

2025 Medium-Term Management Plan

Previous Medium-Term Management Plan (FY2019 to FY2022)

2025 Medium-Term Management Plan (FY2023 to FY2026)

Sustainable Vision 2030

What has been achieved

- Organization of "TOYOBO PVVs" corporate philosophy framework
- Expansion of industrial film business (Operating profit approx. triple)
- Expansion of biotechnology and medical materials business (Operating profit approx. double)
- Maintenance of sound financial structure

What we haven't achieved and new issues

- Fluctuations in reliability: large-scale fire accidents, quality-related misconduct incidents
- Delay in business expansion targeting growth
- Delay in normalization of challenging projects (including additional challenging projects)

Financial targets and results

	FY2019	FY2020	FY2021	FY2022	FY2019 - FY2022 Targets in Medium-Term Management Plan
Net sales (¥bn.)	336.7	339.6	337.4	375.7	375
Operating profit (¥bn.)	21.7	22.8	26.7	28.4	30
Operating profit margin (%)	6.5	6.7	7.9	7.6	8.0
Profit attributable to owners of parent (¥bn.)	-0.6	13.8	4.2	12.9	16
ROE (%)	-0.3	7.8	2.3	6.8	≥ 8.0
D/E ratio	0.93	0.98	1.01	0.98	< 1.00

CAPEX ¥115.8 billion/4 years

Change to Sustainable Growth -2025 as a milestone-

Measure 1 Thorough safety, disaster prevention, and quality assurance

- Execute a master plan for safety and disaster prevention "zero accidents"
- Restructure the quality assurance management structure
- Establish a risk management structure

Measure 2 Reorganization of the business portfolio

- Stratify businesses (return on capital employed and growth potential)
 - (1) Forcing on expansion: propose and implement growth measures, and enhance competitive advantage
 - (2) Stable earnings: seek or maintain and improve growth
 - (3) Requiring improvement: implement the master plan for what the business should be

Measure 3 Preparations for the future

- Creation of new businesses and technologies: strengthen environment and biotechnology-related and Mirai Value Proposition Project
- DX strategy: SFA¹, MIP², Smart Factory, and new methods of earning
- Roadmap for carbon neutrality (2050)

Measure 4 Rebuilding the foundation

- Promotion of human resources development and diversity
- Workplace capabilities in manufacturing
- Development of the business base
- Governance / Compliance
- Change of the organizational culture

¹ Sales Force Automation: Sales support system

² Materials Informatics: The efficient exploration and development of materials through informatics methods utilizing AI, machine learning, statistical analysis, etc.

Financial targets and image

	FY2023 Forecasts	FY2026 Targets (2025MTP)	FY2031 Estimates
Net sales (¥bn.)	410	450	600
Operating profit (¥bn.)	24	35	50
Operating profit margin (%)	5.9	7.8	8.3
EBITDA (¥bn.)	45	63	90
Profit attributable to owners of parent (¥bn.)	13	15	23
ROE (%)	6.6	≥ 7.0	≥ 9.0
ROIC (%)*	4.1	≥ 5.0	≥ 7.0
D/E ratio	1.05	< 1.20	< 1.00
Net Debt / EBITDA ratio	4.0	< 5.0	< 4.0

