Materials for the 144th Ordinary General Meeting of Stockholders
(Matters omitted from the delivered documents)

Consolidated Statement of Changes in Equity
Notes to Consolidated Financial Statements
Non-consolidated Statement of Changes in Net Assets
Notes to Non-consolidated Financial Statements
(From April 1, 2024 to March 31, 2025)

Toray Industries, Inc.

Consolidated Statement of Changes in Equity

Toray Industries, Inc. and Subsidiaries
April 1, 2024 - March 31, 2025

Millions of yen

	Equity attributable to owners of parent			
	Share capital	Capital surplus	Retained earnings	Treasury shares
At April 1, 2024	**¥147,873**	**¥120,944**	**¥1,068,364**	**¥(19,220)**
Profit	–	–	77,911	–
Other comprehensive income	–	–	–	–
Comprehensive income	–	–	77,911	–
Exercise of share acquisition rights	–	(345)	–	346
Share-based payment transactions	–	355	–	–
Purchase of treasury shares	–	(7)	–	(38,366)
Dividends	–	–	(28,849)	–
Changes in ownership interest in subsidiaries	–	(385)	–	–
Transfer from other components of equity to retained earnings	–	–	53,082	–
Other changes	–	0	–	0
Total transactions with owners and other	–	(382)	24,233	(38,020)
At March 31, 2025	**¥147,873**	**¥120,562**	**¥1,170,508**	**¥(57,240)**

Millions of yen

	Equity attributable to owners of parent								
	Other components of equity								
	Investments in equity instruments	Cash flow hedges	Deferred costs of hedging	Exchange differences on translation	Remeasure-ments of defined benefit plans	Total other components of equity	Total equity attributable to owners of parent	Non-controlling interests	Total equity
At April 1, 2024	**¥122,504**	**¥(72)**	**¥130**	**¥295,511**	**¥–**	**¥418,073**	**¥1,736,034**	**¥110,328**	**¥1,846,362**
Profit	–	–	–	–	–	–	77,911	8,762	86,673
Other comprehensive income	(3,629)	876	(52)	(27,627)	(6,593)	(37,025)	(37,025)	957	(36,068)
Comprehensive income	(3,629)	876	(52)	(27,627)	(6,593)	(37,025)	40,886	9,719	50,605
Exercise of share acquisition rights	–	–	–	–	–	–	1	–	1
Share-based payment transactions	–	–	–	–	–	–	355	–	355
Purchase of treasury shares	–	–	–	–	–	–	(38,373)	–	(38,373)
Dividends	–	–	–	–	–	–	(28,849)	(8,819)	(37,668)
Changes in ownership interest in subsidiaries	–	–	–	–	–	–	(385)	360	(25)
Transfer from other components of equity to retained earnings	(59,675)	–	–	–	6,593	(53,082)	–	–	–
Other changes	–	(685)	–	–	–	(685)	(685)	–	(685)
Total transactions with owners and other	(59,675)	(685)	–	–	6,593	(53,767)	(67,936)	(8,459)	(76,395)
At March 31, 2025	**¥59,200**	**¥119**	**¥78**	**¥267,884**	**¥–**	**¥327,281**	**¥1,708,984**	**¥111,588**	**¥1,820,572**

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

Notes to Consolidated Financial Statements

Basis of Preparation and Other Important Matters

1. Basis of Preparation of Consolidated Financial Statements
The consolidated financial statements of Toray Industries, Inc. (the "Company") and its subsidiaries (the "Group") have been prepared in accordance with International Financial Reporting Standards ("IFRS") pursuant to the provisions of Article 120, Paragraph 1 of the Regulation on Corporate Accounting. Certain disclosure items required by IFRS are omitted pursuant to the provisions in the latter part of the said paragraph.

2. Scope of Consolidation
(1) Number of consolidated subsidiaries: 194
(2) Names of major consolidated subsidiaries
Please see "(4) Major Subsidiaries" of "1. Review of Operations of Toray Group, Business Report."

3. Application of Equity Method
(1) Number of companies accounted for using equity method: 88
(2) Names of major companies accounted for using equity method
Dow Toray Co., Ltd. and Du Pont-Toray Co., Ltd.
(3) Change in the number of companies accounted for using equity method
Increase: 2 (due to acquisition of shares and other reasons)

