



Management Briefing

Progress of Medium-Term Management Program, “Project AP-G 2025”
and Direction for the Next Medium-Term Management Program

May 26, 2025
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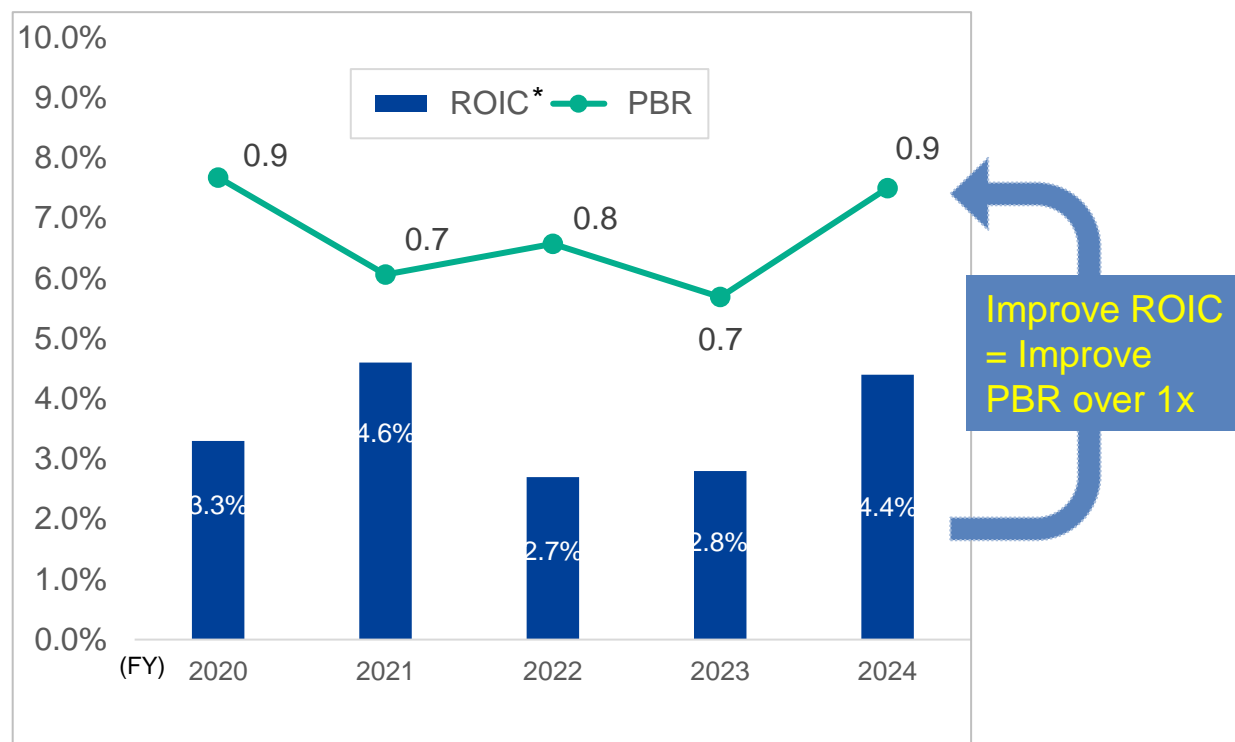
A Truly Sustainable Company

— Our Strengths and Value Creation Model —

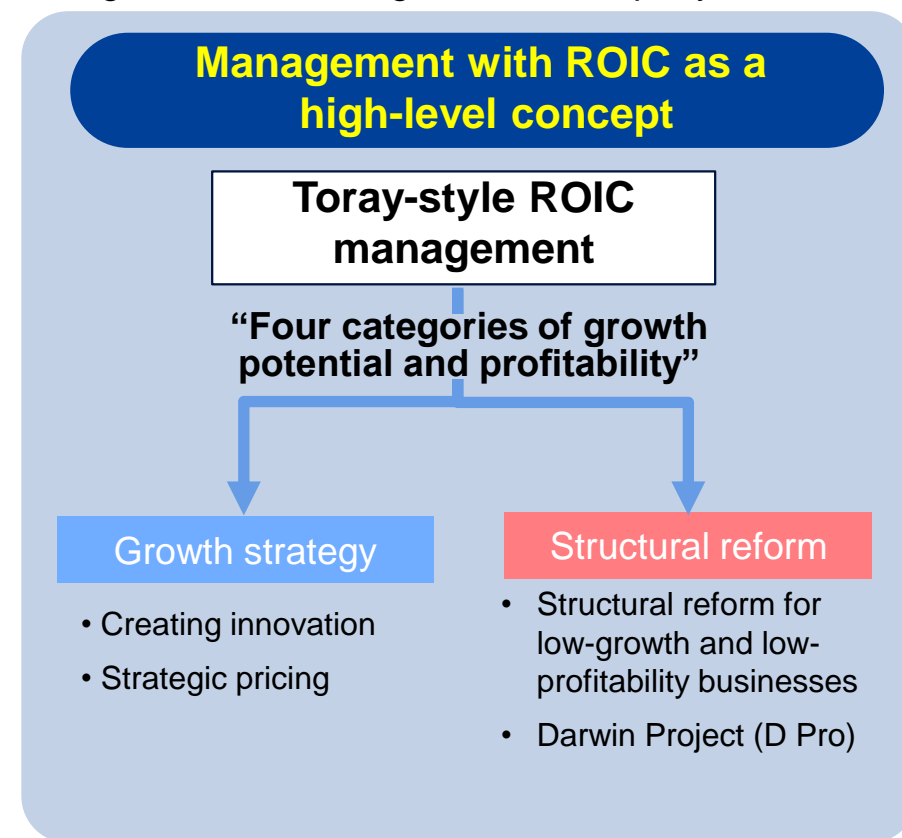
Promotion of ROIC Management

<Discussion at the Toray's Board of Directors Meeting >

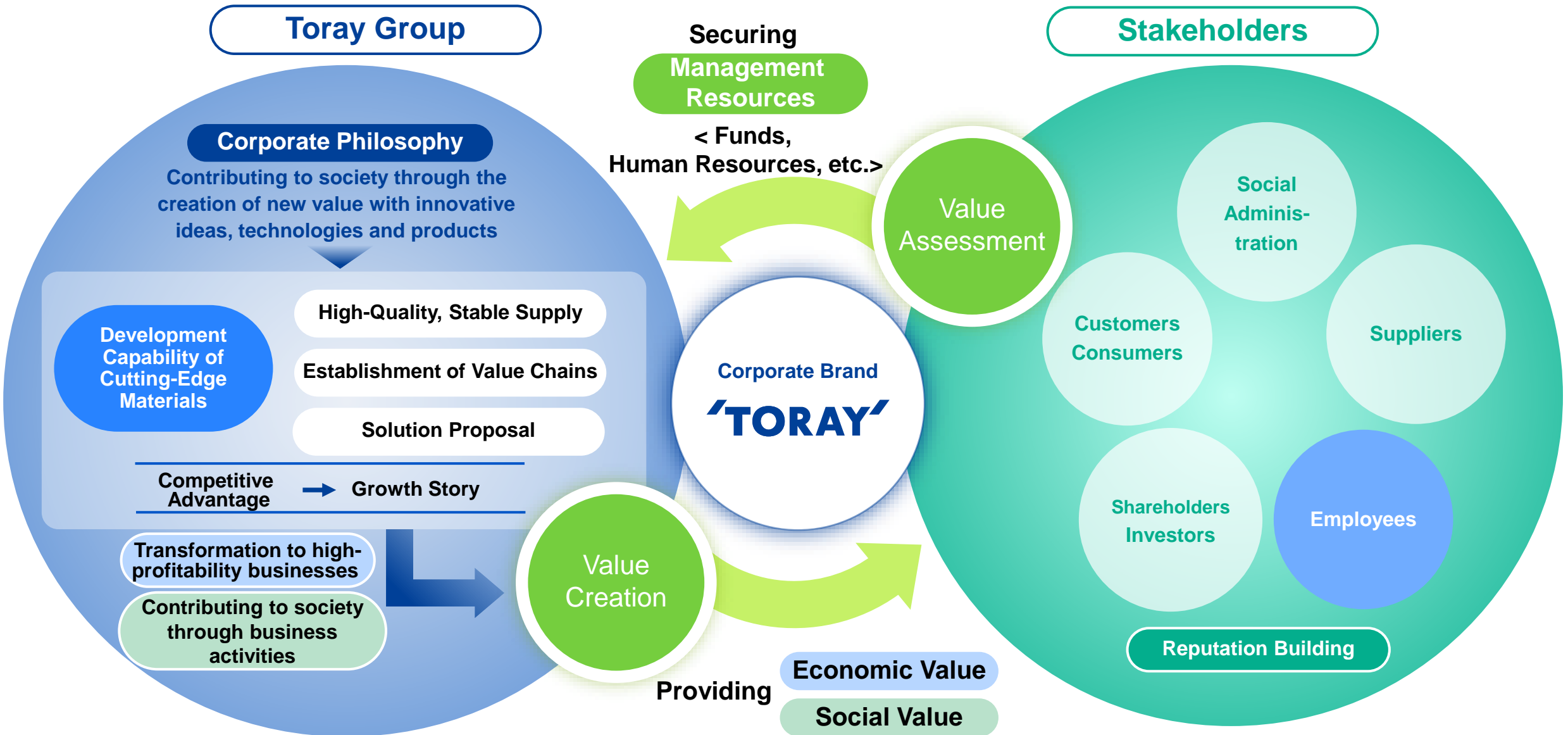
- We recognize that the biggest cause of our low PBR is low profitability. In FY 2025, each business division has received instructions to draft “the business strategies to improve ROIC,” and we will pursue to gain marginal profit by utilizing new and existing facilities, such as optimizing production capacity by applications and extending supply chains. To this end, as a company, we will work on achieving well-balanced optimal capital allocation in line with the characteristics of each business, such as businesses requiring investments, businesses that can make money with asset-light model. Also, we will promote implementation of ROIC as KPI and as a management tool throughout the Company.



