

TORAY IR Day

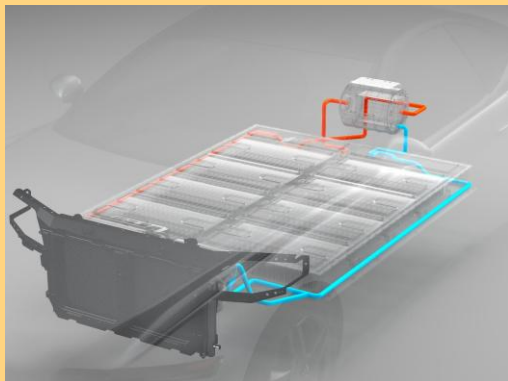
Medium-Term Management Program “IGNITION 2028”

Resins & Chemicals Business

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Toray Industries, Inc.



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Overview of the Resins & Chemicals Business

<Major Products in the Resins Business>

- ABS Resin: TOYOLAC™
- PBT Resin: TORAYCON™
- Nylon Resin: Amilan™
- PPS Resin: TORELINA™
- Liquid Crystal Polyester Resin: SIVERAS™
- Carbon Fiber-Reinforced Thermoplastic Resin: TORAYCA™
- Polyolefin Foam: TORAYPEF™

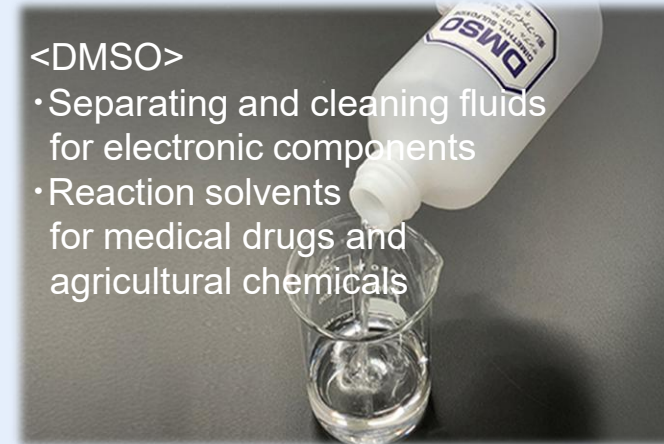


<Major Products in the Chemicals Business>

- Caprolactam
- MDCB/26DCT
- DMSO
- Liquid polysulfide polymers: THIOKOL LP™
- Polymer microparticle: Toraymill™, Toraypearl™
- Veterinary medicines: INTERCAT™, RAPROS™

<DMSO>

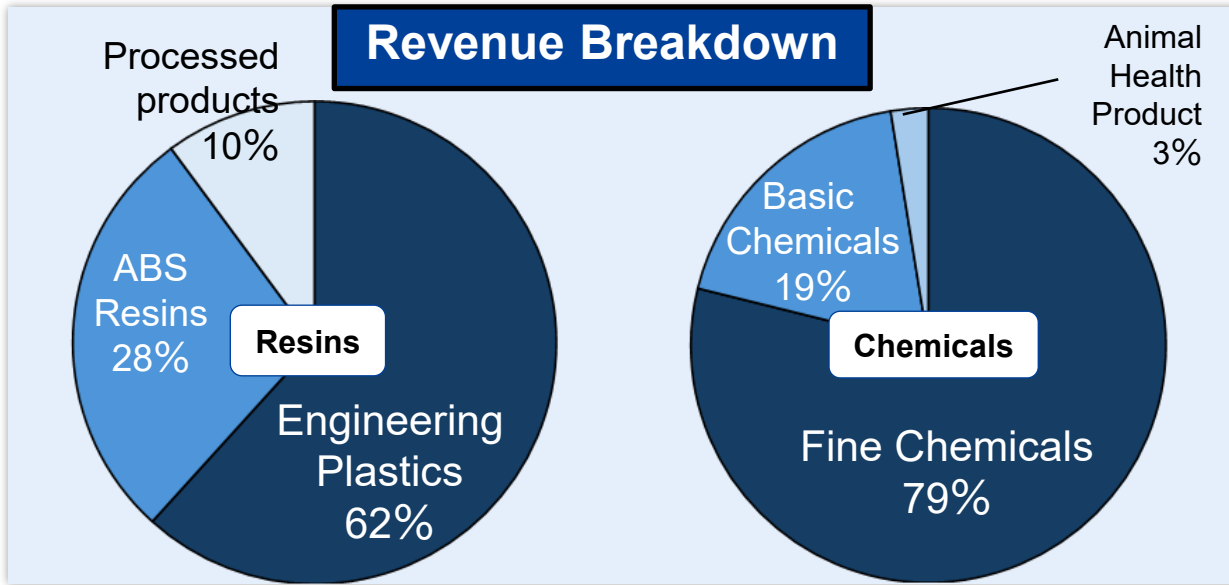
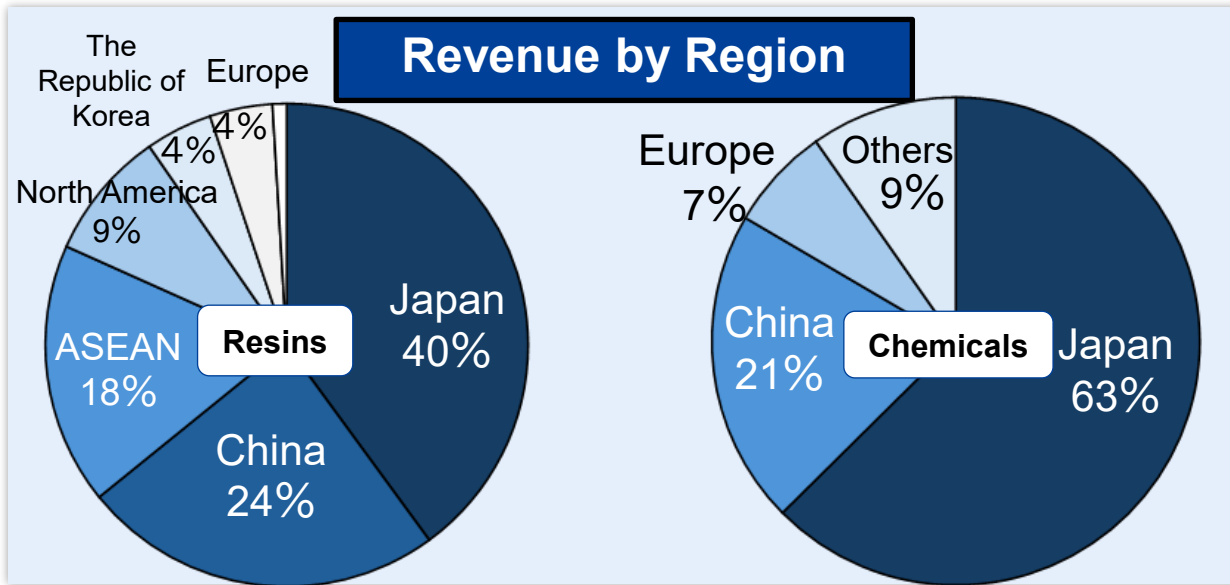
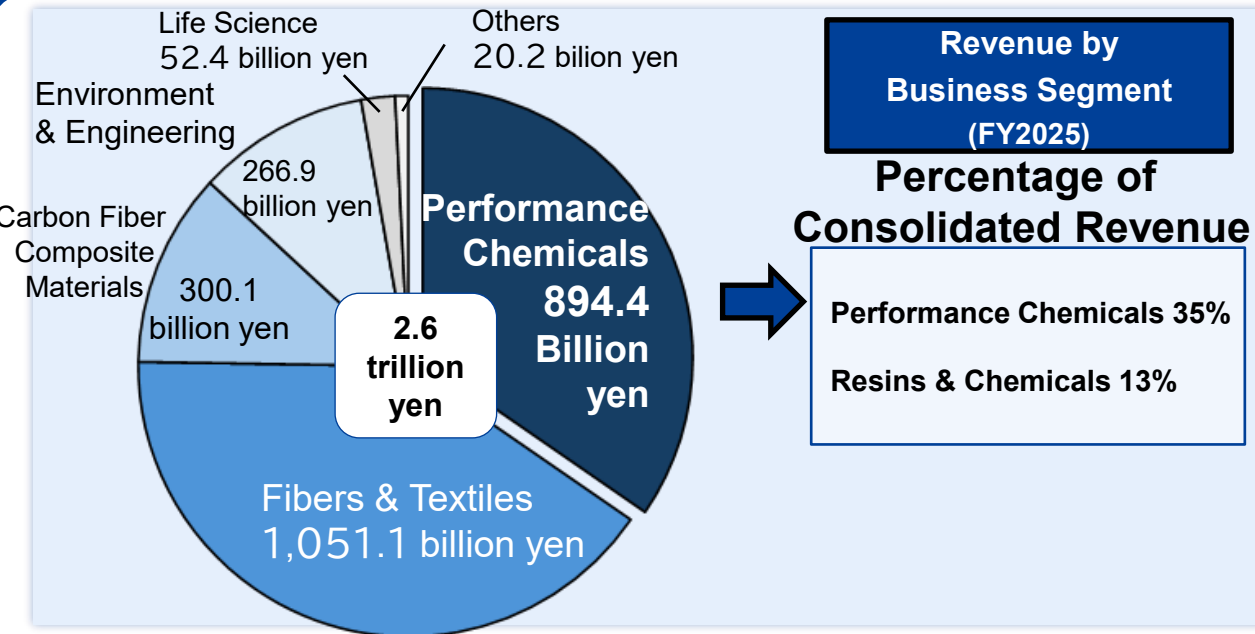
- Separating and cleaning fluids for electronic components
- Reaction solvents for medical drugs and agricultural chemicals