4. Material Accounting Policy Information
(1) Financial assets
1) Financial assets measured at amortized cost
The Group's major financial assets, except for equity instruments and derivatives, are classified as financial assets measured at amortized cost because they are held to collect contractual cash flows that are solely payments of principal and interest that arise on specified dates. These financial assets are initially measured at the transaction price or other relevant value and are subsequently measured at amortized cost using the effective interest method.
2) Equity instruments measured at fair value through other comprehensive income
Equity instruments such as shares held primarily for the purposes of strengthening business relationships with customers and expanding businesses are designated as financial assets measured at fair value through other comprehensive income. This designation is applied consistently. These financial assets are initially measured at fair value plus transaction costs on the trade date, and subsequent changes in the fair value are recognized in other comprehensive income. The cumulative amount of the changes is included in other components of equity and reclassified to retained earnings at the time of sale. Dividends from these financial assets are recognized in profit or loss and included in finance income.
3) Impairment of financial assets
Loss allowance for financial assets measured at amortized cost is measured at an amount equal to the 12-month expected credit losses if the credit risk has not increased significantly since initial recognition or at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. However, loss allowance for trade receivables without any significant financing components is always measured at an amount equal to the lifetime expected credit losses. Whether the credit risk has increased significantly or not is determined mainly based on past due information and credit ratings. A financial asset is considered credit-impaired primarily when there is a substantial delay in payment or a significant financial difficulty of the borrower.
4) Hedge accounting and derivatives
The Group enters into derivative transactions, including forward exchange contracts and cross-currency swaps, to hedge currency risk and interest rate risk. Hedging relationships that meet the qualifying criteria for hedge accounting are accounted for as cash flow hedges in which these derivatives are designated as hedging instruments, and the portions of the gains or losses on the hedging instruments that are determined to be effective hedges are recognized in other comprehensive income. These effective portions are accumulated in other components of equity and reclassified to profit or loss as a reclassification adjustment in the same period during which the hedged items affect profit or loss. However, if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the amount is accounted for as an adjustment to the initial carrying amount of the asset or liability.

(2) Inventories
Inventories are measured at the lower of cost and net realizable value. Costs of inventories are mainly determined using the moving-average cost method. Net realizable value is determined by the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(3) Property, plant and equipment
The Group applies the cost model for measurement of property, plant and equipment. Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.
Property, plant and equipment, except for land and construction in progress, are depreciated mainly using the straight-line method over the estimated useful lives. The estimated useful lives of major items of property, plant and equipment are as follows:
- Buildings and structures: 3-60 years
- Machinery and vehicles: 2-20 years

(4) Leases
For a lease for which the Group is a lessee, the Group recognizes a right-of-use asset and a lease liability at the commencement date of the lease. Right-of-use assets are initially measured at the amount of initial measurement of lease liabilities plus prepaid lease payments and other related costs and are depreciated mainly over the lease term. Lease liabilities are initially measured at the present value of the portion of lease payments that are not paid, discounted mainly by an incremental borrowing rate. Lease payments associated with short-term leases and leases of low-value assets are recognized as expenses over the lease term mainly on a straight-line basis.

(5) Goodwill and intangible assets
Goodwill is not amortized and is stated at cost less accumulated impairment losses.
Intangible assets mainly comprise intangible assets acquired through business combinations and software acquired separately. The Group applies the cost model for measurement of intangible assets. Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses.
Intangible assets with finite useful lives are amortized using the straight-line method over the estimated useful lives. The estimated useful lives of major intangible assets are as follows:
- Customer-related intangible assets: 9-21 years
- Technology-based intangible assets: 24 years
- Software: Mainly 5 years

(6) Provisions
Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

(7) Impairment of non-financial assets
If any indication that non-financial assets, including property, plant and equipment, intangible assets and goodwill, may be impaired exists at the end of the reporting period, the Group estimates the recoverable amount of the asset. In addition, each cash-generating unit or group of cash-generating units to which goodwill is allocated is tested for impairment annually, irrespective of whether there is any indication of impairment.
The recoverable amount is the higher of the asset's fair value less costs of disposal or its value in use. When the recoverable amount of an individual asset cannot be estimated, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Generally, the Group identifies a cash-generating unit on the basis of management accounting segmentation.
The value in use is determined as the discounted present value of future cash flows to be derived from continuing use of the asset and from its ultimate disposal. The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset.
If the recoverable amount of an asset or a cash-generating unit (group of units) is less than its carrying amount, an impairment loss is recognized. The impairment loss is recognized in profit or loss and included in other expenses. An impairment loss recognized for a cash-generating unit (group of units) is first allocated to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of units) and is then allocated to the other assets pro rata on the basis of the carrying amount of each asset.
If there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased, the recoverable amount is estimated. If the recoverable amount exceeds the carrying amount of the asset, the impairment loss is reversed.

(8) Post-employment benefits
The Group has defined contribution plans and defined benefit plans as retirement benefit plans for employees.
Contributions to defined contribution plans are recognized as expenses when services are rendered by employees.
The present value of defined benefit obligations and current service cost, as well as past service costs are determined using the projected unit credit method. The discount rate is determined by reference to the market yields of high-quality corporate bonds.
The net defined benefit liability (asset) is recognized at the present value of defined benefit obligations net of the fair value of plan assets.
Actuarial gains and losses on defined benefit obligations and fair value changes related to plan assets are recognized in other comprehensive income as the remeasurements of defined benefit plans in the period when they arise and transferred immediately to retained earnings.

