TORAY
Innovation by Chemistry

100TH

TORAY IR Day

Medium-Term Management Program “IGNITION 2028”

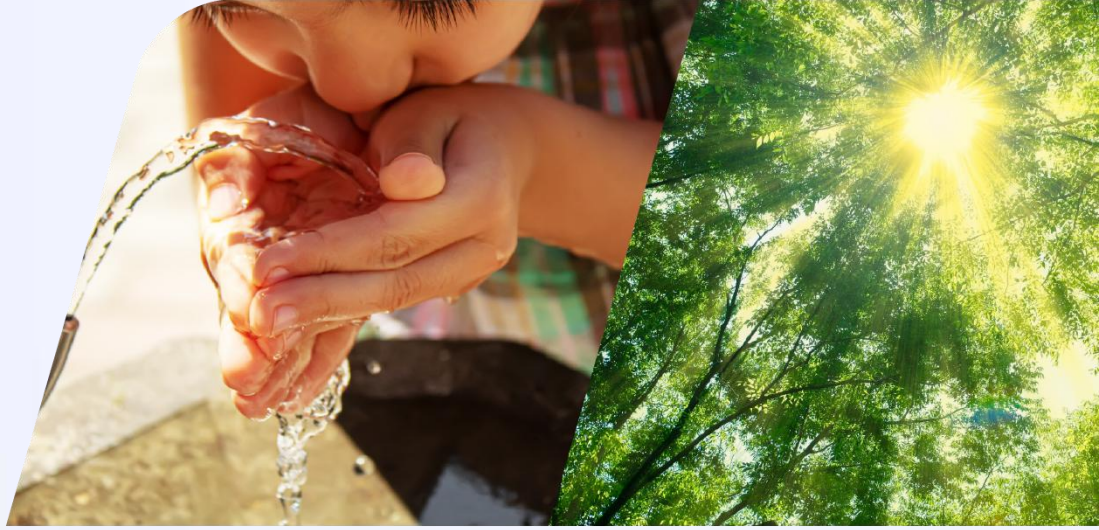
Toray’s Value Creation Under IGNITION 2028

June 8, 2026

Toray Industries, Inc.

Mitsuo Ohya

President and CEO



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I

Toray’s Value Creation History, Philosophy and Vision

Toray's 100 Years of History and Value Creation

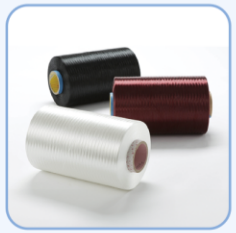
Toray, which marked the 100th anniversary of its founding in April 2026, has built a diverse portfolio of products and business domains based on the technology, production capabilities, and sales and marketing expertise cultivated over the past century. By continuously bringing the value created through these strengths into society, Toray has consistently achieved "contributing to society through business activities" since its founding.

Trillion yen

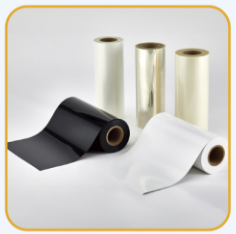
2.6

2.0

1.0

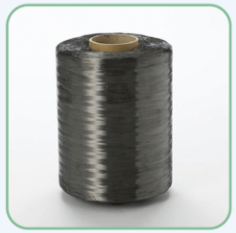


1941
Succeeded in the synthesis and melt spinning of Nylon 6 fiber using proprietary technology

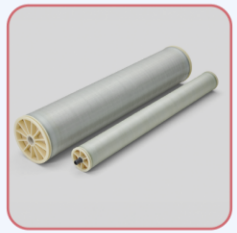


1959
Manufacture of LUMIRROR™ polyester film began

1971
Marketing of ECSAINE™, ultra- microfiber nonwoven fabric with suede texture, began



1971
Manufacture and marketing of carbon fiber TORAYCA™ began



1980
Marketing of ROMEMBRA™ reverse osmosis membrane elements began

FY 1990 Consolidated Revenue
917.1 billion yen

FY 2000 Consolidated Revenue
1,075.4 billion yen

1990
TORAYCA™ carbon fiber prepreg certified as a primary structural material for The Boeing Company's passenger aircraft

