

# Toray Industries, Inc.

Announcement of Business Results for the 2Q and  
Six Months Ended September 30, 2025

Transcript

November 14, 2025

Mitsuo Ohya

President and Representative Member of the Board

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

The material in this presentation is not a guarantee of the Company's future business performance.

<General>

Q. Overall, what is the reason for increase of business results against the initial forecast for the first half? While the forecast for impact from the U.S. tariff measures was changed to 5 billion yen from 15 billion yen estimated in the initial forecast, the full year consolidated forecast remains unchanged. What is the background of it? Meanwhile, was the profit from the sales of equity interest of Japan Vilene included in the initial forecast? In addition, please let me know the reason why the forecast for profit attributable to owners of parent in this fiscal year remain unchanged.

A. Although we assumed 5 billion yen as the impact from the tariff measures for the first half in the initial forecast, the impacts from the business sentiment and the effects on the direct shipments for the U.S. or from the U.S. to China were less than expected. Furthermore, as for self-efforts, the effect of strategic pricing which was expected to achieve 10 billion yen annually has reached 7.4 billion yen only in the first half. Currently around 5 billion yen is clearly identified amount as the impact of the U.S. tariff measures for the full-year forecast. Other than that, we forecast indirect effects such as the sluggish domestic demand in China and business climate in Europe, and therefore, we remained unchanged the full year forecast. The profit from the sales of equity interest of Japan Vilene was not included in the initial forecast. It will contribute to the increased profits in the second half, however, it will be offset by expected costs for structural reform we are currently implementing.

Q. The effect of the Projects to Improve Profits of Specified Businesses and Companies (Darwin Project) was forecasted to remain 7 billion yen in the new forecast, though over 10 billion yen of effect was expected in the initial forecast. Are the structural reforms other than Zoltek progressing as planned?

A. Out of the 7 billion yen in full-year effect on profit improvement by Darwin Project, achievement in the first half was about half of it, 3.5 billion yen, and the same amount of effect is expected to achieve in the second half. The decrease in the amount was primarily due to the delay of demand recovery at Zoltek. In the first half of last fiscal year, the businesses that fall under Darwin Project overall showed a deficit, but restored profitability in the second half. Thus, year-on-year amount of effect was almost the same both in the first and second halves, but in absolute amount, we expect about 5 billion yen of increase in profit.

<Fibers & Textiles>

Q. In the Fibers & Textiles segment, difference in quantity and net change in price increased in 1Q, but in the first half, both of them decreased. Please let me know the background of it. Meanwhile, what is the reason why 6.7 billion yen increase in core operating income is forecasted in the second half?

A. I would like you to understand that the reason of decrease of net change in price in 2Q is due to differences in the product mix. This did not mean the profit was decreased by reducing the sales price. The apparel applications are expected to expand in 3Q, as shipment of the fall / winter clothing has entered the peak season. Moreover, due in part to this summer's intense heat, sales of textiles for spring / summer clothing are expected to increase in the second half. Thus, we anticipate an increase in core operating income. By regions, the fibers & textiles business in Asia has been affected by an influx of Chinese products losing their markets, and in some businesses, structural reforms are proceeding. In the automobile applications in Europe centered on the microfiber fabric with a suede texture, pace of profit expansion is slower than expected. However, the microfiber fabric with a suede texture is expected to improve in the second half rather than in the first half, and we plan to accelerate the pace from 4Q onward.

<Performance Chemicals>

Q. In the Performance Chemicals segment, core operating income is forecasted to increase in the second half by 6.2 billion yen compared with the previous fiscal year. While the business environment is not favorable in display panels and ABS resins, multi-layered ceramic capacitor (MLCC) release film seems to be steady. Please let me know the business environment of each Performance Chemicals subsegment in the second half.

A. As for expansion of high-profitable film products, sales expansion of MLCC release films is expected, owing to starting operation of a new production line of Lumirror, PET film at Gifu Plant. In addition, sales expansion of OPP film for capacitor is also forecasted, due to commencement of a new production line at Tsuchiura Plant. Under Darwin Project, a film subsidiary in the U.S. is expected to significantly improve in the second half, due to the effect from cost reductions and other initiatives that can be steadily achieved through self-efforts, such as leveraging recycled materials. In the resins & chemicals businesses, core operating income decreased due to trouble in production in 1Q, but improvement is expected in the second half. In the resin compound business, sales expansion is expected in our strong fields mainly in PPS. In the electronic & information

material business, demand decrease of display panels in China and downward pressure on prices negatively affected, however, new products produced by a subsidiary in the Republic of Korea is expected to expand in sales and contribute to increase in core operating income. In electronic coating materials, environmentally-friendly high-end products are being launched.

<Carbon Fiber Composite Materials>

Q. In the carbon fiber composite materials business, production rate at a major customer is steadily increasing, but inventory adjustment of supply chains persists longer than expected? According to your explanation, the aerospace applications other than the major customer are increasing. What are the specific details? Please explain about the business circumstances of carbon fiber composite materials business overall including trends of other applications than aerospace.

A. Our shipment of materials for the major customer in the aerospace applications remain unchanged from the initial forecast, with an assumption of 6 units per month on average, 72 units per annum. Production rate of 787 is steadily improving, and we anticipated frontloaded shipment earlier than our assumption. However, in fact, we assume that it will take the entire of this fiscal year to clear out inventory at the supply chain. Therefore, we are forecasting shipments of materials for 5-6 units per month for 3Q, at a similar level as the first half, and for 4Q, at around 7 units per month. We believe that inventory adjustment at supply chain will end in this fiscal year. The major customer explained that it will increase construction rate of 787 to 8 units within this year and to 10 units within FY 2026, and we will prepare the production capacity for the increases. In the aerospace applications, space-related and secondary structure material businesses were strong in the first half, and are receiving additional orders for the second half. In the industrial applications, demand for compressed natural gas tanks has not recovered as we expected. On the other hand, demand for cable core materials for power lines increased due to the growth in AI-related demand, and their sales are expanding. In terms of regions, demand is rising in the U.S., India, and Indonesia. Demand in large tow carbon fiber for Zoltek's wind turbine blades has not recovered as expected. Under Darwin Project, Zoltek became profitable and aimed to increase profit through sales expansion, but it was sluggish in the first half. In the second half, it is expected to recover gradually.