(9) Revenue recognition
The Group operates Fibers & Textiles, Performance Chemicals, Carbon Fiber Composite Materials, Environment & Engineering, Life Science and other businesses and, with regard to sales of products of these businesses, the Group determines that its performance obligation is satisfied typically when a customer obtains control of the product upon the delivery. Accordingly, revenue is mainly recognized when the product is delivered. For construction and other contracts at certain subsidiaries operating the Environment & Engineering business, revenue is recognized over time based on the progress in satisfying the performance obligation because control of a product or service is transferred over time. The progress is measured by a ratio of the actual cost to

the total estimated cost, because the Group determines that the incurrence of cost is proportional to the progress of performance obligations.
Revenue is measured at the consideration promised in a contract with a customer, less discounts, rebates, returned products and other items. In addition, contracts do not contain a significant financing component because consideration is normally collected about within one year from the time when the performance obligation is satisfied.

(10) Foreign currency translation

1) Foreign currency transactions
Foreign currency transactions are translated into the functional currency at the spot exchange rate at the date of the transaction or at the rate that approximates the spot exchange rate. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated into the functional currency at the exchange rate at the end of the reporting period.
Exchange differences arising from the translation or settlement are recognized in profit or loss and included in finance income and finance costs. However, exchange differences arising from equity instruments measured at fair value through other comprehensive income and cash flow hedges are recognized in other comprehensive income.

2) Foreign operations
The assets and liabilities of foreign operations are translated into Japanese yen using the exchange rate at the end of the reporting period. The income and expenses are translated into Japanese yen using the average exchange rate for the reporting period, except in cases where the exchange rate fluctuates significantly. Exchange differences arising from the translation of a foreign operation's financial statements are recognized in other comprehensive income. These exchange differences are accumulated in other components of equity and reclassified to profit or loss upon disposal of the related foreign operation.

Significant Accounting Estimates and Judgements

1. Impairment of non-financial assets
If any indication that non-financial assets, including property, plant and equipment (¥1,109,588 million), intangible assets (¥99,299 million) and goodwill (¥94,643 million), may be impaired exists at the end of the reporting period, the Group estimates the recoverable amount of the asset. In addition, each cash-generating unit or group of cash-generating units to which goodwill is allocated is tested for impairment annually, irrespective of whether there is any indication of impairment.
In determining the recoverable amount, certain assumptions are established for future cash flows, discount rates and other items. These assumptions are determined by management's best estimates and judgements but may be affected by changes in future economic conditions and business plans. If it becomes necessary to review the assumptions, the consolidated financial statements may be materially affected.

2. Recoverability of deferred tax assets
Deferred tax assets (¥25,162 million) are recognized to the extent that it is probable that taxable profit will be available against which deductible temporary differences and carryforwards can be utilized, and their recoverability is reviewed every period. In determining the recoverability, the amount and timing of taxable profit generated are estimated based on business plans. These assumptions are determined by management's best estimates and judgements but may be affected by changes in future economic conditions and other events. If it becomes necessary to review the assumptions, the consolidated financial statements may be materially affected.

3. Measurement of defined benefit obligations
The net defined benefit liability (asset) is recognized at the present value of defined benefit obligations net of the fair value of plan assets (retirement benefit asset of ¥59,888 million and liability of ¥80,254 million). Defined benefit obligations are calculated based on actuarial assumptions, which include estimates of discount rates, employee turnover, mortality and future increases in salaries. These actuarial assumptions may be affected by changes in future economic climates or social conditions. If it becomes necessary to review the assumptions, the consolidated financial statements may be materially affected.

Notes to Consolidated Statement of Financial Position

(Millions of yen)

1.	Assets pledged as collateral and liabilities with collateral		
	Assets pledged as collateral		
	Property, plant and equipment	¥	10
	Other financial assets	¥	2,998
	Liabilities with collateral		
	Trade and other payables	¥	5,372
	Bonds and borrowings	¥	800
2.	Loss allowance directly deducted from assets		
	Trade and other receivables	¥	2,222
	Other financial assets	¥	11,951
3.	Accumulated depreciation and accumulated impairment losses on property, plant and equipment	¥	2,713,441
4.	Guarantee obligations		
	Those related to bank loans, etc. of joint ventures and associates	¥	2,295
	Those related to bank loans, etc. of customers in housing business and other	¥	3,698

Notes to Consolidated Statement of Profit or Loss

1. Share of loss of investments accounted for using equity method
   For the year ended March 31, 2025, share of loss of investments accounted for using equity method of ¥12,904 million was recognized for LG Toray Hungary Battery Separator Kft., the Company's joint venture accounted for using equity method, following the impairment of non-current assets caused by the decrease in profit mainly from stagnation of the U.S. and European EV markets.

