

**'TORAY'**



**Materials for the  
142nd Ordinary  
General Meeting  
of Stockholders  
(Delivered documents)**

For the Fiscal Year Ended March 31, 2023



**2023**

**Toray Industries, Inc.**

1-1, Nihonbashi-Muromachi 2-chome,  
Chuo-ku, Tokyo 103-8666, Japan

## Business Report (from April 1, 2022 to March 31, 2023)

### 1. Review of Operations of Toray Group

#### (1) Operations and Results for the Period

##### The Business Environment and Trends in Revenue and Profitability

	FY 2022	Year-on-year changes
Revenue	2,489.3 billion yen	11.7%
Core operating income	96.0 billion yen	(27.3%)
Operating income	109.0 billion yen	8.4%
Profit attributable to owners of parent	72.8 billion yen	(13.5%)

During the period under review, the global economy saw a slowdown in growth due to high material prices associated with the Ukraine situation, the lockdown in China in line with its zero-COVID policy, and the impact of rising inflation and interest rates particularly in Europe and the U.S. The Japanese economy continued to recover from the COVID-19 pandemic, although rising material costs combined with the sudden weakening of the yen exerted downward pressure on the recovery.

Under such circumstances, Toray Group implemented its medium-term management program "Project AP-G 2022" since May 2020, aiming to achieve sound, sustainable growth through the implementation of basic strategies such as global expansion in growth business fields, strengthening competitiveness, and strengthening the management foundation.

As a result, consolidated revenue for the fiscal year ended March 31, 2023, increased 11.7% compared with the previous fiscal year to ¥2,489.3 billion, while core operating income (Note 1) declined 27.3% to ¥96.0 billion. Operating income rose 8.4% to ¥109.0 billion and profit attributable to owners of parent fell 13.5% to ¥72.8 billion.

Financial performance by segment is described below.

#### Fibers & Textiles

	FY 2022	Year-on-year changes
Revenue	999.2 billion yen	19.5%
Core operating income	51.2 billion yen	21.5%

While hygiene material applications were sluggish from the impact of the worsening supply-demand balance, apparel applications saw a recovery from the pandemic. Industrial applications witnessed a demand recovery trend for automobile applications in some regions. Almost all applications and regions were affected by the soaring costs of raw materials and fuels as well as persistently high transportation costs.

#### Performance Chemicals

	FY 2022	Year-on-year changes
Revenue	909.4 billion yen	(0.1%)
Core operating income	30.4 billion yen	(66.6%)

The Performance Chemicals segment overall was affected by the soaring raw material and fuel prices.

In the resins and chemicals businesses, while the fine chemicals business performed strongly, the resins business was weak given the impact of demand declines in the Japanese and Chinese markets and other factors. Demand declined due to inventory adjustment in supply chains for optical applications and electronic parts in the films business as well as OLED-related materials and circuit materials in the electronic & information materials business.

## Carbon Fiber Composite Materials

	FY 2022	Year-on-year changes
Revenue	281.7 billion yen	30.9%
Core operating income	15.9 billion yen	907.5%

Demand for the aerospace applications showed a recovery trend and the sales of pressure vessels in the industrial applications expanded. In addition, the segment went forward with passing on the rise in raw material and fuel prices to the sales price.

## Environment & Engineering

	FY 2022	Year-on-year changes
Revenue	228.8 billion yen	14.8%
Core operating income	19.7 billion yen	19.2%

In the water treatment business, demand for reverse osmosis membranes and other products grew strongly, while facilities that newly started operations contributed to the performance.

Among domestic subsidiaries in the segment, an engineering subsidiary saw increases in the shipment of lithium-ion secondary battery-related equipment.

## Life Science

	FY 2022	Year-on-year changes
Revenue	53.8 billion yen	3.5%
Core operating income	0.2 billion yen	(86.2%)

In the pharmaceutical business, while sales volume of orally active prostacyclin derivative DORNER<sup>®</sup> expanded for the overseas markets, sales of pruritus treatment REMITCH<sup>®</sup> (Note 2) were affected by the introduction of its generic versions as well as by a NHI drug price revision.

In the medical devices business, shipment of dialyzers for hemodiafiltration grew strongly in Japan, but the business was affected by the soaring prices of raw materials and fuels.

Notes:

1. Core operating income is calculated by excluding income and expenses due to non-recurring factors from operating income.
2. REMITCH<sup>®</sup> is a registered trademark of Torii Pharmaceutical Co., Ltd.

## [Capital Expenditures]

The following are major investments in production facilities that have been implemented during the business year.

- 1) Major production facilities completed during the year:

### ***Performance Chemicals:***

Expansion of production facilities for ABS resin (at Toray Plastics (Malaysia) Sdn. Berhad)

### ***Performance Chemicals:***

Expansion of production facilities for polypropylene film (at Toray Plastics (America), Inc.)

### ***Environment & Engineering:***

Establishment of production facilities for water treatment membrane (at Toray Membrane (Foshan) Co., Ltd.)

- 2) Establishment or expansion of major production facilities under construction during the year:

### ***Fibers and Textiles:***

Expansion of production facilities for Alcantara<sup>®</sup> (Phase 2) (at Alcantara S.p.A.)

### ***Carbon Fiber Composite Materials:***

Establishment of production facilities for carbon fiber and prepreg (at Toray Composite Materials America, Inc.)

### ***Carbon Fiber Composite Materials:***

Expansion of production facilities for carbon fiber (at Zoltek de Mexico, S.A. de C.V.)

**[Financing Activities]**

Toray Group raised funds mainly in the form of bank loans during the business year.

**[R&D]**

Toray Group invests continuously in research and technological development and works to create innovation for sustainable growth in the future under its corporate philosophy of “Contributing to society through the creation of new value with innovative ideas, technologies and products.”

The Group has been vigorously proceeding with its work to deepen and converge fundamental technologies such as polymerization, spinning, and film-forming based on core technologies in organic synthetic chemistry, polymer chemistry, biochemistry, and nanotechnology. Through these initiatives, Toray Group has created and commercialized advanced materials in each of its segments. In recent years, the Group has also been accelerating the practical application of its proprietary technologies in the various business fields, that can be expressed as "super nanotechnology" which pursues the extreme limits of nanotechnology regarding materials. Such achievements include NANODESIGN™, an innovative composite spinning technology in the field of fibers & textiles, NANOALLOY™, an innovative microstructure control technology in the field of resins, and an innovative nano-layering control technology, NANO-Multilayer, in the field of films. These technologies have developed materials with unprecedented properties and features and are creating added value for society.

For the period under review, in the Fibers & Textiles segment, the “Development of Highly Functional Textiles by Precise Control of Fiber Cross-Section Morphology” won the Chemical Society of Japan’s Award for Technical Development for 2022. The award recognizes the creation of NANODESIGN™, an innovative conjugate spinning technology that employs a new technology to freely and precisely control the

cross-sectional shape of composite fibers, and its successful commercialization. NANODESIGN™ makes it possible to incorporate the required functions of fabrics, nonwovens, and other textile materials into fiber designs including cross-sectional shapes and polymers in the fibers. Toray Group has leveraged NANODESIGN™ to make it possible to develop comfortable clothing fibers, such as Camifu™, a new tactile material, which are worlds apart from conventional materials. The Group will endeavor to expand these materials for apparel and keep developing the applications in various fields, from industrial materials to life science products.

In the resins business of the Performance Chemicals segment, Toray Group launched a digital service that allows customers to conduct real-time searches for the properties and availability of currently offered and projected products just by entering mechanical properties and process characteristics during molding in the system. The Group developed a unique physical property data prediction system with materials informatics technology, applying artificial intelligence to a vast amount of data amassed over many years in resin materials development. This system will help customers shorten time of optimal resin material selections and product development, reduce costs, and improve quality.

In the films business, Toray Group has successfully developed an ion-conductive polymer membrane for air batteries that enables batteries to operate despite the membrane being non-porous, utilizing the molecular design technology for highly heat-resistant aramid polymers. Employed in separators of lithium-air batteries, this membrane should help improve the safety and longevity of the batteries. The Group aims to establish the technology to extend the cruising ranges of electric vehicles, industrial drones, and urban air mobility systems.

In the electronic & information materials business, Toray Group and Institute of

Microelectronics (IME) under Singapore's Agency for Science, Technology and Research (A\*STAR) have commenced joint research to develop practical applications of high heat-dissipating adhesive sheets for silicon carbide (SiC) power semiconductors. SiC power semiconductors offer significant energy efficiency and carbon neutrality benefits. Prospective applications include automobiles, smart grids, and data centers. Development efforts will combine Toray's material and processing technologies with IME's design, prototyping and evaluation technologies, which will enhance semiconductor quality, dependability, and safety. Toray and IME aim to commercialize the product in 2025.

In the Carbon Fiber Composite Materials segment, Toray Group has developed a high-speed thermal welding technology for aircraft components. This technology will enable high-rate production and weight savings of CFRP airframes. The Company will push ahead with demonstrations with a view to commercializing airframes after 2030 while further expanding CFRP applications.

In the Environment & Engineering segment, Toray Group opened a new water treatment research center in India where surging treatment demand in the years ahead is expected. The Group and Indian Institute of Technology Madras, which has a solid record in water treatment, will conduct joint research on sewage reuse technologies using Toray's water-treatment membranes, with a view to deploying such setups around India.

In the medical devices area of the Life Science business, Toray Group won the 2022 Japan Patent Office Commissioner's Award from the Japan Institute of Invention and Innovation for "Anti-thrombogenic dialysis module." The award is part of the institute's National Commendation for Invention program. An initiative utilizing the same technology, "Design of Anti-Thrombogenic Polymer Focusing on How Water Interacts with It

and Commercialization of Artificial Kidney," also received a 2022 Technology category award from the Society of Polymer Science, Japan. The Group earned top marks for developing a practical dialysis device that delivers better blood flow with less membrane clogging than a previous offering from the Group. This technology was recognized for its contribution to improving the quality of life for chronic and acute renal failure patients and lightening the workloads of medical professionals.

Also, Toray Group filed a manufacturing and marketing approval with the Ministry of Health, Labour and Welfare for a test kit to help diagnose pancreatic cancer by measuring apolipoprotein A2 (APOA2) isoform concentrations in blood of individuals with suspected pancreatic cancer as a new in vitro diagnostic product. The test kit uses a proprietary Toray antibody.

