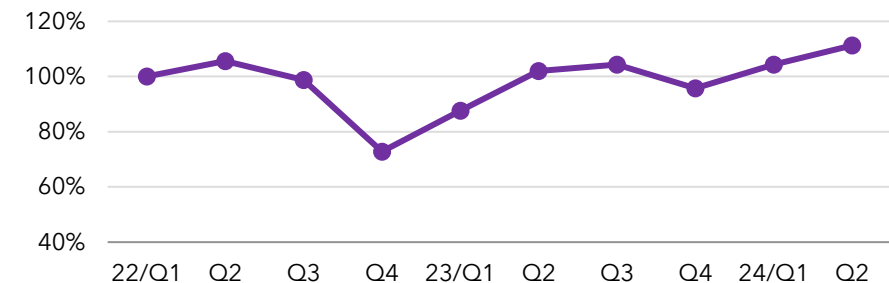
- Polarizer protective films for LCDs were steady.
- Volume of mold releasing film for MLCC increased, but varied across purposes.

Shipping results in the domestic market for OPP film for food packaging (22/Q1:100%)



Source: Created by the Company based on member shipping statistics from the Japan Polypropylene Film Industry Association

MLCC export values from Japan (22/Q1:100%)



Source: Created by the Company based on Trade Statistics of Japan

(¥ bn.)

	FY 3/24			FY 3/25			YOY	
	Q1	Q2	H1	Q1	Q2	H1	Amount	%
Net sales	8.1	8.4	16.6	8.1	9.1	17.2	+0.6	+3.9%
Operating profit	1.4	1.0	2.4	0.4	0.5	0.9	- 1.5	- 62.2%
(OPM)	16.6%	12.4%	14.5%	4.6%	5.8%	5.3%	-	-

## Biotechnology

- Sales of enzymes for diagnostic reagents were strong both in Japan and overseas. Expenses associated with the expansion of production capacity increased.

## Medical materials

- Artificial kidney hollow fiber trended strong. Increase in expenses to launch a new plant, in addition to increased manufacturing costs, had an impact.

## Pharmaceuticals

- Profitability improved as a result of the lifting of the Warning Letter by the FDA (July 2023).



(¥ bn.)

	FY 3/24			FY 3/25			YOY	
	Q1	Q2	H1	Q1	Q2	H1	Amount	%
Net sales	25.0	27.6	52.5	28.1	27.2	55.2	+2.7	+5.1%
Operating profit	- 0.7	1.0	0.4	1.3	2.1	3.4	+3.0	+806.9%
(OPM)	-	3.7%	0.7%	4.5%	7.7%	6.1%	-	-

## Resin and chemical

- Sales of engineering plastics increased for automotive use for the North and Central America.
- Sales of photo-functional materials (photosensitive resin letterpress printing material) were strong mainly in China.

## Environment and fiber

- In the environmental solutions, sales of VOC recovery equipment used in the manufacturing process for LIBS\*1 increased.  
Sales of BC\*2 membrane equipment for lithium recovery contributed.
- In the high performance fibers, overseas demand was steadily captured to achieve strong performance.

\*1 lithium-ion battery separators

\*2 Brine Concentration

(¥ bn.)

	FY 3/24			FY 3/25			YOY	
	Q1	Q2	H1	Q1	Q2	H1	Amount	%
Net sales	22.2	23.5	45.7	24.0	23.9	47.9	+2.3	+5.0%
Operating profit	- 0.7	- 0.1	- 0.9	0.2	- 0.1	0.1	+1.0	-
(OPM)	-	-	-	0.8%	-	0.2%	-	-

## Textiles

- Sales of traditional Arabic fabric grew due to strong demand.  
Exports saw an uptick in profitability due to the effect of exchange fluctuations.
- Profitability improved as a result of reforms of business structure such as the consolidation of production bases in Japan.

## Airbag fabric

- Profitability improved as product price revisions proceeded.