* ROIC=core operating income after tax / average invested capital (average of the balances at beginning and end of the period)

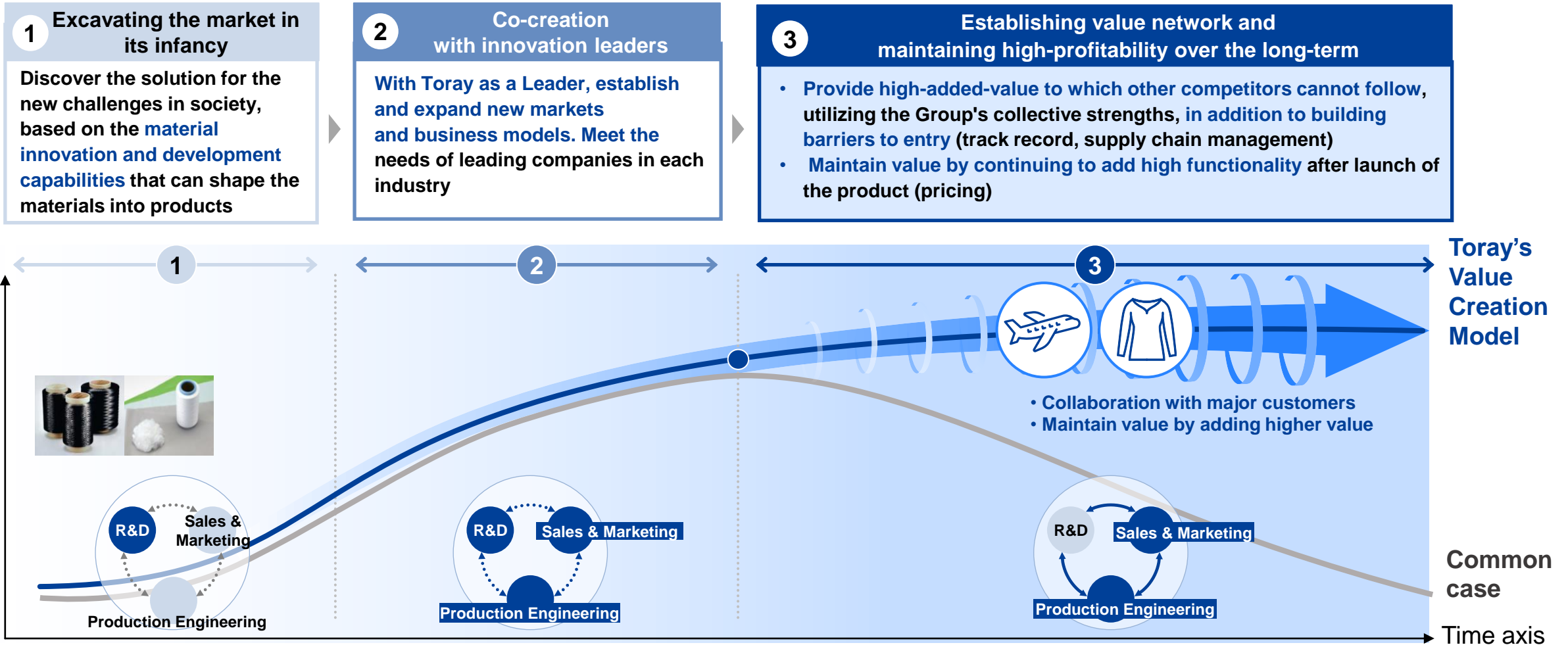


Toward a “Truly Sustainable Company” - Virtuous Cycle of Value -



Winning patterns for Toray = Toray's Value Creation Model

Leveraging our value creation engine, we build overwhelming barriers to entry and create high-added-value to which other competitors cannot follow. It is an unparalleled Value Creation Model which enables the Company to increase added-value continuously in the long-term.



Toray's Strengths that realize the “Toray Value Creation Model”

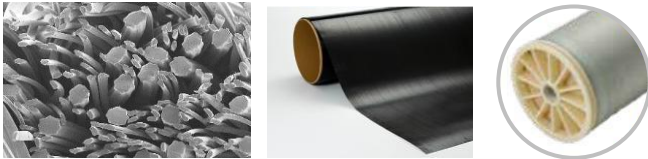
Toray's strengths are outstanding capabilities in R&D, sales & marketing, and production engineering, as well as an innovation capability, which enables to provide new and innovative materials to society by combining the aforementioned capabilities.

Solution proposal capabilities with materials as a starting point

Provide products and solutions leveraging new materials

New technology development capabilities leveraging “technology fusion” and “pursuit of the ultimate limits”

Numerous proprietary technologies (e.g.: NANODESIGN™ (fiber), light-weight carbon fibers, high-performance water treatment membrane)



Capability to mass-produce cutting-edge materials

Stable, homogeneous mass production of products that have never existed



Discovering leading players and understanding their needs

Pinpoint leading companies for market penetration of our new products and technologies

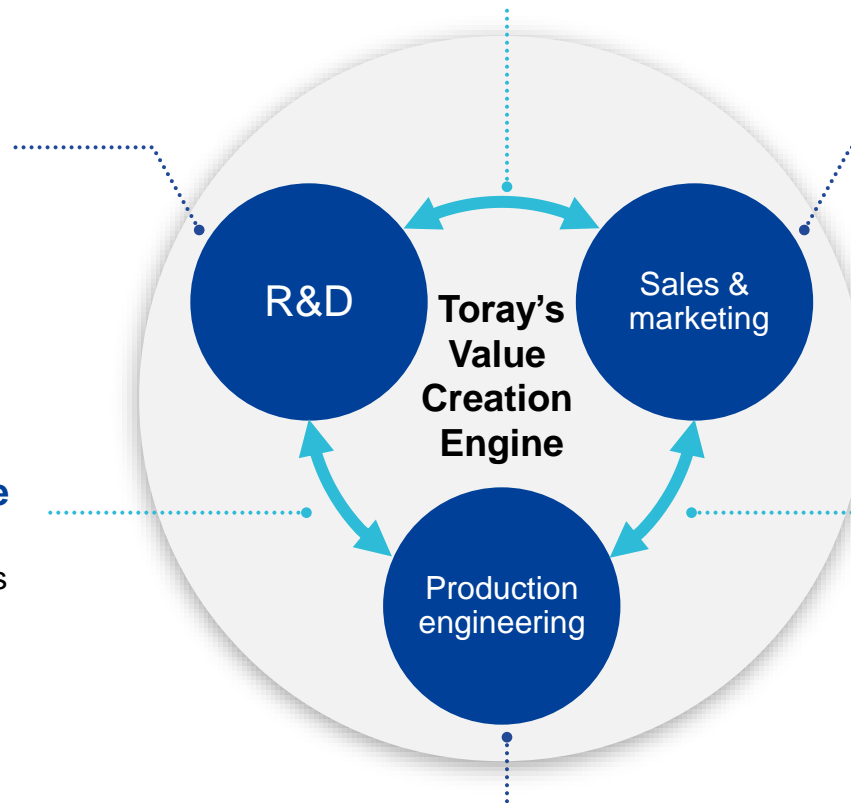


Capability to establish global value chains

Stable supply capability and tolerance to geopolitical risks through establishment of global production sites

Stable supply capability for high-quality products

Thorough quality control based on workplace competency

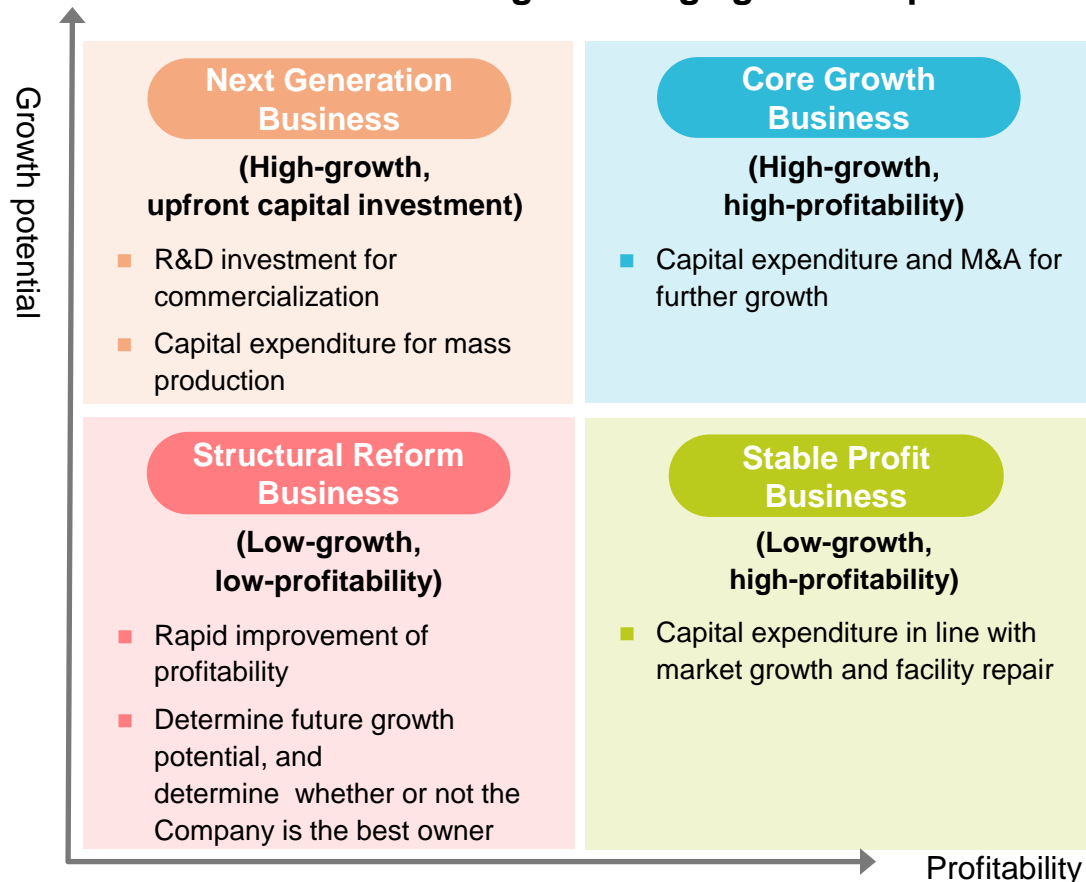


Business Portfolio Strategies

Clarifying the positioning of each business, based on the “growth potential x profitability x **competitiveness**” in the future