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

Realizing sustainable growth



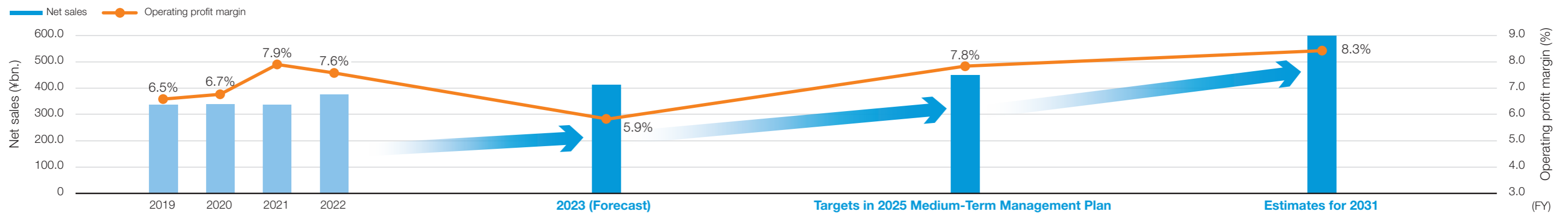
Backcasting

Challenges toward the future

Solving five social issues

Four years to rebuild and prepare

Achieve growth



Four measures

Measure 1 Thorough safety, disaster prevention, and quality assurance

We will proactively invest in disaster prevention and upgrade aging equipment for safety and disaster prevention. We have also set up disaster prevention training centers to raise individual awareness, and are reminding workplace managers on the importance of regularly listening to their subordinates and of raising one's voice when sensing danger.

We have significantly revised our promotion structure regarding quality. Moreover, we are working to reform our organizational culture, and are building a new quality assurance culture.

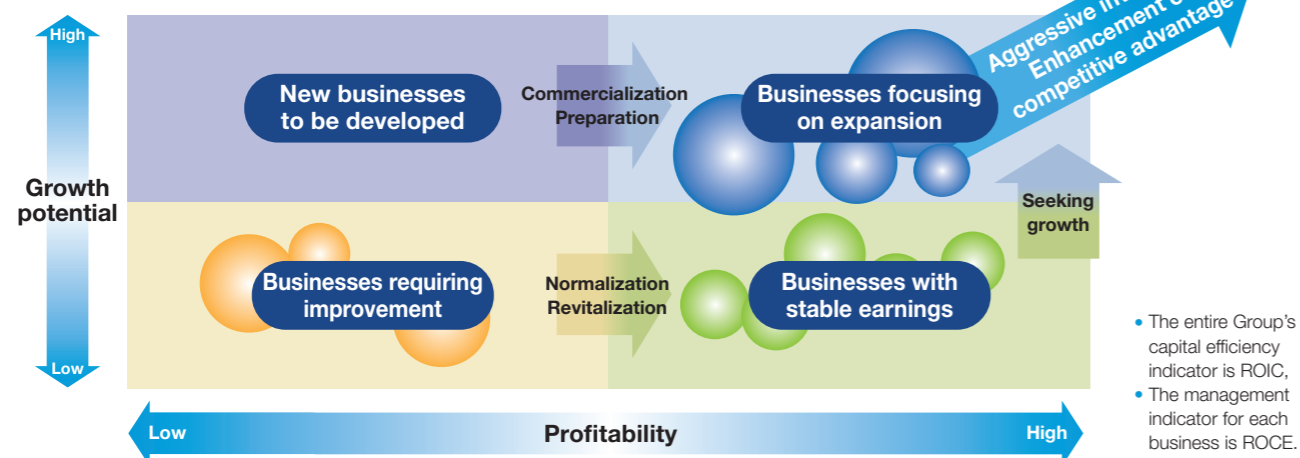
We are also working to strengthen our risk management structure concerning both of these issues, and are striving to create a structure that ensures the sustainability of our business based on the assumption that there will always be risks.

(▶ p.059-064 Fire prevention measures / Response to the quality-related misconduct incidents / Safety and Disaster Prevention / Quality)

Measure 2 Reorganization of the business portfolio

In order to take measures for business stratification, we have evaluated each business on the two axes of profitability and growth potential, and classified each business into four quadrants: new businesses to be developed, 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 "businesses with stable earnings" or a "businesses requiring improvement," taking into account not only the hurdle rate but also qualitative information. Consider measures by stratified business.

Execute a master plan for safety and disaster prevention "zero accidents"

- Measures for issues detected through comprehensive on-site inspections and disaster prevention checks
- Investment in safety disaster prevention, and renovation of aging equipment
- Safety and disaster prevention training, and creation of safety culture (secure and safe workplace)

Restructure the quality assurance management structure

- Enhancement of personnel and structure, creation of mechanisms, and introduction of systems
- Quality assurance training, and creation of organizational climate and quality culture

Risk management structure

- Creation of risk map (identifying locations of risks and degree of impact: preparation)
- Improvement of the group's corporate governance → establishment of the Corporate Business Management Dept. of Subsidiaries and Affiliates
- Enhancement of monitoring system

