

Toray Group's Vision

Toray Group established its Long-Term Corporate vision, TORAY VISION 2030, as a milestone for realizing the four perspectives of the world envisioned for 2050 as clarified in the Toray Group Sustainability Vision. Moreover, in March 2023, it announced the Medium-Term Management Program, Project AP-G 2025, which defines the issues to be addressed over the three-year period from FY 2023 to FY 2025. Since then, the Group has been moving forward with these efforts.

Toray Group Sustainability Vision

More specifically, Toray Group's mission is to provide the necessary solutions to the challenges facing the world in terms of both development and sustainability, including the issues of an ever-increasing global population, aging populations, climate change, water shortages, and resource depletion, through its innovative technologies and advanced materials. This means that the Group must not only ensure that its growth does not have a negative impact on global sustainability, but must also work closely with its business partners worldwide to help realize the co-creation of new value. As the basis for TORAY VISION 2030, Toray Group Sustainability Vision outlines the future direction of Toray Group and its contribution to addressing global issues, including the goals of the Paris Agreement and the United Nations Sustainable Development Goals (SDGs).



Long-Term Corporate Vision, TORAY VISION 2030

The Toray Group's long-term strategies aim to achieve the numerical targets for FY 2030 as the milestones for realizing the Toray Group Sustainability Vision. The coming business climate, however, is expected to see significant changes in population distribution, environmental issues, technological innovation, and other areas, where developments in the

industrial structure and social systems will create business opportunities alongside the risk of contraction in existing businesses. The Toray Group therefore aims to accurately ascertain changes in industrial trends and to achieve sound, sustainable growth while pursuing business model transformation.

Toray Group Sustainability Vision: FY 2030 Targets (All comparisons are with FY 2013)

		FY 2013 Actual (Baseline) (J-GAAP)	FY 2023 Actual (IFRS)	FY 2024 Actual (IFRS)	FY 2025 Target (IFRS)	FY 2030 Target (IFRS)
Supply of Sustainability Innovation products* ¹		562.4 billion yen	1,311.5 billion yen (2.3-fold)	13,689 billion yen (2.4-fold)	16,000 billion yen (2.8-fold)	4.5-fold
CO ₂ emissions avoided in value chain* ²		40 million tons	10.3-fold	11.3-fold	15.0-fold	25.0-fold
Water filtration throughput contribution by Toray's water treatment membranes* ³		27.23 million tons/day	2.7-fold	2.9-fold	2.9-fold	3.5-fold
Greenhouse gas emissions in production activities	Per unit of revenue across the Toray Group* ^{4*6*7}	356 tons/100 million yen	36% reduction	43% reduction	40% reduction	50% or more reduction
	Greenhouse gas emissions of Toray Group in Japan* ^{5*6*7}	2.45 million tons	26% reduction	28% reduction	20% reduction	40% or more reduction
Water usage in production activities	Per unit of revenue across the Toray Group* ⁷	14,693 tons/ 100 million yen	35% reduction	38% reduction	40% reduction	50% or more reduction

*1 (1) Products that accelerate measures to counter climate change; (2) products that facilitate sustainable, recycling-based use of resources and production; (3) products that help provide clean water and air and reduce environmental impact; and (4) products that help deliver better medical care and hygiene for people worldwide *2 Toray calculates the CO2 emissions reduced throughout the value chain of products in accordance with the chemical sector guidelines of the Japan Chemical Industry Association, the International Council of Chemical Associations (ICCA), and the World Business Council for Sustainable Development (WBCSD). *3 Water treated annually with Toray water treatment membranes. It is calculated by multiplying the amount of fresh water that the Toray membranes can produce per day, including reverse osmosis (RO), ultrafiltration (UF) and membrane separation bioreactors (MBR), by the number of membrane elements sold. *4 With the use of renewable energies and other zero emission power sources rising worldwide, the Toray Group aims to employ zero-emission power sources at a rate equivalent to or better than the targets in each country by FY 2030. *5 In Japan, Toray works to surpass the reduction target set for the industrial sector by the Japanese government (absolute emissions reduced by 38%). This reduction target was included in the comprehensive plan (Cabinet decision on October 22, 2021) based on Japan's Act on Promotion of Global Warming Countermeasures. *6 The calculation method has been changed to multiplying the degree of financial control Toray has over the individual subsidiary, in accordance with the GHG protocol, the international standard. *7 Calculations include data for companies that joined the Toray Group in FY 2014 or later.

Medium-Term Management Program, Project AP-G 2025

Under the Medium-Term Management Program, AP-G 2025, covering the three-year period from FY 2023 to FY 2025, Toray has raised five basic strategies, namely sustainable growth, ultimate value creation, product and operational excellence, enhancement of People-centric management, and risk management and governance. In addition, the Company will work to expand its growth fields of Sustainability Innovation (SI) Business and Digital Innovation (DI) Business, while pursuing business advancement and high-added-value creation as well as enhancing quality strength and cost competitiveness. Furthermore, in order to create a new growth trajectory, it will expand high-growth, high-profitability businesses while

implementing structural reforms in low-growth, low-profitability businesses.

During FY 2024, the global economy saw that the U.S. was strong and Europe continued to recover, but recovery in China remained at a standstill. Japan continued its gradual recovery. Against this backdrop, consolidated revenue increased by 4.0% year-on-year to 2,563.3 billion yen, while core operating income grew by 39.1% to 142.8 billion yen, with higher profits posted by all the segments. The core operating income margin improved by 1.4 percentage points. Structural reforms and strategic pricing also contributed to the improved profitability.