2006
Strategic partnership started with UNIQLO CO., LTD.

FY 2025 Consolidated Revenue
2,585.1 billion yen

2025
Integrated production and sales and marketing of thin-film power inductor coils began

1926
Established

1960 1970 1980 1990 2000 2010 2020

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Our Philosophy and Vision

Toray has revised its vision for the world from the "Toray Group Sustainability Vision" to "TORAY VISION 2050."

Along time axis, we systematically organized the relationship between the "Toray Philosophy" and our "Ambition and Strategies" for the world we aim to create.

Philosophy

Toray Philosophy

Ambition and Strategies

Weaving Science into Society

Long-Term Management Strategy

TORAY Challenges 2035
Financial KPI / Non-financial KPI

Material issues for management

Medium-Term Management Program

IGNITION 2028
Financial target 2028 / Non-financial target 2030

Toray Sustainability Principles

Vision for the World

TORAY VISION 2050

World that Toray envisions in 2050

1. A world where people live in harmony with the planet, resources are recycled, and nature regenerates
2. A world where prosperity is created and shared in safe and secure societies
3. A world where everyone lives in health and comfort

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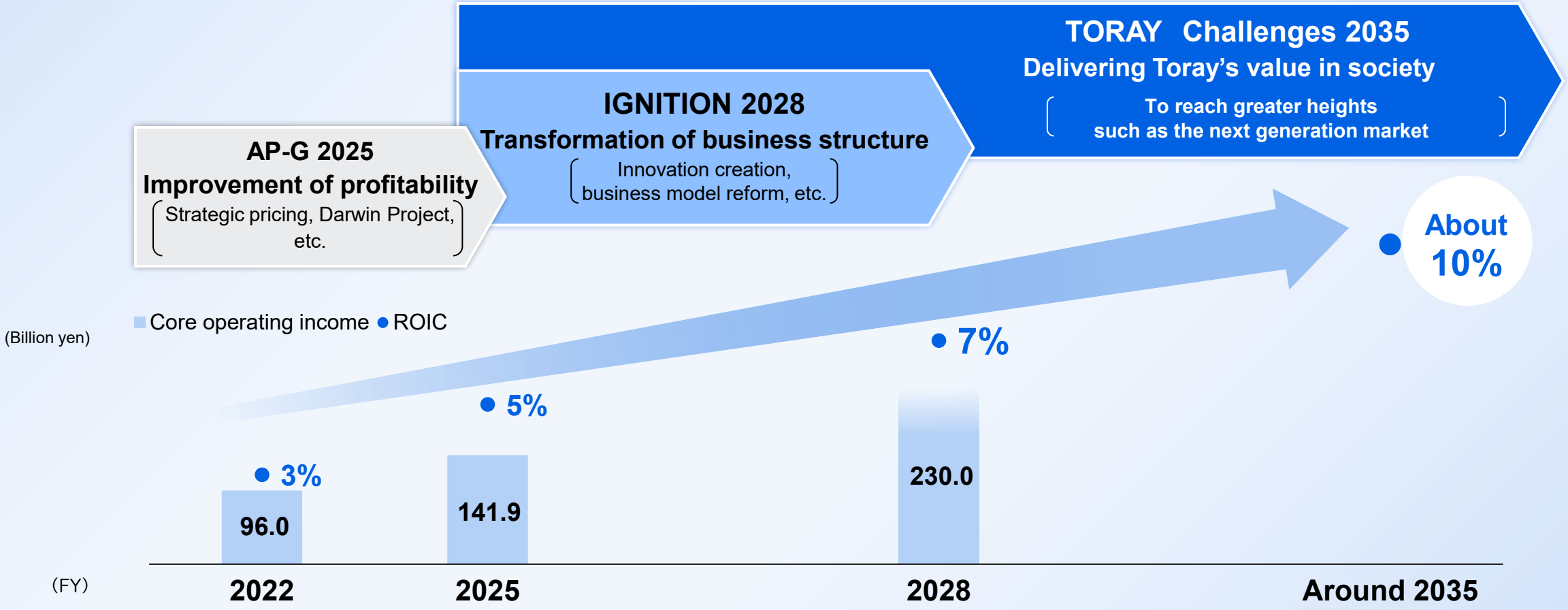
Outlook Around 2035