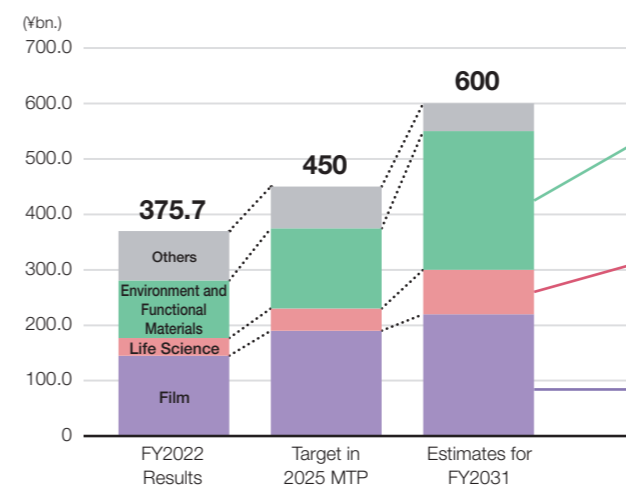
focusing on expansion, businesses requiring improvement, and businesses with stable earnings. The compound annual growth rate, which is the judgment standard for growth potential, is based on the chemical industry average target of 4.5% per year, and the return on capital employed, which is the judgment standard for profitability, is based on a target of 6.5% in terms of capital costs.

We are aiming for the normalization of the textile, airbag fabrics, and contract manufacturing of

pharmaceuticals businesses by fiscal 2026, each of which are businesses requiring improvement.

In the environment and functional materials business, we anticipate significant business opportunities from the response to environmental issues and the growth of electric vehicles. We expect the environment and functional materials business to become our third pillar following the film and life science businesses, and are aiming for the further expansion and growth in the new joint venture with Mitsubishi Corporation.

Changes in net sales of the group



Main expanding businesses

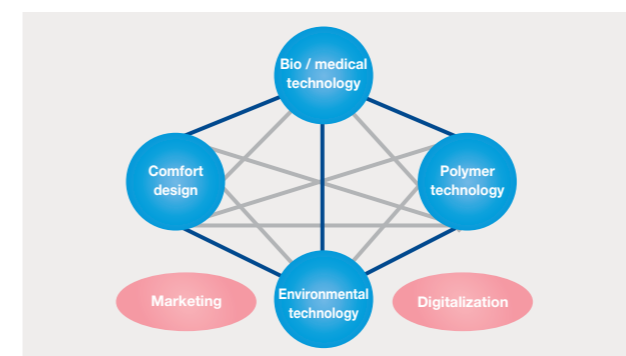
Environment and Functional Materials	<ul style="list-style-type: none"> • Engineering plastics • VYLON® and HARDLEN® • VOC treatment equipment • RO and FO membranes • High-performance fibers
Life Science	<ul style="list-style-type: none"> • Infection diagnosis-related products • Artificial kidney hollow fiber • Virus removing filters • Blood purification membranes
Film	<ul style="list-style-type: none"> • Mold releasing film for MLCC • Transparent vapor-deposited film • Laminate film for steel plates • Eco-conscious films

Measure 3 Preparations for the future

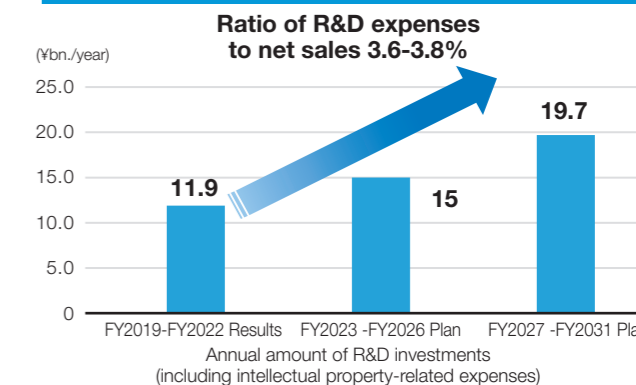
By combining Toyobo group's four core technologies with technology and know-how related to marketing and digitalization, we are promoting the creation of innovation from a long-term perspective. One example of this is

Sparking innovations

Fusing technologies: combining four core technologies with marketing and digitalization



Amount of R&D investments



1st in "Patent overall ranking for technologies related to polymer films and sheets" (Calculated by Patent Result Co., Ltd. in 2021)

purification products, raw materials for nucleic acid medicine manufacturing, and organic photovoltaics materials.