# Main Actions by Businesses (Progress)



Segment	Action plan (Planned in May 2024)	Progress*
Films	<p><b>Improvement in profitability of packaging film and further expansion of industrial film</b></p> <ul style="list-style-type: none"> <li>- Packaging film: Further price revisions. Full fledged launch of new production equipment and new product. Review production system.</li> <li>- Mold releasing film for MLCC: Respond to customers' production increase following a recovery in market conditions. Launch of new production equipment.</li> <li>- Polarizer protective films for LCDs: Respond to customers' production increase.</li> </ul>	<p>D</p> <p>P</p> <p>P</p>
Life Science	<p><b>Reliable launch of new production equipment and implementation of measures for growth</b></p> <ul style="list-style-type: none"> <li>- Biotechnology: Expand sales of enzymes for biochemical diagnostic reagents. Launch of renovated equipment for increased production.</li> <li>- Medical materials: Launch of an integrated production plant of artificial kidney hollow fiber. Expansion of membranes for the acute blood purification, membranes for manufacturing process and biomaterials.</li> <li>- Pharmaceuticals: Maintain GMP system. Gain new orders.</li> </ul>	<p>P</p> <p>D</p> <p>P</p> <p>P</p>
Environmental and Functional Materials	<p><b>TOYOBO MC Corporation: Achievement based on growth measures, improvement of nonwoven materials' profitability</b></p> <ul style="list-style-type: none"> <li>- Environmental solutions: Accelerate global expansion of VOC recovery equipment for LIBS. Acquiring FO and BC membrane's new projects.</li> <li>- Industrial adhesives: Expansion of environmentally friendly products, overseas expansion and launch of new production equipment.</li> <li>- Engineering plastics: Construct the quality assurance structure. Revise price further and expand sales volume.</li> <li>- Nonwoven materials: Review domestic production system, expand outsourced production and strengthen and implement of developed products.</li> </ul>	<p>P</p> <p>D</p> <p>P</p> <p>P</p>
Functional Textiles and Trading	<p><b>Implementation of measures for businesses requiring improvement</b></p> <ul style="list-style-type: none"> <li>- Airbag fabric: Implementation of load map to improve earnings.</li> <li>- Textiles: Pursuit of further capital efficiency improvement.</li> </ul>	<p>P</p> <p>P</p>

\* P: as Planned, D: Delayed

# Forecasts for Business Environment in the FY 3/25

Segment	Business	Previous Forecast (August 2024)	Forecasts	
			Situation*	Difference from Previous Forecast
Films	Packaging	Inventory adjustment finishes and the market moves toward a gradual recovery.	→	Inventory adjustment finishes and the market moves toward a gradual recovery.
	Industrial	Demand for polarizer protective films for LCDs is approximately the same level year on year.	→	Strong demand.
		Recovery in demand for MLCC from the second half.	↘	Gradual expansion throughout the fiscal year.
Life Science	Biotechnology	Strong demand for enzymes for biochemical diagnostic reagents.	→	Strong demand.
	Medical materials	Continue to perform strongly for artificial kidney hollow fiber.	→	Strong demand.
Environmental and Functional Materials	Resin and chemical	Automobile production continue to perform strongly mainly in overseas.	→	Signs of slowdown for Asia. Strong for the North and Central America.
		Recovery in demand for electronics materials applications.	→	Recovery in demand.
	Environment and fiber	Strong demand for VOC recovery equipment.	↘	Impact of a slowdown in adoption of EVs.
		The business environment for nonwoven materials continue to be intensely competitive.	→	The business environment continue to be intensely competitive.
Functional Textiles and Trading	Airbag fabric	Automobile production continue to perform strongly.	→	Signs of slowdown for Asia. Strong for the North America.
Others		Soaring naphtha price in Japan. (Respond by product price revisions.)	→	Naphtha price in Japan remains high (Respond by product price revisions.)