Notes to Consolidated Statement of Changes in Equity

1. Number of issued shares at March 31, 2025
   Common stock 1,631,481 thousand shares

2. Dividends
(1) Amounts paid during the year ended March 31, 2025

Resolution	Ordinary General Meeting of Stockholders held on June 25, 2024	Board of Directors Meeting held on November 7, 2024
Class of shares	Common stock	Common stock
Total amount	¥14,422 million	¥14,427 million
Dividend per share	¥9.00	¥9.00
Record date	March 31, 2024	September 30, 2024
Effective date	June 26, 2024	December 2, 2024

(2) Dividends whose record dates fall in the year ended March 31, 2025 and whose effective dates fall in the year ending March 31, 2026
The Company will propose, at the Ordinary General Meeting of Stockholders to be held on June 26, 2025, the distribution of dividends as follows:

Resolution (scheduled)	Ordinary General Meeting of Stockholders to be held on June 26, 2025
Class of shares	Common stock
Total amount	¥14,081 million
Dividend per share	¥9.00
Record date	March 31, 2025
Effective date	June 27, 2025

3. Class and number of shares to be issued upon exercise of share acquisition rights (excluding those rights whose exercise period has not yet commenced) at March 31, 2025
   Common stock 3,253 thousand shares

Financial Instruments

1. Risks arising from financial instruments
   The Group conducts risk management based on the following policies to respond to credit risk, liquidity risk and market risk arising from financial instruments.

(1) Credit risk management
Trade receivables of the Group are exposed to customer credit risk. In order to mitigate the risk, under its internal regulations, the Company carefully manages the due dates and outstanding balances of receivables from each customer and regularly monitors the credit standing of major customers. Subsidiaries also monitor and manage the credit standings of their customers.

(2) Liquidity risk management
The Group raises funds by borrowing from banks and issuing corporate bonds and is accordingly exposed to the risk of facing difficulty in the repayment due to deterioration in the

business climates and funding environment. To mitigate the risk, the Group procures funds by determining the best timing, size and sources after comprehensively taking into consideration the projected fund needs and the financial market trends. The Group also takes measures for effective use of excess cash within the Group by using the cash management system. In addition, the liquidity risk is managed by monitoring projected and actual cash flows. At the same time, to prepare for the urgent fund needs due to deterioration in operating results and cash flows and for the financial market turmoil, the Group secures liquidity by concluding overdraft agreements and other credit facilities with domestic and overseas financial institutions.

(3) Market risk management

The Group is exposed to the risk of fluctuations in fair value and future cash flows of financial instruments due to changes in market prices. Major market risks that the Group is exposed to include currency risk, interest rate risk and equity price risk. In order to mitigate these risks, the Group uses derivative transactions such as forward exchange contracts and interest rate swaps as necessary. Derivative transactions are executed and managed in accordance with internal regulations prescribing the authorizations for transactions. In addition, the Group carries out derivative transactions only with financial institutions with a high credit rating in order to mitigate the credit risk associated with derivative transactions. The Group uses derivatives only for hedging market risks and does not enter into derivative transactions for speculative purposes.

1) Currency risk

Trade receivables and payables denominated in foreign currencies that arise from the Group's global business operations are exposed to the foreign currency exchange rate risk. The Group hedges this risk mainly through the use of forward exchange contracts against net positions of receivables and payables denominated in the same foreign currencies. Likewise, the Group mainly uses cross-currency swaps to hedge the foreign currency exchange rate risk of borrowings denominated in foreign currencies.

2) Interest rate risk

The Group's interest-bearing liabilities are exposed to the risk of market interest rate fluctuation. Those with floating rates bear the risk of higher nominal interest expenses when market interest rates rise, whereas those with fixed rates bear the risk of higher real interest expenses when market interest rates fall. The Group uses interest rate swaps as necessary to mitigate the risk of interest rate fluctuation, taking into consideration the balance between fixed-rate liabilities and floating-rate liabilities.

3) Equity price risk

The Group holds shares not for trading purposes but mainly for the purposes of strengthening business relationships, smoothing business alliances and reinforcing joint research and technology development activities. These shares are exposed to stock price fluctuation risk. The Group regularly monitors the financial positions of the issuing entities and sells shares with the diminished significance of holding due to a change in business relationships and other reasons.

2. Fair value of financial instruments and fair value by level of fair value hierarchy

(1) Fair value hierarchy of financial instruments

The fair value hierarchy of financial instruments is categorized from Level 1 to Level 3 as follows:

Level 1: Fair value measured by quoted prices in active markets

Level 2: Fair value calculated, directly or indirectly, using observable prices other than Level 1

Level 3: Fair value calculated using valuation techniques including inputs not based on observable market data

Transfers between levels of the fair value hierarchy are recognized on the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 1 and Level 2 for the year ended March 31, 2025.