Five Basic Strategies of Project AP-G 2025

Seizing Profit Opportunities	1 Sustainable growth	Focusing management resources on Sustainability Innovation Business and Digital Innovation Business
	2 Ultimate value creation	Maximizing profitability by making the most of tangible and intangible assets, and by collaborating with external partners
	3 Product and operational excellence	Promoting cross-organizational cost reduction activities leveraging enhancement of quality strength and organizational strength, which are the sources of competitiveness
Strengthening the Management Foundation	4 Enhancement of people-centric management	Preserving and further building upon the legacy of our corporate culture, which prioritizes developing people, while promoting individual career development, and improving job satisfaction
	5 Risk management and governance	Ensuring sound organizational management by enhancing internal controls and improving management capabilities

Project AP-G 2025: Financial Target for FY 2025

	FY 2023 Actual	FY 2023 Actual	FY 2025 Forecast	AP-G 2025 FY 2025 Target
Revenue	2,464.6 billion yen	2,563.3 billion yen	2,670.0 billion yen	2,800.0 billion yen
Core Operating Income	102.6 billion yen	142.8 billion yen	150.0 billion yen	180.0 billion yen
Core Operating Income Margin	4.2%	5.6%	6%	6%
ROIC*	2.8%	4.4%	about 5%	about 5%
ROE	1.3%	4.5%	about 5%	about 8%
Free Cash Flow	64.7 billion yen	191.8 billion yen	Positive (3-year total)	Positive (3-year total)
D/E Ratio	0.55	0.49	about 0.6	0.7 or lower (guideline)

* Core Operating Income after Tax / Average Invested Capital (average of the balances at beginning and end of the period)

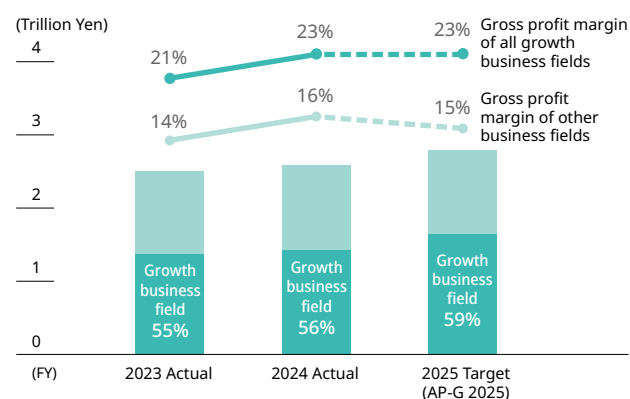
Five Basic Strategies of AP-G 2025

Basic Strategy 1

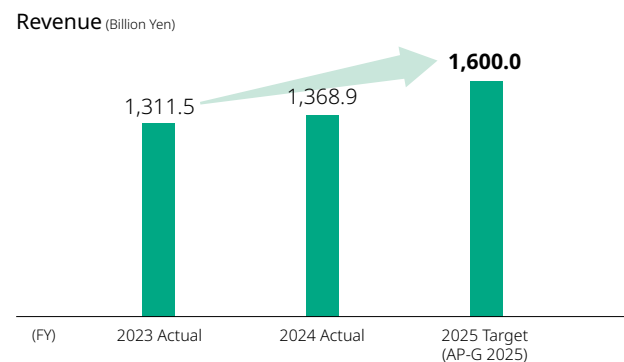
Sustainable Growth

Based on the Toray Group Sustainability Vision, the strategy of sustainable growth positions the Sustainability Innovation (SI) business and Digital Innovation (DI) business as growth areas in which Toray can leverage its strengths with an outlook for greater profits. Here, the Company aims to expand revenue from these areas to account for around 60% of total revenue by FY 2025.

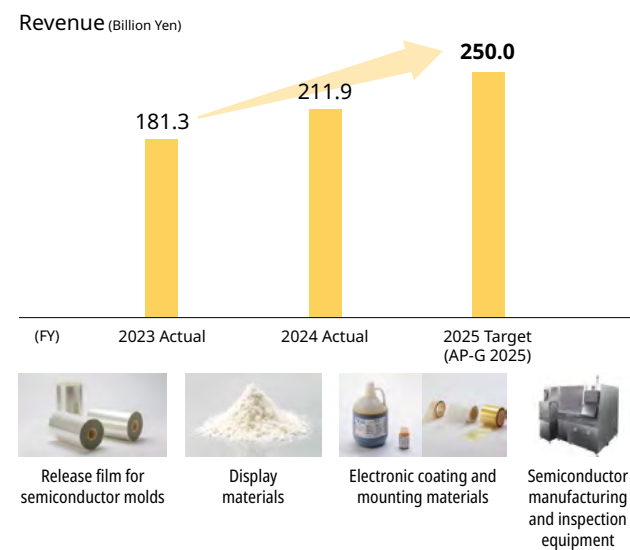
Revenue from Growth Business Fields



Sustainability Innovation (SI) Business



Digital Innovation (DI) Business



In FY 2024, revenue from the SI Business rose 4.4% year-on-year to 1,368.9 billion yen. Although recovery in demand for large tow carbon fibers for wind turbine blades was slower than expected, revenue from carbon fiber for aircraft, recycled films, and resins for the automobile applications increased. Revenue from the DI Business grew 16.9% year-on-year to 211.9 billion yen. Rebounding from inventory adjustments in supply chains, demand in films for the electronic parts-related applications such as MLCCs increased, and demand for OLED-related and circuit materials also recovered.

Basic Strategy 2

Ultimate Value Creation

Under the strategy of ultimate value creation, Toray is advancing strategic pricing initiatives that offer an accurate understanding of Toray's product excellence and added value, and that ensure appropriate consideration commensurate with value. It is not a simple price increase, but an initiative to have customers recognize the value of Toray's products. Through the united efforts among sales and marketing, production, and R&D, the Company aims to improve core operating income over 30 billion yen during the FY 2024-2025 period.