In addition, Toray Group set up the Environment & Mobility Development Center. The new center will reinforce technology development and marketing and enhance collaboration among global development units to expand Toray's business in the environment and mobility fields, where demand is growing worldwide. The center will be integrally in charge of development in the fields. The Group will also set up a new research facility at its Nagoya Plant to promote material development by integrating diverse elemental technologies from within and outside the Group and bolster R&D for a green transformation and advanced mobility. Toray Research Center, Inc., a subsidiary of the Company, that provides comprehensive R&D support through advanced analysis and physical property analysis, established a new open laboratory, Toray Advanced Analytical Platform, at its new research facility in Shiga Prefecture to enhance external collaboration. The Group will reinforce open innovation internally and externally and keep helping to materialize a sustainable economy by innovating advanced materials and technologies from long-term perspectives.

**[Sustainability]**

Toward achieving carbon neutrality, Toray Group has been developing core materials that contribute to building a hydrogen-powered world. During the period under review, the HS Division was established as a new division for the commercialization of Electrolyte Membranes and Catalyst Coated Membrane (CCM). Greenerity GmbH, a subsidiary of the Group, that develops, manufactures, and sells components for hydrogen and fuel cells, has started expanding CCM production capacity for solid polymer electrolyte membrane (PEM) water electrolyzers for green hydrogen production at a new third plant. CCM production capacity for these electrolyzers will be tripled by installing facilities adding more than one gigawatt of water electrolyzer capacity. Its second plant has been expanding facilities to make CCM and membrane electrode assembly (MEA) for fuel cells for hydrogen fuel cell vehicles. This plant has started shipping these products to customers. At full capacity, that plant's CCM and MEA output for fuel cells for passenger cars would exceed one gigawatt, which would cover the needs of more than 10,000 of those vehicles.

The Group, together with Marubeni Corporation, Yamanashi Hydrogen Company, Inc., and Siemens Energy K.K., initiated a study in Scotland, the United Kingdom to demonstrate the feasibility of deploying power-to-gas (P2G) systems to decarbonize energy supplies in cities with cold climates, which was adopted by the New Energy and Industrial Technology Development Organization (NEDO). The study is being conducted on how to build and operate a new energy supply and demand system using green hydrogen, and how to utilize green hydrogen.

In the field of electronic & information materials in the Performance Chemicals business, an initiative on waterless offset printing system for flexible packaging to enable elimination of VOC and significant reduction in CO<sub>2</sub> emissions received the Incentive Award of the 21st Green and Sustainable Chemistry Award from Japan Association for Chemical Innovation. A newly developed water-soluble ink does not contain

solvents and enables the use of water-based cleaners. The water-soluble inks, along with Toray Waterless Plates™, led to the development of the waterless offset printing system for flexible packaging, which enables elimination of VOC in the printing process and significantly reduces CO<sub>2</sub> emissions through energy saving. The system has been highly evaluated for its ability to make a significant contribution to the building of a sustainable system.

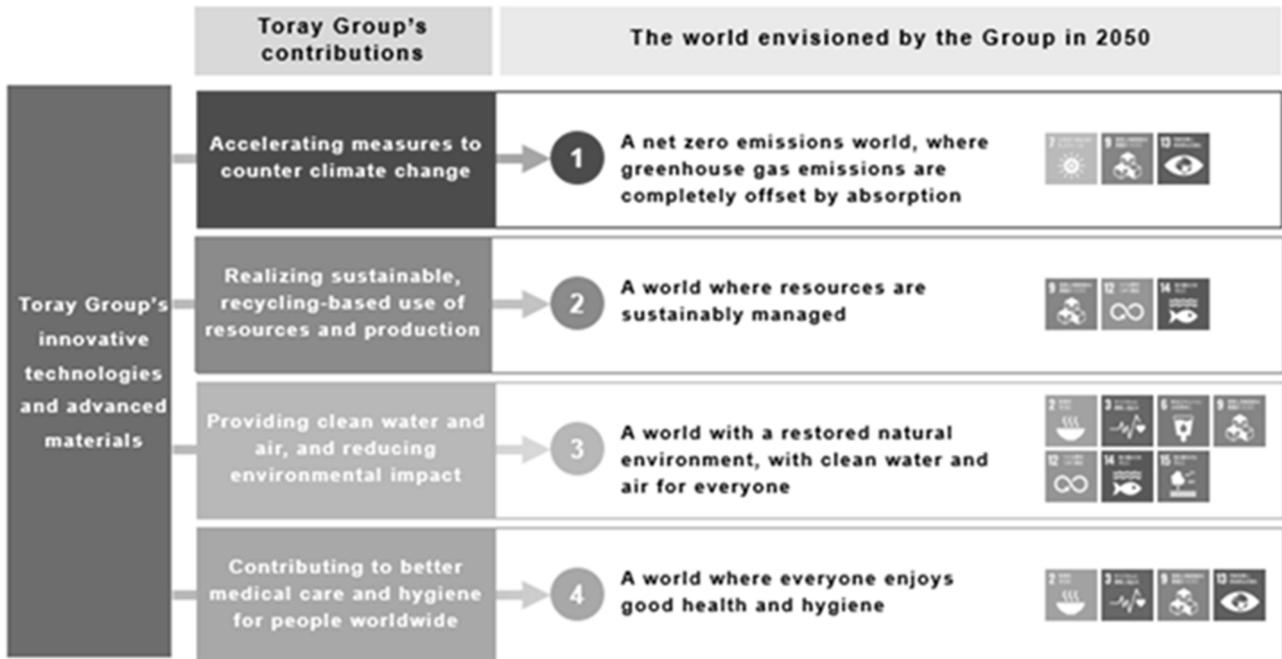
Toward realization of a circular economy, Toray Group developed Ultrasuede® nu in the Fibers & Textiles business. Ultrasuede® nu is a non-woven material for a genuine leather appearance with the world's highest level of plant-based raw material content. Since the world's first commercial production of Ultrasuede® using plant-based recycled resources as part of its raw materials in 2015, the Group has been focusing on the development of eco-conscious products and will continue to develop products using higher plant-based raw material.

## (2) Issues to be Addressed

### Toray Group Sustainability Vision

Toray Group makes it its own mission to deliver innovative technologies and advanced materials that provide real solutions to the challenges the world faces with balancing development and sustainability, such as global population growth,

aging demographics, climate change, water scarcity, and resource depletion. In order to address these issues, the Group established Toray Group Sustainability Vision which defines the world envisioned by the Group in 2050, Toray Group's contributions to realize the world, and quantitative targets for FY 2030 (KPI).



## Reviewing the Medium-Term Management Program, Project AP-G 2022

The Medium-Term Management Program, Project AP-G 2022 (AP-G 2022) covered the three-year period from FY 2020 to FY 2022. It was designed to promote both business structural reforms and strengthened financial structures for growth strategies along with the basic strategy of business expansion through capital investment focusing on the growth fields of Green Innovation (GR) Business that helps solve global environmental issues and resource and energy issues and Life Innovation (LI) Business that contributes to better medical care and support health, longevity and hygiene.

In FY 2022, revenue increased as demand, which had declined since FY 2020 due to the

pandemic, recovered. Other factors were progress on passing on higher raw material and fuel costs to sales prices, as well as foreign exchange gains. However, revenue fell short of the AP-G2022 target due to a decline in sales volume. Profitability decreased as core operating income was significantly lower than target due to the decline in sales volume and the impact of soaring raw material and fuel prices. Free cash flow and D/E ratio significantly improved compared to the target on efforts to reinforce the financial structure.

### Status of progress towards achieving financial targets under Project AP-G 2022

	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	AP-G 2022 FY 2022 Target
Revenue	1,883.6 billion yen	2,228.5 billion yen	2,489.3 billion yen	2,600.0 billion yen
Core Operating Income	90.3 billion yen	132.1 billion yen	96.0 billion yen	180.0 billion yen
Core Operating Margin	4.8%	5.9%	3.9%	7%
ROA	3.2%	4.5%	3.1%	Around 7%
ROE	3.9%	6.4%	5.0%	Around 9%
Free Cash Flow	-	-	237.3 billion yen (3-year total)	120.0 billion yen or more (3-year total)
D/E Ratio	0.79	0.67	0.62	Around 0.8 (guideline)

Assumed exchange rate in AP-G 2022 ¥105 / US

ROA = Core Operating Income / Total Assets

ROE = Net Profit Attributable to Owners of Parent / Average Equity Attributable to Owners of Parent

## New Medium-Term Management Program, Project AP-G 2025

While the business environment has been rapidly changing, requiring multifaceted risk management, increasing need for sustainability measures and advancement of digital technology represent an increased profit opportunity for Toray Group that provides innovative technologies and advanced materials to help address global issues.

The New Medium-Term Management Program, Project AP-G 2025 (AP-G 2025) aims to achieve sound and sustainable growth by promoting five basic strategies, centering on Sustainability Innovation (SI) Business (Note 1), which succeeds the existing Green Innovation (GR) Business and Life Innovation (LI) Business, and Digital Innovation (DI) Business, which sees the advancement of digital technology as a profit opportunity. In addition, the Group will continue to maintain and enhance financial soundness.

Note 1: Group of businesses or products that can help realize the Toray Group Sustainability Vision

### Five Basic Strategies of Project AP-G 2025

#### Seizing Profit Opportunities

##### Strategy 1. Sustainable growth

Focusing management resources on Sustainability Innovation Business and Digital Innovation Business

##### Strategy 2. Ultimate value creation

Maximizing profitability by making the most of tangible and intangible assets, and by collaborating with external partners

##### Strategy 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

##### Strategy 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

##### Strategy 5. Risk management and governance

Ensuring sound organizational management by enhancing internal controls and improving management capabilities

## Financial Targets for FY 2025

	FY 2022 Actual	AP-G 2025 FY 2025 Target
Revenue	2,489.3 billion yen	2,800.0 billion yen
Core Operating Income	96.0 billion yen	180.0 billion yen
Core Operating Margin	3.9%	6%
ROIC	2.7%	About 5%
ROE	5.0%	About 8%
Free Cash Flow	237.3 billion yen (3-year total)	Positive (3-year total)
D/E Ratio	0.62	0.7 or lower (guideline)

Assumed exchange rate in AP-G 2025 ¥125 / US\$  
ROIC = Core Operating Income after Tax / Average  
Invested Capital

## Accelerating sustainability initiatives

In March 2023, Toray Group announced that it would accelerate its sustainability initiatives by setting higher targets for FY 2030 indicated in the Toray Group Sustainability Vision.

Toward achieving carbon neutrality, Toray Group has been engaged in renewable energy, electrification, materials related to hydrogen and fuel cells, etc., to produce green hydrogen generated by water electrolysis and utilize it to the industrial and transportation applications and to develop products that help carbon dioxide (CO<sub>2</sub>) utilization, such as CO<sub>2</sub> separation membranes, in an effort to contribute to reducing GHG emissions throughout society. In addition, the Group will promote reduction of GHG emissions through sustainable energy and raw materials returned through the expansion of the

SI businesses, innovative processes and development, and introduction of technologies for utilizing CO<sub>2</sub>.