(2) Fair value of financial instruments measured at amortized cost

The following table compares the fair value and the carrying amount of financial instruments measured at amortized cost. Financial instruments whose carrying amount is a reasonable approximation of the fair value and financial instruments with low materiality are not included in the following table.

(Millions of yen)

	Carrying amount	Fair value
Financial liabilities		
Bonds and borrowings		
Bonds payable	189,705	183,477
Long-term borrowings	359,870	346,162

The fair value of the above financial instruments is categorized within Level 2. The fair value of major financial instruments measured at amortized cost is determined as follows:

1) Cash and cash equivalents, trade and other receivables

Since these are settled in the short term, the fair value reasonably approximates the carrying amount.

2) Trade and other payables, short-term borrowings, commercial papers

Since these are settled in the short term, the fair value reasonably approximates the carrying amount.

3) Bonds payable

The fair value of a bond is determined based on the market price, if available. If a market price is not available, the fair value is determined as the present value of total principal and interest amount discounted using an estimated interest rate reflecting the bond's remaining term and credit risk. Such fair value is categorized within Level 2.

4) Long-term borrowings
The fair value of a long-term borrowing is determined as the present value of total principal and interest amount discounted using an estimated interest rate of hypothetical, equivalent new borrowings. Such fair value is categorized within Level 2.

(3) Financial instruments measured at fair value
The breakdown of financial assets and liabilities measured at fair value on a recurring basis that are categorized by level of the fair value hierarchy is as follows:

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets				
Other financial assets				
Shares and investments in capital	112,776	–	19,127	131,903
Derivative assets	–	9,385	–	9,385
Other	–	–	300	300
Total	112,776	9,385	19,427	141,588
Financial liabilities				
Other financial liabilities				
Derivative liabilities	–	771	–	771
Total	–	771	–	771

The fair value of major financial instruments measured at fair value is determined as follows:

1) Shares and investments in capital
The fair value of shares whose market prices in active markets are available is measured using market prices and is categorized within Level 1. The fair value of shares and investments in capital whose market prices in active markets are not available is measured using appropriate valuation techniques, such as the comparable company method, and is categorized within Level 3. Adjustments including certain illiquidity discounts are taken into account as necessary.

2) Derivative assets and derivative liabilities
The fair value of forward exchange contracts is determined based on forward exchange rates or prices quoted by financial institutions, and the fair value of cross-currency swaps and interest rate swaps is determined based on prices quoted by financial institutions. Both are categorized within Level 2.

Reconciliation of the balance at the beginning and end of the period for recurring fair value measurement categorized within Level 3 of the fair value hierarchy is as follows:

(Millions of yen)

	Amount
At beginning of period	19,179
Gains (losses) recognized in other comprehensive income	90
Purchases	696
Sales	(449)
Other	(89)
At end of period	19,427

The method of measurement of financial instruments categorized within Level 3 is determined by the department in charge in accordance with the valuation policies and procedures for the fair value measurement approved by the appropriate authority. Fair value is measured by the said department and the results of the fair value measurement are approved by the appropriate persons in charge.

Revenue Recognition

1. Disaggregation of revenue

The disaggregated revenue is as follows. The disaggregation by geographical area is based on the location of the Group entities.

(Millions of yen)

	Japan	Asia	North America, Europe and other	Total
Fibers & Textiles	539,296	398,671	73,132	1,011,099
Performance Chemicals	474,490	315,777	154,587	944,854
Carbon Fiber Composite Materials	58,782	17,969	223,212	299,963
Environment & Engineering	185,647	28,393	22,484	236,524
Life Science	43,679	5,796	3,688	53,163
Other	16,940	666	71	17,677
Total	1,318,834	767,272	477,174	2,563,280

2. Contract balances

The balances of receivables, contract assets and contract liabilities from contracts with customers are as follows.

(Millions of yen)

	Receivables from contracts with customers	Contract assets	Contract liabilities
At April 1, 2024	614,741	31,630	26,538
At March 31, 2025	564,687	29,022	24,812

Contract assets mainly represent the Group's rights, relating to construction contracts at certain subsidiaries operating the Environment & Engineering business, to unbilled consideration for the performance obligations satisfied in part or in full as of the end of reporting period. These contract assets are recognized as construction progresses and reclassified to receivables upon billing as a result of the completion of construction or other events. Contract liabilities mainly represent advances received from customers and are reclassified to revenue upon satisfaction of the performance obligation in the contract.

The amount of revenue recognized in the year ended March 31, 2025 that was included in the contract liability balance at the beginning of the period was ¥22,567 million.

3. Transaction prices allocated to the remaining performance obligations

The transaction prices allocated to the remaining performance obligations and the expected timing of revenue recognition are as follows. The Group applies the practical expedient and therefore the transactions that have an original expected duration of one year or less are not included in the amounts.