\*To previous forecast, ↗: improve, expand →: as expected ↘: worsening, decrease

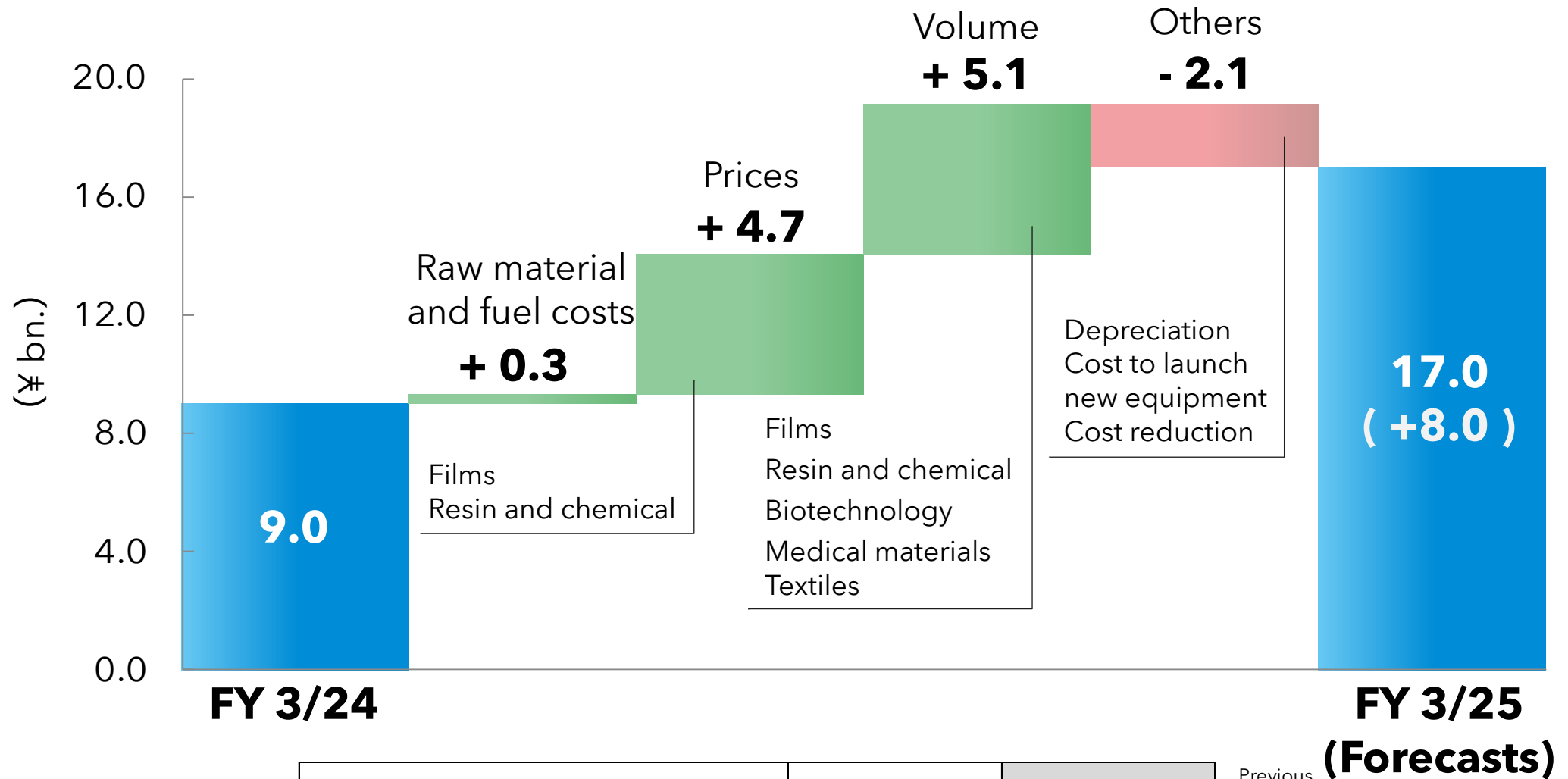
# Forecasts for FY 3/25

We forecast operating profit of ¥17.0 billion and net profit of ¥2.6 billion, based on improvement of profit for Packaging film and Life Science, in addition to volume increase for electronic materials, improvement of terms of trade and cost reduction. (¥ bn.)