<THIOKOL LP®>
Sealant in construction applications



I. Overview of the Resins & Chemicals Business



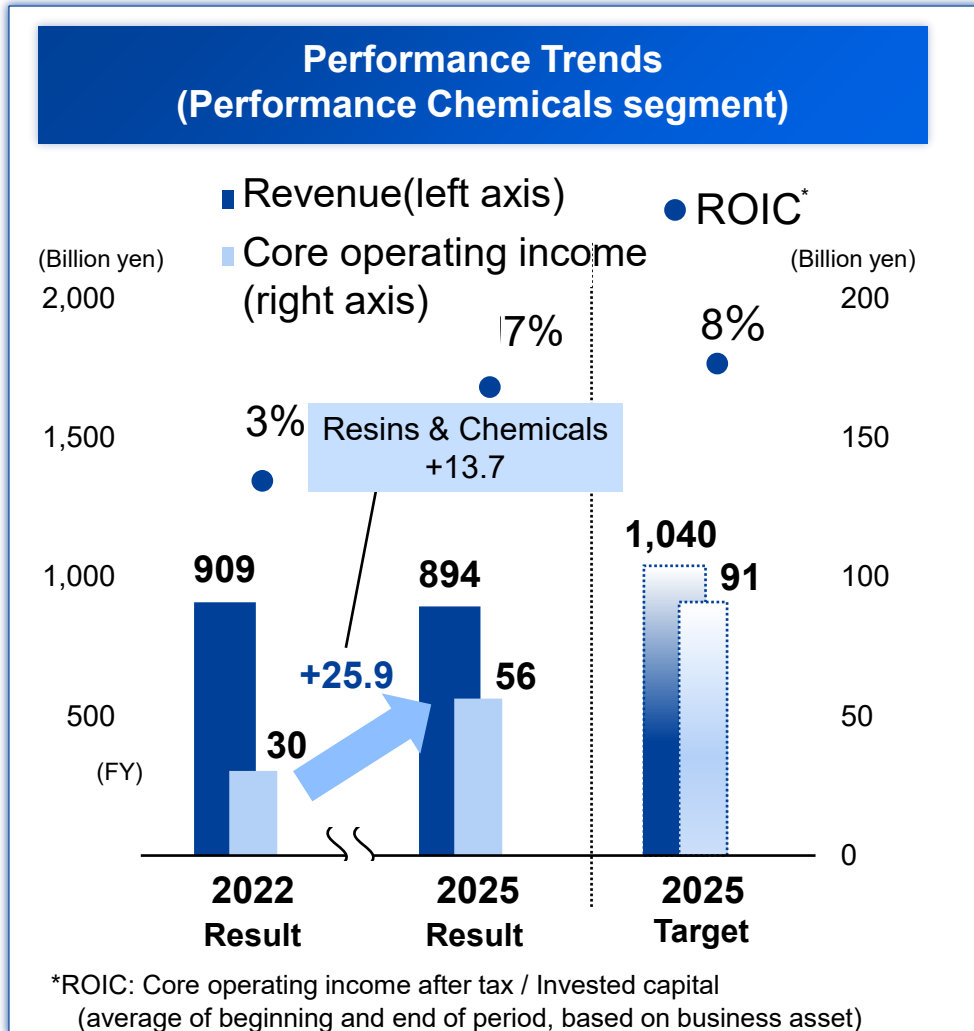
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Reviewing the Medium-Term Management Program, “Project AP-G 2025”

II. Reviewing the Medium-Term Management Program, “Project AP-G 2025”

Resins & Chemicals Business fell short of its FY2025 target but achieved a significant increase in core operating income compared with FY2022



Resins & Chemicals Business

Fell short of the FY 2025 target

- Lower-than-expected automobile production in North America and China
- Sharp decline in caprolactam-benzene spreads (\$1,500/t→620/t)
- Price decreases in fine chemical products such as MDCB

Significant profit increase compared with FY2022

ROIC improved over the AP-G 2025 period, driven by the expansion of high-value-added products and promoting strategic pricing.

- (1) ABS: Advanced the D Project, driving higher value-added offerings and strategic pricing
- (2) Automotive Business: Strengthened advanced development with Chinese Tier suppliers and captured high value-added opportunities
- (3) PPS: Expanded differentiated products and promoted sales expansion in global market



Medium-Term Management Program, "IGNITION 2028"

1. Resins & Chemicals Business Environment

Intensifying competition due to excess capacity in China

- Influx of low-priced products into ASEAN markets driven by oversupply
- Price declines and intensified competition in general purpose plastic resins and basic chemicals

Shifts in the competitive environment surrounding Japanese customers

- Shift in Japanese customer composition due to Intensifying competition in China and ASEAN markets
- Rise of new Chinese players

Advancing economic bloc formation

- Progressing fragmentation and rising tariff levels across China, Asia, and North America
- Accelerating supply chain restructuring and changes in customer structure

Sustainability Requirements

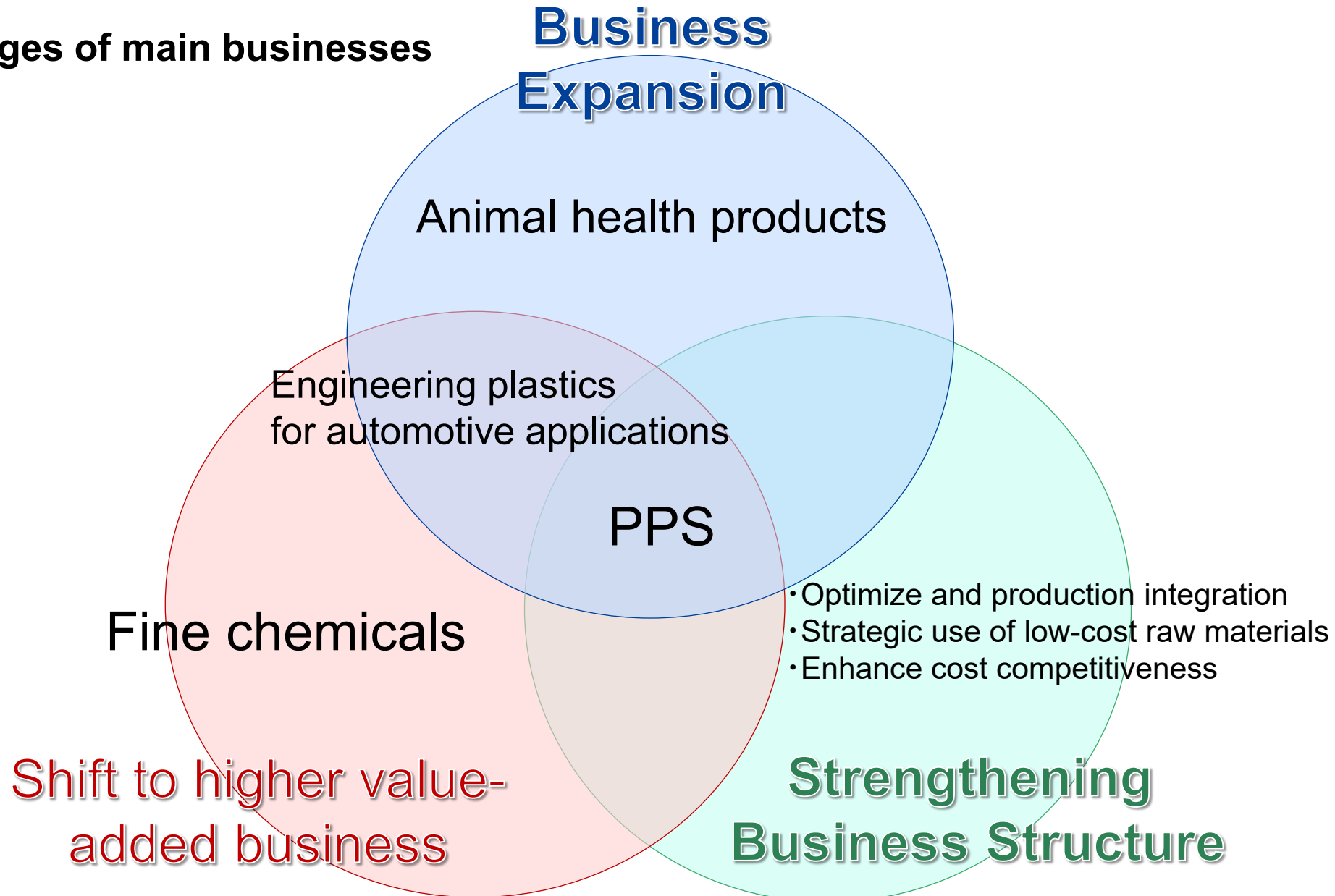
- Increasing GHG emission reduction demands (Scope 1–3)
- Additional costs for recycling and bio-based materials

2. Basic Policies and Strategies

- Enhance economic value by advancing growth expansion and structural reform as two wheels in tandem, while emphasizing ROIC-driven management
- Aim to create social value by bringing innovative technologies and advanced materials that address social issues into practical business applications