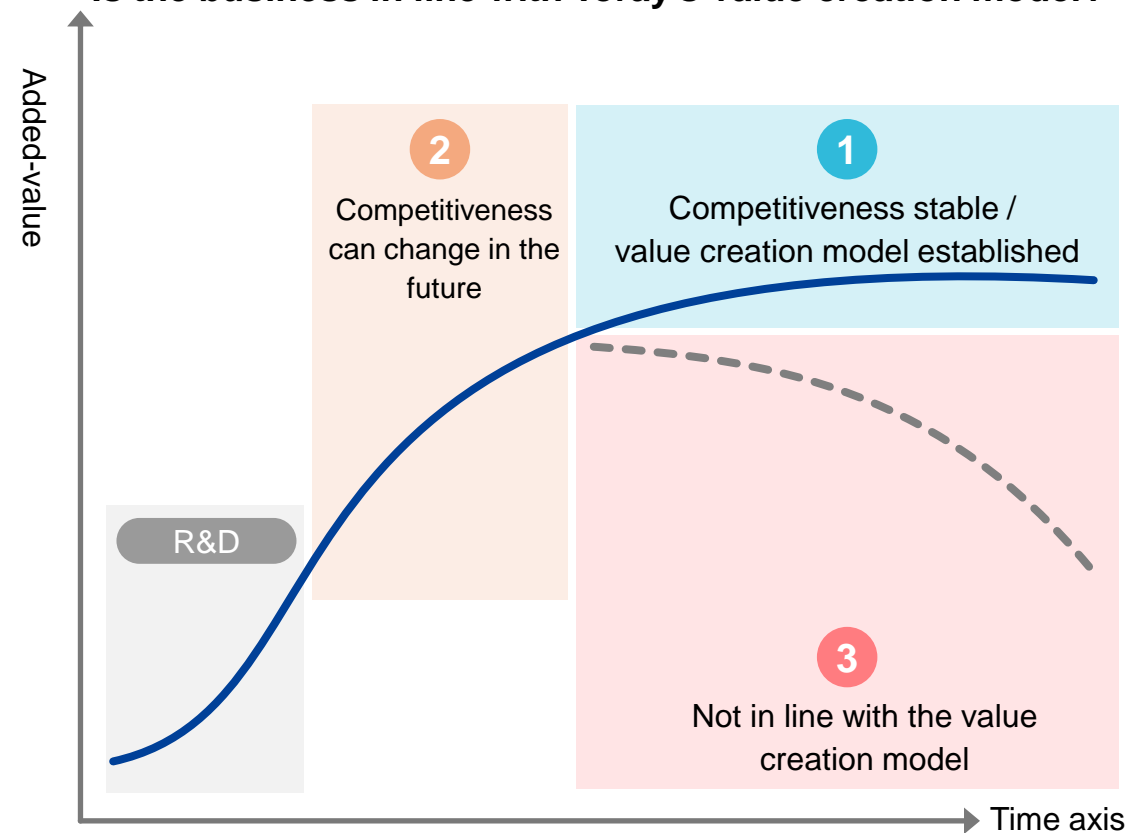
Financial Perspective (Growth Potential and Profitability)

Does the business have high earning / growth capabilities?



Competitive Perspective

Can the business continue to be successful in the future?
Is the business in line with Toray's value creation model?

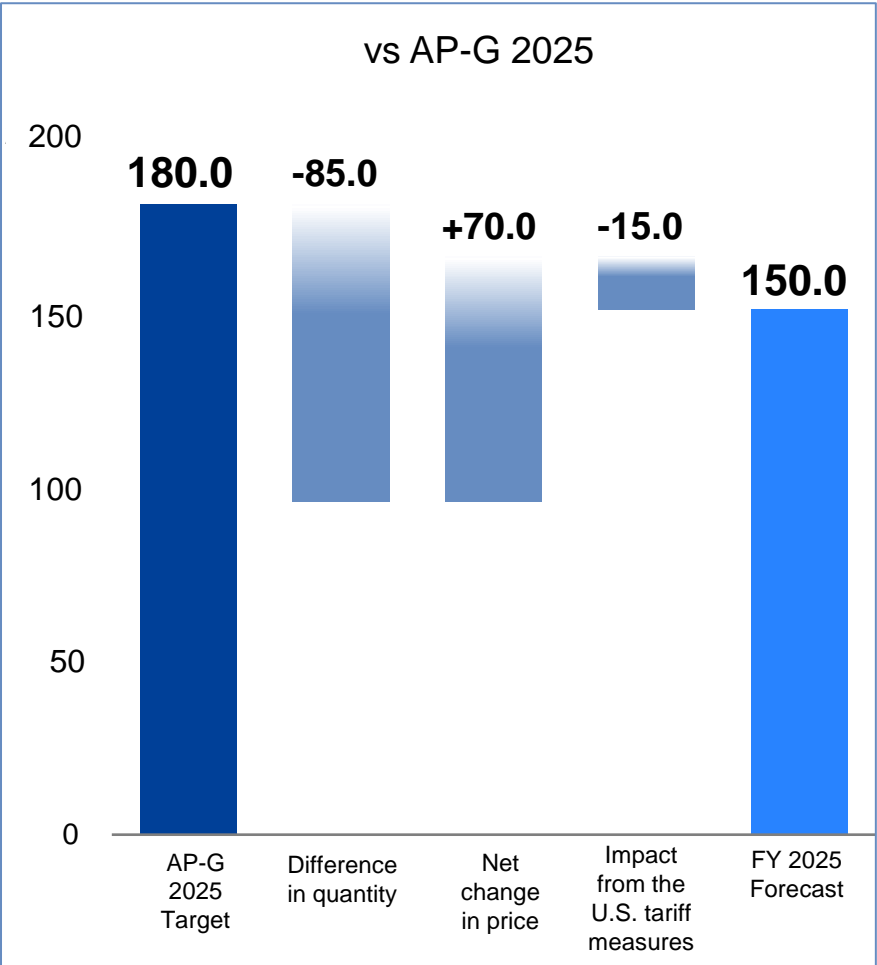
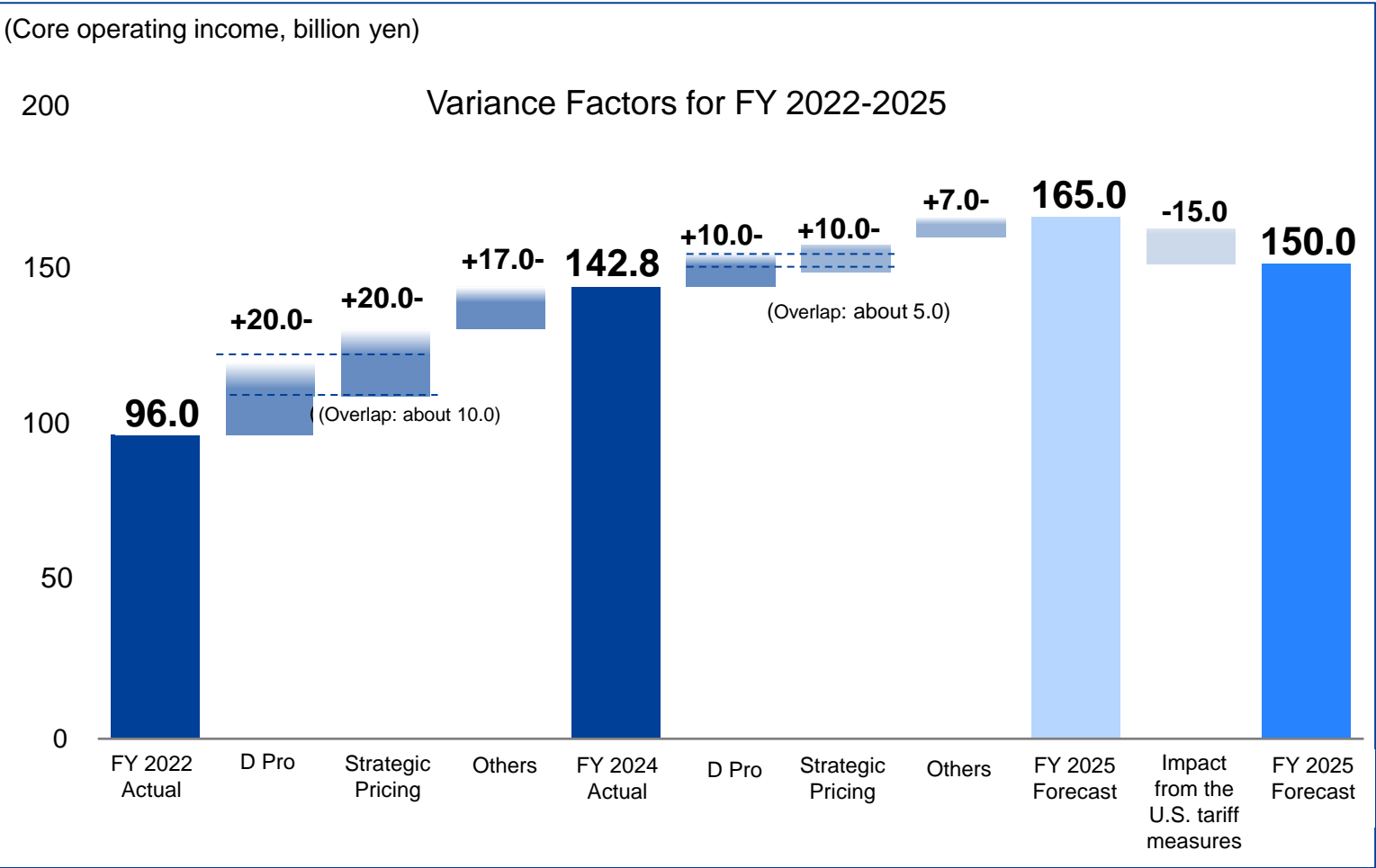