For R&D investment, we expect to allocate 3.6% to 3.8% of net sales, which is the average level in the industry. We are considering future resource allocation based on a broad overview of the entire process, including capital expenditure related to R&D.

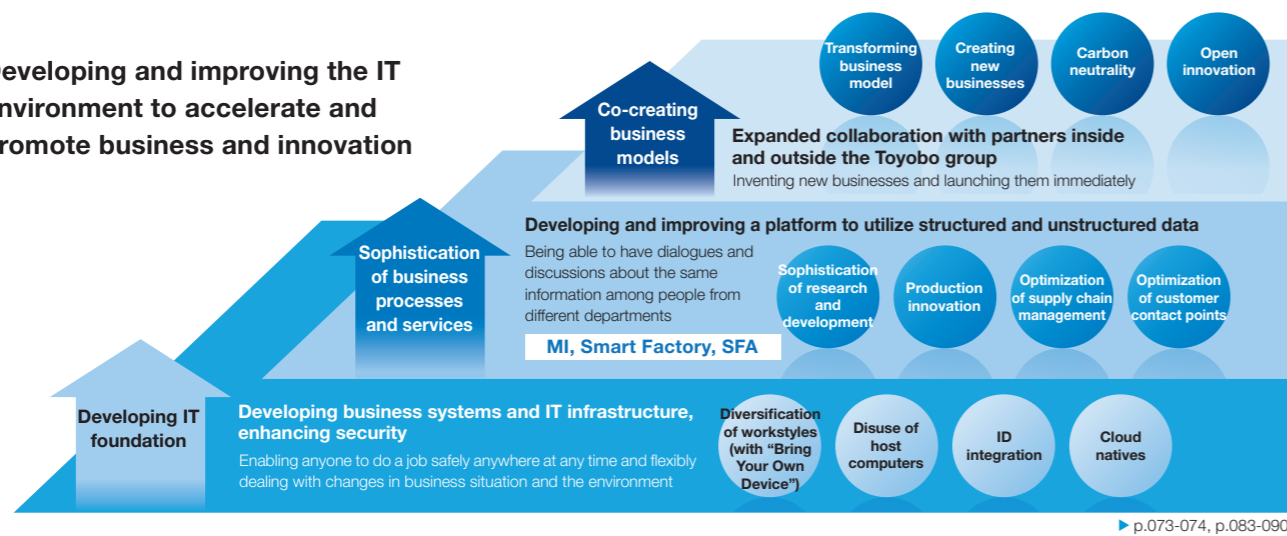
In order to accelerate innovation in all of our business

activities, we are also proactively promoting the development of IT environments from various perspectives.

In addition, we have set an interim target of reducing greenhouse gas emissions (Scope 1 and 2) by at least 46% in fiscal 2031 compared to fiscal 2014 in order to achieve carbon neutrality by fiscal 2051.

(▶p.047 Climate Change)

Developing and improving the IT environment to accelerate and promote business and innovation



▶ p.073-074, p.083-090

Measure 4 Rebuilding the foundation

We are rebuilding the foundation of Toyobo group based on these five themes.

Particularly regarding human resources, we conducted a major review of our human resource system in fiscal 2022. We reviewed our seniority-based system and designed a system to promote younger employees to executive positions with an eye toward a job-based system

Promotion of Human Resources, Workstyle Reform, and Diversity

- Reform human resource system: Evaluation, educational expansion, rotation, appoint suitable personnel for the right position
- The next generation of management, promotion of women's participation and advancement (Women leader development seminars)

▶ p.065-070

Governance / Compliance

- Restructuring of governance structure
- Group Business Management
- Strengthen compliance structure and the internal auditing function
- Respect for human rights in the supply chain