Specifically, the Company has introduced a tool that visualizes price differences for the same products across multiple divisions, enabling the Company to quickly address transactions that require improvement. When the expected value of a product is not reflected in the price, the Company shares such information not only with sales and marketing but also with production and R&D to drive initiatives to strengthen competitiveness, such as the development of high-added-value products and the fundamental improvement of productivity. The Company is also considering reviewing supply chains and target markets.

Thus far, its efforts have focused on (1) price corrections

Strategic Pricing

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.)



based on the product value, including passing on soaring raw material and fuel prices. Going forward, the Company will focus on (2) improving the product mix by shifting to high-added-value products as well as (3) achieving better pricing by creating new products and new value (innovation creation). For example, the Company developed Ecodear™ N510, a 100% plant-based nylon, for use in bags by Yoshida & Co., Ltd., a company with a global fan base. The Company communicated the nylon's value directly to consumers through joint promotions. As a result, the product is selling well despite its premium price.

73%. In addition to reducing variable costs by consolidating procurement functions, the Company is enhancing the cost competitiveness of the entire Toray Group by sharing and implementing cross-organizational cost reduction activities globally.

Basic Strategy 4

Enhancement of People-Centric Management

As a part of the enhancement of People-Centric Management strategy, Toray pursues "maximizing corporate value" and "enhancing employee well-being." To this end, the Company focuses on three areas: Inclusion of Diverse Human Resources and Values, Creating Human Resources and Organizations that Adapt to Change, and Empathy with Toray Philosophy and Career Development with Rewarding and Engaging Work (engagement). The Company conducts an employee survey on engagement every fiscal year, and in FY 2024, scores improved for the following items: "I am engaged in rewarding work," "I am building a satisfying career," and "I am proud to be a member of the Toray Group."

Basic Strategy 5

Risk Management and Governance

To prepare for rapidly emerging risks and to respond swiftly to crises, the Company has established a dedicated organization that communicates closely with the Board of Directors and top management to promote risk management as a part of the Company's management strategies. While advancing and streamlining global management, in FY 2025, the Company will reduce the number of the Board members by two to a total of 10. This will facilitate deeper discussions from a wider perspective and enhance the effectiveness of the management that contributes to increasing corporate value over the medium- to long-term.

Basic Strategy 3

Product and Operational Excellence

The Company aims for a total of 200 billion in cost reductions through its own efforts over the three years of AP-G 2025. The cumulative reduction for the first two fiscal years, FY 2023-2024, was 146.1 billion yen, with a progress rate of

Total Cost Down Project

Cumulative cost reduction of 200 billion yen over 3 years

Variable cost reduction activities

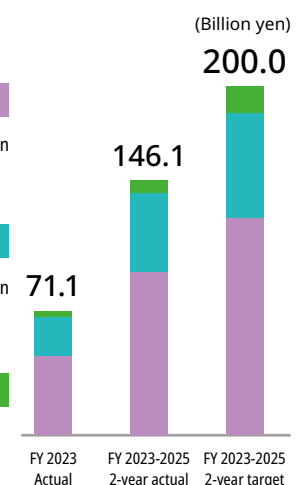
Reduction in FY 2023-2024 **93.7** billion yen
Effect target **125** billion yen/ 3 years

Fixed cost reduction activities

Reduction in FY 2023-2024 **44.9** billion yen
Effect target **60** billion yen/ 3 years

Production process innovations

Reduction in FY 2023-2024 **7.6** billion yen
Effect target **15** billion yen/ 3 years



Promotion of ROIC Management

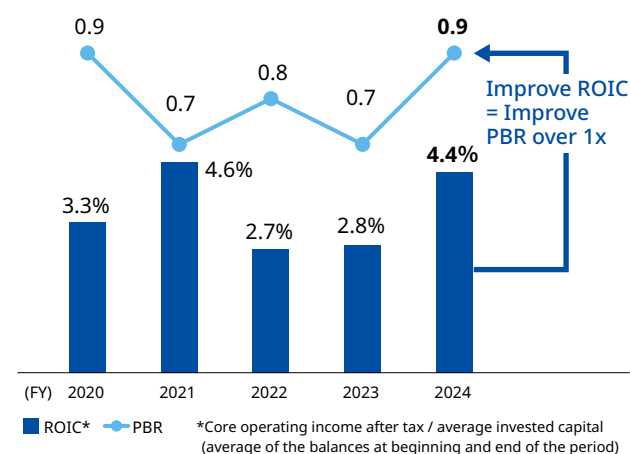
Due in part to changes in the external environment, the Company's investments over the past 10 years have not generated commensurate returns, and its ROIC remained at 4.4% for FY 2024. In dialogue with the capital markets, double-digit ROIC are expected, and the Company recognizes this as a major factor behind its low PBR.

Therefore, in AP-G 2025, Toray prioritized improving ROIC by increasing core operating income and managing invested capital efficiently, and each business division is formulating its own business strategy. Meanwhile, corporate divisions determine which businesses require capital investment, and which should make money with a light-asset model, working to achieve well-balanced capital allocation tailored to each business's characteristics. With growth strategies and structural reforms as the Company's two wheels, from the perspectives of growth and profitability, it is promoting initiatives such as innovation creation, strategic pricing, structural reform of low-growth and low-profitability businesses, and "Darwin Project".

* Darwin Project: A profitability improvement project to adapt to change and restore earning capability.

Reallocating Management Resources from the Perspective of Competitiveness

As part of the Company's business portfolio reform, the Company classifies its businesses into four quadrants along the two axes of growth potential and profitability (ROIC). For businesses and companies in the low-profitability quadrants, particularly those with large amounts of invested capital, the Company has launched Darwin Project led by the President to examine and implement measures for improvement. For example, in the Fibers and Textile business, the Company has built its supply chains within the Group utilizing production sites in Japan, Southeast Asia, and East Asia, but is now restructuring its production sites after carefully assessing its competitiveness by product type and by customer.