	FY 3/24	FY 3/25			YOY		Previous forecasts (Aug. 2024)
	Results	H1	H2	Forecasts	Amount	%	
Net sales	414.3	209.2	225.8	<b>435.0</b>	+20.7	+5.0%	435.0
Operating profit	9.0	6.9	10.1	<b>17.0</b>	+8.0	+89.0%	17.0
(Ratio to sales)	2.2%	3.3%	4.5%	<b>3.9%</b>	-	-	3.9%
Ordinary profit	7.0	3.2	8.3	<b>11.5</b>	+4.5	+65.2%	11.5
Extraordinary income and losses	- 1.4	- 0.9	- 3.1	<b>- 4.0</b>	- 2.6	-	- 3.6
Profit attributable to owners of parent	2.5	0.1	2.5	<b>2.6</b>	+0.1	+5.9%	2.6
EBITDA	28.8	18.1	22.2	<b>40.3</b>	+11.5	+39.9%	40.5
EPS(¥)	27.9	1.3	28.2	<b>29.5</b>	-	-	29.5
Depreciation	19.8	11.2	12.1	<b>23.3</b>	+3.5	+17.6%	23.5
CAPEX	61.6	25.0	23.0	<b>48.0</b>	- 13.6	- 22.0%	50.0
R&D expenses	15.3	7.2	7.8	<b>15.0</b>	- 0.3	- 2.0%	16.0

CAPEX: new equipment of mold releasing film for MLCC, renovation of Tsuruga biochemicals plant and upgrading of polymerization equipment.

# Analysis in Changes in Operating Profit



	FY 3/24	FY 3/25	Previous forecasts (Aug. 2024)
Exchange rate (¥/US\$)	145	150	152
Naphtha price in Japan (thousand¥/kl)	69	75	75

# Forecasts by Segment

**TOYOBO**

(¥ bn.)

	Net sales		Operating profit			Previous forecasts (Aug. 2024)
	FY 3/24 Results	FY 3/25 Forecasts	FY 3/24 Results	FY 3/25 Forecasts	YOY	
Films	156.5	<b>170.0</b>	2.7	<b>6.5</b>	+3.8	7.3
Life Science	34.6	<b>38.0</b>	4.4	<b>3.2</b>	- 1.2	3.7
Envrionmental and Functional Materials	115.3	<b>115.0</b>	4.7	<b>8.0</b>	+3.3	8.0
Functional Textiles and Trading	95.7	<b>100.0</b>	-1.0	<b>0.5</b>	+1.5	0.0
Real Estate and Others	12.2	<b>12.0</b>	3.0	<b>2.5</b>	- 0.5	2.5
Elimination & Corporate	-	<b>-</b>	- 4.8	<b>- 3.7</b>	+1.1	- 4.5
Total	414.3	<b>435.0</b>	9.0	<b>17.0</b>	+8.0	17.0

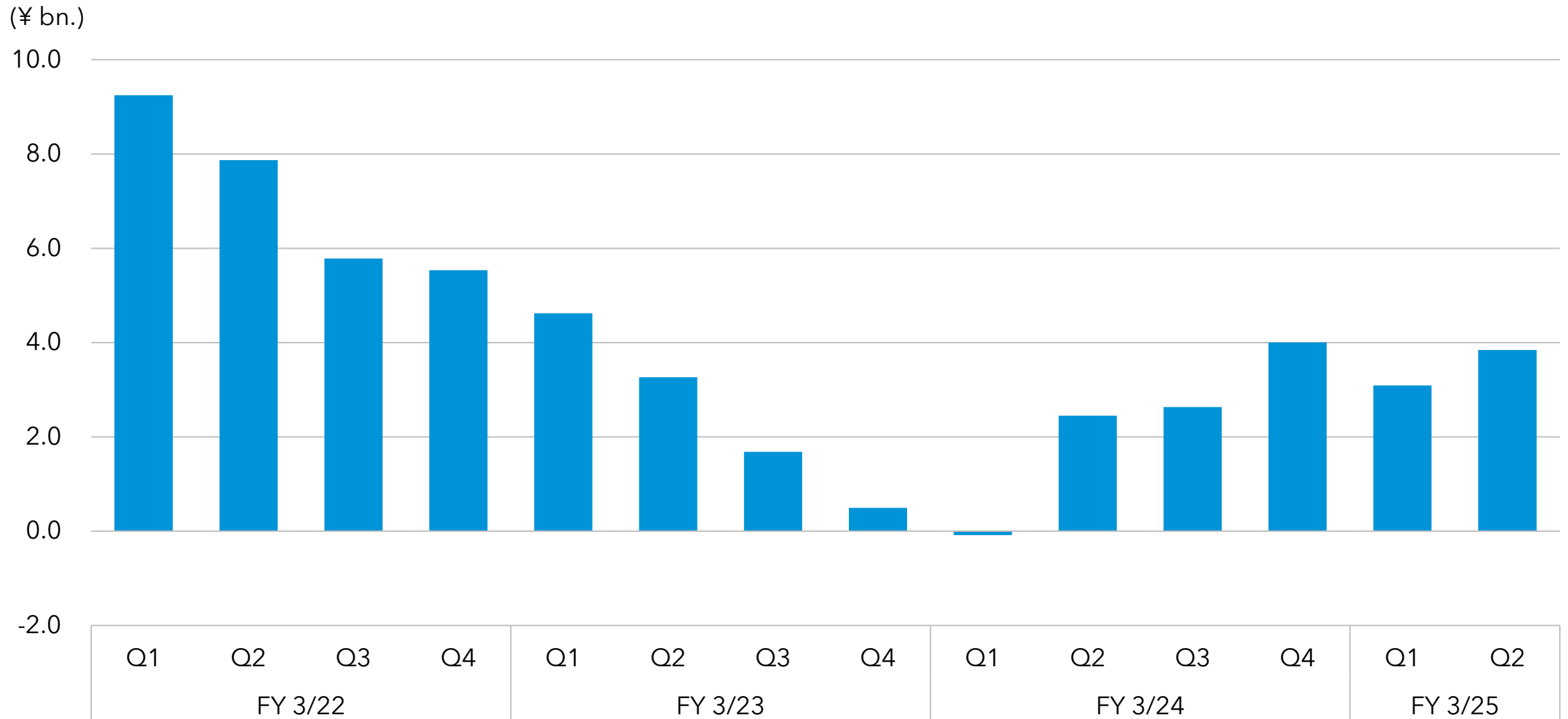
## Recover earning power to create the future