The Toray Group has innovative technologies and advanced materials that contribute to environment- and people-related markets as well as next-generation markets including semiconductors and data centers, space and defense, and mobility, offering strong potential for high profit margins. The ideal vision state around 2035 is the achievement of an ROIC about 10% through delivering Toray's value in society. As a milestone toward this goal, IGNITION 2028 aims to enhance the quality and certainty of the "growth strategy" and "structural reform" initiatives undertaken since AP-G 2025, and to transform the business structure to consistently generate an ROIC 7%.



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Medium-Term Management Program “IGNITION 2028”

Basic Policy

Accelerate the monetization of invested capital, improve the quality and certainty of completing structural reforms, and strengthen the growth strategy and the management foundation toward long-term growth.

Enhancing economic value

Improvement of profitability and capital efficiency (ROIC management)

Growth strategy (Current)

1. Ensure the effect of capital investment (clarification of competitiveness, risk or opportunity)
2. Ensure to maximize profit at the existing production facilities (improvement in product mix, productivity, etc.)
3. High-value-added creation for existing products (innovation creation)

Growth strategy (Medium- to long-term)

1. Growth strategy with a long-term perspective toward 2035
2. Pursuing essential competitiveness (value-added and cost) and winning formula
3. Responding to fundamental changes in the external and market environment

Structural reform

1. Taking business synergies into account, decide whether to generate profit commensurate with invested capital, or to pursue downsizing, elimination, consolidation, or withdrawal
2. Business model validation and review

Enhancing social value

- Providing solution for environment and social challenges through businesses
- Pursuing lower environmental impact
- Disclosure of non-financial information

Strengthening management foundation

- Safety, accident prevention, and environmental preservation
- Implementing “People-centric management”
- Risk management
- Ethics and compliance
- Leveraging intellectual property and intangible assets
- Branding
- Leveraging DX and AI