Progress of the Medium-Term Management Program, “Project AP-G 2025” and Direction for the Next Medium-Term Management Program

Progress of AP-G 2025

By promoting D Pro and strategic pricing to improve profitability, the Company forecasts continuous increases in core operating income for three consecutive years. However, in FY 2025, the last year of AP-G 2025, the pace of improvement in core operating income is expected to slow down, due to the slow recovery of the automobile market and increased uncertainty caused by the U.S. tariff measures.



Strategic Pricing and Creation of Innovation

- 1 Price correction and passing on increases in raw material and fuel prices to sales prices

Price correction

High-added value pricing based on product value

- Promote passing on cost increases to sales prices outside the formula
- Price optimization in conjunction with value and sales volume
- Offer fair prices in line with cost and technical services

- 2 Improvement of product mix, and converting to high-added-value products

Improvement of product mix

Optimize business scale Convert to high-added-value products

- Scale down of low profitability applications, and improvement of product mix through business analysis by region and application
- Expansion of new application through product enhancement

- 3 Creating new products and new value

Creating new products and new value

Improve prices by creating new value

- Innovation creation and developing differentiated products through collaboration with sales, marketing, and R&D
- Product value increase and price improvement by reviewing supply chains and joint promotion

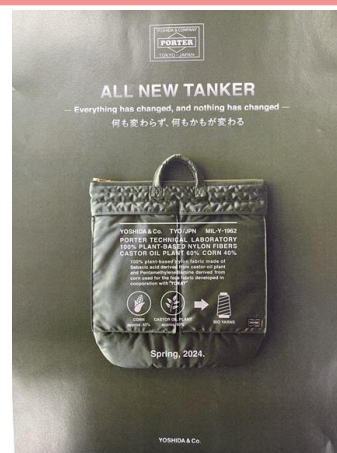


Target under AP-G 2025

Improvement in core operating income

30 billion yen or more
(FY 2024-2025)

Example of co-creation of a new market with customers (Yoshida & Co.)



- Uses 100% plant-based nylon

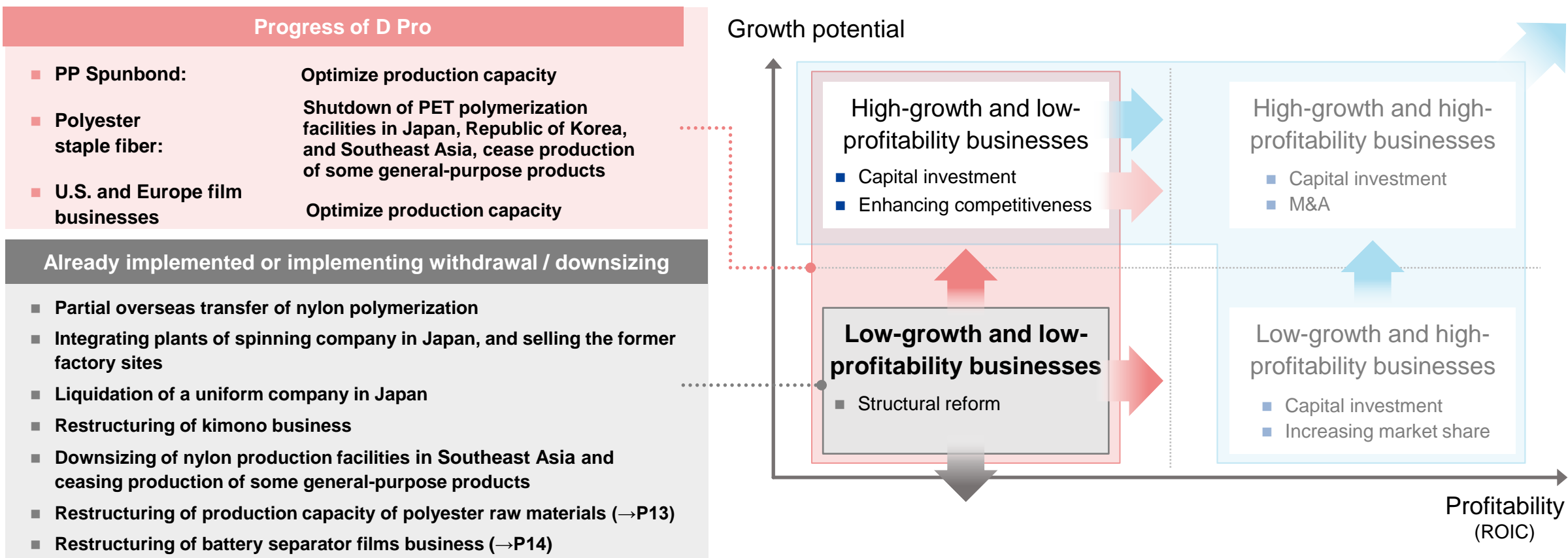


- Joint promotion with customers



Structural Reform for Low-growth and Low-profitability Businesses

- For low-profitability businesses with large invested capital, consider individually in D pro
- For Low-growth and low-profitability businesses with small to medium-invested capital, consider “structure reform” and “withdrawal / downsizing” for each business



In addition to above initiatives, deliberating and implementing other structure reform

Results of Restructuring Designated Businesses/Companies

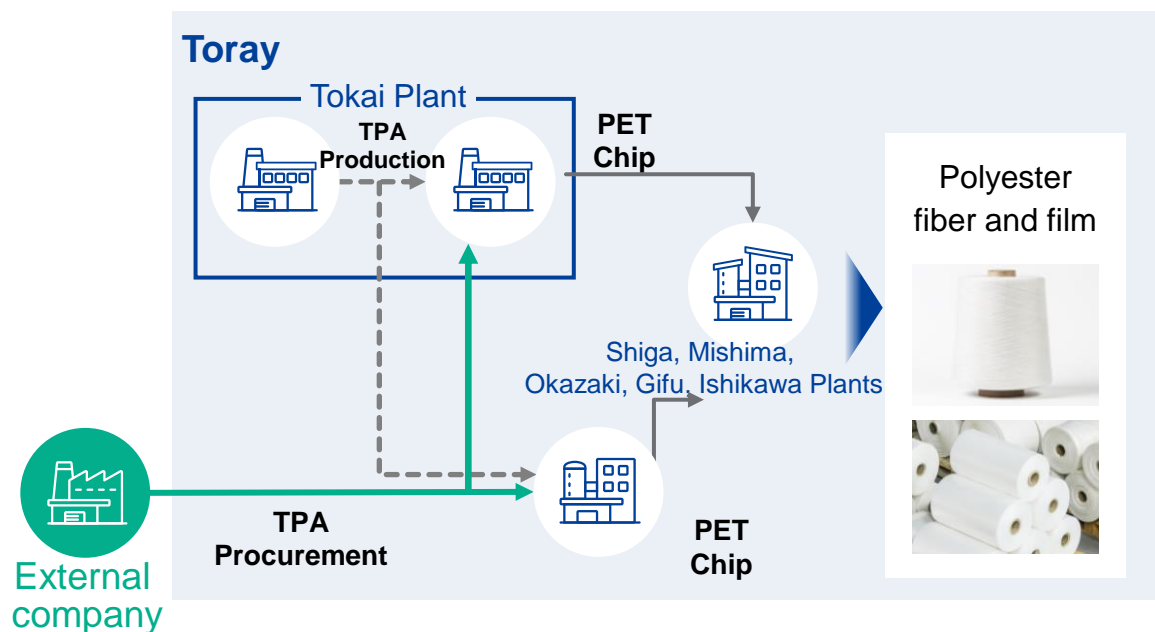
Business/Company	Up to FY 2024	Outlook for FY 2025
Zoltek (Large-tow carbon fiber)	<ul style="list-style-type: none"> Reduction of total fixed cost in line with utilization rate Strengthen global operation between Mexico and Hungary Became profitable ahead of schedule in 2Q of FY 2024 	<ul style="list-style-type: none"> Reduce utility costs by using renewable energy in Hungary Sales volume increase by capturing recovery demand in the wind turbine blade applications, and will aim for full operation of plant by expanding applications beyond wind turbine blades Sales expansion of high-added-value products
Films businesses (U.S. and Europe)	<ul style="list-style-type: none"> Ceased production at the PET film production facilities mainly for general-purpose products Reduction of fixed cost by reviewing production capacity Promoted strategic pricing A subsidiary in the U.S. became profitable in 2Q of FY 2024 	<ul style="list-style-type: none"> Global supply of differentiated products Convert from general-purpose products to added-value products (release film applications, etc.) Optimize production capacity of PET films Subsidiary in Europe aim to be profitable in FY 2025
PP spunbond	<ul style="list-style-type: none"> Reduction of fixed costs in line with review of the production capacity including shutdown of production lines Promoted differentiation, develop new applications, optimize production scale Promoted strategic pricing 	<ul style="list-style-type: none"> Aim to restore profitability from the first half of FY 2025 by promoting and taking in the effects of the profitability improvement projects
Toray Plastics Malaysia (ABS resin)	<ul style="list-style-type: none"> Improve product mix Reduction of fixed costs Restored profitability in the second half of FY 2023 	<ul style="list-style-type: none"> Cultivate new customers by promoting circular economy Sales expansion of high-performance products Reduction of variable costs
Polyester staple fiber	<ul style="list-style-type: none"> Implemented global production transfer for shutdown of polymerization facilities Became profitable ahead of schedule in 2Q of FY 2024 	<ul style="list-style-type: none"> Sales expansion of high-added-value products such as recycled and microfiber products
Impact on the business performance	Improvement in core operating income: about 20 billion yen (compared with FY 2023)	Improvement in core operating income: about 10 billion yen (compared with FY 2024)