Toward realization of a circular economy, in addition to recycling of plastic products and using bio-based raw materials, and other carbon recycling technologies, Toray Group creates various technologies designed to, for example, reuse water generated during manufacturing processes. Development of these and other similar technologies is aimed at helping to achieve a circular economy and to reduce CO<sub>2</sub> emissions as a result. For recycling, in the fibers and textiles business, Toray Group operates a recycling brand “&+™,” that uses used PET bottles as raw materials. In addition, Toray Group offers Ecouse™, an integrated brand of recycled materials and products, in wide-ranging business fields such as fibers & textiles, resins, and films. While cooperating with supply chain companies, we are expanding the recycling system across the entire value chain.

## Sustainability Targets for FY 2030

	FY 2013 Actual (Baseline)	FY 2022 Actual (Baseline: FY 2013)	FY 2030 Target (Baseline: FY 2013)
Supply of Sustainability Innovation products <sup>1</sup>	562.4 billion yen	2.3-fold	4.5-fold
CO <sub>2</sub> emissions avoided in value chain <sup>2</sup>	40 million tons	9.5-fold	25-fold
Water filtration throughput contribution by Toray's water treatment membranes <sup>3</sup>	27.23 million tons/day	2.5-fold	3.5-fold
Greenhouse gas emissions per unit of revenue in production activities <sup>4</sup>	337 tons/100 million yen	35% reduction <sup>6</sup>	50% or more reduction
Greenhouse gas emissions of Toray Group in Japan <sup>5</sup>	2.45 million tons	21% reduction <sup>6</sup>	40% or more reduction
Water usage per unit of revenue in production activities	15,200 tons/ 100 million yen	32% reduction <sup>6</sup>	50% or more reduction

### Notes:

- (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.
- Toray calculates the CO<sub>2</sub> 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).
- 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.
- 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.
- In Japan, Toray works to surpass the reduction target set for the industrial sector by the Japanese government (absolute emissions reduced by 38%) in its comprehensive plan (Cabinet decision on October 22, 2021) based on Japan's Act on Promotion of Global Warming Countermeasures.
- The calculation of the figure for the baseline of FY 2013 includes data for companies that joined the Toray Group in FY 2014 or later.

### Forecast for the Fiscal Year Ending March 31, 2024

The strong sense of stagnation is expected to continue in the global economy, even as it shows a gradual recovery, due to the increased inflationary pressure caused by persistently high raw material and fuel prices and labor shortages, as well as interest rate hikes mainly in the U.S. and Europe. While recovery is seen in China after lifting its zero-COVID policy, the process for normalization of economic conditions is likely to be moderate given the slowdown in demand outside China and the sluggish real estate market. The Japanese economy is also expected to show

gradual recovery. However, credit crunch caused by monetary tightening and financial turmoil in the U.S. and Europe is considered to be a downward risk for the global economy.

The industry trends surrounding Toray Group are in the midst of major changes, including increasing need for sustainability measures, changes in behavioral patterns triggered by the COVID-19 pandemic, and technological innovation through AI and other digital technologies and digitalization. In addition, geopolitical risks are increasing, such as the promotion of national economic security and fragmentation of the global economy. It is important to steadily seize opportunities to create new value through business activities by leveraging tangible and intangible assets while performing multifaceted risk management. The Group is committed to contributing to global social issues by making the most of its strengths and achieving sustainable growth, while practicing management that responds to trust of our stakeholders, including our shareholders.

We hope all stockholders will grant continued understanding and support in the future.

### (3) Financial Highlights

#### Toray Group (Consolidated basis)

Years ended March 31,	Billions of yen except per share data			
	2020	2021	2022	2023
<b>Japanese GAAP</b>				
Net sales	¥2,214.6	—	—	—
Operating income	131.2	—	—	—
Ordinary income	103.4	—	—	—
Net income attributable to owners of parent	55.7	—	—	—
Net income per share (yen)	34.83	—	—	—
Net assets	1,179.6	—	—	—
Total assets	2,650.7	—	—	—
<b>IFRS</b>				
Revenue	¥2,091.2	¥1,883.6	¥2,228.5	<b>¥2,489.3</b>
Core operating income	125.5	90.3	132.1	<b>96.0</b>
Operating income	114.7	55.9	100.6	<b>109.0</b>
Profit attributable to owners of parent	84.2	45.8	84.2	<b>72.8</b>
Basic earnings per share (yen)	52.65	28.61	52.63	<b>45.49</b>
Equity attributable to owners of parent	1,116.1	1,237.9	1,405.6	<b>1,535.0</b>
Total assets	2,733.5	2,848.8	3,043.9	<b>3,194.0</b>

Note 1: Effective from the fiscal year ended March 31, 2021, the Group has adopted the International Financial Reporting Standards ("IFRS"). For the fiscal year ended March 31, 2020, figures restated under IFRS are also presented.

Note 2: Figures are shown rounded to the nearest ¥0.1 billion.

## (4) Major Subsidiaries

Name	Stated capital	Toray's stake	Main business
Toray International, Inc.	¥2,040 million	100.00%	Export and domestic sales of Toray Group products
Chori Co., Ltd.	¥6,800 million	51.25%	Purchasing and sales of textile products and chemical products, etc.
Toray Engineering Co., Ltd.	¥1,500 million	100.00%	Plant engineering, manufacturing and sales of FPD production equipment, film production & processing equipment, etc.
Toray Plastics (America), Inc.	US\$238 million	— (100.00%)	Manufacturing and sales of polyester and polypropylene films and polyolefin foam
Toray Composite Materials America, Inc.	US\$114 million	— (100.00%)	Development, manufacturing and sales of carbon fibers and prepreg
Zoltek Companies, Inc.	US\$344 thousand	— (100.00%)	Holding company of Zoltek Group (Development, manufacturing and sales of carbon fibers)
Alcantara S.p.A.	EUR11 million	70.00%	Manufacturing and sales of artificial leather Alcantara®
Thai Toray Synthetics Co., Ltd.	THB3,078 million	70.77% (19.24%)	Manufacturing and sales of nylon fibers, polyester fibers, resin compound products and polypropylene films
Toray Plastics (Malaysia) Sdn. Berhad	US\$73 million	93.85% (6.15%)	Manufacturing and sales of ABS resin; sales of PBT resin, etc.
Toray Sakai Weaving & Dyeing (Nantong) Co., Ltd.	RMB1,442 million	69.43% (15.40%)	Weaving, dyeing and marketing of polyester filament textiles
Toray Advanced Materials Korea Inc.	Won757.6 billion	100.00%	Manufacturing and sales of polyester fibers, non-woven fabrics, PPS resin, polyester films, carbon fibers and water treatment products

Note: Figures in parenthesis under "Toray's stake" indicate Toray's subsidiaries' stake.

## (5) Main Businesses

Manufacturing, processing and sales of the following products, among others:

### *Fibers and Textiles:*

Filament yarns, staple fibers, spun yarns, woven and knitted fabrics of nylon, polyester, acrylic and others; nonwoven fabrics; nonwoven material created using ultra-fine fibers in an “Island in the Sea” configuration; apparel products.

### *Performance Chemicals:*

Nylon, ABS, PBT, PPS and other resins and molded products; polyolefin foam; polyester, polyethylene, polypropylene and other films and processed film products; raw materials for synthetic fibers and other plastics; fine chemicals; electronic and information materials; and graphic materials.

### *Carbon Fiber Composite Materials:*

Carbon fibers, carbon fiber composite materials and their molded products.

### *Environment and Engineering:*

Comprehensive engineering; condominiums; industrial equipment and machinery; IT-related equipment; water treatment membranes and related equipment; materials for housing, building and civil engineering applications.

### *Life Science:*

Pharmaceuticals, medical devices, etc.

### *Other:*

Analysis, physical evaluation, research, and other services.

## (6) Directory

1) Toray Industries, Inc.

### *Head Office:*

1-1, Nihonbashi-Muromachi 2-chome,  
Chuo-ku, Tokyo 103-8666, Japan

### *Osaka Head Office:*

3-3, Nakanoshima 3-chome,  
Kita-ku, Osaka 530-8222, Japan

### *Branches:*

Nagoya (Aichi), Hokuriku (Fukui), Kyushu (Fukuoka),  
Tohoku (Miyagi) and Chugoku & Shikoku (Hiroshima)

### *Plants:*

Shiga, Seta (Shiga), Ehime, Nagoya (Aichi), Tokai  
(Aichi), Aichi, Okazaki (Aichi), Mishima (Shizuoka),  
Chiba, Tsuchiura (Ibaraki), Gifu, Ishikawa and  
Nasu (Tochigi)

### *Laboratories:*

Fibers and Textiles Research Laboratories  
(Shizuoka), Films and Film Products Research  
Laboratories (Shiga), Chemicals Research  
Laboratories (Aichi), Composite Materials Research  
Laboratories (Ehime), Electronic and Imaging  
Materials Research Laboratories (Shiga), Global  
Environment Research Laboratories (Shiga),  
Pharmaceutical Research Laboratories (Kanagawa),  
New Frontiers Research Laboratories (Kanagawa),  
Advanced Materials Research Laboratories (Shiga)

2) Major Subsidiaries

Toray International, Inc. (Tokyo, Japan)

Chori Co., Ltd. (Osaka, Japan)

Toray Engineering Co., Ltd. (Tokyo, Japan)

Toray Plastics (America), Inc. (U.S.A.)

Toray Composite Materials America, Inc. (U.S.A.)

Zoltek Companies, Inc. (U.S.A.)

Alcantara S.p.A. (Italy)

Thai Toray Synthetics Co., Ltd. (Thailand)

Toray Plastics (Malaysia) Sdn. Berhad (Malaysia)

Toray Sakai Weaving & Dyeing (Nantong) Co., Ltd.  
(China)

Toray Advanced Materials Korea Inc. (Republic of  
Korea)

## (7) Employees

Segment	Number of employees	Increase (decrease) from the end of last fiscal year
Fibers and Textiles	20,741	(56)
Performance Chemicals	12,134	(370)
Carbon Fiber Composite Materials	6,656	155
Environment and Engineering	4,622	151
Life Science	1,478	(26)
Other	2,348	(1)
Corporate	703	(13)
Total	48,682	(160)

## (8) Principal Lenders

	Outstanding loan amount (Millions of yen)
MUFG Bank, Ltd.	142,523
Sumitomo Mitsui Banking Corporation	121,901
Japan Bank for International Cooperation	67,963
Mizuho Bank, Ltd.	59,721
Development Bank of Japan Inc.	35,000

Note 1: Outstanding loan amount includes loans from overseas subsidiaries of the lenders.