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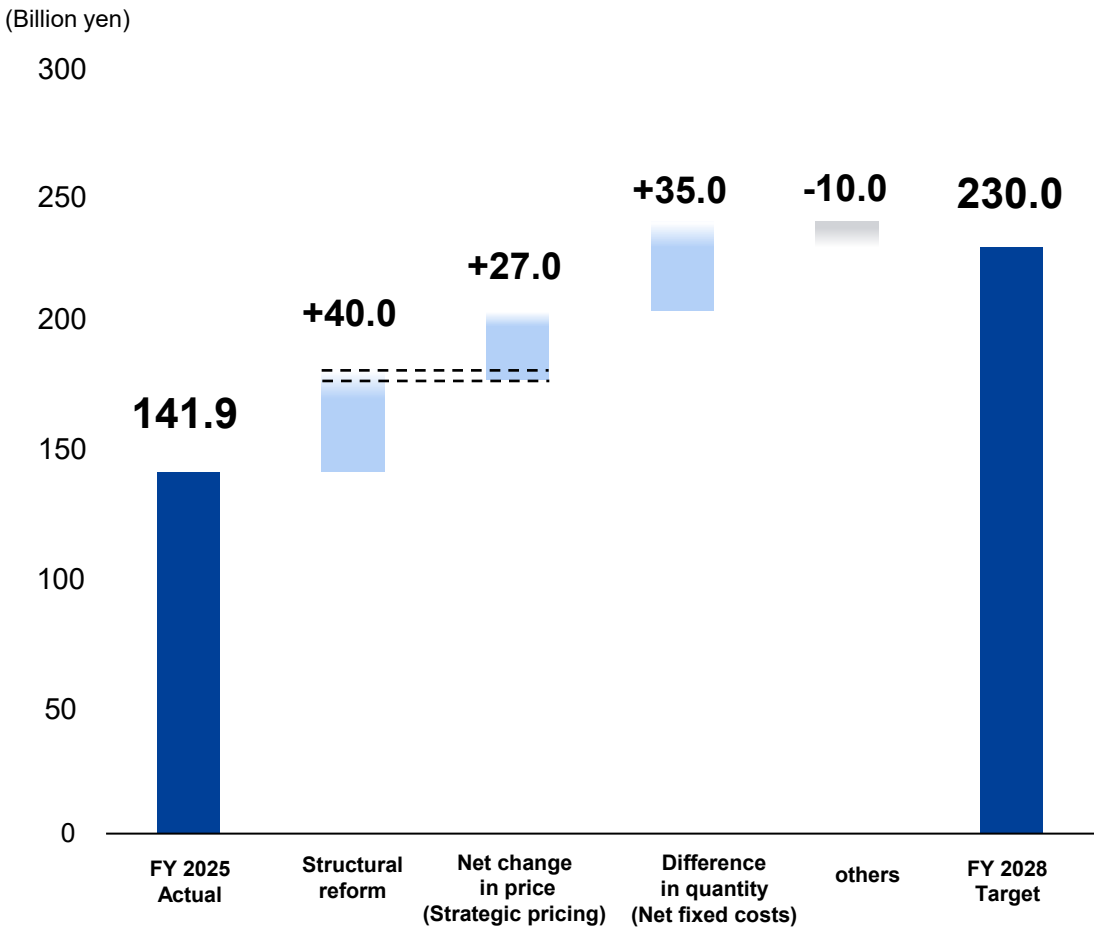
Target of Core Operating Income

Pursue high-quality business expansion through innovation creation and strategic pricing, while continuing Darwin Project to enhance effectiveness



Innovation creation and strategic pricing

Improve product value	Core technology / technology fusion / engineering
Improve genba-ryoku (workplace competency) of pricing	Thorough implementation of value-based pricing
Establish effective mechanisms	Strengthen collaboration across the Group

Structural Reform

- Darwin Project: Replacement of focus businesses and companies, structural reforms from a company-wide perspective
- Consider consolidation, downsizing, or withdrawal for businesses and companies with limited prospects for profit improvement.

→Effect of structural reform under IGNITION 2028: About 40 billion yen

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Promotion of Darwin Project

Darwin Project is also used in IGNITION 2028.

For low- ROIC businesses with large invested capital, we implement thorough structural reform from the Group-wide perspective under the leadership of top management.

AP-G 2025

Businesses and companies that fall under Darwin Project

- **TPM (ABS resin)**
- **Film in the U.S. and Europe**
- **PP spunbond**
- **Polyester staple fiber**
- **ZOLTEK (Large tow carbon fiber)**