Plans	Progress	Evaluation*
1. Thorough safety, disaster prevention and quality assurance, and compliance (basic premise)	<ul style="list-style-type: none"> <li>- Zero serious incident.</li> <li>- the Regaining of ISO 9001 certification for engineering plastics.</li> </ul>	P
2. Endured pricing commensurate with value	<ul style="list-style-type: none"> <li>- Sale price pass-through rate of 89% for impact of raw material and fuel prices (Raw material and fuel costs of - ¥28.9 bn. and prices of ¥25.7 bn. from FY 3/22 to FY 3/25 cumulative)</li> </ul>	P
3. Measures for businesses requiring improvement (low earning / loss making segments)	<ul style="list-style-type: none"> <li>- Packaging film: Delay in profitability improvement.</li> <li>- Nonwoven materials: Revision of domestic production structure, sales of subsidiary shares.</li> <li>- Airbag fabric, Pharmaceuticals: Profitability improvement in line with roadmap.</li> <li>- Textiles: Achieved profitability in H1 FY3/25.</li> </ul>	D P P P
4. Steady recovery and new creation of growth investments	<ul style="list-style-type: none"> <li>- OPP film: Delay of launch of ultra highly rigid OPP film (mono-material).</li> <li>- Mold releasing film for MLCC: Completion of new facilities. Start of commercial production from spring of 2025.</li> <li>- Biotechnology: Launched as planned. Started full-scale contribution.</li> <li>- Medical materials: Started trial manufacturing. Delay of contribution to sales.</li> </ul>	D P P D
5. Narrowing down of investment and expenses, and cost reduction	<ul style="list-style-type: none"> <li>- Steady execution based on CAPEX plan (after revision).</li> <li>- Cost reduction and SG&amp;A expenses savings toward improvement of short-term profit.</li> </ul>	P P



# Appendix

# Operating Profit by Quarter



# Business Performance

**TOYOBO**

(¥ bn.)