Improving profitability and capital efficiency (ROIC management)	
	<div style="display: flex; justify-content: space-between;"> Growth Expansion Structural Reform </div>
Enhance economic value	<div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <ol style="list-style-type: none"> 1 Focused resource allocation to growth markets, segments, and regions, including xEV 2 Driving differentiation and sophistication through strengthened R&D and supply chain capabilities 3 Driving innovation to develop high-performance, high value-added products and expand new businesses </div> <div style="width: 45%;"> <ol style="list-style-type: none"> 1 Enhancing cost competitiveness continuously Enhancing the efficiency of the production system 2 Implement structural reforms in low-growth, low-profit businesses, and controlling the increase in invested capital </div> </div>
Enhance social value	<ol style="list-style-type: none"> 1 Offering a wide range of recycled and bio-based materials to address diverse customer requirements 2 Differentiating through advanced chemical and quality management capabilities as a value-added proposition <p>→ Build robust mass production, quality management, and supply capabilities to support business expansion beyond 2030</p>
Strengthen Management Foundation	Advancing operational efficiency and capability enhancement through leveraging digital transformation (DX)

3. Challenges of main businesses



4. Growth strategy by business and Key challenges

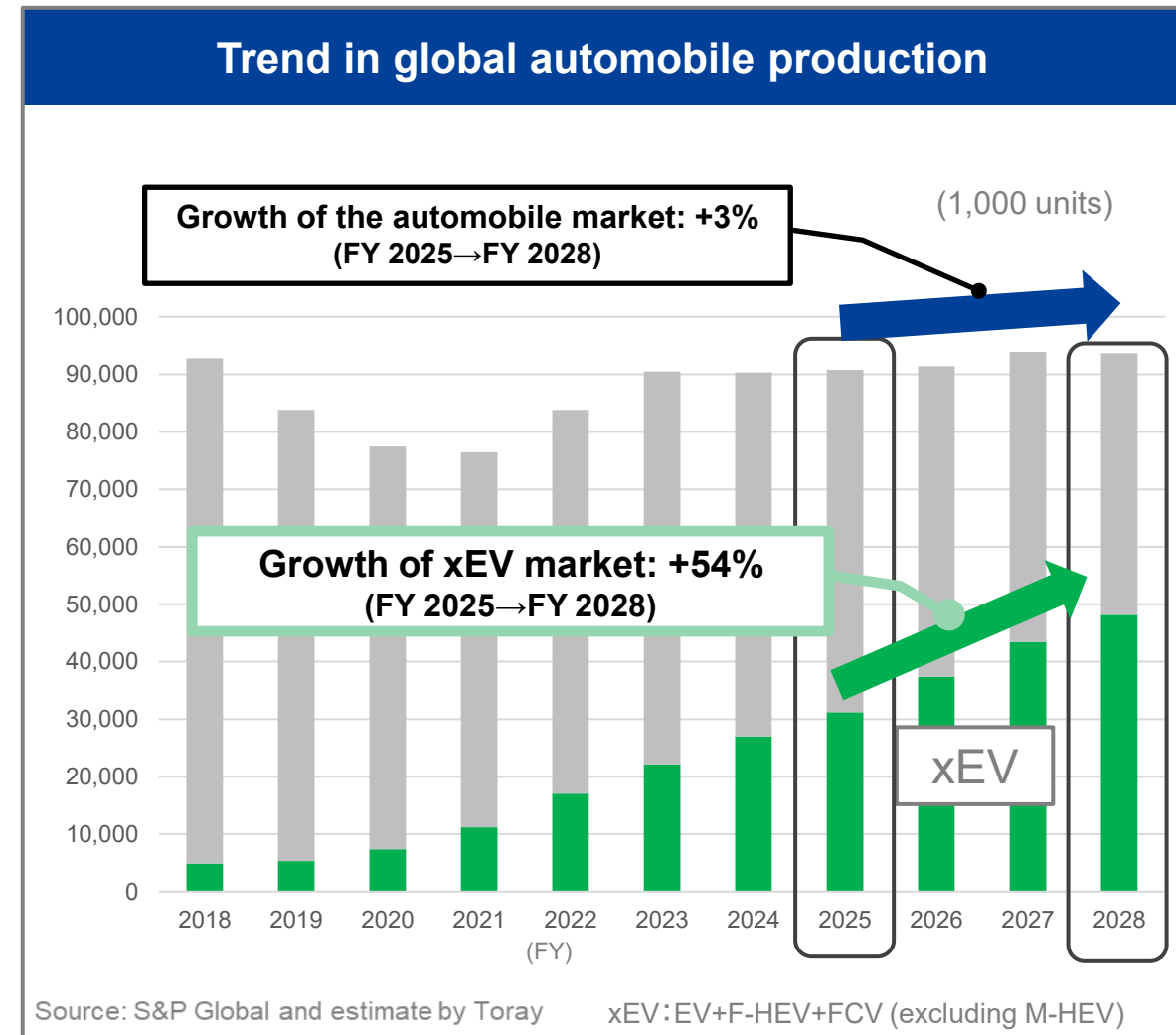
(1) Automotive applications(Engineering plastics)

<Growth strategy>

(1) Capture electrification (xEV) demand to drive significant expansion in the global market

(2) Strengthen presence in global market

(3) Differentiate through total solutions



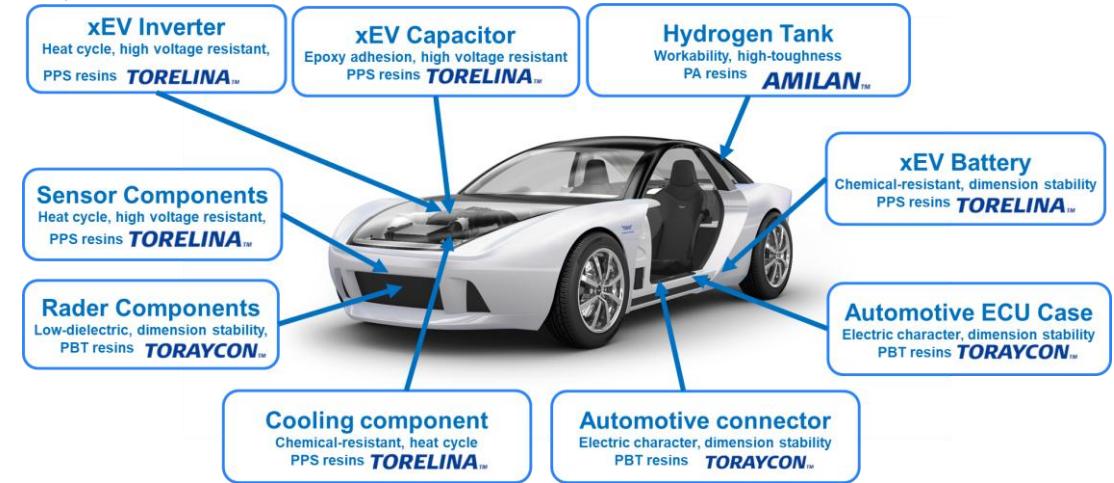
4. Growth strategy by business and key challenges

(1) Automobile applications (Engineering plastics)

<Key challenges and Action plans>

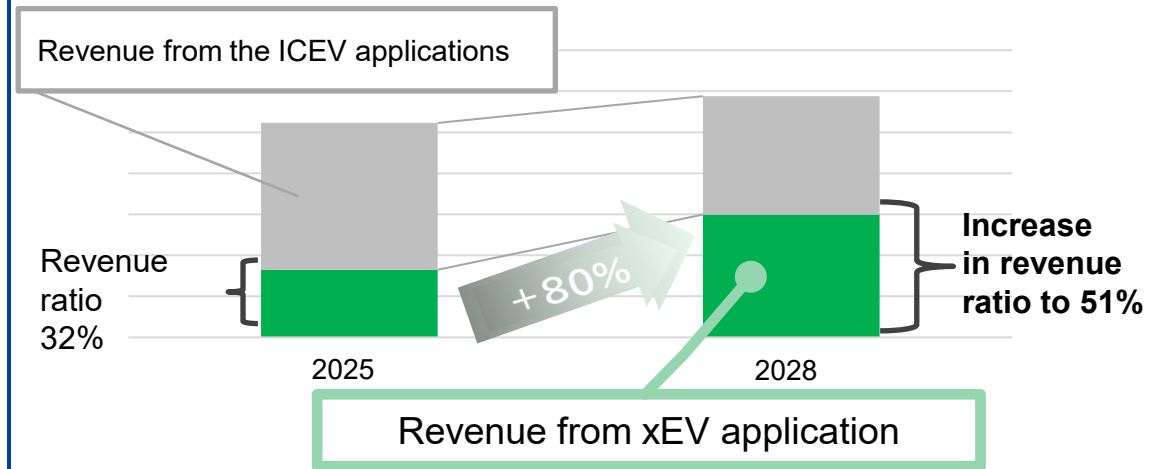
- (1) Expanding profitability in xEV market where competition is intensifying
 - Enhancing local development and procurement (particularly in China)
 - Building barriers to entry through higher value-added products
- (2) Enhancing resilience to market fluctuations across regions
 - Flexible business development including PHEVs and HEVs, reflecting the pace of BEV adoption and regional variations
 - Building a resilient earning structure by expanding our customer base
- (3) Accelerating advanced development and expanding local support capabilities
 - Driving value creation through integrated design and manufacturing expertise
 - Capturing high-value opportunities through advanced development and national staff-led execution (Establish a winning formula)