Assessment of achievement

	Businesses or companies	Progress of AP-G 2025	IGNITION 2028 Challenges
Certain progress in structural reform	**TPM (ABS resin)**	■ Improvement of product mix, reduction of fixed costs ■ Restored profitability in the second half of FY 2023, and has made significant progress on structural reform	■ Continuing to strengthen our earning structure to achieve stable profitability, while further promoting differentiation
Further structural reform and strengthening of management foundation	**Film in the U.S. and Europe**	■ Ceased production at the film production facilities mainly for general-purpose products ■ Reduction of total fixed costs through adjustments to the production structure ■ Achieving stable profitability is the challenge	■ Acceleration of new product and new customer development ■ Continue to promote fixed cost reduction and raw material cost reduction ■ Achieving stable profitability through the above initiatives
	PP spunbond	■ Reduction of fixed costs through adjustments to the production structure including shutdown of production lines ■ Achieved annual profitability in FY 2025	■ Optimization of global production and sales ■ Acceleration of high value-added product development ■ Promotion of a new application development
	Polyester staple fiber	■ Implemented shutdown of polymerization facilities through global production transfer ■ Restored profitability in FY 2024 but returned to loss in FY 2025	■ Improving profitability and stable profitability through business transformation to high value-added products
	ZOLTEK (Large tow carbon fiber)	■ Reduction of total fixed costs through adjustments to the production structure in line with utilization levels ■ Restored profitability in FY 2024 but returned to loss in FY 2025	■ Transforming to more resilient business structure through structural reforms, including downsizing ■ Sales expansion in applications other than wind turbine blade
Low ROIC due to changes in business environment	**ALCANTARA (Ultra-microfiber non-woven fabric with suede texture)**	■ The automotive interior applications was slow, reflecting sluggish European luxury vehicle sales	■ Expansion of non-automotive applications ■ Strengthening proposals to customers of automotive applications ■ Strengthening business structure through fixed cost reduction, etc.
	Effect on the business performance	**Profitability improved about 23 billion yen (compared with FY 2023)**	**Aim to improve about 25 billion yen (compared with FY 2025)**

Measures for Improving Effectiveness

AP-G 2025
Seven key management measures

1. Enhancement of business competitiveness and business expansion
2. Optimal allocation of forces and invested capital
3. Creation of Innovation
4. Function-centric enhancement
5. Enhancement of cost competitiveness
6. Human capital management
7. Dialogue with capital market

Remaining issues for IGNITION 2028

- Clarifying differentiation axis from competitors
- Optimizing capital and investment decisions from a company-wide perspective
- Speeding up withdrawal decisions and clarifying allocation policies
- Breaking down ROIC into on-site KPIs and concrete actions
- Prioritizing development themes along the timeline
- Improving the quality of information disclosure through visualization of strategy and progress

IGNITION 2028
Six management issues

1. Capital efficiency and business portfolio reform
2. Penetration of ROIC management
3. Sophistication of business strategy and design
4. Creation of innovation
5. Total cost reduction
6. Strengthening of management foundation

Strengthening management foundation

Growth Strategy	・Optimal allocation of capital investment ・Clarifying profit models and transforming business model ・Strengthening foundation that can turn “0” into “1”	・Articulating winning formula ・Capital allocation
Structural Reform	・Issue extraction through 4-quadrant analysis ・Best owner discussion	・ Improve and stabilize underperforming companies ・Cost reduction strategy
Strengthening effectiveness	・Breaking down into on-site KPIs ・Improving certainty of capital investment ・Strengthening purchasing capability	・Progress management of growth businesses ・Theme prioritization rules

- ・Ensuring talent mobility
- ・Strengthening inter-organizational cooperation
- ・Commitment to sustainability
- ・Human capital management
- ・Utilization of digital transformation (DX) and AI
- ・IR enhancement
- ・Risk management
- ・Strengthening governance