Examples of Production Capacity Reform

- Cease production of polyester fiber and film raw material (TPA) in Japan within FY 2026, and shift to external procurement
The decision was made to meet the challenge of aging production facilities, based on the balance among facility maintenance costs, renewal costs, external procurement costs and risks, confirming no problems with quality
- Promoting global operation and high-added-value creation of polyester staple fiber, cease operation of production facilities in Japan for direct continuous polymerization spinning, which is suitable for mass production of the same product, within FY 2025

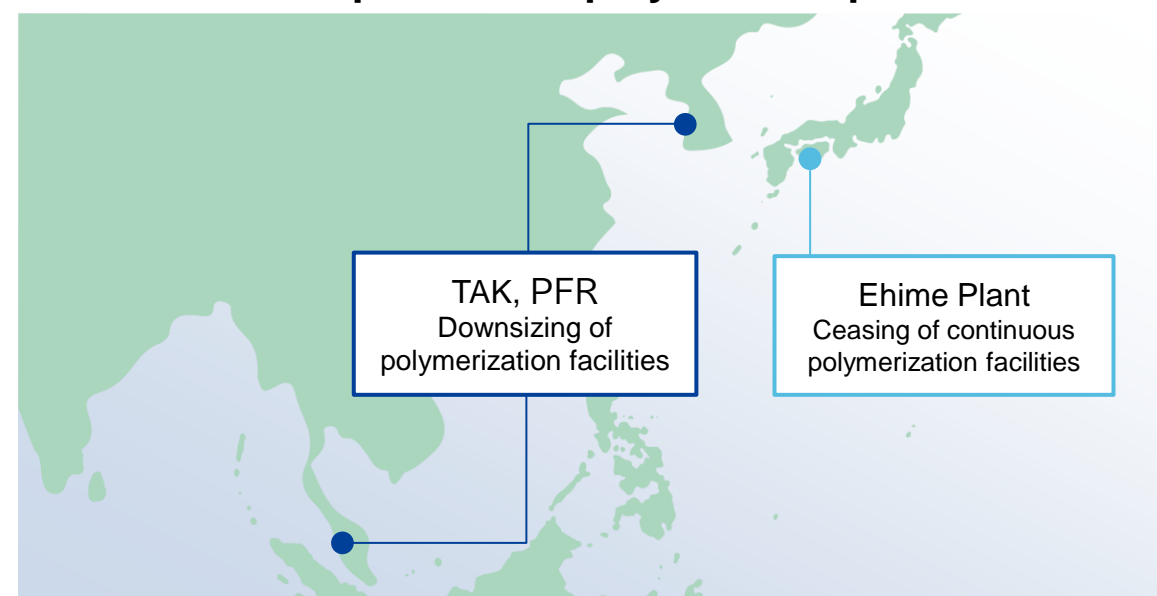
Shift of terephthalic acid (TPA) procurement route

----- Procurement route by FY 2026 — New procurement route



Production restructuring for polyester staple fiber

Global operation of polyester staple fiber



Battery Separator Film (BSF)

BSF production sites of Toray Group

Production site in Hungary

- Established manufacturing company in Hungary, with 100% stake of Toray (2018)
- Established 50:50 joint venture with LG Chem (2022)
- Plan to transfer 20% of Toray's stake to LG Chem (2025)

Equity interest of the joint venture to change to 30:70

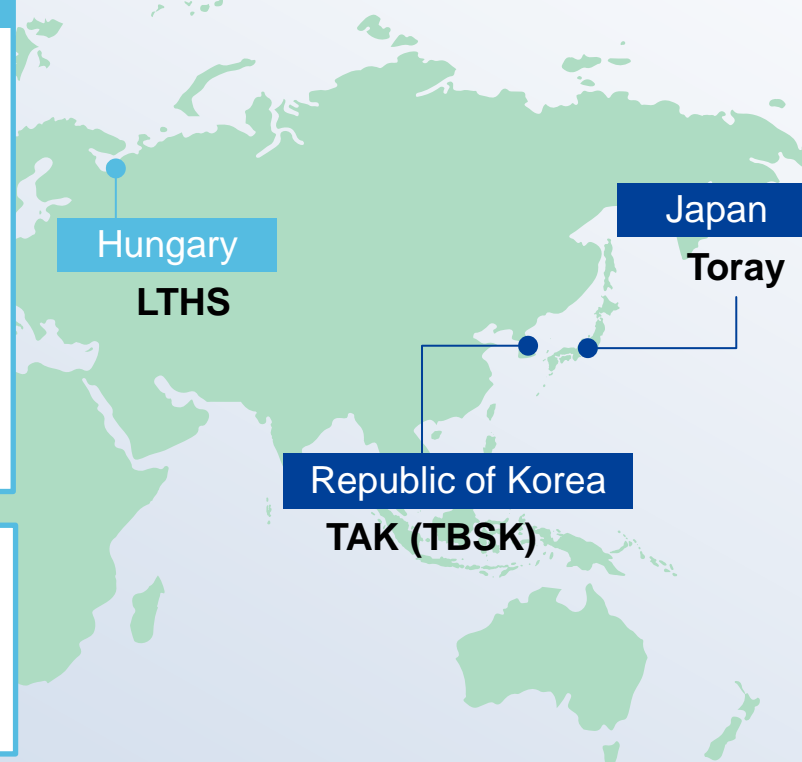
Promote business expansion under LG Group's vertically integrated business model of battery materials production to battery production, and aim for improvement in profitability

Production sites in Japan and Republic of Korea

Promoting business structure reform

- Focus on high-added-value applications utilizing Toray's technologies and quality (High level of safety, capacity, and output)
- Optimizing production capacity
 - Gradually downsizing old and small production lines that decreased in competitiveness
- Integrated TBSK to TAK (2023)
 - Enhancement of profitability by integration of the two companies, through strengthening of production base and streamlining

Aiming to improve profit by promoting efficient business operation at existing production capacity and reducing cost thoroughly



Under the harsh business environment such as sluggish EV market conditions, we are working on various profitability improvement measures. At the same time, every possibility is under consideration, including withdrawal from the joint venture, downsizing and withdrawal from the BSF business going forward.

The Two Wheels: “Growth Strategies” and “Structural Reform”

In order to realize a "Truly Sustainable Company," investments must be screened and a good balance between business expansion and profitability improvement must be achieved

In the next medium-term management program, challenges in both “growth strategies” and “structural reform” will be set in the same degree

Growth strategies (current)	Growth strategies (beyond 2030)	Structural reform
<div>1</div> Ensure the effect of capital investment (Clarification of competitiveness, risk or opportunity)	<div>1</div> Growth strategy from a long-term perspective (toward FY 2030)	<div>1</div> Consider downsizing / consolidating / withdrawing from the business based on the profit commensurate with the invested capital
<div>2</div> Ensure to maximize profit at the existing production facilities (improvement in product mix, productivity, etc.)	<div>2</div> Essential competitiveness (high-added-value or cost), and pursuing “winning patterns”	<div>2</div> Verifying and reviewing the business model
<div>3</div> High-added-value creation for existing products (innovation creation)	<div>3</div> Response to fundamental changes in external and market environment	

Achieving the targeted core operating income, core operating margin, and ROIC

Toray's Business Fields and Growth Potential

Segment	ROIC			CAGR of Revenue
	FY 2023 (Actual)	FY 2024 (Actual)	FY 2025 (Forecast)	2022-2025
Fibers & Textiles	6.3%	8.2%	9%	1.9% 1 5
Performance Chemicals	3.6%	6.7%	8%	2.3% 2 3 6 7 8
Carbon Fiber Composite Materials	1.7%	3.0%	3%	3.9% 9
Environment & Engineering	8.3%	9.7%	10%	8.0% 10
Life Science	-2.2%	-1.4%	0%	0.8% 4
Total	2.8%	4.4%	5%	2.4%

Business fields that need improvement (Short- to Medium-term)