1 year or less	¥62,459 million
Over 1 year	¥85,134 million

Per Share Information

1. Book value per share ¥1,092.90

2. Basic earnings per share ¥48.93

Non-consolidated Statement of Changes in Net Assets

Toray Industries, Inc.
April 1, 2024 - March 31, 2025

Millions of yen

	Shareholders' equity						
		Capital surplus			Retained earnings		
					Other retained earnings		
	Share capital	Additional paid-in capital	Other capital surplus	Legal reserve	Reserve for tax purpose reduction entry	General reserve	Retained earnings brought forward
Balance at beginning of the fiscal year	¥147,873	¥136,727	¥51	¥24,234	¥10,684	¥112,000	¥283,255
Changes during the fiscal year:							
Cash dividend							(28,849)
Provision of reserve for tax purpose reduction entry					1,453		(1,453)
Reversal of reserve for tax purpose reduction entry					(430)		430
Net income							143,991
Purchase of treasury shares							
Disposal of treasury shares			0				
Net changes in items other than shareholders' equity during the fiscal year							
Total changes during the fiscal year	–	–	0	–	1,023	–	114,118
Balance at end of the fiscal year	¥147,873	¥136,727	¥52	¥24,234	¥11,707	¥112,000	¥397,374

Millions of yen

	Shareholders' equity		Valuation, translation adjustments and other				
	Treasury shares	Total shareholders' equity	Net unrealized gains (losses) on securities	Net deferred gains (losses) on hedges	Total valuation, translation adjustments and other	Stock acquisition rights	Total net assets
Balance at beginning of the fiscal year	¥(18,643)	¥696,183	¥109,138	¥476	¥109,613	¥2,019	¥807,815
Changes during the fiscal year:							
Cash dividend		(28,849)					(28,849)
Provision of reserve for tax purpose reduction entry		–					–
Reversal of reserve for tax purpose reduction entry		–					–
Net income		143,991					143,991
Purchase of treasury shares	(38,366)	(38,366)					(38,366)
Disposal of treasury shares	346	346					346
Net changes in items other than shareholders' equity during the fiscal year			(62,525)	(459)	(62,984)	11	(62,973)
Total changes during the fiscal year	(38,020)	77,121	(62,525)	(459)	(62,984)	11	14,149
Balance at end of the fiscal year	¥ (56,663)	¥773,304	¥46,612	¥17	¥46,630	¥2,029	¥821,963

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

Notes to Non-consolidated Financial Statements

Notes (Significant Accounting Policies)

1. Valuation of securities:
   Equity securities issued by subsidiaries and affiliated companies:
   Moving-average cost method
   Other securities:
   Items other than shares, etc. that do not have a market price:
   Based on market value (unrealized gains and losses are accounted for as "net unrealized gains on securities" in net assets and sales costs are determined by the moving-average cost method)
   Shares, etc. that do not have a market price:
   Moving-average cost method

2. Valuation of inventories:
   Moving-average cost (balance sheets amounts are lower of the acquisition cost or the net selling value, due to decreased profitability of inventories)

3. Depreciation and amortization for fixed assets:
   Property, plant and equipment: Straight-line method
   Intangible assets: Straight-line method
   As for software (for internal use), the straight-line method is used with a useful life of 5 years.

4. Reserves:
   Allowance for doubtful accounts:
   The allowance for doubtful accounts, including receivables and loans, is determined from the amounts considered unlikely to be recovered, estimated from claim rate records for general receivables and from studying the probability of recovery in individual cases where there is concern over claims.
   Reserve for employees' bonuses:
   The reserve for employees' bonuses is based on the expected liability for the total bonus amount payable to the employees during the year ended March 31, 2025.
   Reserve for bonuses of members of the Board:
   The reserve for bonuses of members of the Board is based on the expected liability for the total bonus amount payable to directors during the year ended March 31, 2025.
   Reserve for employees' retirement benefits:
   The reserve for employees' retirement benefits is based on the expected retirement benefit obligations payable to employees and the value of pension assets at the end of the year ended March 31, 2025. Past service costs are amortized using the straight-line method over a certain period within the employees' average remaining years of service (9 years) when the costs are incurred. Actuarial gains and losses are amortized using the straight-line method, over a certain period within the employees' average remaining years of service (9 years), from the following period.
   Reserve for loss on guarantees:
   Reserve for loss on guarantees represents the loss estimated based on the financial conditions, etc. of the guaranteed companies.
   Reserve for loss on business of subsidiaries and affiliated companies:
   Reserve for loss on business of subsidiaries and affiliated companies represents the loss estimated based on consideration of the financial conditions and business results, etc. of the subsidiaries and affiliated companies.
   Reserve for product warranties:
   Reserve for product warranties presents the amount estimated to be necessary in the future to exchange and repair products we manufactured or sold in the past.