▶ p.073-074, p.083-090

Change of the organizational culture

- Instillation of "TOYOBO PVVs", organizational development, addressing people with the polite suffix "-san" attached to their name, and serious chats

▶ p.045-046

Rebuilding the foundation

Workplace capabilities in manufacturing

- Production innovation activities, and engineering education systematization

Development of the business base

- Renewal investment, and consider a concept for the entire company and production sites
- Update legacy systems

that balances job responsibilities and compensation. In addition, we are considering revising the promotion system from one that was previously designed for men to one for a variety of people, including women and foreigners, to

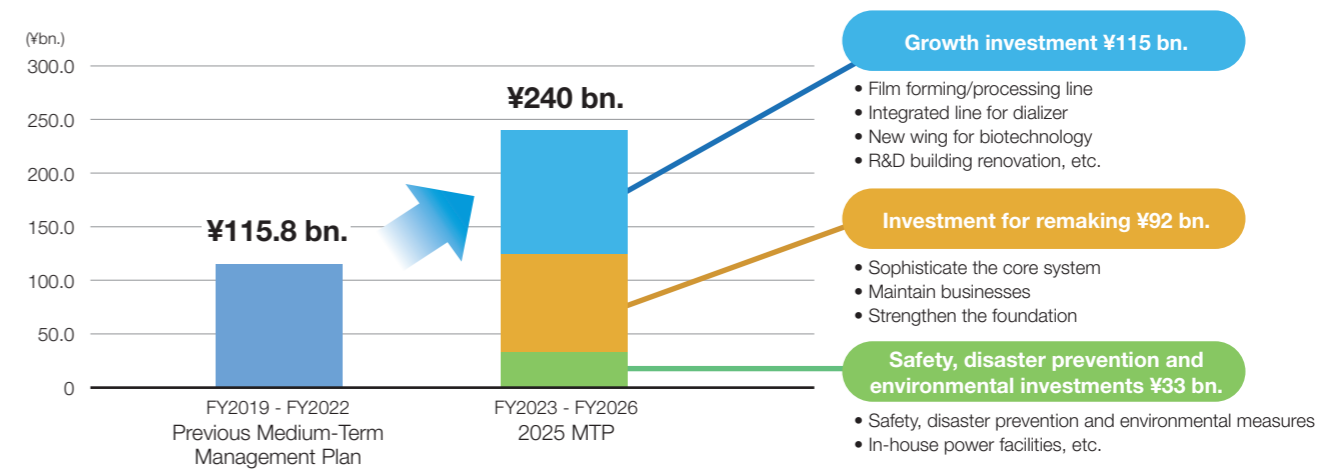
promote diversity. While the ratio of women managers is 3.7% as of fiscal 2022, we aim to increase this to at least 5.0% by fiscal 2026.

Capital expenditure

We will spend ¥240 billion for capital expenditure, approximately double the amount invested during the previous medium-term management plan period, by placing the top priority on safety, disaster prevention, and environmental investments, increasing investments for

sustainable growth.

Of this, we plan to invest ¥115 billion in growth focusing mainly on the three businesses of film, life science, and environment and functional materials, which have been designated as businesses focusing on expansion.