Toray's products for xEV



Engineering plastics business for automotive applications

Revenue from FY 2025 to FY 2028, 12% increase



4. Growth strategy by business and key challenges

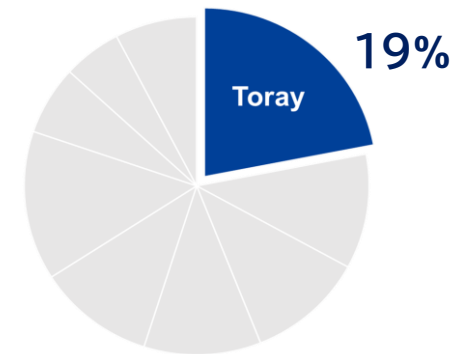
(2) PPS Business

<Growth strategy>

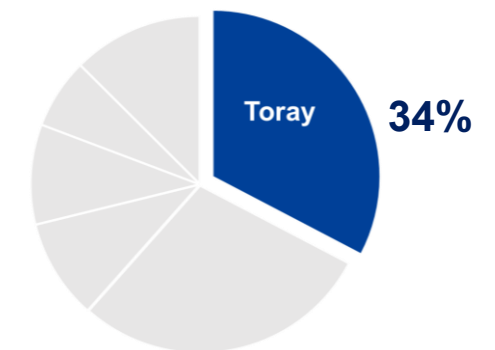
- (1) Expanding business through an integrated value chain from monomers to compounds
- (2) Expansion in key applications where we can leverage our strengths
- (3) Expand value-added through technical solution proposal capabilities

Global market share of PPS

Polymer Production

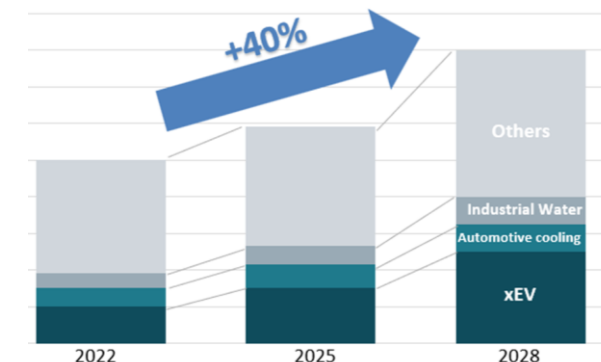


Compound Sales



Compound Market Growth and Three Key Applications

- xEV
Inverter, motor, and battery
- Automotive cooling
water pump, cooling system, cooling tubing
- Industrial water system components



4. Growth strategy by business and key challenges

(2) PPS Business

<Key challenges and initiatives>

(1) Establishing competitive advantage in an intensifying global market

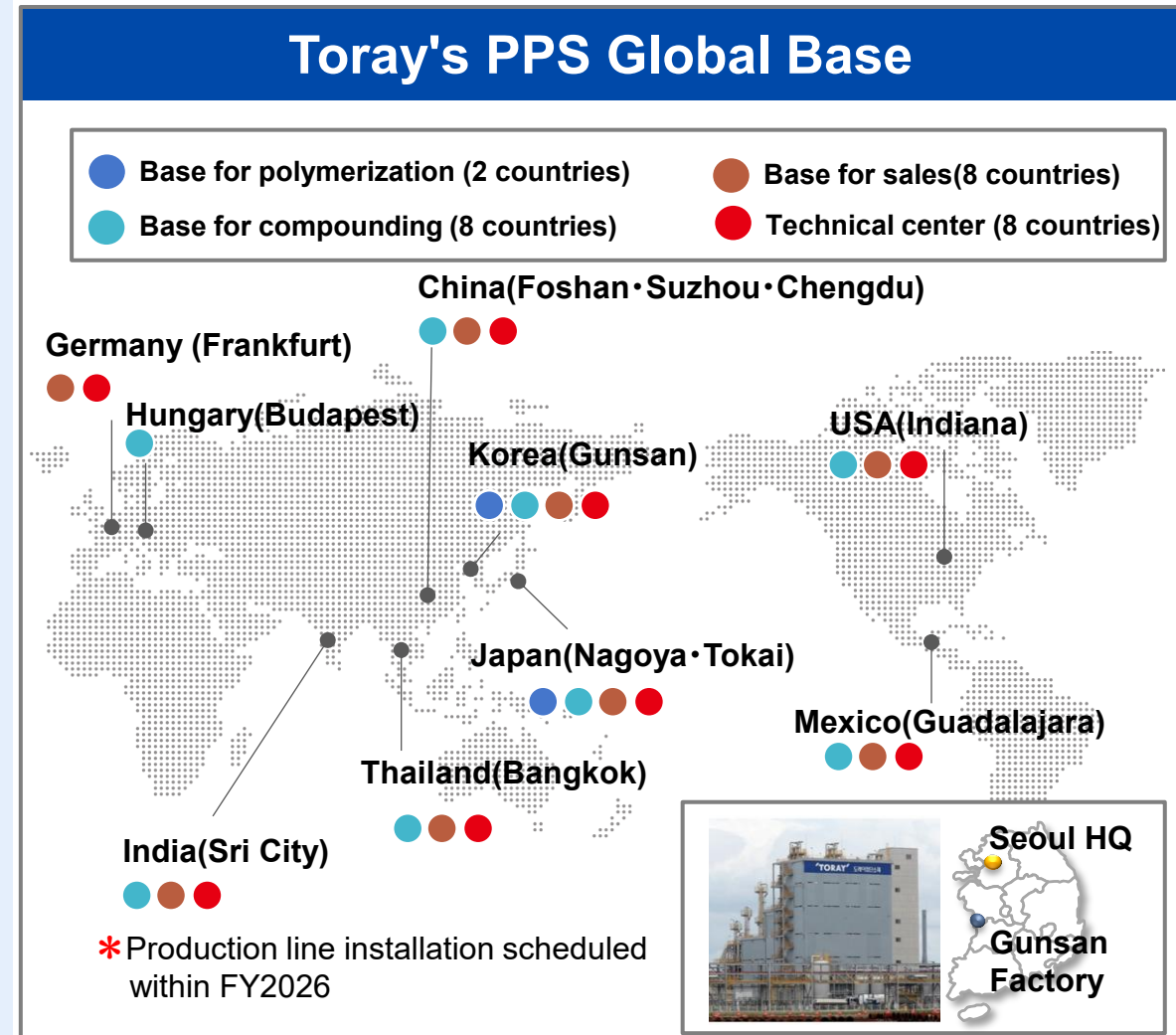
- Strengthen differentiation and competitiveness through integrated global operations across sales, technology, and production

(2) Securing dominant share in key compound applications

- Establishing a dominant share in key compound applications (e.g., xEV, automotive cooling, industrial water system components)

(3) Ensuring profitability

- Achieve early full-scale operation of the new polymerization plant in the Republic of Korea while maintaining cost competitiveness through global optimization



4. Growth strategy by business and key challenges

(3) Post-Iran Conflict Scenario and Growth Opportunities for Toray's Resins Business

<Post-Iran Conflict Scenario>

Expansion of the automotive electrification and renewable energy field, and shifts in supply chains

- (1) Faster shift away from oil dependency amid supply risks
- (2) Renewed growth in BEVs and solar power generation-related field
- (3) Accelerated supply chain restructuring driven by Chinese players

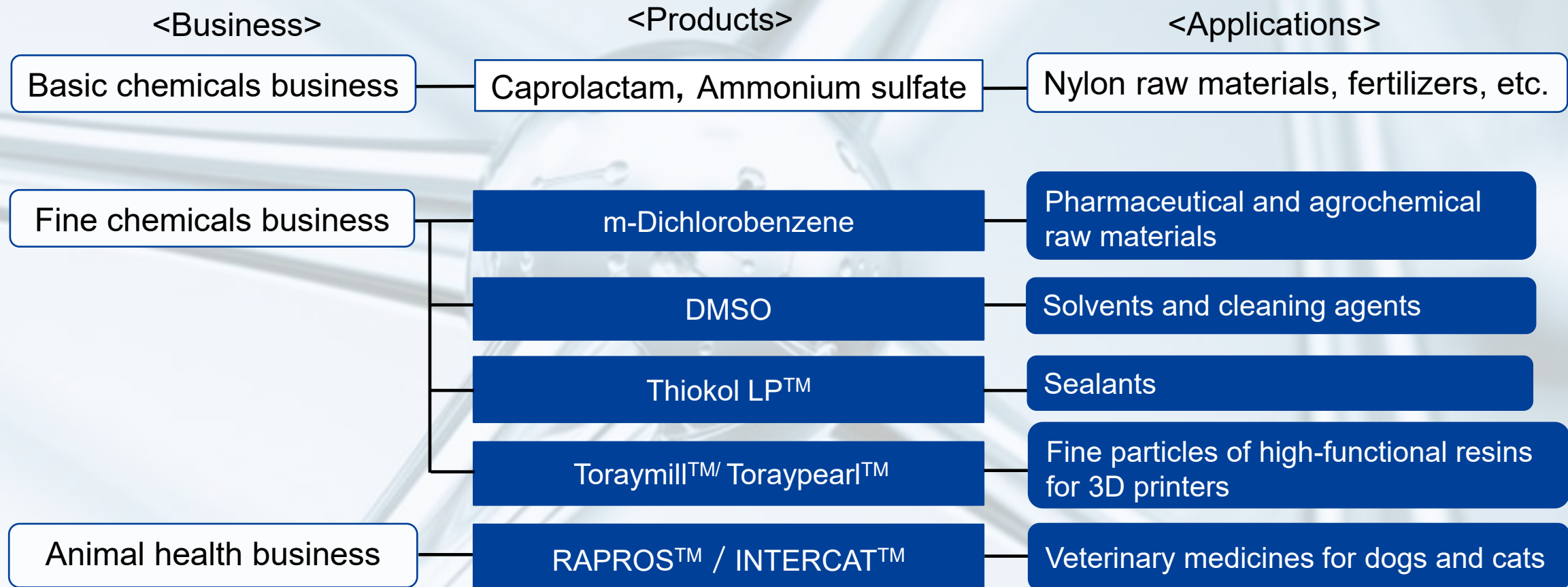
Growth Opportunities for Toray's Resin Business

