

'TORAY'

**Notice of the
139th Ordinary
General Meeting
of Stockholders**

For the Fiscal Year Ended March 31, 2020



2020

Toray Industries, Inc.

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

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

To Our Stockholders

Dear Stockholder:

Please take notice that the 139th Ordinary General Meeting of Stockholders of the Company will be held as set forth to the right.

If you do not expect to attend the meeting, you can exercise your voting rights by either of the following methods outlined below. Please review the accompanying information and exercise your voting rights by 5:30 p.m., Monday, June 22, 2020 (Japan standard time).

Voting via Mail:

Please indicate your vote for or against each proposition on the enclosed voting form and return the form to us by the time described above.

Voting via the Internet:

Please review "Exercise of Voting Rights via the Internet, etc." on page 4 and enter your vote for or against each proposition by the above time limit.

June 8, 2020

Akihiro Nikkaku
President, Chief Executive Officer and
Chief Operating Officer

Toray Industries, Inc.
1-1, Nihonbashi-Muromachi 2-chome,
Chuo-ku, Tokyo 103-8666, Japan

Measures to Prevent the Spread of COVID-19

With a view of preventing the spread of COVID-19, we would appreciate it if the stockholders who plan to attend the General Meeting of Stockholders stay informed of the occurrence status and check their physical condition on the date of the meeting. We would also appreciate reconsidering attending the meeting in person in order to place top priority on your own health and safety. In addition, we may take measures to prevent infection in consideration of our stockholders' safety. In this case we kindly ask for your cooperation.

We would also appreciate exercising your voting rights in advance via postal mail or the Internet.

In the event of major changes in the operation or venue for the upcoming General Meeting of Stockholders due to further spread of infection, the changes will be posted on the Company's website. Please check for updates and confirm the latest information.
Toray Industries, Inc. website (www.toray.co.jp/ir/)

Notes

1. Date and time of meeting:
Tuesday, June 23, 2020, 10:00 a.m.
2. Place:
Tokyo International Forum
(Hall C),
5-1, Marunouchi 3-chome,
Chiyoda-ku, Tokyo, Japan
(The meeting place is different from last year.)
3. Matters to be discussed and to be reported:
 1. The Business Report and Consolidated Financial Statements for the 139th business year (from April 1, 2019 to March 31, 2020), and Reports of Independent Auditors and the Board of Corporate Auditors on the relevant Consolidated Financial Statements conducted respectively
 2. Report on the Nonconsolidated Financial Statements for the 139th business year (from April 1, 2019 to March 31, 2020)

Matters to be acted upon:

<Company's proposals>

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<Stockholders' Proposal>

Proposition No. 5:
Partial Amendments to the Articles of Incorporation with regard to the Administration of Listed Subsidiaries23

(*1) Please note that the website (www.web54.net) is available only in Japanese.

4. Matters decided upon convocation:

- (1) If a stockholder exercises two or more online votes (including votes through smartphones), only the latest vote shall be effective.
- (2) If a stockholder exercises his/her vote in duplicate, both online (including votes through smartphones) and via the enclosed proxy form, only the online vote (including votes through smartphones) shall be effective.

If attending the meeting by proxy, a stockholder may exercise his/her voting rights by authorizing one (1) other stockholder with voting rights to act as his/her proxy as stipulated in the Articles of Incorporation of the Company, provided that such proxy shall submit to the Company a document evidencing his/her power of representation, such as power of attorney.

From among the documents to be provided with this notice of convocation, the “Organization and Policies of the Company,” “Consolidated Statements of Changes in Net Assets,” “Notes to Consolidated Financial Statements,” “Nonconsolidated Statements of Changes in Net Assets,” and “Notes to Nonconsolidated Financial Statements” are provided to stockholders on the Company’s website (www.toray.com) in accordance with laws and regulations and the provisions of the Articles of Incorporation of the Company, and are not stated in the documents attached to this notice. Therefore, the documents attached to this notice constitute only some of the documents audited by the Independent Auditors and Corporate Auditors for the preparation of their respective audit reports.

If the Company finds the need to make any correction in the Voting Information, Business Report, Consolidated Financial Statements, or Nonconsolidated Financial Statements, the Company will announce the correction through the Company’s website (www.toray.com).

If you attend the meeting in person, please present the enclosed proxy form to the receptionist.

A Guide for the Exercise of Voting Rights

Please review the accompanying information on page 6 and exercise your voting rights by any of the following methods.