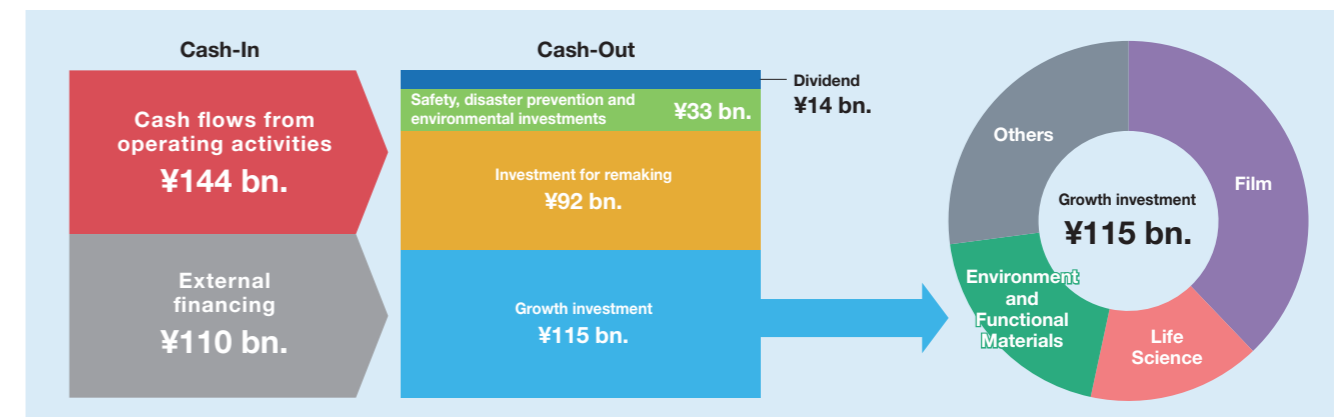


Capital policy : Cash flow allocation

Over the four years of our 2025 MTP, we anticipate cash flows from operating activities of ¥144 billion.

We plan to procure external financing for any shortfalls

based on the previous capital expenditure and dividend payments.



Growth strategy by business

Film business

Toyobo aims to accelerate our shift to eco-conscious products and increase our ratio of green products, such as biomass, recycled, or volume-reduced, to 60% by fiscal 2031 and 100% by fiscal 2051.

In industrial film, we will continue to expand sales of highly functional films and make increased capital expenditure in line with the growth of the IT market and mobility electrification. We will also expand synergies with the subsidiary of our consolidated Teijin Film Solutions Limited and grow our recycled film business.

In packaging films, we will contribute to realizing a decarbonized society and circular society by providing films made from biomass and recycled raw materials.

In addition, we will focus on the overseas development of barrier films for food loss and waste reduction, and the production of highly rigid films for volume reduction.

Net Sales Target of Film Business

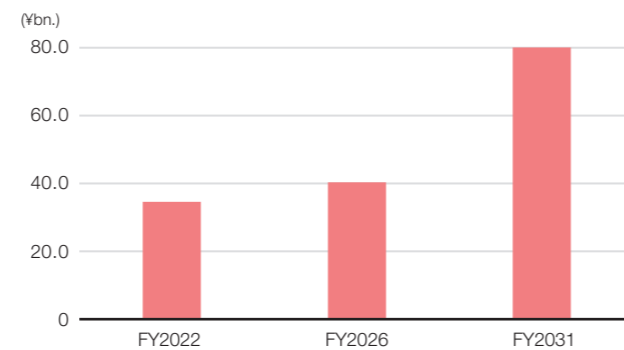


Life Science business

In bio, Toyobo aims to lead the world in the infectious diseases diagnostics field. We will expand our diagnostics business to include raw enzyme, reagents, diagnostic reagents, and diagnostic equipment for genetic testing, utilizing our strength in advanced protein purification technology. We also expanded overseas for enzymes for biochemical diagnostic reagents, such as blood glucose, cholesterol, creatinine, GOT and GPT.

In addition, in membrane technology, we aim to improve the quality of life of patients, and to expand artificial kidney hollow fiber and virus removal filters using our hollow fiber separation membrane technology.

Net Sales of Life Science Business

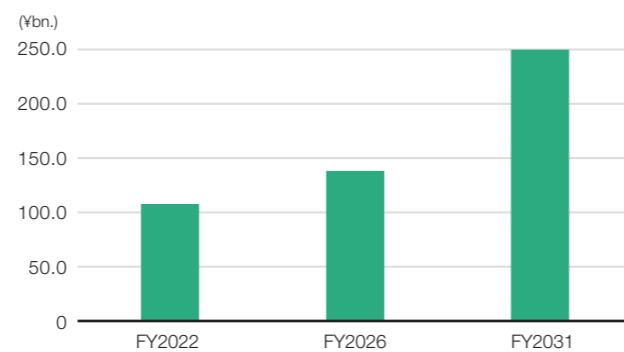


Environment and Functional Materials business

Toyobo has established a new joint venture with Mitsubishi Corporation to plan, develop, manufacture, and sell functional materials, and has signed an agreement to start operations. We will spin off its environment and functional materials business to the newly established company, and provide investments in cooperation with Mitsubishi Corporation. The investment ratios are 51% for Toyobo and 49% for Mitsubishi Corporation. The goal of establishing this new company is to achieve further growth in the global market through the combination of our technological strengths with Mitsubishi Corporation's comprehensive strengths.