- **Expansion of local market entry with Chinese customers**
Capturing Demand Leveraging following Toray Group's China production sites
 - (1) 3 compounding plants + 2 processing sites
 - (2) Proven track record with Chinese OEMs
 - (3) Strong organization and advanced development capabilities in China, driven by local personnel
- **Aligned with the global expansion of leading Chinese customers**
Capturing demand through a globally consistent quality supply system of the Toray Group

→ Capturing demand for electrification and renewable energy expansion led by Chinese manufacturers through a China-based business platform and global supply capabilities

4. Growth strategy by business and key challenges (4) Overview of the chemicals business

Basic chemicals business consisting of raw materials for synthetic fibers and plastics, fine chemicals business consisting of pharmaceutical and agrochemical raw materials and industrial materials



4. Growth strategy by business and key challenges (5) Fine chemicals business

<Growth strategy>

Leveraging our advantages in quality and cost through proprietary technologies to expand in high-end applications and achieve sustainable growth

<Key challenges and Action plans>

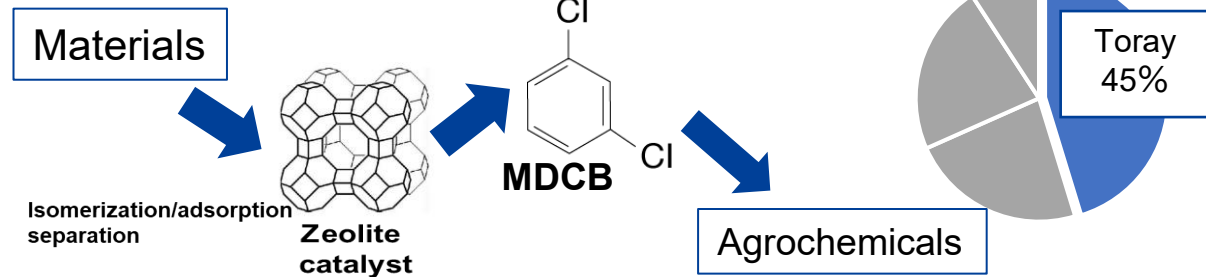
(1) m-Dichlorobenzene(MDCB) (World-leading market share)

- Maintaining a leading global market position through cost competitiveness, while accelerating expansion of sales (Particularly in India and China)

(2) DMSO

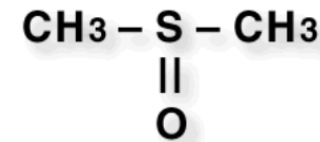
- Driving global sales expansion in high-value markets such as semiconductors, leveraging quality advantages and a dual production base in Japan and China (Japan and China)
- Achieving a leading position in high value-added pharmaceutical excipients (ExG), expanding regenerative medicine applications using sterilized products (StG)

m-Dichlorobenzene(MDCB)



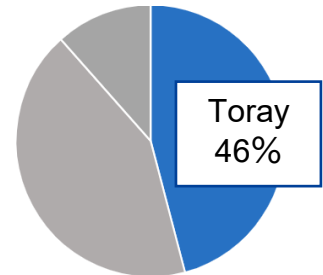
A cost-competitive, low environmental-impact manufacturing process based on proprietary zeolite catalysts

DMSO



- Remover
- Cleaning agent
- Organic synthesis solvent

Global market share in high-end markets (Semiconductors, etc.)



DMSO-StG (Sterile Grade)

Building the first fully integrated domestic production system from raw materials through sterilization, and launching products for pharmaceutical excipients and cell cryopreservation solutions



4. Growth strategy by business and key challenges (5) Fine chemicals business

<Key challenges and action plans>

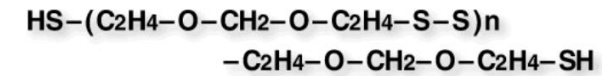
(3) Thiokol™ (World-leading market share)

- Accelerating growth in high value-added applications with certification-based barriers to entry, such as high-performance insulating glass sealants
- Developing and commercializing new applications, including aerospace and fire-resistant coatings

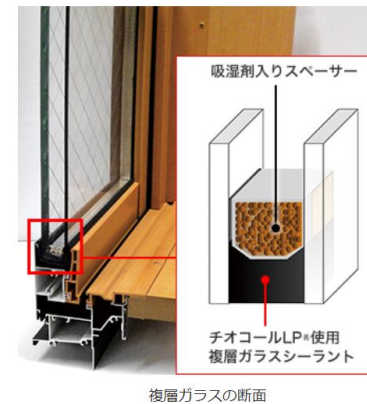
(4) High-performance fine particles for 3D printing

- Driving demand creation through partnerships with 3D printer manufacturers across aerospace, semiconductor, and automobile industries
- PA6 high-performance spherical particles as an alternative to PA12 fine particles
- Driving development and sales expansion of Toraymill™, high-heat-resistant PPS microparticles

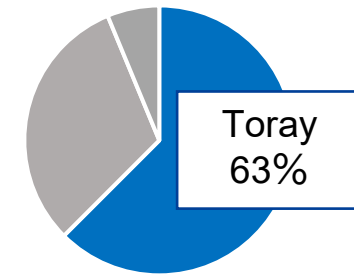
Thiokol™



Sealant (insulating glass), adhesive agent

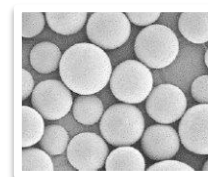


Global market share in multi-layer glass applications



Fine particles of high-functional resins

Realizing complex component designs with high-performance resins



PPS/PA6 fine particles



Stack manifold



Intake manifold

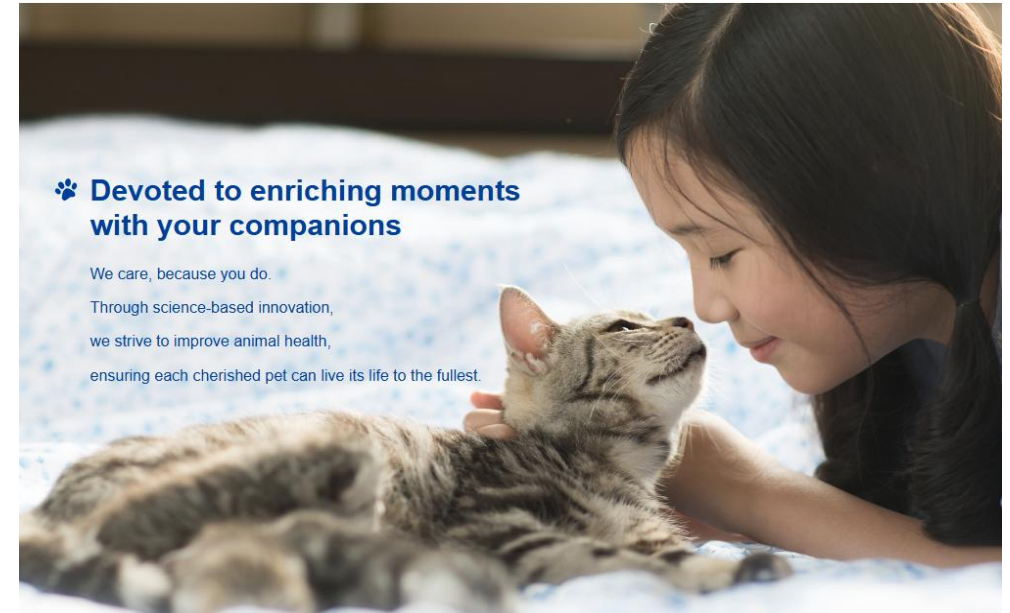
4. Growth strategy by business and key challenges (6) Animal health business

“Devoted to enriching moments with your companions”

“We care, because you do. Through science-based innovation, we strive to improve animal health, ensuring each cherished pet can live its life to the fullest.”