Management with ROIC as a high-level concept

Toray-style ROIC management

"Four Categories of growth potential and profitability"

Growth strategy

- Creating innovation
- Strategic pricing

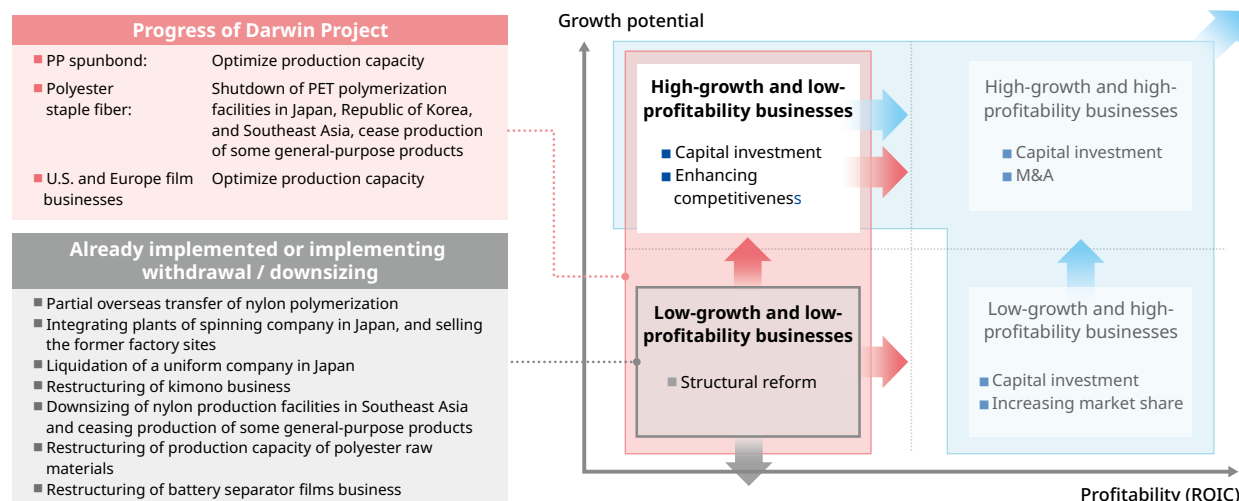
Structural reform

- Structural reform for low-growth and low-profitability businesses
- Darwin Project

Additionally, for low-growth, low-profitability businesses with small to medium amounts of invested capital, the Company is considering structural reforms, withdrawal, and downsizing.

On the other hand, the Company is prioritizing the allocation of funds and personnel to competitive growth businesses in areas where greater profitability is expected. The Company is also continuing to invest capital in high-growth businesses such as the carbon fiber business whose profits are currently sluggish, while working to improve profitability.

Structural Reform for Low-Growth and Low-Profitability Businesses



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

Darwin Project

Businesses and companies whose profitability has significantly declined due to drastic changes in the business environment fall under Darwin Project. For those businesses and companies, the Company identifies challenges based on an understanding of the current situation and analysis and implements measures for short-, and medium- to long-term, respectively. In FY 2024, under Darwin Project, the Company implemented cost reduction and optimizing production capacity among global production sites. As a result, the businesses of ZOLTEK (large tow carbon fibers), the U.S. film subsidiary, TPM (ABS resins), and polyester staple fiber all returned to profitability, raising profits by approximately 20 billion yen. In FY 2025, the Company expects a further improvement in profit of approximately 10 billion yen by returning the PP spunbond business and European film subsidiary to profitability.

Results of Restructuring Designated Businesses / Companies

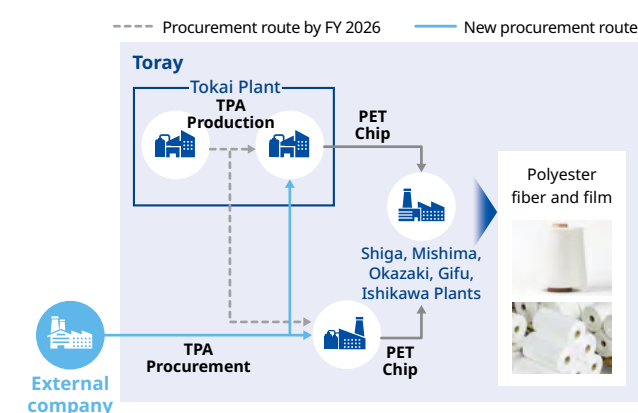
Business/Company	Up to FY 2024
Zoltek (Large-tow carbon fiber)	<ul style="list-style-type: none"> • Reduction of total fixed cost in line with utilization rate • Strengthen global operation between Mexico and Hungary • Became profitable ahead of schedule in 2Q of FY 2024
Films businesses (U.S. and Europe)	<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
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
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
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
Impact on the business performance	Improvement in core operating income in FY 2024: about 20 billion yen (compared with FY 2023)