Note 2: In addition to the above, we have ¥180,426 million of outstanding syndicated loans.

## 2. Stock Information

- (1) Total Number of Shares Authorized to be Issued: 4,000,000,000 shares  
 (2) Number of Shares of Common Stock in Issue: 1,601,845,109 shares  
 (excluding treasury stock of 29,636,294 shares)  
 (3) Number of Stockholders at March 31, 2023: 206,980  
 (4) Principal Stockholders:

	Number of shares held (Thousands)	Percentage of total shares (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	255,550	15.95
Custody Bank of Japan, Ltd. (Trust Account)	132,812	8.29
Nippon Life Insurance Co.	71,212	4.45
TAIJU LIFE INSURANCE COMPANY LIMITED	35,961	2.24
STATE STREET BANK WEST CLIENT-TREATY 505234	26,808	1.67
National Mutual Insurance Federation of Agricultural Cooperatives	26,593	1.66
Custody Bank of Japan, Ltd. (Trust 4 Account)	24,608	1.54
Sumitomo Mitsui Banking Corporation	24,022	1.50
JPMORGAN CHASE BANK 385781	20,241	1.26
Mitsui Fudosan Co., Ltd.	19,460	1.21

Note: The percentage of total shares is computed after deducting treasury stock (29,636,294 shares).

## 3. Stock Acquisition Rights

- (1) Outline of Stock Acquisition Rights Granted to Members of the Board of the Company as a Consideration for the Performance of Duties and Held as of the end of the Fiscal Year

	No.1 Stock Acquisition Right	No.2 Stock Acquisition Right	No.3 Stock Acquisition Right
Date of resolution of issuance	July 29, 2011	July 19, 2012	July 26, 2013
Number of Stock Acquisition Rights	63	76	64
Number of persons held	3 members of the Board	3 members of the Board	3 members of the Board
Type and number of shares to be issued upon exercise	Common Stock: 63,000 shares	Common Stock: 76,000 shares	Common Stock: 64,000 shares
Issue price of Stock Acquisition Rights	¥513	¥394	¥546
Exercise price	¥1	¥1	¥1
Exercise period for Stock Acquisition Rights	From August 21, 2011 to August 20, 2041	From August 5, 2012 to August 4, 2042	From August 11, 2013 to August 10, 2043

	No.4 Stock Acquisition Right	No.5 Stock Acquisition Right	No.6 Stock Acquisition Right
Date of resolution of issuance	July 23, 2014	July 28, 2015	July 27, 2016
Number of Stock Acquisition Rights	76	46	71
Number of persons held	4 members of the Board	4 members of the Board	6 members of the Board
Type and number of shares to be issued upon exercise	Common Stock: 76,000 shares	Common Stock: 46,000 shares	Common Stock: 71,000 shares
Issue price of Stock Acquisition Rights	¥605	¥987	¥902
Exercise price	¥1	¥1	¥1
Exercise period for Stock Acquisition Rights	From August 10, 2014 to August 9, 2044	From August 23, 2015 to August 22, 2045	From August 21, 2016 to August 20, 2046

	No.7 Stock Acquisition Right	No.8 Stock Acquisition Right	No.9 Stock Acquisition Right
Date of resolution of issuance	July 24, 2017	July 25, 2018	July 25, 2019
Number of Stock Acquisition Rights	68	77	85
Number of persons held	6 members of the Board	6 members of the Board	6 members of the Board
Type and number of shares to be issued upon exercise	Common Stock: 68,000 shares	Common Stock: 77,000 shares	Common Stock: 85,000 shares
Issue price of Stock Acquisition Rights	¥899	¥710	¥684
Exercise price	¥1	¥1	¥1
Exercise period for Stock Acquisition Rights	From August 20, 2017 to August 19, 2047	From August 19, 2018 to August 18, 2048	From August 18, 2019 to August 17, 2049

	No.10 Stock Acquisition Right	No.11 Stock Acquisition Right	No.12 Stock Acquisition Right
Date of resolution of issuance	July 22, 2020	July 21, 2021	July 21, 2022
Number of Stock Acquisition Rights	222	149	158
Number of persons held	8 members of the Board	8 members of the Board	8 members of the Board
Type and number of shares to be issued upon exercise	Common Stock: 222,000 shares	Common Stock: 149,000 shares	Common Stock: 158,000 shares
Issue price of Stock Acquisition Rights	¥421	¥686	¥685
Exercise price	¥1	¥1	¥1
Exercise period for Stock Acquisition Rights	From August 16, 2020 to August 15, 2050	From August 15, 2021 to August 14, 2051	From August 21, 2022 to August 20, 2052

Note: No stock acquisition rights are granted to outside directors.

(2) Outline of Stock Acquisition Rights Granted to Employees, etc. of the Company as a Consideration for the Performance of Duties during the Fiscal Year

	No.12 Stock Acquisition Right
Date of resolution of issuance	July 21, 2022
Number of Stock Acquisition Rights	437
Number of persons granted	60 in total of vice presidents, executive fellow, and directors of the Company
Type and number of shares to be issued upon exercise	Common Stock: 437,000 shares
Issue price of Stock Acquisition Rights	¥685
Exercise price	¥1
Exercise period for Stock Acquisition Rights	From August 21, 2022 to August 20, 2052

## 4. Members of the Board and Corporate Auditors

### (1) Names and Titles

**Akihiro Nikkaku**, *President and Representative Member of the Board (Chief Executive Officer, Chief Operating Officer)*

**Mitsuo Ohya**, *Executive Vice President and Representative Member of the Board* (Marketing and Sales; Legal & Compliance Division (Security Trade Administration Dept.), Corporate Marketing Planning Division; Affiliated Companies Division; Director, Chori Co., Ltd.)

**Satoru Hagiwara**, *Executive Vice President and Representative Member of the Board* (Intellectual Property Division, Global Environment Business Strategic Planning Dept., and Life Innovation Business Strategic Planning Dept.; Technology Center)

**Kazuyuki Adachi**, *Senior Vice President and Member of the Board* (Purchasing & Logistics Division; Manufacturing Division)

**Minoru Yoshinaga**, *Senior Vice President and Member of the Board* (Torayca & Advanced Composites Division; Chairman, Toray Carbon Fibers Europe S.A.)

**Yasuo Suga**, *Senior Vice President and Member of the Board* (Corporate Strategic Planning Division; Quality Assurance Division; HS Division)

**Kazuhiko Shuto \***, *Senior Vice President and Member of the Board* (Resins & Chemicals Division)

**Masahiko Okamoto**, *Corporate Vice President and Member of the Board* (Finance & Controller's Division)

**Kunio Ito**, *Outside Director* (Outside Director, Kobayashi Pharmaceutical Co., Ltd.; Outside Director, Seven & i Holdings Co., Ltd.)

**Ryoji Noyori**, *Outside Director* (Outside Director, TAKASAGO INTERNATIONAL CORPORATION)

**Susumu Kaminaga**, *Outside Director* (Representative Director, SK Global Advisers Co., Ltd.)

**Kazuo Futagawa**, *Outside Director* (Outside Director, Kanamic Network Co., LTD)

**Toru Fukasawa**, *Corporate Auditor*

**Yoshiyuki Tanaka**, *Corporate Auditor*

**Toshio Nagai**, *Outside Corporate Auditor* (Lawyer, Takusyou Sogo Law Office; Outside Audit & Supervisory Board Member, SUMITOMO CORPORATION)

**Kazuya Jono**, *Outside Corporate Auditor* (Outside Auditor, BROTHER INDUSTRIES, LTD.)

**Hiroyuki Kumasaka**, *Outside Corporate Auditor*

Note 1: Kunio Ito, Ryoji Noyori, Susumu Kaminaga and Kazuo Futagawa are outside directors in accordance with Article 2, paragraph 15 of the Companies Act.

Note 2: The Tokyo Stock Exchange has been notified that Kunio Ito, Ryoji Noyori, Susumu Kaminaga and Kazuo Futagawa are independent directors/auditors under the regulations of the Exchange.

Note 3: Toshio Nagai, Kazuya Jono and Hiroyuki Kumasaka are outside corporate auditors in accordance with Article 2, paragraph 16 of the Companies Act.

Note 4: The Tokyo Stock Exchange has been notified that Toshio Nagai, Kazuya Jono and Hiroyuki Kumasaka are

independent directors/auditors under the regulations of the Exchange.

Note 5: Toru Fukasawa, Corporate Auditor, has been in charge of accounting in the Company and its overseas group companies for many years, and has considerable knowledge of financing and accounting matters.

Note 6: Kazuya Jono, Outside Corporate Auditor, has been in charge of financing businesses at banks for many years, and has considerable knowledge of financing and accounting matters.

Note 7: Hiroyuki Kumasaka, Outside Corporate Auditor, is qualified as a certified public accountant, and has considerable knowledge of financing and accounting matters.

Note 8: A member of the Board marked with an Asterisk (\*) was newly appointed to his position at the 141st Ordinary General Meeting of Stockholders held on June 23, 2022.

Note 9: Koichi Abe retired from Representative Member of the Board at the close of the 141st Ordinary General Meeting of Stockholders held on June 23, 2022.

## **(2) Outline of the Agreement to Limit the Liability of Outside Directors and Outside Corporate Auditors**

In accordance with the Articles of Incorporation, the Company enters into an agreement with each of the outside directors and outside corporate auditors with respect to the limitation of liabilities for damages arising from negligence in the performance of their duties. Under these agreements, the damage liability of each outside director or outside corporate auditor shall be limited to the minimum amount stipulated in Article 425, paragraph 1 of the Companies Act if such outside director or outside corporate auditor has performed his/her duties in good faith and without gross negligence.

## **(3) Directors and officers liability insurance policy**

The Company has entered into a directors and officers (D&O) liability insurance policy with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act, with all of members of the Board, Corporate Auditors and executive officers of the Company and its subsidiaries as the insured. The insurance policy covers the loss legally obligated to pay as damage and the defense cost for the claim made against the execution of their duties. However, the above insurance policy does not cover damages arising from the insured's criminal act or other similar act, as a measure not to impair the appropriateness of execution of the insured's duties. The Company and its subsidiaries bear all insurance premiums for the insured.