Net sales	FY 3/24					FY 3/25	
	Q1	Q2	Q3	Q4	Full year	Q1	Q2
Films	39.0	39.1	39.3	39.1	156.5	42.1	40.7
Life Science	8.1	8.4	8.7	9.3	34.6	8.1	9.1
Environmental and Functional Materials	25.0	27.6	33.6	29.2	115.3	28.1	27.2
Functional Textiles and Trading	22.2	23.5	23.2	26.8	95.7	24.0	23.9
Real Estate and Others	2.8	3.8	3.0	2.6	12.2	2.9	3.1
Elimination & Corporate	-	-	-	-	-	-	-
Total	97.1	102.4	107.9	106.9	414.3	105.2	104.0

Operating profit	FY 3/24					FY 3/25	
	Q1	Q2	Q3	Q4	Full year	Q1	Q2
Films	1.2	0.2	0.1	1.2	2.7	1.5	1.5
Life Science	1.4	1.0	1.1	1.0	4.4	0.4	0.5
Environmental and Functional Materials	-0.7	1.0	2.6	1.7	4.7	1.3	2.1
Functional Textiles and Trading	-0.7	-0.1	-0.7	0.5	-1.0	0.2	-0.1
Real Estate and Others	0.4	1.0	0.7	0.9	3.0	0.5	0.7
Elimination & Corporate	-1.7	-0.7	-1.2	-1.2	-4.8	-0.7	-0.9
Total	-0.1	2.4	2.6	4.0	9.0	3.1	3.8

## Completion of new production facility for mold releasing film for MLCC

- Place: Utsunomiya Plant
- Investment amount: approximately ¥20.0 billion
- Production capacity: approximately 20 thousand tons/year
- Start of commercial production: scheduled in Spring of 2025
- Market: growth rate over **7 %**/year
- Global share: **approximately 25%** (our estimate)
- Strength: Deal with a wide range of MLCC from middle- to high-end using both inline and offline coating methods.
- Future: Expand sales for MLCC seeing increasing demand for use in high performance IT equipment such as AI servers.



Appearance of new production facility

## Launch of equipment for increased production of enzymes for biochemical diagnostic reagents.

- Place: Tsusuga Biochemicals Plant  
(within Tsuruga Research and Production Center)
- Investment amount: approximately ¥7.0 billion
- Production capacity: **approximately 1.5-fold increase**  
compared to current capacity
- Start of operation: Started from April 2024
- Global share: **approximately 25%** (our estimate) No.2
- Overseas sales ratio: approximately 70%
- Future: Expansion of overseas development  
centering on emerging countries.



Enzymes for biochemical diagnostic reagents  
Blood glucose (Diabetes), Cholesterol (Arteriosclerosis),  
Creatinine (Renal function), GOT / GPT (Liver function) etc.



Appearance of new equipment for culture and purification  
at Tsuruga Biochemicals Plant

## High performance fibers for mooring cables for offshore floating wind power generation

- **"IZANAS"** ultra-high-strength polyethylene fiber
- Characteristics: High strength, high elastic modulus, light weight, high water resistant

### Participates in Japan's first actual sea installation experiment of a TLP type floating structure\*1 for offshore wind power generation

- Newly developed "IZANAS" ULC\*2 receives groundbreaking ClassNK approval -

- \*1 One of the floating structure and mooring methods for floating type infrastructure of offshore wind power generating facilities (TLP: tension leg platform)  
Strength: Floating structure of high stability, high power generation efficiency, occupation of a smaller area in the sea (less impact on the fishing industry)
- \*2 the Conventional fiber-making process of "IZANAS" was improved to achieve creep resistance while maintaining conventional characteristics.



"IZANAS" ULC



(Photo provided by Obayashi Corporation)

## Expansion of BC (Brine Concentration) membrane equipment

- Utilizes **CTA hollow fiber membranes (our original technology)**
- Applications: Salt making, wastewater treatment,
- Recovery of valuable substances  
**(adopted to concentration and recovery of lithium recovery)**
- Advances: Lower energy consumption compared to evaporation methods and other membrane concentration methods.



## Toyobo Group's Integrated Report "TOYOBO REPORT 2024" released

### **Main contents**

- CEO message
- Long-term vision "Sustainable Vision 2030" and the "2025 Medium-Term Management Plan (FY 3/23 - FY 3/26)"
- Value creation process, Toyobo's strengths, Capital and business model
- Human resource strategy, Innovation strategy, Green strategy, Business strategy
- Roundtable discussion with Outside Directors, etc.

### **Download links**

Japanese version: <https://ir.toyobo.co.jp/ja/ir/library/integrated.html>

English version: <https://ir.toyobo.co.jp/en/ir/library/integrated.html>



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

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Beyond Horizons