Restructuring the Production System

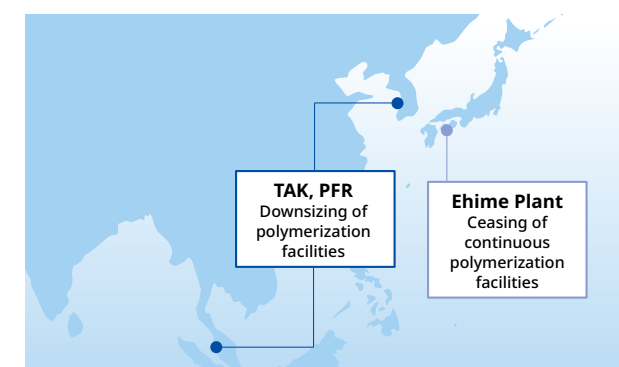
As a specific example of fundamental business restructuring, the Company plans to cease domestic production of terephthalic acid (TPA), a raw material for polyester fibers and films during FY 2026 and shift to external procurement. This decision was made after comprehensively reviewing maintenance and renewal costs for aging production facilities against the costs and risks of external procurement. Additionally, in

polyester staple fiber business, by promoting global operations and high-value-added products, the Company will shut down direct continuous polymerization and spinning facilities in Japan, which are suited for mass production of single product types, during FY 2025. The Company has also begun to scale down operations in the Republic of Korea and Malaysia. Furthermore, while Toray is promoting business restructuring for battery separator films at each production site, the business environment remains challenging due to factors such as slowdown in the EV market. The Company is considering all options, including business downsizing and withdrawal.

Shift of terephthalic acid (TPA) procurement route



Production restructuring for polyester staple fiber



Business Expansion in Growth Fields

Growth Potential and Profitability by Business Field

Comparing the revenue growth rate and ROIC by segment during the AP-G 2025 period, the Fibers and Textiles segment's projected revenue growth rate for FY 2022-2025 is 1.9%, while its ROIC rose to 8.2% in FY 2024. With revenue on the scale of 1 trillion yen, the Fibers & Textiles Business serves as a stable source of profit that supports growth investments for the entire Toray Group.

The Company has already invested in the Performance Chemicals segment as a growth and expansion business. As inventory adjustment in the semiconductor and display markets has been resolved, the Company expects its ROIC to increase to 8% in FY 2025 as capacity utilization rates rise.

Toray's Business Fields and Growth Potential				
Segment	ROIC			CAGR of Revenue 2022-2025
	FY 2023 (Actual)	FY 2024 (Actual)	FY 2025 (Forecast)	
Fibers & Textiles	6.3%	8.2%	9%	1.9% <div>1 5</div>
Performance Chemicals	3.6%	6.7%	8%	2.3% <div>2 3 6 7 8</div>
Carbon Fiber Composite Materials	1.7%	3.0%	3%	3.9% <div>9</div>
Environment & Engineering	8.3%	9.7%	10%	8.0% <div>10</div>
Life Science	-2.2%	-1.4%	0%	0.8% <div>4</div>
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

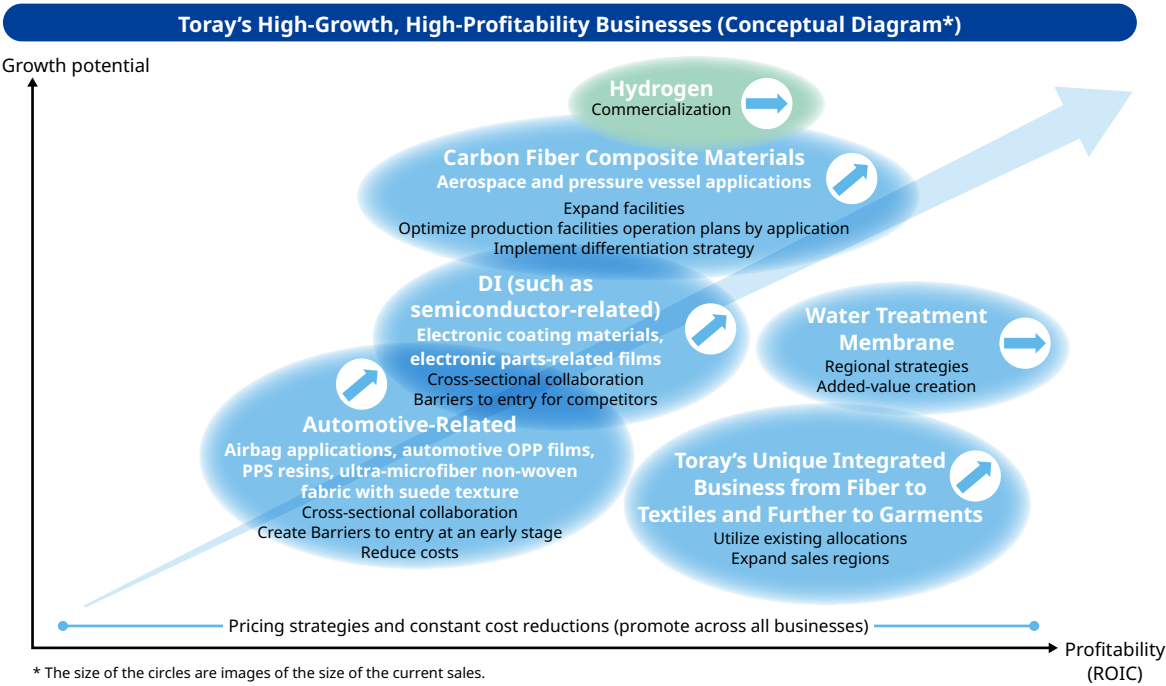
10 Water treatment membrane (reverse osmosis (RO) membrane)

Although the Company positions the Carbon Fiber Composite Materials segment as its most important growth business, its ROIC is low due to sluggish facility operation despite significant capital investments. However, as some applications are expected to be highly profitable, the Company aims to improve ROIC through application-specific strategies going forward.

The Environment & Engineering segment is achieving high profitability and high growth, centered on reverse osmosis (RO) membranes for the water treatment business, and the Company anticipates a double-digit ROIC in FY 2025.

Strengthening Growth Areas Based on the Four Categories of Growth and Profitability

The Company is promoting optimal business strategies for businesses that have high market competitiveness (in terms of quality, share, technology, supply chain, etc.) For businesses like carbon fiber, which have high growth potential but require large initial investments, the Company will improve profitability through differentiation. For stable businesses such as Toray's unique integrated business from fiber to textiles further to garments, the Company will expand them while maintaining high profitability through an asset-light strategy.