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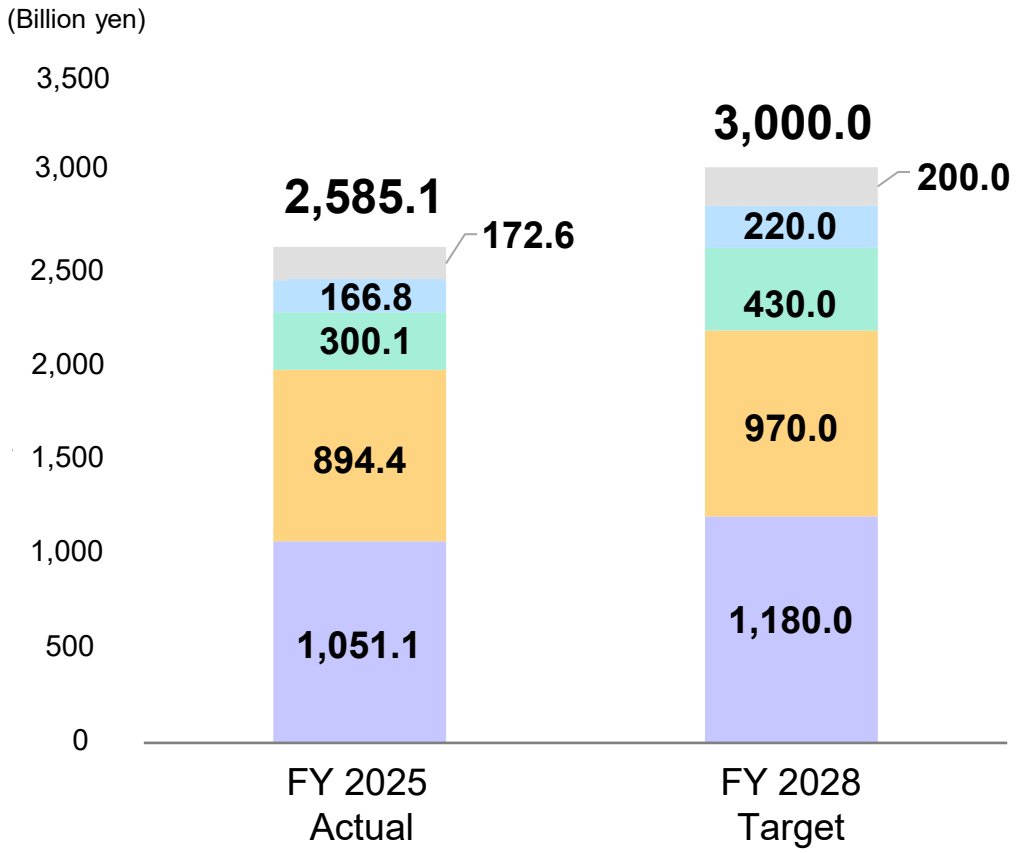
III