5. Revenue and expense recognition standards:
   The Company operates Fibers & Textiles, Performance Chemicals, Carbon Fiber Composite Materials, Environment & Engineering, and Life Science businesses. With regard to sales of products of these businesses, the Company determines that its performance obligation is satisfied typically when a customer obtains control of the product upon the delivery. Accordingly, revenue is mainly recognized when the product is delivered.
   Revenue is measured at the consideration promised in a contract with a customer, less discounts, rebates, returned products and other items. In addition, contracts do not contain a significant financing component because consideration is normally collected about within one year from the time when the performance obligation is satisfied.

6. Hedge transactions:
   The Company applies the deferral accounting method for hedging transactions. For hedging foreign currency exchange rate risk, the Company applies the allocation method whenever the specific requirements for these transactions are met, while the special accounting method is applied for interest rate swap agreements in cases where the specific requirements for this treatment are fulfilled.

7. Retirement benefits:
   The accounting method adopted for actuarial gains and losses and unrecognized past service costs in relation to retirement benefits in the non-consolidated financial statements differs from the accounting method for the same items in the consolidated financial statements.

Notes to Accounting Estimates

1. Impairment of non-current assets
   If, at the end of each reporting period, there is any indication that non-current assets, including property, plant and equipment (¥248,350 million) and intangible assets (¥11,345 million), may be impaired, the Company determines whether it is necessary to recognize an impairment loss by using undiscounted future cash flows. When it is necessary to recognize an impairment loss, the recoverable amounts of the assets are estimated by using the discounted future cash flows.
   In determining the recoverable amount, certain assumptions are established for the amount and timing of estimated future cash flows, the discount rates and other items. These assumptions are determined by management's best estimates and judgements but may be affected by changes in future economic conditions and business plans. If it becomes necessary to review the assumptions, the non-consolidated financial statements may be materially affected.

2. Recoverability of deferred tax assets
   Deferred tax assets (¥41,209 million before netting with deferred tax liabilities) are recognized to the extent that it is probable that taxable profit will be available against which deductible temporary differences and carryforwards can be utilized, and their recoverability is reviewed every period. In determining the recoverability, the amount and timing of taxable profit generated are estimated based on business plans. These assumptions are determined by management's best estimates and judgements but may be affected by changes in future economic conditions and other events. If it becomes necessary to review the assumptions, the non-consolidated financial statements may be materially affected.

3. Measurement of prepaid pension cost and reserve for employees' retirement benefits
   The prepaid pension cost (¥27,688 million) and the reserve for employees' retirement benefits (¥60,560 million) are recognized at the net amount of retirement benefit obligations less pension assets. Retirement benefit obligations and pension assets are calculated based on actuarial assumptions which include estimates of discount rates, employee turnover, mortality, future increases in salaries, and the expected rate of return. These assumptions may be affected by changes in future economic climates or social conditions. If it becomes necessary to review the assumptions, the non-consolidated financial statements may be materially affected.

4. Valuation of investment securities in subsidiaries and affiliated companies
   Upon valuation of shares of the Company's subsidiary Toray Advanced Composites Holding B.V. (¥118,322 million), its excess earning power is reflected in the net asset value. Business plans of subsidiaries and affiliated companies that affect the excess earnings power are based on management's best estimates and judgements. However, a decrease in excess earnings power due to future economic conditions or other items reduces the net asset value significantly, the non-consolidated financial statements may be materially affected.

Notes to Changes in Accounting Estimates

Regarding the accounting treatment for retirement benefits, actuarial gains and losses and past service costs have been previously amortized over 10 years. Effective from the year ended March 31, 2025, this period is changed to 9 years because the employees' average remaining years of service has been shortened.
As a result, operating income, ordinary income and income before income taxes for the year ended March 31, 2025 each increased by ¥606 million.

Notes to Non-consolidated Balance Sheet

(Millions of yen)

1.	Assets pledged as collateral		
	Other of investments and other assets	¥	120
2.	Accumulated depreciation for property, plant and equipment	¥	1,138,416
3.	Guarantees of bank loans, etc. of subsidiaries and affiliated companies (including guarantee obligations)	¥	241,088
4.	Total committed lines of credit*	¥	109,310
	Loans receivable outstanding	¥	37,860
	Balance	¥	71,450

* This commitment does not necessarily mean that the Company will extend loans to the maximum limit, since every provision of funds has been made after financial positions and cash flows of the respective subsidiaries and affiliated companies have been taken into consideration by the Company.