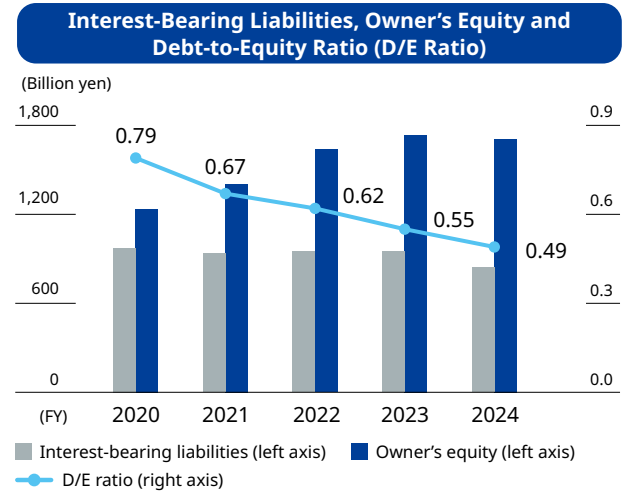
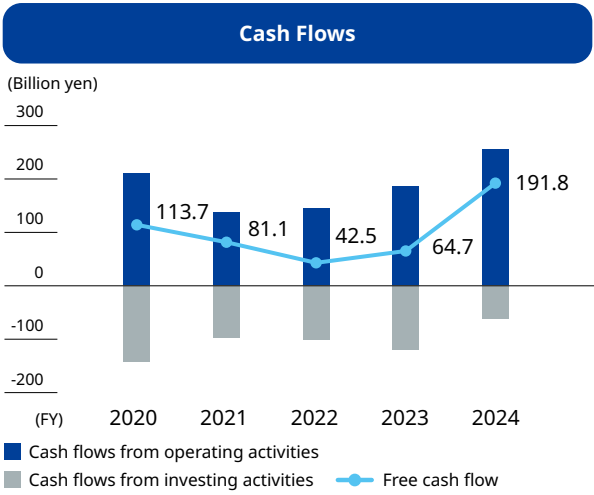
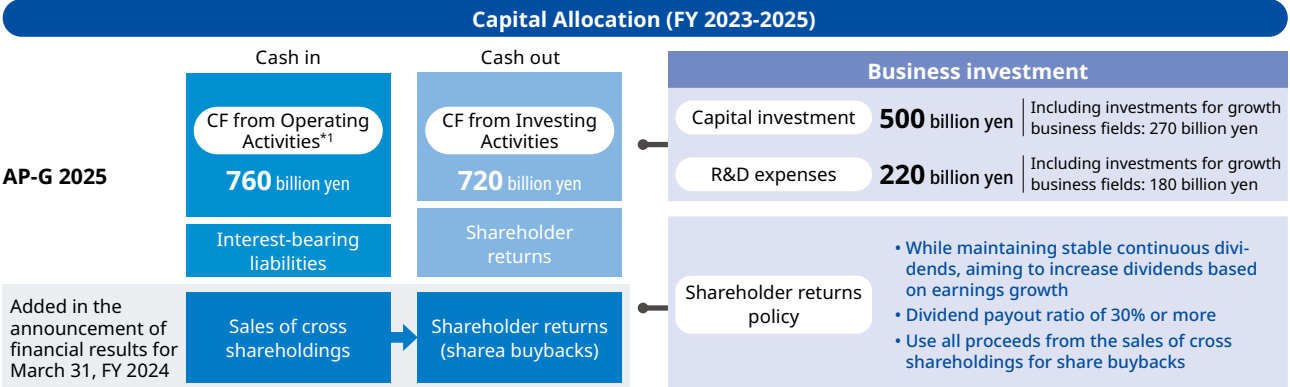


Strengthening the Financial Foundation Which Supports Growth

Maintaining Financial Soundness and Capital Allocation

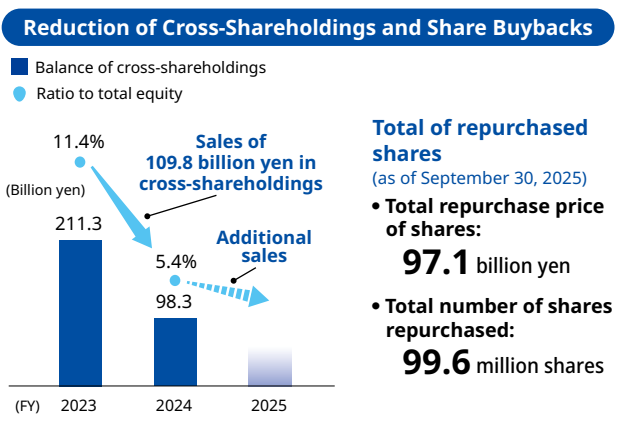
As for capital allocation, along with assuming an operating cash inflow of 760 billion yen over the three-year period from FY 2023 to FY 2025, investment cash outflow is expected to reach a total of 720 billion yen, consisting of capital investments valued at 500 billion yen (355.2 billion yen in AP-G 2022, the previous Medium-Term Management Program) and R&D expenditures at 220 billion yen (193.8 billion yen in AP-G 2022). This capital allocation aims to achieve a positive free cash flow, thereby stabilizing and increasing shareholder returns.

Having set the dividend payout ratio to 30% or more, the Company aims to increase the dividend amount through profit growth based on a policy of maintaining stable and continuous dividends. Furthermore, the Group revised the D/E ratio guideline downward from around 0.8 to 0.7 or lower to support sound, sustainable growth based on a strong financial foundation. In FY 2025, Toray assumes capital investments of 180 billion yen (down 38.7 billion yen year-on-year), primarily for polypropylene films and carbon fiber; depreciation and amortization of 135 billion yen (up 2.9 billion yen year-on-year); and R&D expenditures of 84 billion yen (up 9.6 billion yen year-on-year).