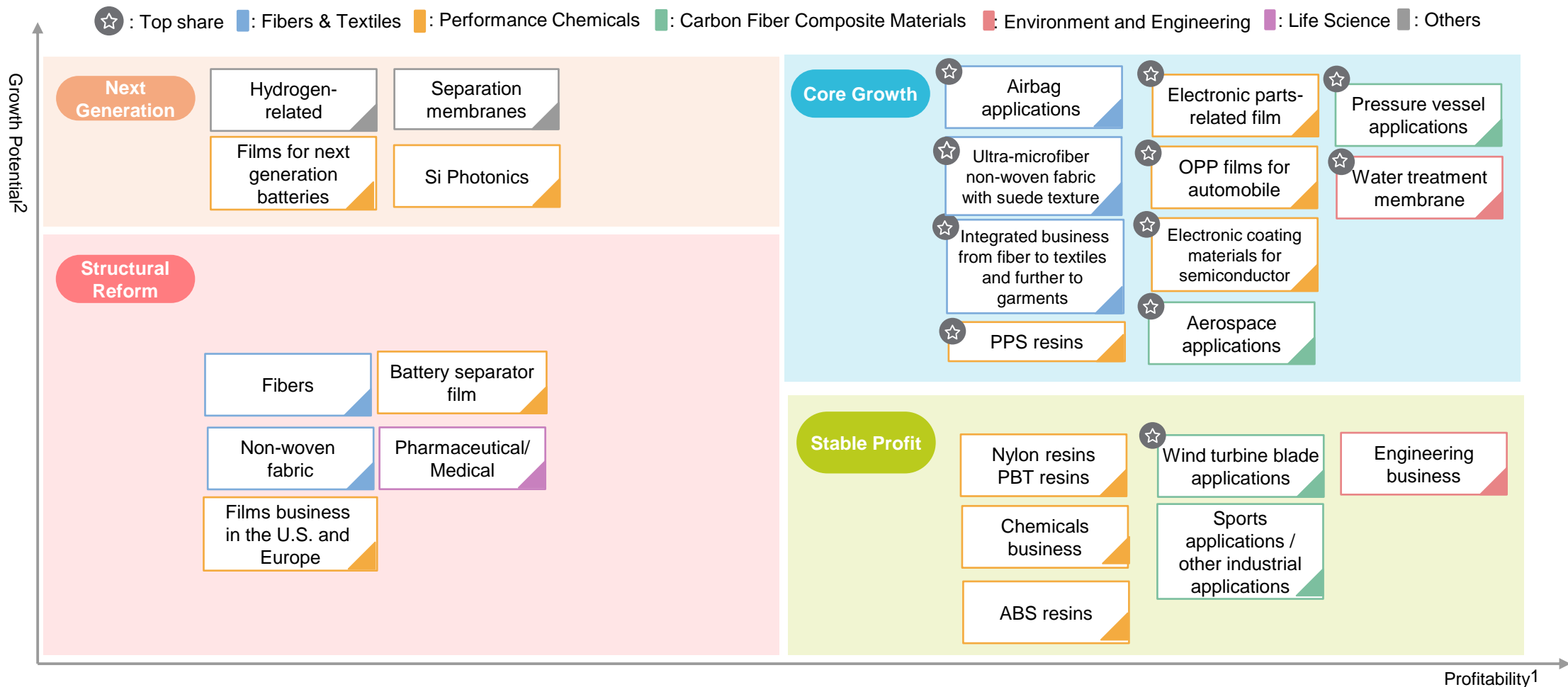
- 1 Non-woven fabric (PP spunbond), fiber
- 2 Films business in the U.S. and Europe
- 3 Battery separator films
- 4 Pharmaceutical / medical business

Core growth business fields (Medium- to Long-term)

- 5 Fibers & Textiles: airbag applications, ultra-microfiber non-woven fabric with suede texture, products from fiber to textiles and further to garments
- 6 Resins: PPS resins (xEV)
- 7 Films: electronic parts-related films, OPP films for automobile
- 8 Electronic & information materials: electronic coating materials for semiconductors
- 9 Carbon Fiber: aerospace applications, pressure vessel applications
- 10 Water treatment membrane (reverse osmosis (RO) membrane)

Business Portfolio Under the Next Medium-Term Management Program

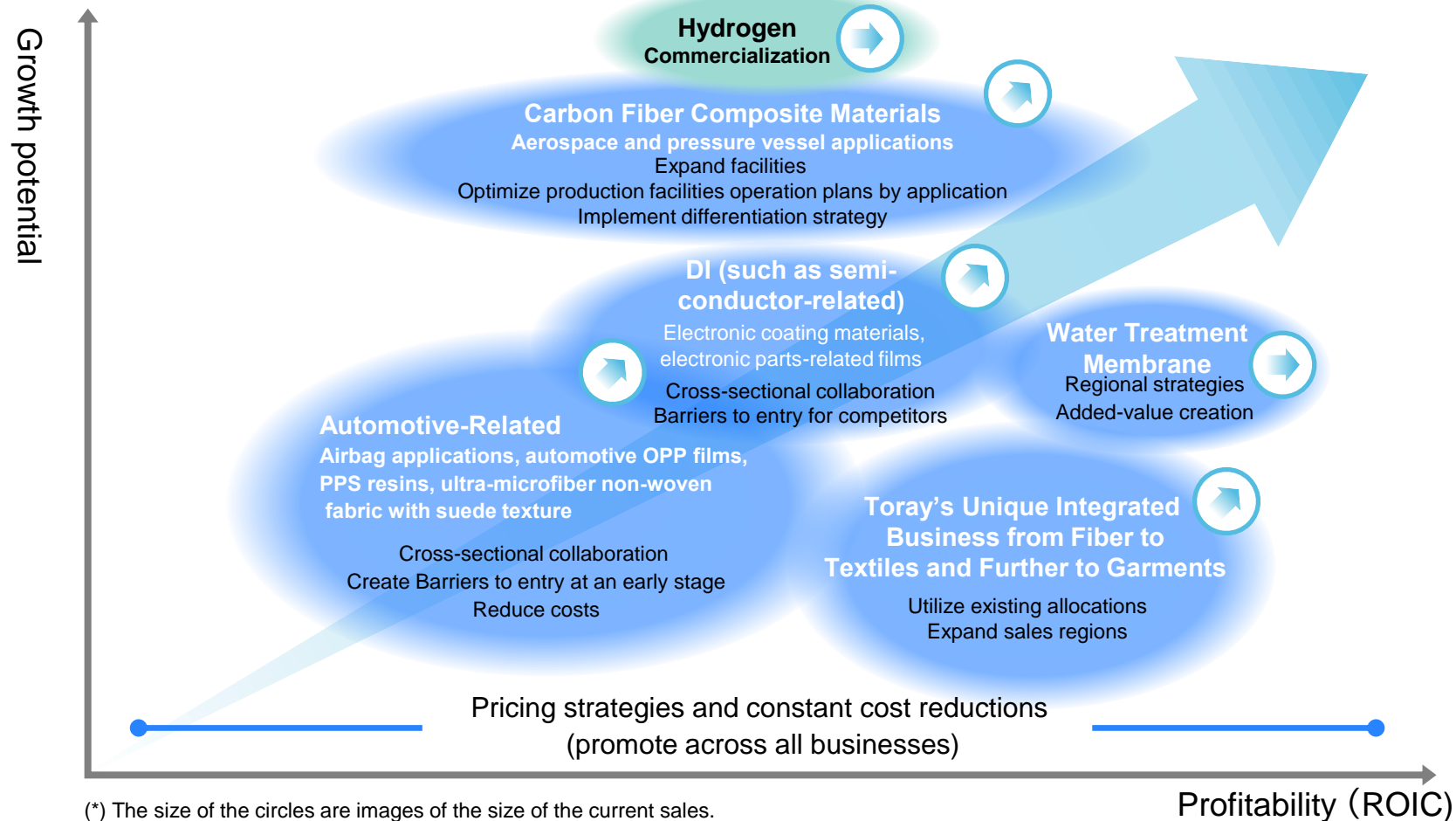
**Maximize profit with two wheels:
core growth businesses that drive growth, and stable profit businesses that can earn a stable income**



1. :Based on FY 2025 forecast 2.: Growth rate of sales in FY 2025-2030

Strengthening of Growth Business Fields Based on "Four Categories of Growth Potential and Profitability"

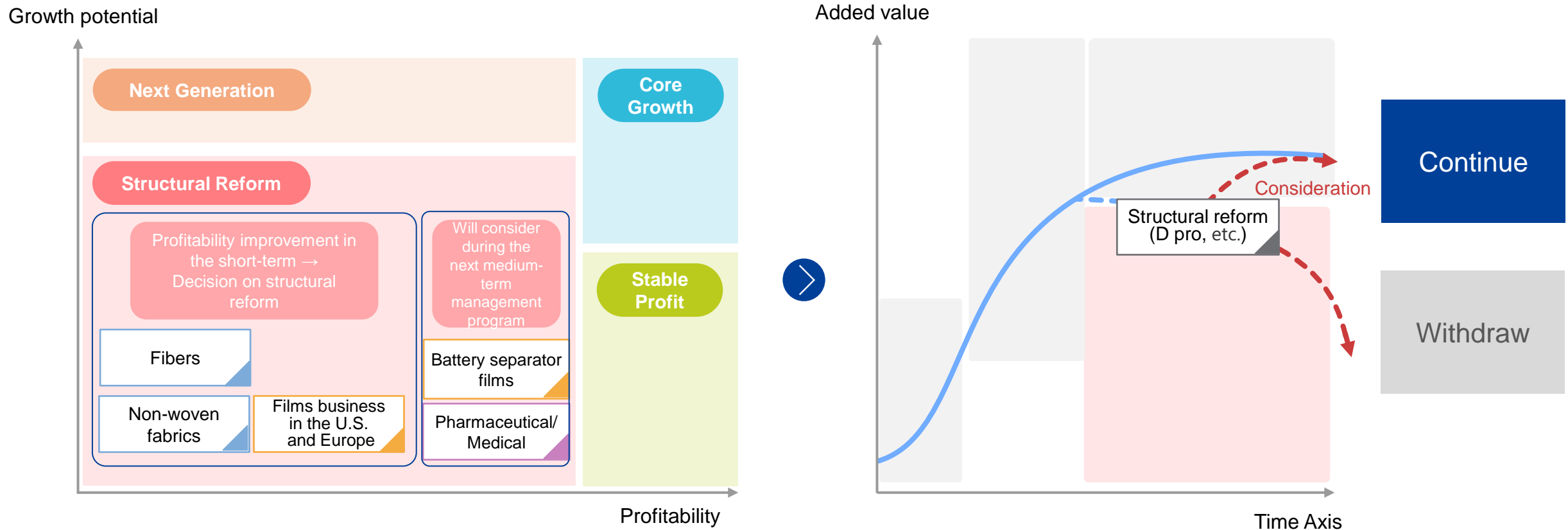
Toray's High-Growth, High-Profitability Businesses (image*)