<Growth strategy>

- (1) Accelerating growth through global expansion of existing products and expansion of indication
- (2) Advancing development of new products to address demand for longer, healthier lives in animals



Antiviral medicine

INTERCAT™



World's first
Feline interferon (genetically modified) drug

RAPROS™ Medicine for chronic kidney disease



World's first
Kidney disease medicine for cat

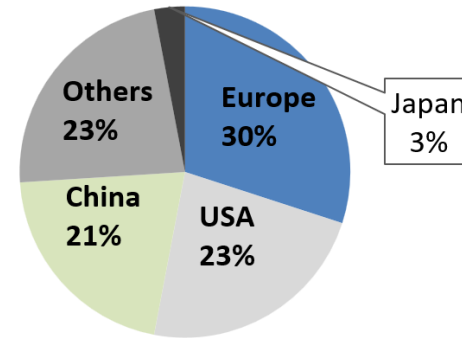
4. Growth strategy by business and key challenges (6) Animal health business

<Key challenges and Action plans>

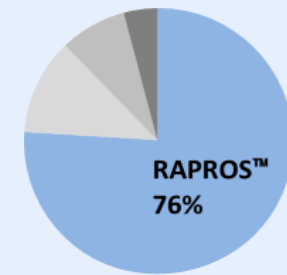
- (1) Marketing efforts focused on efficacy
- (2) Strategic collaboration with major animal health companies
- (3) Early approval and launch of RAPROS™ in the U.S. and European markets
 - U.S.: Conducting non-clinical studies
 - Europe: Conducting clinical trials
 - Manufacturing: Establishment of a global production framework
- (4) RAPROS™ indication expansion
 - Domestic clinical trials of RAPROS™ for canine diseases
- (5) Development of new veterinary pharmaceuticals
 - Expand and strengthen the pipeline using internal and external seeds
 - Advancing collaborative research with veterinary universities and animal hospitals

RAPROS™ efficacy: Inhibition of renal function decline and improvement of clinical signs

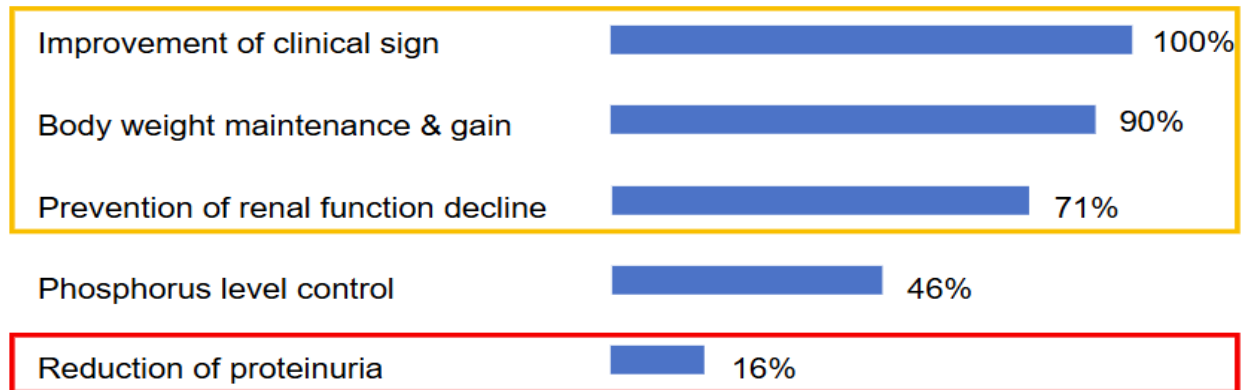
Global dog and cat population (~680 Million)



Domestic market share of veterinary renal disease treatments (2025)



Veterinary survey (n=312): Expected efficacy of renal treatments



Since efficacy of competing products is limited to proteinuria reduction, many veterinarians expect efficacy from RAPROS™.

 Efficacy of RAPROS™
 Efficacy of competing products

5. Structural Reform

(1) Redesigning production systems

Optimization and integration of global production systems

- (1) Fundamental review of the production system and promotion of global integration and optimization
- (2) Strategic utilization of low-cost raw materials by leveraging oversupply centered in China, without being constrained by in-house production
- (3) Redesign production, procurement, and fixed cost structures to structurally enhance cost competitiveness

(2) Business sophistication

Promoting business sophistication through deepening early-stage development, leveraging the Group's comprehensive capabilities, and strategic partnerships

- (1) Securing competitive advantage by further deepening our strength in advanced development
- (2) Expanding the integrated 'Materials + Processing' business by leveraging group resources
- (3) Accelerating business growth by promoting strategic alliance

6.R&D challenges

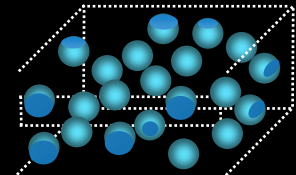
	Basic strategies	Main themes and major initiatives
Resins	Developing high value-added products	<ul style="list-style-type: none"> •Expansion of PPS: Development of differentiated grades (ultra-flexible, high voltage resistant, high heat cycle resistant) •NANOALLOY™: Expanding applications for shock absorbing components (crash pad) and vibration-damping materials •Upfront development: Next-generation mobility (xEV and advanced driver-assistance systems (ADAS)), data centers, etc.
	Innovative cost reduction technologies	<ul style="list-style-type: none"> •Proceeding with fundamental cost reduction through an integrated production system from PPS monomer, polymerization to compounding
	Strengthening global development capabilities	<ul style="list-style-type: none"> •Enhancing development capabilities at overseas technical centers

6.R&D challenges

	Basic strategies	Main themes and major initiatives
Chemical	Innovative cost reduction technologies	<ul style="list-style-type: none"> •LED conversion of lactam photoreaction
	Advancing products	<ul style="list-style-type: none"> •Advancing lactam-related businesses (granulated ammonium sulfate, chemical fertilizers, etc)
Common	Contributing to the realization of a sustainable society	<ul style="list-style-type: none"> •Expanding recycled engineering plastics (PBT / PPS / ABS, etc) •Converting core polymers to bio-based materials •Establishing circular recycling technologies •Marine biodegradable resins (PA4) •Reducing GHG emissions (actively utilizing renewable energy and continuously improving utility consumption rates)
	Restructuring of production system	<ul style="list-style-type: none"> •Improving the efficiency of the production system by consolidating our production bases •Strengthening competitiveness by leveraging production DX and AI

6.R&D themes: NANOALLOY™ Technology

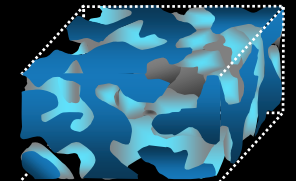
Nano-dispersion



Nano-control for interfacial stabilization

Example 1:
PPS/Amorphous resins

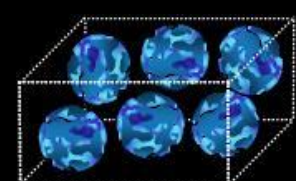
Nano-bicontinuous



Continuous structure of both components

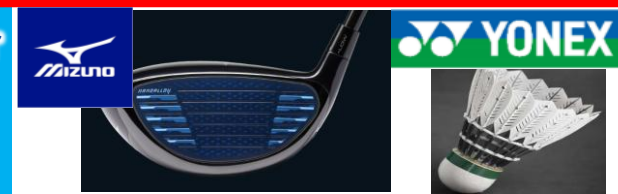
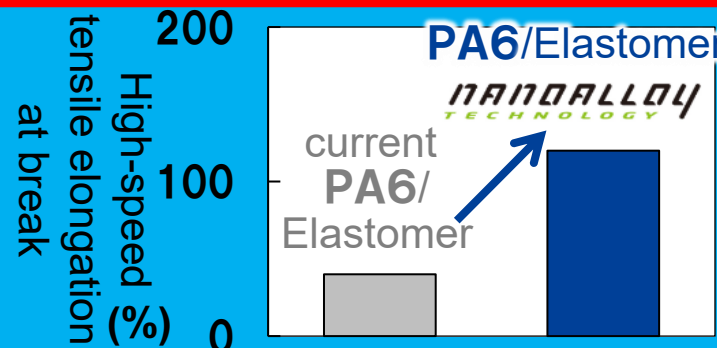
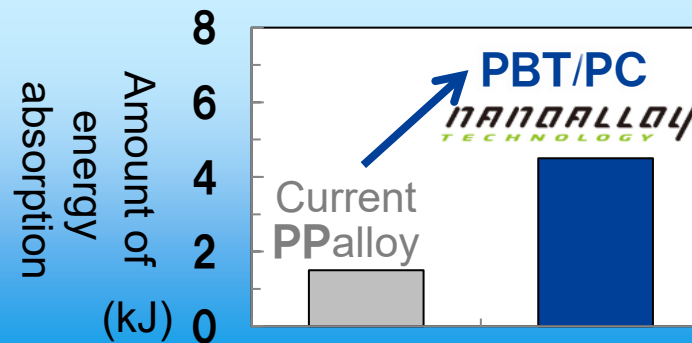
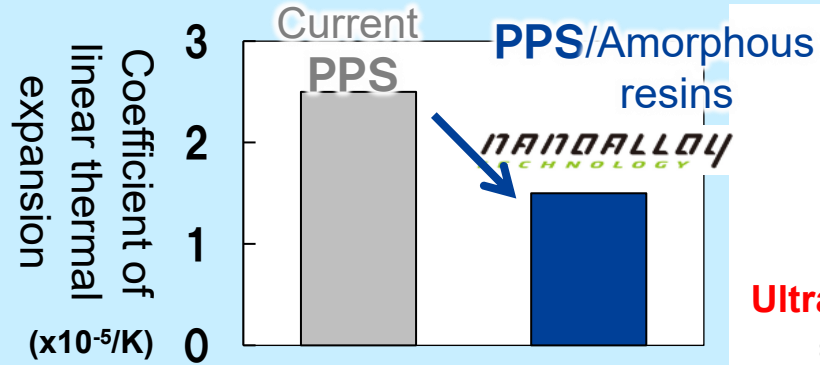
Example 2:
PBT/PC

Nano-micelle



Both components are bound (micelles)