Reducing Cross-Shareholdings for Share Buybacks

To accelerate capital efficiency improvements, in May 2024, the Company announced a policy to reduce its cross-shareholdings by 50% (approximately 100 billion yen) over the three-year period from FY 2024 to FY 2026, bringing their ratio to total equity to about 5%, and to use all proceeds from the sales to share buybacks as part of shareholder returns. In response, in FY 2024, the Company sold cross-shareholdings equivalent to 109.8 billion yen, bringing the ratio to total equity to 5.4% and achieving its goal two years ahead of schedule. The Company will continue to sell cross-shareholdings in FY 2025, and all proceeds exceeding 100 billion yen from the sales including additional sales will also be used to share buybacks.



Management Briefing

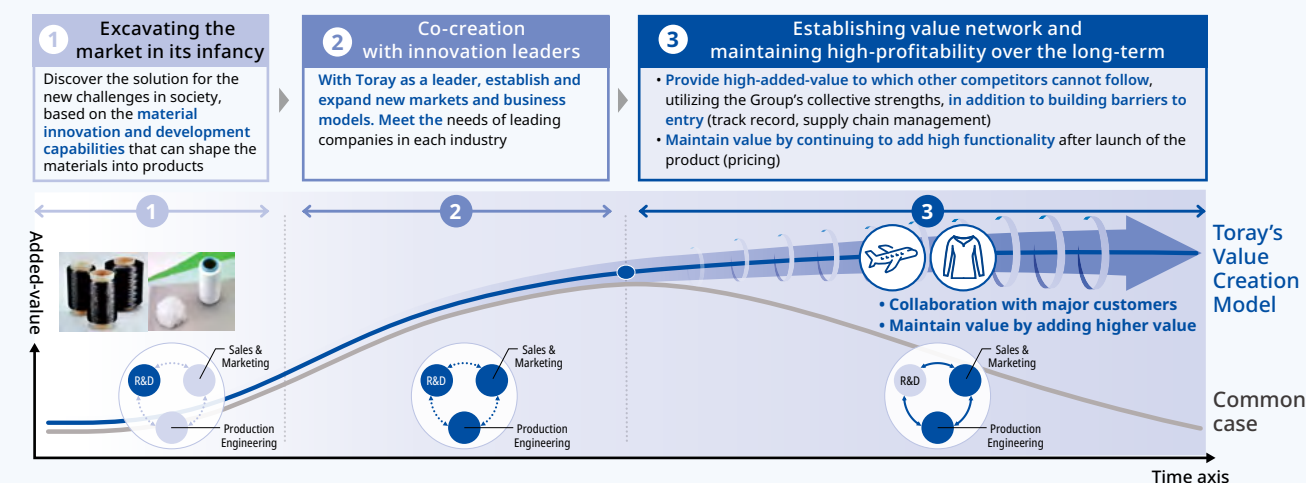
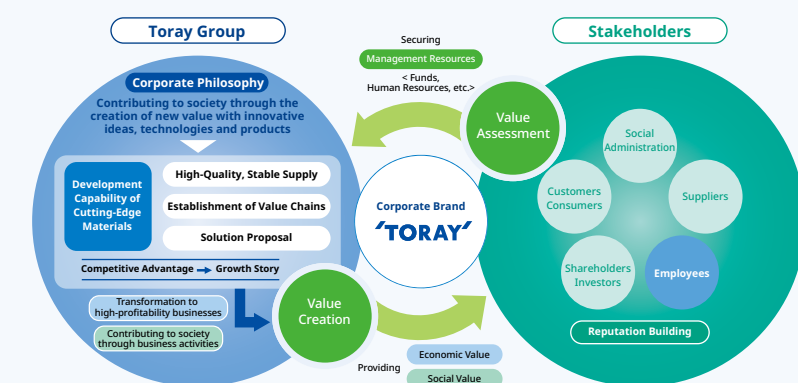
Following the Management Briefing in 2024, the Company held another briefing in May 2025. At this briefing, the Company explained its strengths and value creation model, the progress of AP-G 2025, its approach to the next Medium-Term Management Program, and its shareholder return policy. The Company also engaged in a candid exchange of opinions with the attendees.

Profit Growth Expected for the Third Consecutive Year

In FY 2025, the final year of AP-G 2025, the Company anticipates core operating income will be approximately 30 billion yen less than the target set when the Company announced the program, due to factors including a slower recovery in the automobile market and the impact of the U.S. tariff policies. However, through Darwin Project and strategic pricing initiatives, the Company aims to achieve a third consecutive year of growth in core operating income. Toray will also flexibly adapt to the rapidly changing environment, review its business strategies as needed, and promote ROIC management as the Company moves toward the next Medium-Term Management Program.

Toray's Vision Toward a "Truly Sustainable Company" -Virtuous Cycle of Value -

Toray believes that creating a "virtuous cycle of value" is



essential to become a "truly sustainable company" it envisions. Starting from its corporate philosophy, the Company creates new value and provides both economic and social value to its stakeholders. Only after its values are assessed and appreciated by its stakeholders, the Company can secure management resources. Toray believes that the Group needs to maintain and further enhance this virtuous cycle to be a "Truly Sustainable Company."