- Optimal strategies for businesses with high competitiveness (quality, share, technology, supply chain, etc.) in the market
- Promote Toray-style ROIC improvements that increase profits and expand business while maintaining financial soundness
- Improve profitability by differentiation for businesses that are high growth, but require large initial investments (carbon fiber, etc.)
- Expand high-profitability businesses (ex. Toray's unique integrated business from fiber to textiles and further to garments) through asset-light strategy

Policy for the Structural Reform Businesses

For the Structural Reform Businesses, in addition to the current D Pro, will consider and decide whether or not they are in line with Toray's value creation model, and whether or not the Company is the best owner during the next medium-term management program at the latest



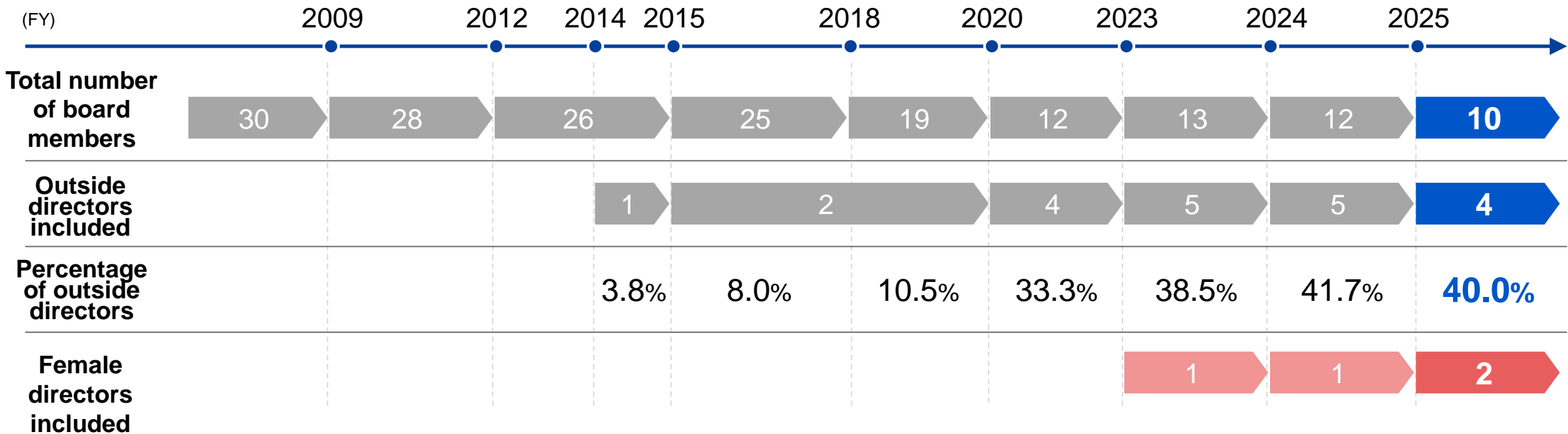
Challenges Under the Next Medium-Term Management Program by Segment

Segment	Profitability Improvement of Existing Businesses and Growth Strategies	Structural Reform
Fibers & Textiles	<ul style="list-style-type: none"> Establishment of differentiation model for environmentally-friendly materials and businesses Enhancement of filament & staple fibers for apparel applications, textiles, and integrated business from fiber to textiles and further to garments Expanding profit for non-apparel businesses 	<ul style="list-style-type: none"> PP spunbond: maximizing the effect of profitability improvement Polyester staple fiber: sales expansion of high-added-value products Improvement of profitability and asset efficiency in industrial materials
Performance Chemicals	<p><Resins and chemicals></p> <ul style="list-style-type: none"> Expanding sustainable materials to increase profitability Sales expansion of automobile applications <p><Films></p> <ul style="list-style-type: none"> Sales expansion of semiconductor-related films and films for electronic parts Sales expansion of OPP films for automobile <p><Electronic & information materials></p> <ul style="list-style-type: none"> Expanding profit in semiconductor and display fields 	<p><Resins and chemicals></p> <ul style="list-style-type: none"> TPM (ABS resins): sales expansion of high-performance products for further expansion of profit, and reducing variable costs <p><Films></p> <ul style="list-style-type: none"> Battery separator film: business structure reform, decision to continue / discontinue business Business restructuring for PET films business in Asia (Japan, Republic of Korea and Malaysia) TPA (films business in the U.S.): Expanding profit through by adding value TFE (films business in Europe): Continue optimization of production capacity
Carbon Fiber Composite Materials	<ul style="list-style-type: none"> Technological innovation for the development of next generation aircraft Enhancement of profitability by expansion of intermediate materials and composite businesses Development of high-performance carbon fiber and resins 	<ul style="list-style-type: none"> Optimization of global operation Zoltek: Enhancement of competitiveness in industrial applications
Environment & Engineering	<p><Water treatment></p> <ul style="list-style-type: none"> Development of new separation membrane business Further business expansion in the Middle East region Development of new applications such as valuable material recovery and wastewater reuse <p><Engineering></p> <ul style="list-style-type: none"> Toray Engineering: new business development and business expansion in the growth business fields 	<p><Engineering></p> <ul style="list-style-type: none"> Toray Construction: business model reform for improvement of ROIC
Life Science	<ul style="list-style-type: none"> Business growth by the medical products business Enhancing platform for growth of in vitro diagnostics kit, APOA2-i 	<ul style="list-style-type: none"> Structural reform for pharmaceutical / medical business

Enhancement of the Effectiveness of the Board of Directors

Reduction of the number of Board members and changing the Board structure

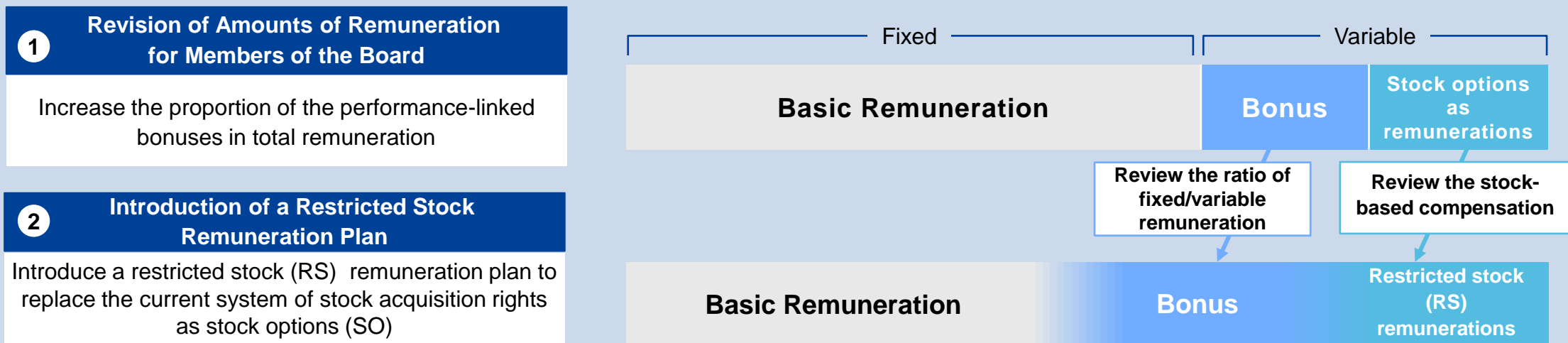
- Deepen the discussions concerning Group management policies and medium- and long-term management plans from a wider perspective, aiming to further enhance the effectiveness of the management that contributes to increasing corporate value over medium- to long- term
- Enhance diversity, and introduce experienced business executives' perspectives by utilizing the skill matrix



Revision of the Remuneration System for Members of the Board

Revision of the remuneration system for members of the Board, in order to enhance corporate value and promote sustainable growth over medium- to long-term

(To be implemented from FY 2025)



Review of evaluation indicators for deciding the remuneration for members of the Board (from FY 2026)

Beginning from the first fiscal year of the next medium-term management program, considering review of the evaluation indicators for performance-linked remuneration and set KPI for the medium- to long- term management program.