There are about 10 fields that we aim to contribute to in fields where we expect growth, such as water, air, weight reduction, and batteries, and we plan to establish a new company by April 2023.

Net sales of Environment and Functional Materials business



CSV examples

Expand high-end applications with film with superior smoothness Mold releasing film for MLCC

Ceramic capacitors are generic electronic components that regulate current and temporarily store electricity. They are used in a variety of electronic circuits, automotive applications, and consumer appliance applications.

Our releasing films such as COSMOPEEL®, mold releasing film for MLCC, are indispensable when manufacturing ceramic capacitors. We support the spread and development of IoT and AI as the only manufacturer with an integrated process from production of the raw film to coating of the releasing layer.

We also have the film forming technology to achieve superior smoothness, and plan to manufacture films for high-end applications with inline coating.* We will install inline coating facilities at our Utsunomiya Plant in fiscal 2025.

* Inline coating is the implementation of a process to form a coating layer during the film forming process. Forming the coating layer during the film forming process at a high speed enables high productivity, while stretching the coating layer after forming realizes a superior uniform thickness.

Expand in the genetic testing field such as PCR testing Raw enzymes, reagents, diagnostic reagents, and diagnostic equipment for genetic testing

Toyobo group has expanded its diagnostics business to include raw enzymes, reagents, diagnostic reagents, and diagnostic equipment for genetic testing, with its strength in the technology to produce highly functional proteins.

We supply enzymes for diagnostic reagents used in biochemical diagnosis to diagnostic agent manufacturers, and also provide GENECUBE®, a fully automated gene analysis system that can easily and quickly perform processes from nucleic acid extraction to amplification and detection using our unique high-speed nucleic acid amplification technology. This contributes to the earlier diagnosis of diseases and the proper use of medicines. Furthermore, the SARS-CoV-2 Detection Kit -Multi- uses a unique, inhibition-resistant gene amplification enzyme, which enables the elimination of the gene extraction and purification processes. The optimization of enzyme functions by adjusting reagent formulations reduces the time required for the amplification process of extracted genes to less than half of the traditional process. Processes from extraction to measurement can be completed in as little as 60 minutes.

Toyobo also contributes to overseas demand with enzymes for biochemical diagnostic reagents (blood glucose, cholesterol, creatinine, GOT and GPT, etc.).

Film that contributes to reducing food loss and waste Transparent vapor-deposited film ECOSYAR®

ECOSYAR® is a transparent vapor-deposited film with superior gas barrier properties, and contributes to the reduction of food loss and waste through its strength in the long-term storage of food.

Since it is not vapor-deposited with metal, it can be heated in a microwave. Another strength is that it contains no chlorine compounds and does not generate chlorine gas when burned.

The transparent vapor-deposited film market is growing globally at 10% per year. Toyobo group aims to quadruple its sales volume of barrier films, which contribute to food loss and waste reduction, in this market by fiscal 2031 compared to fiscal 2021. Our plant in Indonesia went into full operation in fiscal 2021, aiming to meet global demand.



Food packaging using ECOSYAR®

Excellent biocompatibility due to cellulosic membrane Artificial kidney hollow fiber membrane

Toyobo provides artificial kidney hollow fiber membrane with the aim of contributing to the improvement of treatment outcomes and quality of life of the growing number of dialysis patients every year.

The hollow fiber membrane boasts an outstanding waste removal performance with little degradation over time. The membranes are made from natural cellulose, which reduces the incidence of allergic reactions during treatment and provides superior biocompatibility.

In cooperation with Nipro Corporation, we have decided to establish a new plant that can integrate production from hollow fiber production to processing and commercialization into dialyzers. In order to meet the globally increasing demand for dialyzers, we aim to start operations in July 2024 and to enhance our production system.



Integrated production plant for CTA dialyzers



Nipro Corporation's CTA dialyzer that uses Toyobo's hollow fiber membrane