## **(4) Remuneration to Members of the Board and Corporate Auditors**

1) Policy for determining the details of individual remuneration to members of the Board  
Decision-making policy for determining the details of individual remuneration to members of the Board of the Company (the "Decision-making Policy") is as follows.

i) Basic policy

To lead to improvements in the Toray Group's mid- to long-term corporate value and sustainable growth, Toray has established a remuneration system for members of the Board. With respect to the Decision-making Policy for the remuneration system for members of the Board, in addition to matters stipulated by laws and regulations, the decision-making rights on important matters are reserved by the Board of Directors based on the Authority of Top Management. Particulars of the agenda regarding remuneration for members of the Board at the general meeting of stockholders, and the formulation and revision of important internal regulations, as well as individual remuneration to members of the Board, are determined by resolution of the Board of Directors. The remuneration system for members of the Board is continually reviewed by the Governance Committee.

ii) Composition and level of remuneration

Given their roles, remuneration for internal members of the Board consists of basic remuneration which is a fixed amount, as well as a performance-based remuneration, including bonus which takes into account the consolidated business results for each fiscal year, etc., and stock acquisition rights as stock options, which are linked to medium- to long-term business results. Given their roles, remuneration for outside directors consists of basic remuneration only. Remuneration is set at a level that enables the Company to secure superior human resources and further motivate them to improve performance, referring to the results of a survey of other companies' remuneration by an external third-party organization. The Company undertakes reviews of the payment ratios of performance-based remuneration and remuneration, etc. other than performance-based remuneration as appropriate, based on the results of a survey of other companies' remuneration and reviews at the Governance Committee, etc.

iii) Basic remuneration

With respect to basic remuneration the maximum limit of total remuneration is determined at general

meetings of stockholders. Particulars of the agenda at the general meeting of stockholders are determined by the Board of Directors following a report from the Governance Committee. Within the scope of the maximum limit, basic remuneration to each member of the Board is determined by the Board of Directors after the Governance Committee makes a report to the Board of Directors. Basic remuneration consists of monthly remuneration of a fixed amount.

iv) Bonuses

The provision and the total amount of bonuses are determined each time at a general meeting of stockholders. Particulars of the agenda at the general meeting of stockholders are determined by the Board of Directors following a report from the Governance Committee with consideration given to the consolidated core operating income for each fiscal year that best represents the results of the Company's global business operations, plus the historical record, etc. The individual bonus for each internal member of the Board is determined by the Board of Directors after the Governance Committee makes a report to the Board of Directors. Bonuses are to be paid at a certain time every year.

v) Stock Acquisition Rights as stock options

The maximum limit of total number of Stock Acquisition Rights as well as the limit of remuneration relating to the granting of the Stock Acquisition Rights as stock options to internal members of the Board is resolved at the general meeting of stockholders. Particulars of the agenda at the general meeting of stockholders are determined by the Board of Directors following a report from the Governance Committee. Within that limit, the total number of Stock Acquisition Rights to be allocated to each internal member of the Board shall be determined at the Board of Directors meeting based on the standards determined by the Board of Directors after the Governance Committee makes a report to the Board of Directors. A basic remuneration amount paid to each internal member of the Board and an amount of remuneration equal

to the paid-in amount of Stock Acquisition Rights to be allocated to each internal member of the Board shall be determined by the Board of Directors meeting after the Governance Committee makes a report to the Board of Directors. Stock Acquisition Rights as stock options are granted at a certain time every year.

vi) Others

At the 130th Ordinary General Meeting of Stockholders, the payment of retirement allowances to members of the Board for termination resulting from the abolition of the retirement allowance program for members of the Board was resolved. It was also resolved that retirement allowances were to be paid to internal members of the Board in office at the close of the said general meeting for the services they rendered up to the close of the said general meeting. The retirement allowance to be paid to each internal member of the Board is determined based on a resolution at a Board of Directors meeting after the 130th Ordinary General Meeting of Stockholders. The retirement allowance is paid at the time of retirement of each internal member of the Board.

The Decision-making Policy was determined with a resolution of the Board of Directors meeting held on February 9, 2021 through deliberations at the Governance Committee and amended by a resolution of the Board of Directors meeting held on March 28, 2022.

Regarding details of remuneration to individual members of the Board, the remuneration system is continuously reviewed by the Governance Committee. Based on the results, the Governance Committee makes a report to the Board of Directors, which makes a resolution. Accordingly, the Board of Directors believes that the said details are in line with the Decision-making Policy.

Given their roles, remuneration for corporate auditors consists of basic remuneration only, which is a fixed amount. Remuneration is set at a level that enables the Company to secure superior human

resources, referring to the results of a survey of other companies' remuneration by an external third-party organization. With respect to basic remuneration, the maximum limit of total remuneration is determined at general meetings of stockholders. Basic remuneration to each corporate auditor is determined, within the scope of the maximum limit, through discussion by corporate auditors.

2) Resolution at the general meeting of stockholders on remuneration to members of the Board and corporate auditors

i) Basic remuneration to members of the Board

\* Date of resolution: June 23, 2022 (141st Ordinary General Meeting of Stockholders)

\* Details of resolution: The amount of remuneration to members of the Board was ¥50 million or less per month (including within ¥7 million for outside directors).

The portion of employee's salary of the employee-director was excluded.

\* Number of covered members of the Board: 12 (including four outside directors)

ii) Basic remuneration to corporate auditors

\* Date of resolution: June 25, 2019 (138th Ordinary General Meeting of Stockholders)

\* Details of resolution: The amount of remuneration to corporate auditors was ¥11 million or less per month.

\* Number of covered corporate auditors: 5

iii) Stock Acquisition Rights as stock options to members of the Board

\* Date of resolution: June 24, 2011 (130th Ordinary General Meeting of Stockholders)

\* Details of resolution: The limit of remuneration relating to the granting of the Stock Acquisition Rights as stock options to members of the Board was determined to be ¥300 million per year and the maximum limit of the total number of Stock Acquisition Rights was determined to be 1,200 per year.

\* Number of covered members of the Board: 28

iv) Payment of retirement allowances to members of the Board and corporate auditors for termination

- \* Date of resolution: June 24, 2011 (130th Ordinary General Meeting of Stockholders)
- \* Details of resolution: The retirement allowances for termination are to be paid to the members of the Board and corporate auditors for the services they rendered up to the close of the said general meeting, resulting from the abolition of the retirement allowance program for members of the Board and corporate auditors. The retirement allowance is paid at the time of retirement of each member of the Board and corporate auditor.
- \* Number of covered members of the Board: 23  
Number of covered corporate auditors: 2

3) Total amount of remuneration to members of the Board and corporate auditors

Category	Total amount of remuneration	Total amount of remuneration by type			Number of covered members of the Board and corporate auditors
		Basic remuneration	Performance-based remuneration	Non-monetary remuneration	
			Bonus	Stock Acquisition Rights as stock options	
Members of the Board [including outside directors]	622	436	79	107	13
Corporate auditors [including outside corporate auditors]	[56]	[56]	[-]	[-]	[4]
	115	115	-	-	5
	[36]	[36]	[-]	[-]	[3]

Note 1: The number of members of the Board includes one member of the Board who retired in the current period.

Note 2: The amount equivalent to ¥17 million of employee's salary of the employee-director is not included in the above amount.

Note 3: The amount of bonuses to members of the Board is scheduled to be resolved at the 142nd Ordinary General Meeting of Stockholders. The amount of bonuses is calculated with consideration given to the consolidated core operating income for the current period, plus the historical record, etc. Changes

in the consolidated core operating income, including that for the current period, are stated in 1. Review of Operations of Toray Group, (3) Financial Highlights.

Note 4: With regard to the Stock Acquisition Rights granted as stock options to members of the Board, changes in the issue prices of Stock Acquisition Rights as stock options, including those for the current period, are stated in 3. Stock Acquisition Rights, (1) Outline of Stock Acquisition Rights Granted to Members of the Board of the Company as a Consideration for the Performance of Duties and Held as of the end of the Fiscal Year.

Note 5: In addition to the above, retirement allowance for termination was paid to one retired member of the Board in the amount of ¥114 million.

## (5) Outside Directors and Outside Corporate Auditors

1) Offices concurrently held by the outside directors and outside corporate auditors

**Kunio Ito**, *Outside Director* (Outside Director, Kobayashi Pharmaceutical Co., Ltd.; Outside Director, Seven & i Holdings Co., Ltd.)

**Ryoji Noyori**, *Outside Director* (Outside Director, TAKASAGO INTERNATIONAL CORPORATION)

**Susumu Kaminaga**, *Outside Director* (Representative Director, SK Global Advisers Co., Ltd.)

**Kazuo Futagawa**, *Outside Director* (Outside Director, Kanamic Network Co., LTD)

**Toshio Nagai**, *Outside Corporate Auditor* (Lawyer, Takusyou Sogo Law Office; Outside Audit & Supervisory Board Member, SUMITOMO CORPORATION)

**Kazuya Jono**, *Outside Corporate Auditor* (Outside Auditor, BROTHER INDUSTRIES, LTD.)

Note: There is no special relationship between the Company and corporations, etc. in which outside directors and outside corporate auditors concurrently hold office.

2) Main activities of the outside directors and outside corporate auditors

**Kunio Ito, *Outside Director***

Attended all 15 meetings of the Board of Directors held during the period under review. Contributed to these meetings with appropriate comments from his professional perspective based mainly on experience of research and study activities on accounting and business administration. In addition, served as a chairman of the Governance Committee, a voluntary committee, and worked to improve governance by offering comments on basic policy for the selection and dismissal of executive managers, on enhancement of the effectiveness of the Board of Directors, and on corporate governance such as group governance.

**Ryoji Noyori, *Outside Director***

Attended all 15 meetings of the Board of Directors held during the period under review. Contributed to these meetings with appropriate comments from his academic and technological perspective based mainly on experience of research and study activities on organic synthetic chemistry. In addition, served as a member of the Governance Committee, a voluntary committee, and worked to improve governance by offering comments on basic policy for the selection and dismissal of executive managers, on enhancement of the effectiveness of the Board of Directors, and on corporate governance such as group governance.

**Susumu Kaminaga, *Outside Director***

Attended all 15 meetings of the Board of Directors held during the period under review. Contributed to these meetings with appropriate comments based on his rich experience as a corporate executive, as well as international perspective and experience as an outside director of another company. In addition, served as a member of the Governance Committee, a voluntary committee, and worked to improve governance by offering comments on basic policy for the selection and dismissal of executive managers, on enhancement of the effectiveness of the Board of Directors, and on corporate governance such as group governance.

**Kazuo Futagawa, *Outside Director***

Attended all 15 meetings of the Board of Directors held during the period under review. Contributed to

these meetings with appropriate comments based on his rich experience and knowledge and advanced expertise as an administrative officer. In addition, served as a member of the Governance Committee, a voluntary committee, and worked to improve governance by offering comments on basic policy for the selection and dismissal of executive managers, on enhancement of the effectiveness of the Board of Directors, and on corporate governance such as group governance.