Toray's Winning Pattern = Toray's Value Creation Model

Toray's value creation model begins with an approach of excavating or developing new markets, either as the industry leader or alongside other leading companies, through the early development of cutting-edge materials. After pioneering those markets, the Company uses its strengths in R&D, sales and marketing, and production engineering as value creation engines to build a global value chain with high barriers to entry. This generates high-added-value and switching costs that competitors cannot easily follow. Even when the market matures, the Company continues to enhance added-value over the long-term to maintain value and, by extension, pricing. Examples of the achievement by the value creation model include joint development of high-performance fibers with client companies and the long-term adoption of carbon fiber composites for aircraft.

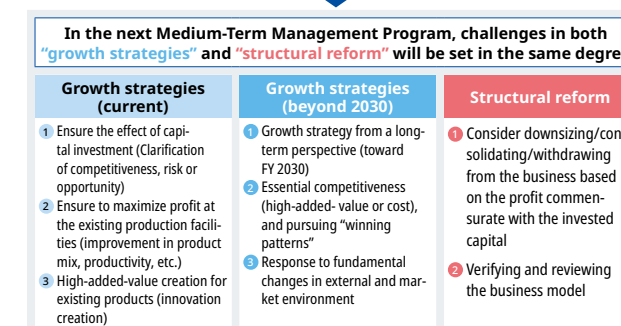
For the Next Medium-Term Management Program

Promoting Growth Strategies and Structural Reform in the Same Degree

The Board of Directors recognizes that the primary reason for its persistently low PBR is its low rate of return (ROIC). Therefore, to improve its economic value, the Company believes it is crucial to improve core operating income and the core operating income margin while curbing increases in invested capital. In the next Medium-Term Management Program, the Company will make even greater efforts to promote both growth strategies and structural reform in the same degree.

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



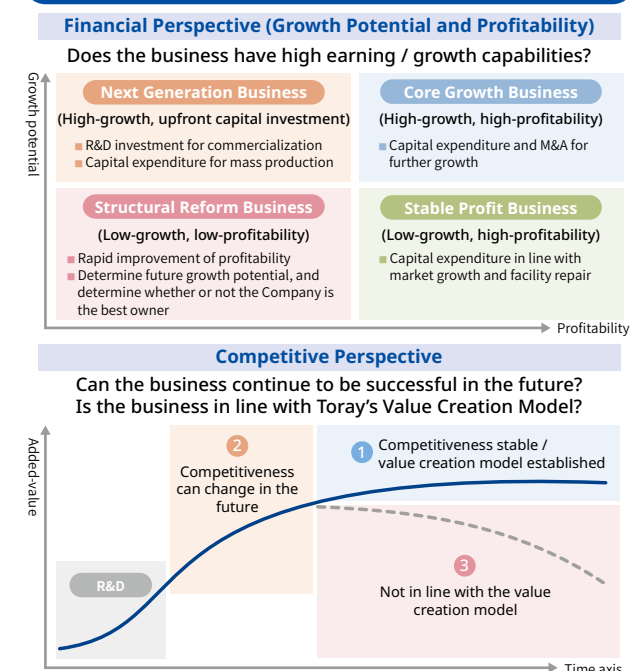
Achieving the targeted core operating income, core operating margin, and ROIC

Policy on Business Portfolio and Structural Reform

As for its business portfolio, similar to the four-quadrant analysis, the Company continues to use the axes of "growth potential" and "profitability" from a financial perspective. However, the Company classifies its businesses into Core Growth Businesses, Stable Profit Businesses, Structural Reform Businesses, and Next-Generation Businesses. Adding the perspectives of "competitiveness" and "time axis," the Company assesses how long each business can maintain its competitive advantage and whether it has the potential to establish Toray's value creation model, which is its winning pattern, to determine management resource allocations accordingly.

For Structural Reform Businesses in particular, the Company will closely examine their potential to transition into Core Growth Businesses or Stable Profit Businesses by making them subject to Darwin Project or implementing additional measures. For businesses deemed difficult to improve and for which the Company determines Toray is not the best owner, the Company will consider withdrawal or divestment. It will decide on the course of action for

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

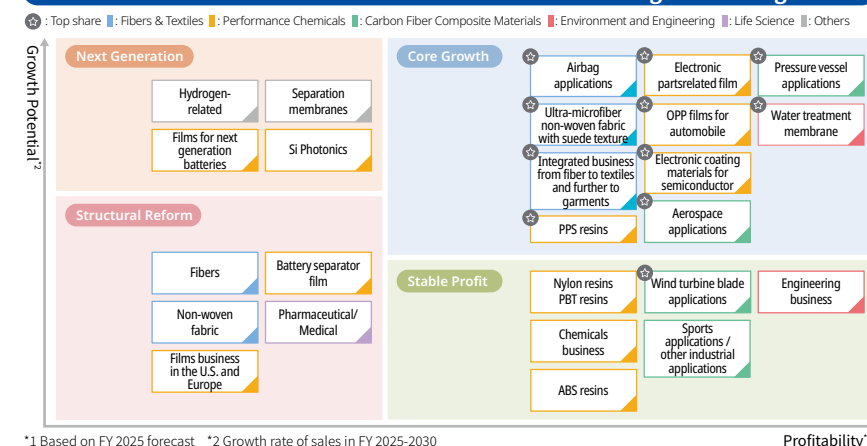


businesses targeted for Structural Reform Businesses within the term of next Medium-Term Management Program.

Maximizing Profits in Core Growth and Stable Profit Businesses

In the next Medium-Term Management Program, among the main businesses plotted in the matrix below, the Company will maximize profits in its Core Growth Businesses, which drive sales and profit growth, and its Stable Profit Businesses, which generates stable earnings. Next-Generation Businesses are those that the Company expects to transition into core businesses in the future. The market environment and product competitiveness depend on applications and regions, but Toray will improve its overall ROIC and achieve sustainable growth and expansion by promoting application- and region-specific strategies tailored to their characteristics.

Business Portfolio Under the Next Medium-Term Management Program



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