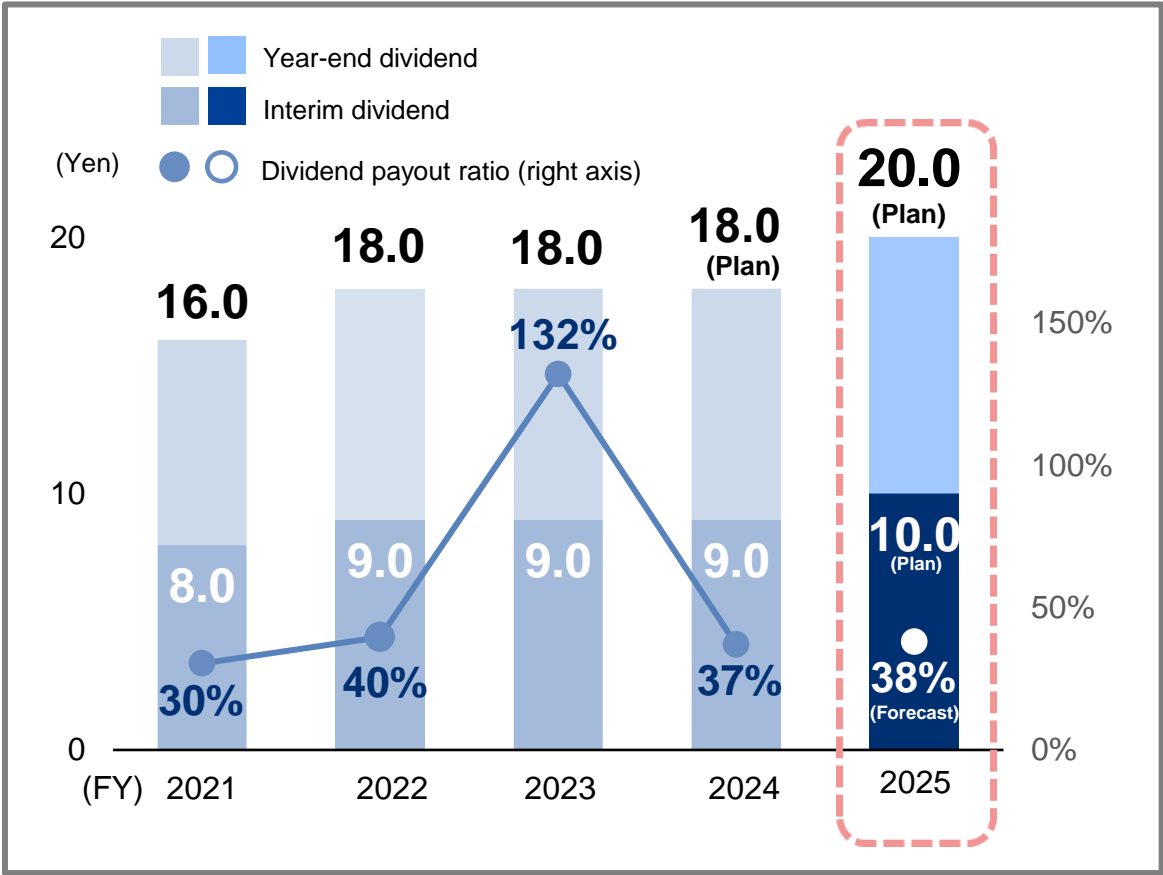
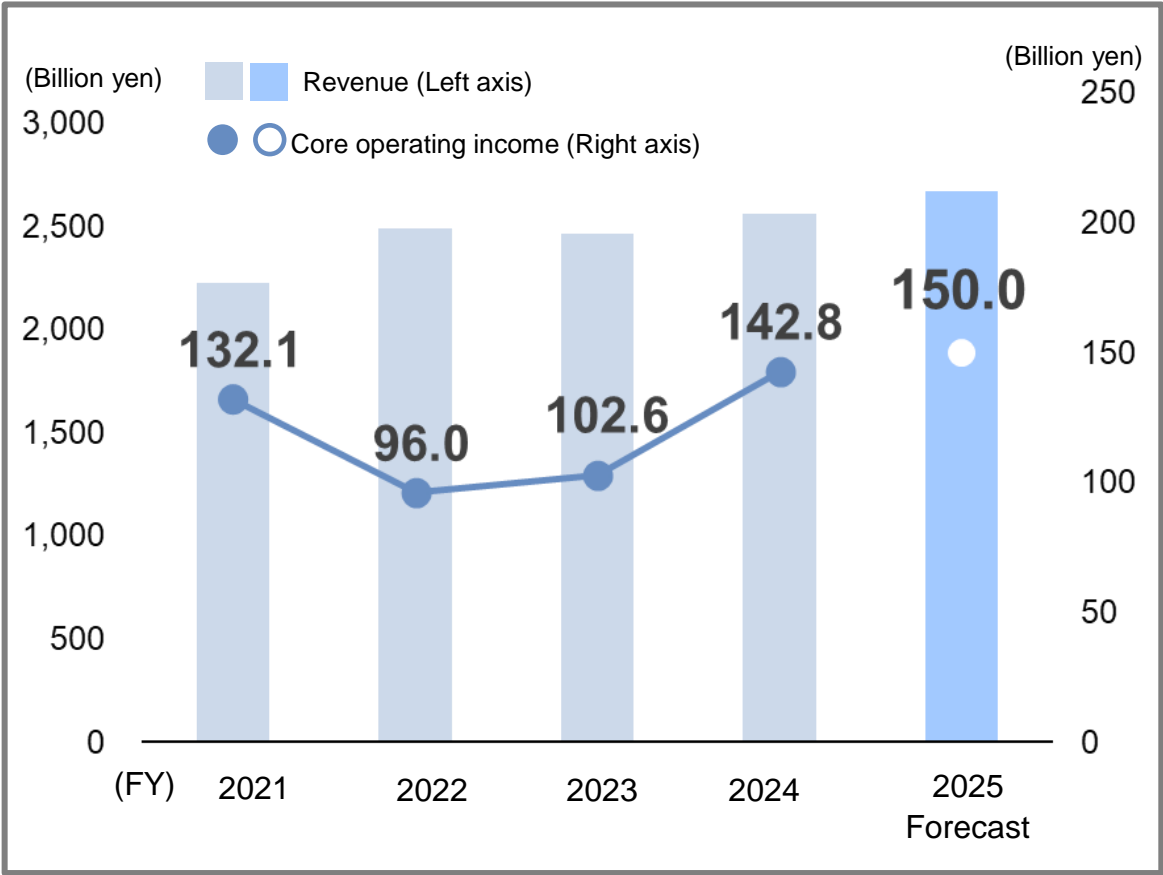
Specifically, in addition to financial indicators such as ROIC, considering introduction of non-financial indicators such as sustainability indicators.



Shareholders Return

Shareholders Return

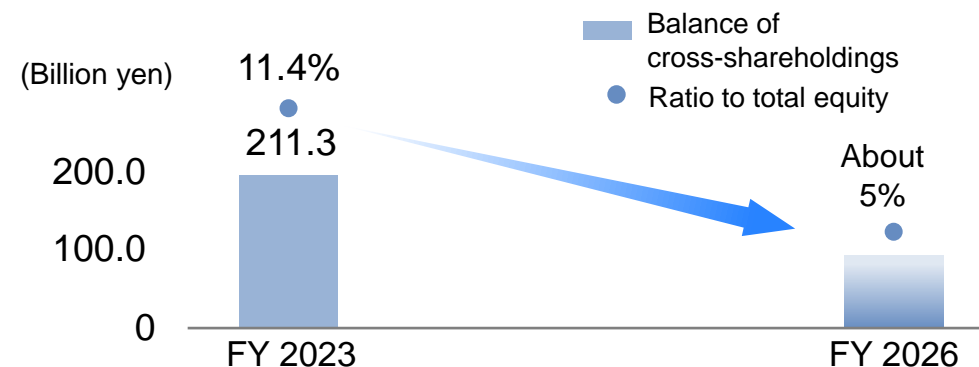
- As for shareholders return, while maintaining stable continuous dividends, will aim to increase dividends based on earning growth. The target for dividend payout ratio is 30% or more.
- For the annual dividend per share for FY 2025, the Company anticipates paying 20 yen per share, an increase of 2 yen compared with the previous fiscal year.



Reduction of Cross-shareholdings and Share Buybacks

Policy on reduction of cross-shareholdings announced on May 13, 2024

- To accelerate capital efficiency improvement, reduce cross-shareholdings by half
(Reduce 50%, about 100 billion yen in 3 years from FY 2024 to 2026)
- All the proceeds from sales of cross-shareholdings will be used for share buybacks



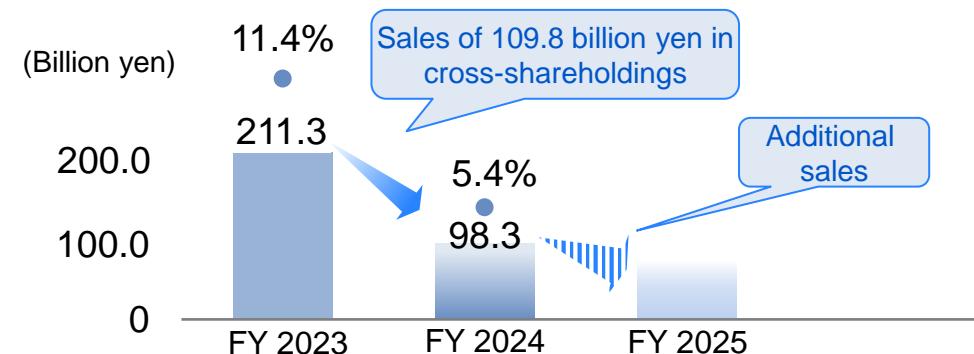
Progress of reducing cross-shareholdings

- Sales amount has reached 109.8 billion yen in FY 2024
The ratio of the cross-shareholdings to the total equity came to 5.4%, and achieved the target 2 years ahead of schedule
- Additional sales are planned in FY 2025^{*1}

Share buybacks

- Total price of shares: Up to 100 billion yen
- Total number of shares: Up to 155 million shares
- Period: November 8, 2024 – November 7, 2025

The proceeds exceeding 100 billion yen from the sales of the cross-shareholdings (including the additional sales marked by *1) will be used for share buybacks



Total of repurchased shares (as of April 30, 2025)

- Total repurchase price of shares: 54.7 billion yen
- Total number of shares repurchased: 56 million shares
(Will consider cancellation of repurchased shares in the future)

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.

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

'TORAY'

Innovation by Chemistry