**Toshio Nagai, *Outside Corporate Auditor***

Attended all 15 meetings of the Board of Directors and all 11 meetings of the Board of Corporate Auditors held during the period under review. Also participated in audits of Toray's plants and Group companies. Contributed to these meetings and audits with appropriate comments based mainly on his professional perspective as a lawyer.

**Kazuya Jono, *Outside Corporate Auditor***

Attended all 15 meetings of the Board of Directors and all 11 meetings of the Board of Corporate Auditors held during the period under review. Also participated in audits of Toray's plants and Group companies. Contributed to these meetings and audits with appropriate comments based on his professional perspective as an experienced executive.

**Hiroyuki Kumasaka, *Outside Corporate Auditor***

Attended all 15 meetings of the Board of Directors and all 11 meetings of the Board of Corporate Auditors held during the period under review. Also participated in audits of Toray's plants and Group companies. Contributed to these meetings and audits with appropriate comments based mainly on his professional perspective as a certified public accountant.

**5. Independent Auditor****(1) Name of Independent Auditor**

Ernst & Young ShinNihon LLC

**(2) Amounts of Remuneration to Independent Auditor**

- 1) Amount of remuneration paid for the fiscal year ended March 31, 2023 was ¥290 million.
- 2) The total amount of remuneration paid or payable to independent auditors by the Company and its consolidated subsidiaries was ¥507 million.

Note 1: Given that the audit engagement contract between the Company and the independent auditors does not differentiate the amount of audit fees payable under the Companies Act from the amount of audit fees payable under the Financial Instruments and Exchange Law, and given that such differentiation is practically impossible, the amount of remunerations shown in 1) above is an aggregate of both amounts.

Note 2: Based on the “Practical Guidelines for Cooperation with Independent Auditors” announced by the Japan Audit & Supervisory Board Members Association, the Board of Corporate Auditors checked the audit hours in auditing plans, changes in audit fees, status of auditing plans versus actual results in previous fiscal years, etc., and examined the appropriateness of the estimated amount of remuneration. As a result, the Board of Corporate Auditors approved the remuneration paid or payable to the independent auditors as set forth in Article 399, paragraph 1 of the Companies Act.

Note 3: Among major subsidiaries of the Company, Chori Co., Ltd., Toray Plastics (America), Inc., Toray Composite Materials America, Inc., Zoltek Companies, Inc., Alcantara S.p.A., Thai Toray Synthetics Co., Ltd, Toray Plastics (Malaysia) Sdn. Berhad, Toray Sakai Weaving & Dyeing (Nantong) Co., Ltd., and Toray Advanced Materials Korea Inc. are audited by certified public accountants or independent auditors other than Toray’s independent auditors.

### (3) Non-audit Work

The Company commissions to the independent auditor, with compensation, agreed-upon procedures engagements related to the settlement of accounts of the Company’s subsidiaries, etc., other than the services stipulated in Article 2, paragraph 1 of the Certified Public Accountants Act of Japan.

### (4) Policy for Determining the Dismissal or Non-reappointment of Independent Auditors

If an independent auditor is deemed to fall under any of the items of Article 340, paragraph 1 of the Companies Act, such independent auditor shall be dismissed subject to the unanimous approval of the Board of Corporate Auditors.

In addition to the case mentioned above, if any event that impairs the qualifications or independence of an independent auditor occurs and is therefore expected to make it difficult for such independent auditor to perform appropriate audits, the Board of Corporate Auditors shall determine the content of a proposal for the dismissal or non-reappointment of the independent auditors to be submitted to the General Meeting of Stockholders.

## 6. Organization and Policies of the Company

**System to ensure that the members of the Board perform their duties in compliance with laws and regulations as well as the Articles of Incorporation, and other systems for ensuring appropriate business operations.**

Following are the basic policy on the internal control system resolved by the Board of Directors of the Company and the principal activities conducted during the period under review based on the policy (“Overview of Operation”).

### [Contents of the Basic Policy]

To realize the Toray Philosophy, the Company shall establish a structure to execute its business legally and effectively by improving its internal control system according to the following basic policy as a structure to enable it to appropriately establish organization, formulate regulations, communicate information, and monitor the execution of operations.

**(1) System to ensure that the execution of duties by members of the Board and employees complies with laws and regulations and the Company's Articles of Incorporation**

**[Contents of the Basic Policy]**

- 1) Toray shall establish the Corporate Ethics and Compliance Committee, as one of the Group-wide committees to promote observance of corporate ethics and legal compliance, and shall take other measures to improve the required internal systems, including the establishment of dedicated organizations.
- 2) Toray shall establish the Ethics & Compliance Code of Conduct as specific provisions to be observed by members of the Board and employees, and shall take other measures to improve the required guidelines, etc. Especially with regard to eliminating relations with antisocial forces, the Company shall act as one to stand firmly against them.
- 3) Toray shall establish an internal reporting system (whistle-blowing system) for the reporting of the discovery of violation of laws, regulations, or the Company's Articles of Incorporation.
- 4) Toray shall establish regulations on security trade control, one of the most important legal compliance issues, and establish an organization dedicated to security export control.

**[Overview of Operations]**

- 1) During the period under review, the Company held the Board of Directors meetings fifteen times and the Corporate Ethics and Compliance Committee twice.
- 2) In accordance with the Regulations on Corporate Ethics and Compliance, the Company strove to detect company misconduct in the earlier stage, investigated all instances of company misconduct and scandals, their causes, and the parties responsible, and resolved such cases accordingly while carrying out measures to prevent recurrences.
- 3) As a code of conduct with which each company of Toray Group and all Board members and employees should comply, the Ethics &

Compliance Code of Conduct stipulates a specific code of conduct (compliance matters and prohibited matters) regarding compliance for (i) safety and the environment, (ii) quality, (iii) human rights, (iv) fair business activities, (v) intellectual property, and (vi) information management.

- 4) The Company handles all internal whistle-blowing according to the predetermined procedures. The Regulations on Corporate Ethics and Compliance and operations related to the whistle-blowing system were updated in accordance with revisions to the Whistleblower Protection Act that went into effect in June 2022.
- 5) The Company confirms that counterparties to transactions are not antisocial forces. Also, the Company communicates with such counterparties in a written form as necessary for confirming the fact that they are not antisocial forces, termination of agreements in case of being antisocial forces, etc.
- 6) The Company has established the Security Trade Administration Dept. as a department dedicated to security export control. The Company has also established the Security Trade Administration Committee as a company-wide committee, held a meeting of the Security Trade Administration Committee during the period under review, and checked the results of activities and deliberated issues for initiatives.
- 7) Regulations on Security Trade Control were revised in accordance with the strengthening of deemed export control and the revision of the Compliance Standards for Exporters, etc.
- 8) The Company promoted activities to ensure the effectiveness of compliance and quality assurance throughout the Group in response to the inappropriate listing where certain resin products were improperly identified by Toray as receiving certification from UL LCC, a global third-party safety science organization headquartered in the United States. The activities were undertaken based on an expert committee's report and recommendations on measures for prevention of recurrence.

**(2) System to ensure the efficient execution of duties by members of the Board and employees**

**[Contents of the Basic Policy]**

- 1) Toray shall establish the Authority of Top Management to stipulate matters with respect to which decision-making authority is reserved by the Board of Directors and matters with respect to which decision-making is delegated to the President, General Managers, etc., from among matters necessary for decision-making.
- 2) Toray shall establish the Executive Committee as deliberative organs for important matters decided by the Board of Directors or the President. The Executive Committee shall deliberate on the general direction of policy or issues related to implementation.

**[Overview of Operations]**

- 1) During the period under review, the Company held the Executive Committee meetings twenty-four times.

**(3) System for preserving and managing information pertaining to the execution of duties by the members of the Board and employees**

**[Contents of the Basic Policy]**

- 1) Toray shall establish regulations for important documents and important information related to management, confidential information and personal information, and appropriately preserve and manage them in accordance with the rules.

**[Overview of Operations]**

- 1) The Company established the Confidential Information Management Regulations as a set of company-wide regulations, prescribed a confidential information management standard for each head office, division, department and plant, and periodically provided training sessions and made them thoroughly familiar to all officers and employees of the Company on a regular basis.

**(4) Regulations and other systems pertaining to controls over risks of loss**

**[Contents of the Basic Policy]**

- 1) In order to identify potential risks in business activities, strive to mitigate such risks under normal business conditions, and prevent future crises, Toray shall establish the Risk Management Committee as one of the Group-wide committees to promote company-wide risk management, and improve regulations to enable immediate implementation in the event of a major crisis.
- 2) Toray shall establish an internal control system for financial reporting that ensures the reliability of financial reporting.

**[Overview of Operations]**

- 1) The Company established Risk Management Regulations as company-wide regulations. During the period under review, the Company held the Risk Management Committee, one of the company-wide committees, once.
- 2) In June 2022, the Company prepared and submitted an internal control report to the effect that internal control related to financial reporting was effective.

**(5) System for ensuring appropriate business operations within subsidiaries**

**[Contents of the Basic Policy]**

- 1) To establish a system under which subsidiaries report to the Company on matters regarding the execution of duties by members of the Board, etc. of the subsidiaries, the Company shall provide regulations on the regular reporting of important management information to the Company and regularly hold conferences at which the Company's management receives direct reports on the status of the management of the subsidiaries.
- 2) To establish regulations and other systems pertaining to controls over risks of loss for subsidiaries, the Company shall provide subsidiaries with guidance to help them to establish risk management systems appropriate for their respective business forms and business environments, and shall receive regular reports on the status of their activities.

- 3) To establish a system for ensuring that members of the Board, etc. of subsidiaries effectively execute their duties, the Company shall provide regulations on the scope under which the Company can reserve its authority over the execution of business operations. In addition, the Company shall endeavor to grasp management information in a unified manner and provide assistance and guidance necessary for subsidiaries by determining divisions, etc. with control over its respective subsidiaries.
- 4) To establish a system for ensuring that the execution of duties by members of the Board, etc. and employees of subsidiaries complies with laws and regulations and the Articles of Incorporation, the Company shall thoroughly familiarize its subsidiaries with the Company's Ethics & Compliance Code of Conduct as a code of conduct common for the Toray Group. At the same time, the Company shall request the subsidiaries to establish their own codes of conduct, guidelines, etc. in consideration of the laws and regulations, business practices, business forms, and other factors in their respective countries. In addition, the Company shall direct its subsidiaries to establish systems under which the status of internal whistle-blowing by members of the Board, etc. and employees of the subsidiaries is appropriately reported to the Company.