Example 3:
PA6/Elastomer



6.R&D themes: Enhancing lactam-related products

Caprolactam: Utilizing Toray's proprietary photoreaction technology (Photo Nitrosation Cyclohexane: PNC process), realized high safety (at normal temperature and pressure) and easy process (single stage reaction)

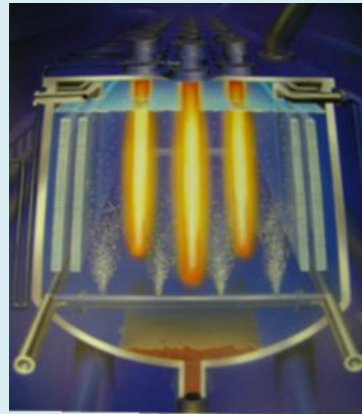
Related business: Expanding business in various fields, leveraging by-products derived from Toray's proprietary process

Reducing environmental impact using lactam process

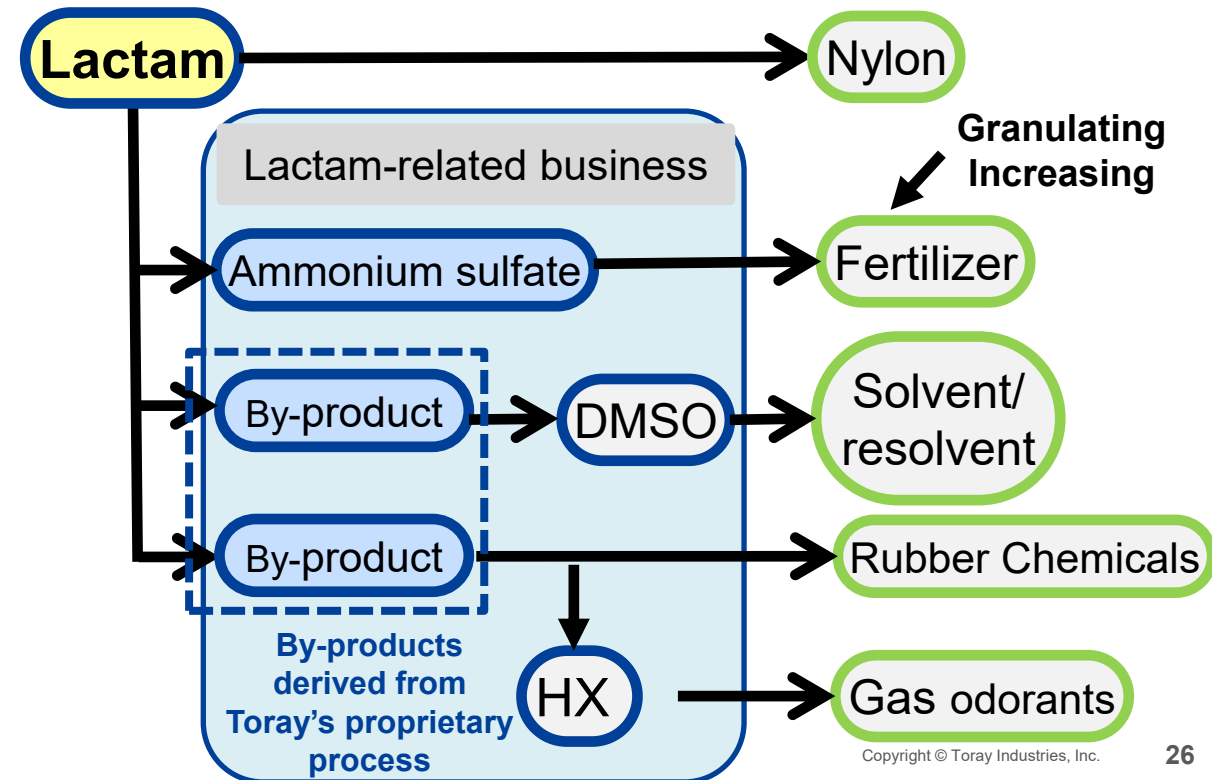
<Measures>

LED conversion of photoreactive light source

Developing a new type of lamp utilizing LED



Photoreactive tank



7. Recycle (1) Toray's lineup of recycle resin and biomass resin

	Type	Source	Toray's grades line up
PA6	MR	PIR PCR	Unreinforced, GF-reinforced, GF-reinforced heat-resistant, etc.
	CR	PCR	Under development
PA66	MR	PIR PCR ELV	Unreinforced, GF-reinforced, GF-reinforced heat-resistant, etc.
PBT	MR	PIR PCR	Unreinforced, GF-reinforced, GF-reinforced low warpage, GF-reinforced hydrolysis-resistant, etc.
	CR		
PPS	MR	PIR	Closed-loop recycling of molding process scrap
	Circular Bio-circular	Waste plastic Biomass naphtha	All grades
ABS	MR	PIR PCR	General-purpose, heat-resistant, Excellent paintable grade
	Circular Bio-circular	Waste plastic Biomass naphtha	All grades
PC/ABS	MR	PCR ELV	General-purpose, High-paintable, ELV (End-of-life vehicles) sourced recycled grade.

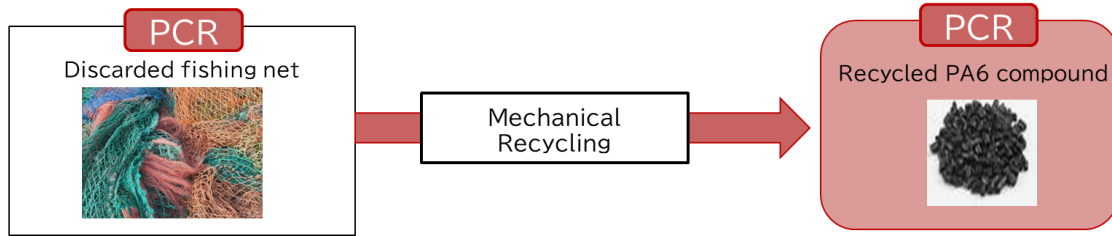
MR Mechanical Recycling PIR Post-industrial recycled ELV ELV (End-of-life vehicles) sourced recycled
CR Chemical Recycling PCR Post-consumer recycled

Flexible use of diverse recycling technologies and feedstocks to offer a broad lineup for diverse customer needs

7. Recycle (2) Recycling technologies

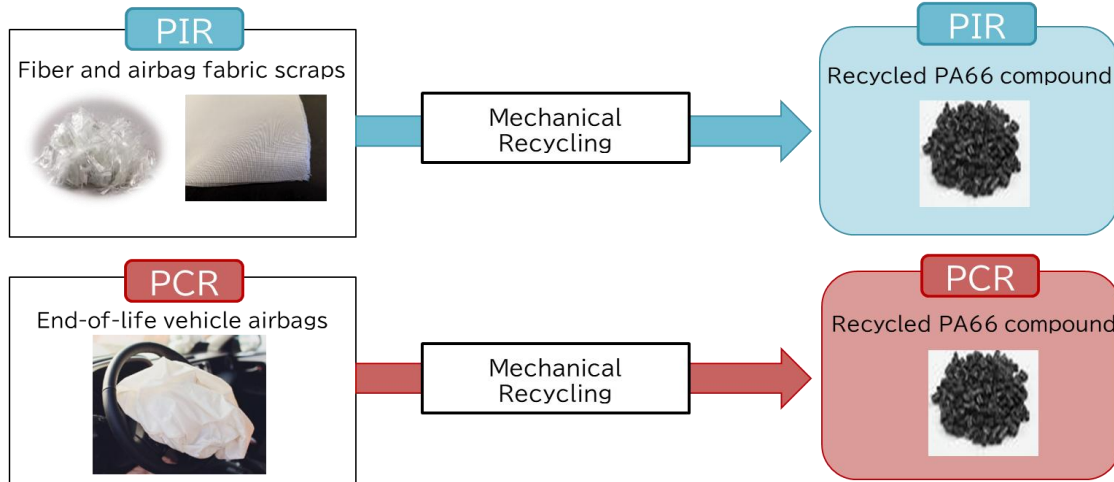
(1) PA66/open recycle

Virgin-equivalent performance with mechanical recycling



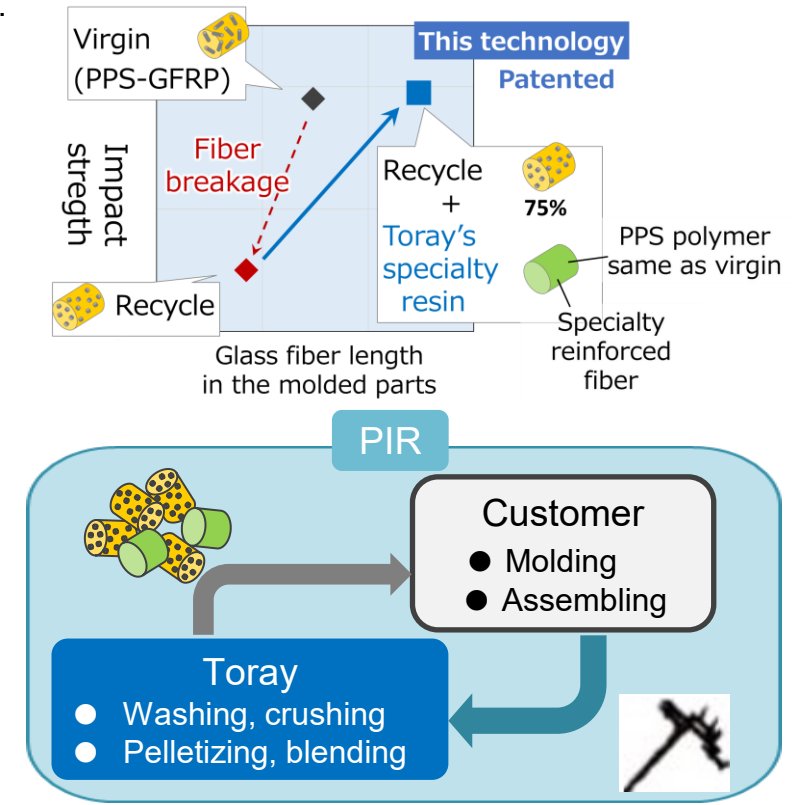
(2) PA66 / open recycle

Virgin-equivalent performance with mechanical recycling



(3) PPS / closed recycle (molding scrap)

In conventional mechanical recycling, mechanical properties deteriorate due to glass fiber (GF) breakage. Toray's proprietary property restoration technology enables performance equivalent to virgin materials.