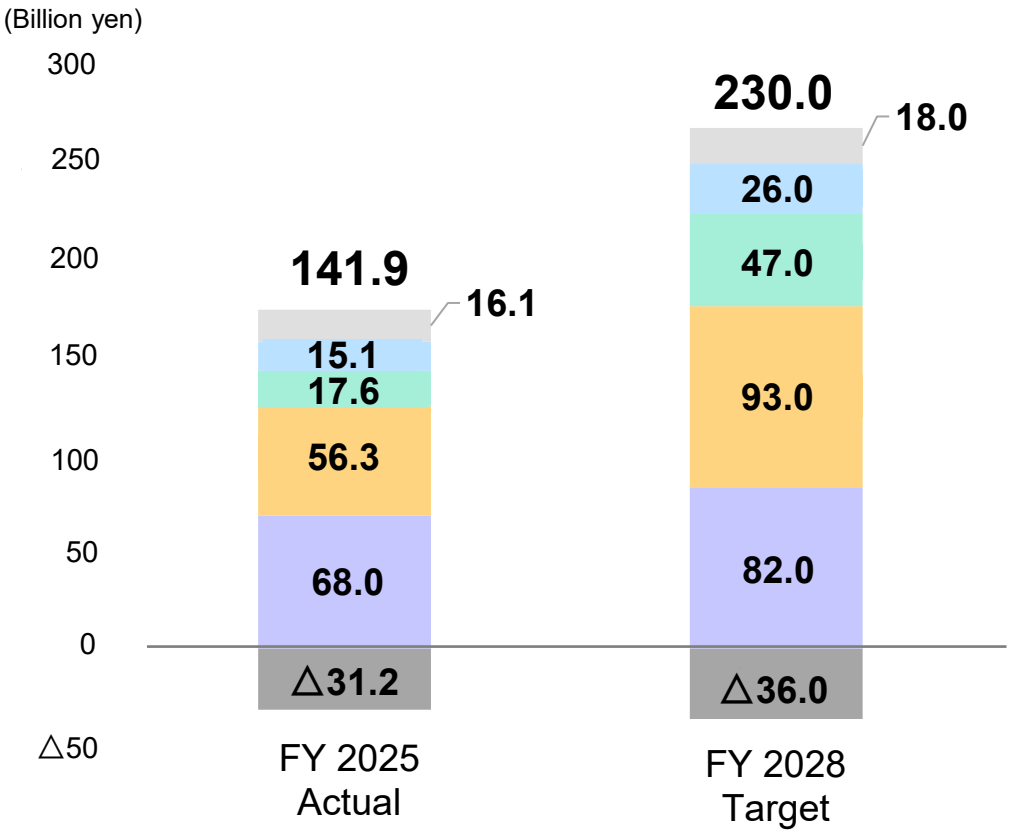
IGNITION 2028 Targets

Revenue and Core Operating Income (by Segment)

Revenue



Core Operating Income



Fibers & Textiles | Performance Chemicals | Carbon Fiber Composite Materials | Water Treatment & Healthcare | Other | Reconciliations

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Targets and strategies by segment

Segment (ROIC FY 2025→FY 2028)	Core operating income (billion yen)			Initiatives for ROIC improvement
	FY 2025 Actual	FY 2028 Target	Difference	
Fibers & Textiles (9%→9%)	68.0	82.0	+14.0	• Promote business portfolio transformation and enhancement through growth and expansion strategy (for the integrated business from fibers and textiles to garments, as well as airbag business), growth recovery strategy (for the ultra-microfiber fabric with a suede texture business), and structural reform (for the PP spunbond and polyester / cotton woven fabric businesses) • Advancement and extension of the supply chain and high value-added materials
Performance Chemicals (7%→10%)	56.3	93.0	+36.7	[Resins] Enhance value through advanced development; develop advanced and high value-added products; expand into growth markets such as xEVs; enhance cost competitiveness and production structure [Chemicals] Strengthen supply chain for caprolactam products, and expand fine chemicals and veterinary pharmaceuticals overseas [Films] Focus management resources on high value-added applications (functional films for high performance layer production, films for capacitors, and high-performance packaging materials); enhance product value by expanding film processing (coating, metallizing, etc.); promote structural reform [Electronic & Information Materials] Respond to rapidly growing demand for semiconductors and electronic components; address changes in material needs due to evolving display structures and new devices; launch large-scale new businesses targeting AI data centers and photonics-electronics convergence markets; strengthening global collaboration
Carbon Fiber Composite Materials (2%→6%)	17.6	47.0	+29.4	• Capture demand in growth markets such as aerospace, defense, and renewable energy, and improve capital efficiency through business expansion • Leverage the value chain, including high-performance carbon fibers and intermediate materials, to strengthen profitability in high value-added areas [Aircraft, Space & Defense] Expand the customer base and promote sales of high-performance intermediate materials [Industrial & Sports] Deliver customer value through rapid product launches in areas where differentiation is possible • Stabilize the earnings base through fundamental structural reform in the large-tow carbon fiber business, as well as developing new applications and promoting high value-added creation
Water Treatment & Healthcare (9%→14%)	15.1	26.0	+10.9	[Water Treatment] Provide high value-added products and expanding technical services globally in key membrane business fields (seawater desalination, ultrapure water for semiconductors, and wastewater reuse); create new businesses in membrane-related technologies and separation membranes [Pharmaceuticals & Medical Products] Streamline and accelerate business operations through structural reform; enhance profitability and establish stable profitability through the expansion of blood purification products and improved earnings in catheter products and diagnostic reagents; enhance profitability and achieving sustainable earnings through streamlining and accelerating operations via structural reform; expanding blood purification products and improving profitability of catheter products and diagnostics kits
Engineering business	13.0	16.0	+3.0	Focus on semiconductors, lithium-ion batteries, next-generation batteries, and pharmaceutical plants, and provide cutting-edge high-quality solutions

Descriptions of predicted business results, projections, and business contained in this material are based on predictive forecasts of the future business environment made at the present time.

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