#### [Overview of Operations]

- 1) The Company established a Standard for Assistance and Administration for Domestic Group Companies and a Standard for Assistance and Administration for Overseas Group Companies as regulations governing the subsidiaries' reports on important management information. During the period under review, the Company made partial amendments to the two standards. The Company also held a Domestic Group Company Conference once during the period under review as a conference at which the top management directly received reports from subsidiaries on their business conditions. The Company also held the respective regional

- committees for overseas Group companies, when appropriate.
- 2) The Company established Risk Management Regulations in subsidiaries to promote risk reduction activities at the subsidiaries.
- 3) The Company stipulated the scope under which the Company can reserve its authority over the execution of business operations by subsidiaries (excluding listed subsidiaries) in Guidelines for Reserving Authority over Domestic Group Companies and Standards for the Execution of Business Operations at Overseas Group Companies. The Company concluded the Agreement on Group Management with listed subsidiaries as part of its risk management framework for group business operations.
- 4) With respect to the matters stated in item 2) and 3) of the Overview of Operations in section (1), the Company applies them to its subsidiaries and makes them thoroughly familiar to its subsidiaries, in consideration of the laws, regulations, and business practices of the countries in which the subsidiaries are located. The Company established the Corporate Ethics and Legal Compliance Helpline System, a system for receiving internal whistle-blowing on matters including seriously fraudulent acts from the overall Group.

#### (6) System for reporting to corporate auditors and systems for ensuring that persons who report to corporate auditors are not treated disadvantageously because of their reporting

##### [Contents of the Basic Policy]

- 1) Members of the Board, etc. and employees of Toray Group and corporate auditors of subsidiaries shall report matters regarding the execution of duties to corporate auditors in response to requests from the corporate auditors.
- 2) Department in charge of the internal reporting system (whistle-blowing system) shall regularly report the status of internal whistle-blowing in the Toray Group to the corporate auditors.
- 3) Toray shall stipulate regulations to the effect that members of the Board and employees who

report to corporate auditors shall not be subjected to any disadvantageous treatment because of the said reporting, and shall provide subsidiaries with guidance to help them stipulate the same regulations.

**[Overview of Operations]**

- 1) At the meetings with the corporate auditors and the audits by the corporate auditors, the members of the Board, etc. and employees of Toray Group and corporate auditors of subsidiaries reported matters regarding the execution of duties to the corporate auditors and otherwise responded to requests from the corporate auditors.
- 2) The Department in charge of the internal reporting system (whistle-blowing system) appropriately reported the status of internal whistle-blowing to the corporate auditors, and otherwise regularly reported to the corporate auditors.
- 3) Based on the Whistleblower Protection Act, the Company stipulated the prohibition of disadvantageous treatment in the Unified Labor Agreement, Central Labor Agreement, and Work Regulations. In addition, the Company instructs its subsidiaries to formulate similar regulations in consideration of laws and regulations, etc. of the countries in which the subsidiaries are located.

**(7) Items pertaining to the handling of expenses and liabilities arising from the execution of duties by corporate auditors****[Contents of the Basic Policy]**

- 1) Toray shall pay expenses, etc. incurred from the execution of duties by corporate auditors.

**[Overview of Operations]**

- 1) The Company pays expenses, etc. incurred from the execution of duties by corporate auditors.

**(8) Items pertaining to employees assisting with corporate auditors' duties, items pertaining to the independence of said employees from members of the Board, and items pertaining to****the assurance of effectiveness of instructions from the corporate auditors to said employees****[Contents of the Basic Policy]**

- 1) Toray shall assign a full-time employee to provide assistance if and when corporate auditors request assistance. The said employee shall exclusively follow the corporate auditors' commands and instructions, and the Company shall consult with corporate auditors in advance with respect to the personnel arrangements for the said employee.

**[Overview of Operations]**

- 1) The Company has established a Corporate Auditors Office as a staff organization under the direct control of corporate auditors, to assist corporate auditors in the performance of their duties.

**(9) Other systems for ensuring effective implementation of audits by corporate auditors****[Contents of the Basic Policy]**

- 1) Corporate auditors shall attend Board of Directors meetings and other important meetings so that they may ascertain important decision-making processes and the execution of operations.
- 2) Corporate auditors shall hold regular meetings with members of the Board and management and conduct regular visiting audits of Toray offices, plants, and subsidiaries.

**[Overview of Operations]**

- 1) During the period under review, the corporate auditors attended all fifteen meetings of the Board of Directors and all twenty-four meetings of the Executive Committee.
- 2) In accordance with auditing policy and plans formulated by the Board of Corporate Auditors in July 2022, corporate auditors held meetings with members of the Board as well as divisional and departmental general managers during the period under review, and conducted audits of the Company's offices and plants as well as Japanese and overseas subsidiaries.

## Consolidated Statement of Financial Position

Toray Industries, Inc. and Subsidiaries  
March 31, 2023

<b>Assets</b>	Millions of yen	<b>Liabilities</b>	Millions of yen
<b>Current assets:</b>	<b>¥ 1,429,279</b>	<b>Current liabilities:</b>	<b>¥ 826,211</b>
Cash and cash equivalents	223,995	Trade and other payables	324,140
Trade and other receivables	586,114	Bonds and borrowings	376,993
Inventories	521,598	Lease liabilities	10,022
Other financial assets	30,692	Other financial liabilities	11,133
Other current assets	66,301	Income taxes payable	9,018
Assets held for sale	579	Other current liabilities	94,905
<b>Non-current assets:</b>	<b>1,764,762</b>	<b>Non-current liabilities:</b>	<b>732,020</b>
Property, plant and equipment	1,007,843	Bonds and borrowings	534,121
Right-of-use assets	49,149	Lease liabilities	28,957
Goodwill	95,451	Other financial liabilities	5,783
Intangible assets	84,575	Deferred tax liabilities	56,309
Investments accounted for using equity method	234,645	Retirement benefit liability	91,979
Other financial assets	214,730	Other non-current liabilities	14,871
Deferred tax assets	24,269		
Retirement benefit asset	40,146	<b>Total liabilities</b>	<b>1,558,231</b>
Other non-current assets	13,954		
		<b>Equity</b>	
		<b>Equity attributable to owners of parent:</b>	<b>1,535,028</b>
		Share capital	147,873
		Capital surplus	120,919
		Retained earnings	1,037,120
		Treasury shares	(19,617)
		Other components of equity	248,733
		<b>Non-controlling interests:</b>	<b>100,782</b>
		<b>Total equity</b>	<b>1,635,810</b>
<b>Total assets</b>	<b>¥ 3,194,041</b>	<b>Total liabilities and equity</b>	<b>¥ 3,194,041</b>

Note: Figures are shown rounded to the nearest ¥1 million.

## Consolidated Statement of Profit or Loss

Toray Industries, Inc. and Subsidiaries  
April 1, 2022 - March 31, 2023

	Millions of yen
<b>Revenue</b>	<b>¥ 2,489,330</b>
Cost of sales	(2,068,495)
<b>Gross profit</b>	<b>420,835</b>
Selling, general and administrative expenses	(330,907)
Other income	33,978
Other expenses	(14,905)
<b>Operating income</b>	<b>109,001</b>
Finance income	8,484
Finance costs	(13,013)
Share of profit of investments accounted for using equity method	7,398
<b>Profit before tax</b>	<b>111,870</b>
Income tax expense	(31,031)
<b>Profit</b>	<b>80,839</b>
Profit attributable to:	
Owners of parent	72,823
Non-controlling interests	8,016
	<b>¥ 80,839</b>

Note: Figures are shown rounded to the nearest ¥1 million.

## Non-consolidated Balance Sheet

Toray Industries, Inc.  
March 31, 2023

Assets	Millions of yen	Liabilities	Millions of yen
<b>Current assets:</b>	<b>¥ 326,407</b>	<b>Current liabilities:</b>	<b>¥ 268,477</b>
Cash and time deposits	16,672	Notes payable - trade	3,315
Notes receivable - trade	6,277	Accounts payable - trade	51,751
Accounts receivable - trade	139,202	Long-term borrowings due within one year	67,985
Finished goods	61,897	Commercial paper	15,000
Work in process	23,898	Bonds due within one year	20,000
Raw materials and supplies	27,966	Accounts payable - other	26,776
Prepaid expenses	1,551	Accrued expenses	20,260
Short-term loans receivable	31,602	Income taxes payable	604
Accounts receivable - other	20,221	Deposits received	49,687
Other current assets	4,426	Reserve for employees' bonuses	8,178
Allowance for doubtful accounts	(7,305)	Reserve for bonuses of members of the Board	79
		Reserve for product warranties	957
		Other current liabilities	3,886
<b>Non-current assets:</b>	<b>1,199,215</b>	<b>Non-current liabilities:</b>	<b>505,428</b>
<b>Property, plant and equipment:</b>	<b>228,287</b>	Bonds	200,000
Buildings	85,298	Long-term borrowings	227,392
Structures	13,265	Deferred tax liabilities	3,253
Machinery and equipment	77,754	Reserve for employees' retirement benefits	64,397
Vehicles	111	Reserve for loss on guarantees	1,823
Tools and furniture	6,052	Reserve for loss on business of subsidiaries and affiliated companies	62
Land	27,059	Reserve for product warranties	2,303
Construction in progress	18,746	Other non-current liabilities	6,200
		<b>Total liabilities</b>	<b>773,905</b>
<b>Intangible assets:</b>	<b>4,826</b>	<b>Net assets</b>	
Software	3,185	<b>Shareholders' equity:</b>	<b>679,262</b>
Other intangible assets	1,641	<b>Share capital</b>	<b>147,873</b>
		<b>Capital surplus:</b>	<b>136,780</b>
<b>Investments and other assets:</b>	<b>966,102</b>	Additional paid-in capital	136,727
Investment securities	157,725	Other capital surplus	53
Investment securities in subsidiaries and affiliated companies	592,563	<b>Retained earnings:</b>	<b>413,649</b>
Investment in subsidiaries' and affiliated companies' capital	196,628	Legal reserve	24,234
Prepaid pension cost	14,243	Other retained earnings	389,415
Other	4,944	Reserve for tax purpose reduction entry	11,043
		General reserve	112,000
		Retained earnings brought forward	266,372
		<b>Treasury shares</b>	<b>(19,040)</b>
		<b>Valuation, translation adjustments and other:</b>	<b>70,425</b>
		Net unrealized gains (losses) on securities	70,266
		Net deferred gains (losses) on hedges	159
		<b>Stock acquisition rights</b>	<b>2,028</b>
		<b>Total net assets</b>	<b>751,716</b>
<b>Total assets</b>	<b>¥ 1,525,622</b>	<b>Total liabilities and net assets</b>	<b>¥ 1,525,622</b>

Note: Figures are shown rounded to the nearest ¥1 million.