5.	Amounts due from and amounts due to subsidiaries and affiliated companies:		
	Short-term amounts due from subsidiaries and affiliated companies	¥	125,605
	Short-term amounts due to subsidiaries and affiliated companies	¥	113,059
	Long-term payable to subsidiaries and affiliated companies	¥	515

Notes to Non-consolidated Statement of Income

(Millions of yen)

Transactions with subsidiaries and affiliated companies:	
Sales of goods to subsidiaries and affiliated companies	¥ 331,692
Purchases of goods from subsidiaries and affiliated companies	¥ 221,257
Transactions other than operating transactions with subsidiaries and affiliated companies	¥ 108,732

Note to Non-consolidated Statement of Changes in Net Assets

Class and number of treasury shares at March 31, 2025

Common stock 66,947,199 shares

Notes to Tax Effect Accounting

1. Details of recognition of deferred tax assets and liabilities by principal causes

(Millions of yen)

Deferred tax assets:	
Investment securities in subsidiaries and affiliated companies	¥50,747
Reserve for employees' retirement benefits	¥19,981
Reserve for employees' bonuses	¥3,092
Other	¥27,658
Gross deferred tax assets	¥101,477
Valuation allowance	¥(60,268)
Total deferred tax assets	¥41,209
Deferred tax liabilities:	
Unrealized gains on securities	¥(21,181)
Prepaid pension cost	¥(8,727)
Reserve for advanced depreciation of fixed assets for tax purposes	¥(5,381)
Securities returned from retirement benefit trust	¥(522)
Other	¥(769)
Total deferred tax liabilities	¥(36,581)
Net deferred tax assets	¥4,629

2. Accounting treatment of income taxes, local income taxes, and their tax effect accounting
The Company has applied the group tax sharing system. In accordance with the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (PITF No.42, August 12, 2021), the Company implemented accounting treatment and disclosure of income taxes, local income taxes, and their tax effect accounting.

Transactions with Related Parties

Subsidiaries, affiliated companies, etc.

Type	Name of company, etc.	Ownership percentage of voting rights, etc.	Relationship with related parties	Details of transaction	Transaction amount (Millions of yen)	Account	Balance as of the end of the fiscal year (Millions of yen)
Subsidiary	Toray International, Inc.	Direct 100%	Business transactions, deposit of surplus funds received, members of the Board or corporate auditors serving concurrently	Sales of goods, etc. (Note 1)	246,859	Accounts receivable - trade	49,517
				Purchases of goods, etc. (Note 1)	115,690	Accounts payable - trade	11,706
				Deposit of surplus funds received (Note 2)	—	Deposits received	19,249
Subsidiary	Toray Engineering Co., Ltd.	Direct 100%	Deposit of surplus funds received, purchases of facilities, members of the Board or corporate auditors serving concurrently	Deposit of surplus funds received (Note 2)	—	Deposits received	16,881
				Purchases of facilities (Note 3)	18,703	Accounts payable - other	7,732
Subsidiary	Toray Construction Co., Ltd.	Direct 100%	Lending of funds, members of the Board or corporate auditors serving concurrently	Lending of funds (Note 4)	—	Short-term loans receivable	15,173
Subsidiary	Toray Composite Materials America, Inc.	Indirect 100%	Guarantee liability, members of the Board or corporate auditors serving concurrently	Guarantee liability (Note 5)	44,677	—	—
Subsidiary	Zoltek Companies, Inc.	Indirect 100%	Guarantee liability	Guarantee liability (Note 6)	42,478	—	—
Subsidiary	Alcantara S.p.A.	Direct 70%	Guarantee liability	Guarantee liability (Note 6)	41,295	—	—
Subsidiary	Zoltek Zrt.	Indirect 100%	Guarantee liability	Guarantee liability (Note 6)	40,231	—	—
Subsidiary	Toray Plastics (America), Inc.	Indirect 100%	Guarantee liability	Guarantee liability (Note 6)	22,129	—	—
Subsidiary	Euro Advanced Carbon Fiber Composites GmbH	Direct 100%	Guarantee liability	Guarantee liability (Note 7)	16,856	—	—
Subsidiary	Toray Industries (America), Inc.	Direct 100%	Underwriting of capital increase, members of the Board or corporate auditors serving concurrently	Underwriting of capital increase	52,278	—	—

Conditions of transactions and policy for determining conditions of transactions:

Note 1: Conditions of transactions for sales, purchases of goods, etc. are determined by the same methods used to determine the general terms and conditions of business, based on considerations of market value and other factors.

Note 2: The interest rates for the deposits of surplus funds received are determined based on considerations of the market interest rates.

Note 3: Purchases of facilities is determined based on considerations of the market value and other factors.
Note 4: The interest rates for the lending of funds are determined based on considerations of the market interest rates.
Note 5: The Company has guaranteed the obligations related to the energy supply agreement, etc. of Toray Composite Materials America, Inc.
Note 6: The Company has guaranteed the obligations related to borrowings of Zoltek Companies, Inc., Alcantara S.p.A., Zoltek Zrt., and Toray Plastics (America), Inc.
Note 7: The Company has guaranteed the obligations related to the product supply agreement of Euro Advanced Carbon Fiber Composites GmbH.

Notes to Revenue Recognition

Useful information in understanding revenue is as stated in "Notes (Significant Accounting Policies) 5. Revenue and expense recognition standards."

Notes to Per Share Information

1. Net assets per share: ¥524.08
2. Net income per share: ¥90.39