Building supply chains aligned with recycled feedstocks and customer needs

7. Recycle (3) Sales expansion target of recycle resin and biomass resin

(1) Wide lineup of recycle resin

- (1) Mechanical recycle
- (2) Chemical recycle
- (3) Biomass

→ Contributing to higher recycling ratio and reducing GHG emissions

(2) Control of recycling supply chains

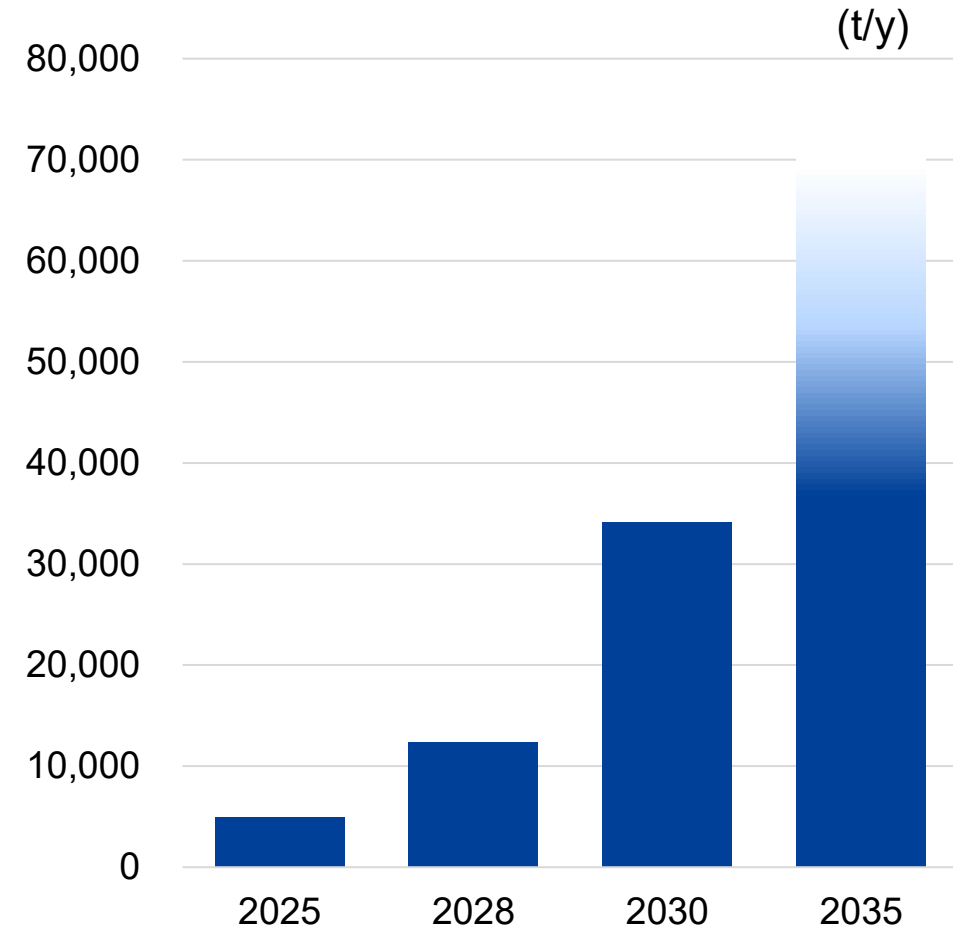
- (1) Collection
- (2) Clashing
- (3) Sorting
- (4) Washing
- (5) Compounding

→ Differentiating through advanced quality control as added value

(3) Establishing mass production, quality control, and stable supply system

→ From 2030 onwards, full-fledged mass production will start

Sales expansion target of recycle resins and biomass resins

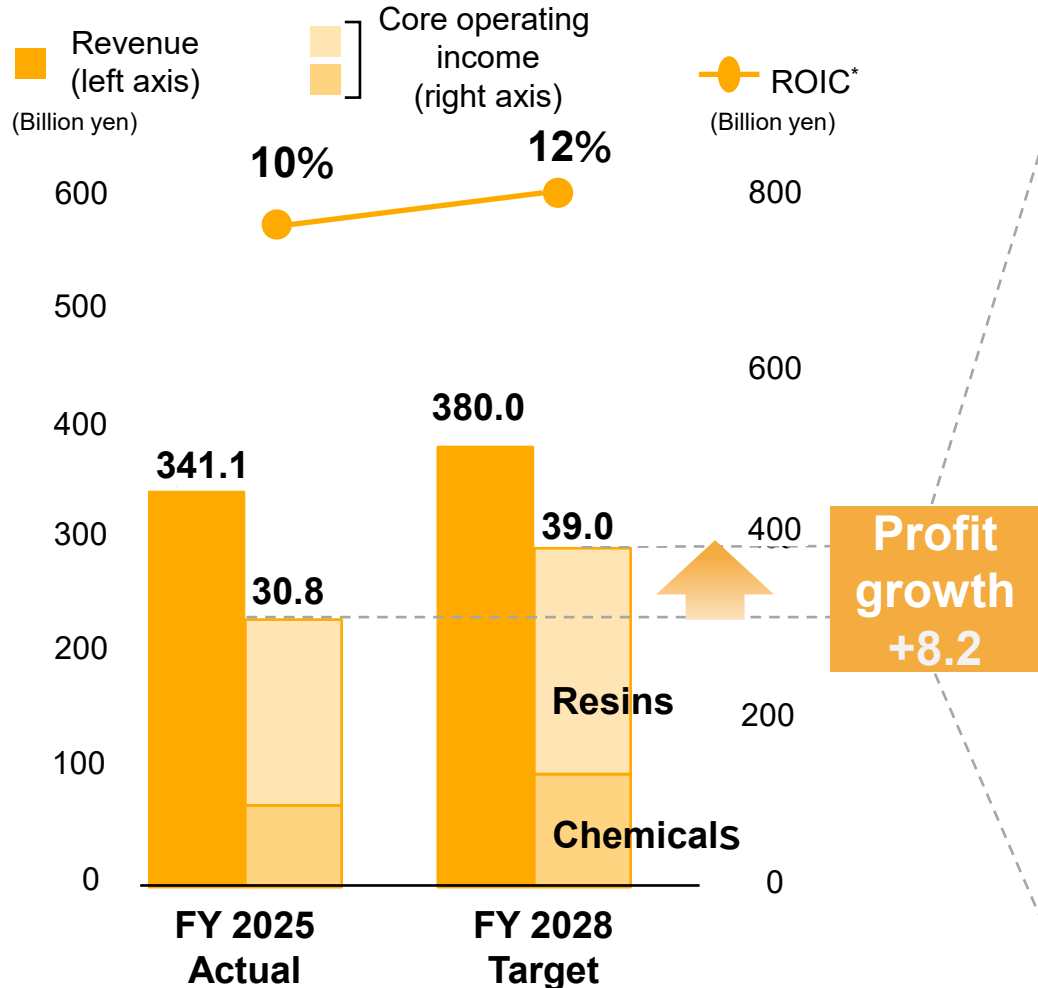


IV

**Target Under IGNITION 2028 and
Contribution Breakdown
by Business and Initiative**

Target Under IGNITION 2028 and Contribution Breakdown by Business and Initiative

Aiming to achieve revenue of 380 billion yen and a core operating income of 39 billion yen in FY 2028, while advancing growth and structural reform



Growth and Expansion

(1) Engineering plastics for the automotive applications

Capturing global demand through advanced development and xEV market growth

(2) PPS resins

Expanding sales of higher value-added products through differentiation of compounding technology and significant cost reduction

(3) Fine chemicals

Increasing revenue by expanding sales in higher value-added and higher grade applications

(4) Veterinary medicines

Increasing revenue through early certification and market launch for the U.S. and Europe

Structural reform

(1) Redesigning of production system

Integrating and optimizing production, strategically utilizing low-cost raw materials, and significantly enhancing cost competitiveness

(2) Business sophistication

Deepening advanced development, leveraging the Group's comprehensive capabilities, and pursuing strategic partnerships

*ROIC: Core operating income after tax / Invested capital
(average of beginning and end of period, based on business asset)

Descriptions of predicted business results, projections and business plans contained in this material are based on assumptions and forecasts regarding the future business environment, made at the time of publication. Information provided in this material does not constitute any guarantee concerning the Toray Group's future performance.

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Innovation by Chemistry