## Non-consolidated Statement of Income

Toray Industries, Inc.

April 1, 2022 - March 31, 2023

	Millions of yen
<b>Net sales</b>	<b>¥ 618,543</b>
Cost of sales	485,955
<b>Gross profit</b>	<b>132,588</b>
Selling, general and administrative expenses	115,948
<b>Operating income</b>	<b>16,640</b>
<b>Non-operating income:</b>	<b>70,004</b>
Interest and dividend income	68,363
Other income	1,641
<b>Non-operating expenses:</b>	<b>4,226</b>
Interest expenses	1,146
Other expenses	3,080
<b>Ordinary income</b>	<b>82,417</b>
<b>Special gains:</b>	<b>2,676</b>
Gain on sales of property, plant and equipment	218
Gain on sales of investment securities	2,010
Reversal of reserve for loss on business of subsidiaries and affiliated companies	419
Other special gains	29
<b>Special losses:</b>	<b>11,352</b>
Loss on sales and disposal of property, plant and equipment	2,905
Loss on impairment of fixed assets	3,236
Loss on write-down of investment securities	626
Loss on liquidation and devaluation of subsidiaries and affiliated companies	1,133
Provision for product warranties	3,452
<b>Income before income taxes</b>	<b>73,741</b>
Income taxes:	
Current	2,285
Deferred	319
<b>Net income</b>	<b>¥ 71,137</b>

Note: Figures are shown rounded to the nearest ¥1 million.

(Translation)  
Independent Auditor's Report

May 18, 2023

The Board of Directors  
Toray Industries, Inc.

Ernst & Young ShinNihon LLC  
Tokyo, Japan

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Noriaki Kenmochi  
Designated Engagement Partner  
Certified Public Accountant

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Minoru Io  
Designated Engagement Partner  
Certified Public Accountant

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Makoto Matsumura  
Designated Engagement Partner  
Certified Public Accountant

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Ryohei Shigematsu  
Designated Engagement Partner  
Certified Public Accountant

*Opinion*

Pursuant to Article 444, paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of changes in equity, and notes to the consolidated financial statements of Toray Industries, Inc. (the "Company") applicable to the fiscal year from April 1, 2022 to March 31, 2023.

In our opinion, the above consolidated financial statements, in accordance with the accounting standards that allow the omission of some disclosure items required under International Financial Reporting Standards, as stipulated by the provisions of the latter part of Article 120, Paragraph 1 of the Regulation on Corporate Accounting, present fairly, in all material respects, the consolidated financial position and results of operations of the Group, which consisted of the Company and its consolidated subsidiaries, applicable to the fiscal year ended March 31, 2023.

*Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Other Information*

Other information comprises the information included in the Company's business report and its supplementary schedules. Management is responsible for preparation and disclosure of the other information. Corporate Auditor and Board of Corporate Auditors are responsible for overseeing the Company's reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

*Responsibilities of Management, Corporate Auditor and Board of Corporate Auditors for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the accounting standards that allow the omission of some disclosure items required under International Financial Reporting Standards, as stipulated by the provisions of the latter part of Article 120, Paragraph 1 of the Regulation on Corporate Accounting, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing matters related to going concern in accordance with the accounting standards

that allow the omission of some disclosure items required under International Financial Reporting Standards, stipulated by the provisions of the latter part of Article 120, Paragraph 1 of the Regulation on Corporate Accounting. Corporate Auditor and Board of Corporate Auditors are responsible for overseeing the Group's financial reporting process.

#### *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- In making those risk assessments, consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with the accounting standards that allow the omission of some disclosure items required under International Financial Reporting Standards, as stipulated by the provisions of the latter part of Article 120, Paragraph 1 of the Regulation on Corporate Accounting.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Corporate Auditor and Board of Corporate Auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Corporate Auditor and Board of Corporate Auditors with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### *Conflicts of Interest*

Our firm and its designated engagement partners have no interest in the Company and its consolidated subsidiaries which should be disclosed in accordance with the Certified Public Accountants Act.

#### Notice to Readers:

The original consolidated financial statements, which comprise the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of changes in equity and the notes to the consolidated financial statements, applicable to the fiscal year ended March 31, 2023 are written in Japanese.

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(Translation)  
Independent Auditor's Report

May 18, 2023

The Board of Directors  
Toray Industries, Inc.

Ernst & Young ShinNihon LLC  
Tokyo, Japan

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Noriaki Kenmochi  
Designated Engagement Partner  
Certified Public Accountant

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Minoru Io  
Designated Engagement Partner  
Certified Public Accountant

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Makoto Matsumura  
Designated Engagement Partner  
Certified Public Accountant

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Ryohei Shigematsu  
Designated Engagement Partner  
Certified Public Accountant

*Opinion*

Pursuant to Article 436, paragraph 2, item 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets, the notes to the financial statements and the related supplementary schedules of Toray Industries, Inc. (the "Company") applicable to the 142nd fiscal year from April 1, 2022 to March 31, 2023.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position and results of operations of the Company applicable to the fiscal year ended March 31, 2023, in accordance with accounting principles generally accepted in Japan.

*Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Other Information*

Other information comprises the information included in the Company's business report and its supplementary schedules. Management is responsible for preparation and disclosure of the other information. Corporate Auditor and Board of Corporate Auditors are responsible for overseeing the Company's reporting process of the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

*Responsibilities of Management, Corporate Auditor and Board of Corporate Auditors for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

Corporate Auditor and Board of Corporate Auditors are responsible for overseeing the Company's financial reporting process.

*Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- In making those risk assessments, consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the financial statements is not expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.

We communicate with the Corporate Auditor and Board of Corporate Auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Corporate Auditor and Board of Corporate Auditors with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

*Conflicts of Interest*

Our firm and its designated engagement partners have no interest in the Company which should be disclosed in accordance with the Certified Public Accountants Act.

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*Notice to Readers:*

The original financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets, the notes to the financial statements and the related supplementary schedules, applicable to the fiscal year ended March 31, 2023 are written in Japanese. The related supplementary schedules have been omitted in the accompanying financial statements.

**Audit Report of the Board of Corporate Auditors (For Reference Only)**

The Board of Corporate Auditors, following its review and deliberation of the reports prepared by each corporate auditor concerning the execution of duties by members of the Board for the 142nd fiscal term from April 1, 2022 to March 31, 2023, has prepared this Audit Report as its unanimous opinion and hereby submits it as follows:

**1. Methods and Contents by the Corporate Auditors and the Board of Corporate Auditors**

- (1) The Board of Corporate Auditors established the auditing policies and plans, received reports and explanations on the status and results of audits from each corporate auditor, received reports and explanations on the status of the execution of duties from the members of the Board and independent auditors, and requested explanations as necessary.
- (2) In accordance with the auditing standards for corporate auditors determined by the Board of Corporate Auditors and the auditing policies and plans, each corporate auditor made efforts to collect information and established auditing circumstances through communication with members of the Board, the Auditing Department and other employees, and conducted audit in accordance with the following procedures:
  - 1) Each corporate auditor attended the Board of Directors meetings and other important meetings to receive reports regarding execution of duties from members of the Board and employees and requested explanations as necessary. Each corporate auditor also inspected the approved documents and examined the status of operations and conditions of assets regarding the Company's head office and principal offices (plants). In addition, each corporate auditor received from subsidiaries their business reports as necessary through communication and information sharing with their directors and corporate auditors.
  - 2) With respect to the resolutions adopted by the Board of Directors regarding the establishment of a system for ensuring that duties of members of the Board are performed in conformity of laws, ordinances and the Articles of Incorporation of the Company and the establishment of a system necessary to ensure proper business operations of the company group, which consists of the joint stock company and its consolidated subsidiaries, set forth in Paragraphs 1 and 3 of Article 100 of Enforcement Regulations of the Companies Act as described in the business report, as well as the systems (Internal Control System) established in accordance with a resolution of the Board of Directors, each corporate auditor regularly received briefing from members of the Board and the employees on the status of the establishment and operations, requested them to provide explanations as necessary, and expressed his opinions. Regarding internal control over financial reporting, each corporate auditor received reports on the evaluation of the relevant internal control and the status of audits from the members of the Board, etc. and Ernst & Young ShinNihon LLC, and requested explanations as necessary
  - 3) Further, corporate auditors monitored the independent auditors to verify that the independent auditors maintained independence

and conducted the audit appropriately. Each corporate auditor also received reports on the status of the execution of duties from the independent auditors and requested explanations as necessary. In addition, we were informed of the arrangement of the "System for ensuring that the duties are performed appropriately" (matters stipulated in the items of Article 131 of the Corporate Calculation Regulations) in accordance with "Standards for the Quality Control of Audits" (Business Accounting Council, October 28, 2005) by the independent auditors and requested explanations as necessary.

In accordance with the procedures mentioned above, we reviewed the business reports and supplementary schedules, the non-consolidated financial statements (the non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in net assets and notes to the non-consolidated financial statements) and the supplementary schedules, and the consolidated financial statements (the consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of changes in equity, and notes to the consolidated financial statements) for the year ended March 31, 2023.

**2. Results of Audit**

- (1) Results of audit of the business report and others
  - 1) The business report and supplementary schedules are found to present fairly the state of the Company in accordance with laws, ordinances and the Articles of Incorporation.
  - 2) In connection with the performance by members of the Board of their duties, no dishonest act or material fact in contravention of laws, ordinances, or the Articles of Incorporation is found to exist.
  - 3) Resolution of the Board of Directors regarding the internal control system is fair and reasonable. There are no matters requiring additional mention regarding the content of business report described on the internal control and the execution of duties by members of the Board.
- (2) Results of audit of the non-consolidated financial statements and the supplementary schedules  
The auditing methods and results of the independent auditors, Ernst & Young ShinNihon LLC, are fair and reasonable.
- (3) Results of audit of the consolidated financial statements  
The auditing methods and results of the independent auditor, Ernst & Young ShinNihon LLC, are fair and reasonable.

May 18, 2023

Board of Corporate Auditors  
Toray Industries, Inc.Toru Fukasawa, Corporate Auditor  
Yoshiyuki Tanaka, Corporate Auditor  
Toshio Nagai, Outside Corporate Auditor  
Kazuya Jono, Outside Corporate Auditor  
Hiroyuki Kumasaka, Outside Corporate Auditor