If you exercise your voting rights in advance
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Voting via Postal Mail

Please indicate your vote for or against each proposition on the enclosed voting form and return the form to the Company's Transfer Agent by the deadline.

Deadline for voting: The voting form must be received by 5:30 p.m., Monday, June 22, 2020.

Exercise of Voting Rights via the Internet, etc.

(For details, please see the next page.)

Voting through smartphones

Please scan the QR code® at the bottom right of the enclosed voting form with your smartphone or tablet to log into the website for the exercise of voting rights for smartphones.

* QR Code® is a registered trademark of DENSO WAVE INCORPORATED.

Deadline for voting: Your votes must be exercised by 5:30 p.m., Monday, June 22, 2020.

Voting via the Internet

Please access <https://www.web54.net>, the website for the exercise of voting rights, via a personal computer, smartphone, etc. and enter the code for the exercise of voting rights and password indicated on the enclosed voting form. Follow the instructions on the screen and register your vote for or against each proposition.

Deadline for voting: Your votes must be exercised by 5:30 p.m., Monday, June 22, 2020.

If you are able to attend the meeting
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Attend the meeting

Please bring the enclosed voting form with you and present it to the receptionist.

Date and time of meeting: Tuesday, June 23, 2020, 10:00 a.m.

[The receptionist is scheduled to be ready at 9:00 a.m.]

Matters to note concerning the duplicated exercise of voting rights

- (1) If two or more online votes (including votes through smartphones) are exercised, only the latest vote will count.
- (2) If a vote is exercised in duplicate using the voting form and via online (including votes through smartphones), only the online vote (including votes through smartphones) will count.

If you have any questions about the exercise of your voting rights, please call one of the following numbers.

Transfer Agent: Stock Transfer Agency Business Planning Dept., Sumitomo Mitsui Trust Bank, Limited

For the exercise of voting rights

0120-652-031 (toll-free within Japan only)

(9:00 to 21:00)

For other inquiries

0120-782-031 (toll-free within Japan only)

(9:00 to 17:00 on weekdays)

Exercise of Voting Rights via the Internet, etc.

Voting through smartphones

- 1) Access the website for the exercise of voting rights through smartphones
Scan the QR Code® at the bottom right of the enclosed voting form with your smartphone or tablet to log into the website for the exercise of voting rights through smartphones.
- 2) Open the website for the exercise of voting rights
Click the displayed URL to open the website for the exercise of voting rights.
There are two methods for the exercise of voting rights.
- 3A) Indicate your vote for all of the Company's propositions.
If no problems appear on the confirmation screen, you can finalize your votes by clicking "Exercise your voting rights as shown here."
- 3B) Indicate your vote individually for or against each proposition.
Please follow the instructions on the screen to indicate your vote for or against each proposition.
If no problems appear on the confirmation screen, you can finalize your votes by clicking "Exercise your voting rights as shown here."

If you intend to change any of your votes after you have exercised your voting rights, you will be required to scan the QR code® again and re-enter the "code for the exercise of voting rights" and "password" indicated on the enclosed voting form.

(You may directly access <https://www.web54.net>, the website for the exercise of voting rights, from a personal computer, as well.)

Voting via the Internet

- 1) Access the website for the exercise of voting rights
<https://www.web54.net>
- 2) Log into the website
Enter the "code for the exercise of voting rights" indicated on the enclosed voting form.
- 3) Enter your password
Enter the "password" indicated on the enclosed voting form.
- 4) Please follow the instructions on the screen to vote for or against each proposition.

* Connection fees payable to Internet service providers and communication expenses payable to telecommunication carriers, etc. when using the website for the exercise of voting rights will be borne by stockholders.

* In certain Internet user environments, subscribing to certain services, or when using certain devices, you may be unable to use the website for the exercise of voting rights.

For Institutional Investors

In addition to voting via the Internet as mentioned above, institutional investors have the option of voting via the Electronic Proxy Voting Platform operated by ICJ Inc. Please note, however, that this voting platform is available only to those who subscribe in advance.

<Measures to Prevent the Spread of COVID-19 >

As the spread of COVID-19 infections continues, the Company plans to implement the following measures in order to prevent the spread of infections at the 139th Ordinary General Meeting of Stockholders of the Company. We would appreciate your understanding and cooperation.

Requests to Stockholders

- * We request that you stay informed of the COVID-19 occurrence status. We would also appreciate it if you refrain from attending the meeting in person this year, regardless of your health condition, and exercise your voting rights via mail or the Internet. (For details, please see page 3.)
- * We strongly recommend that persons who are considered to be at high risk for severe illness from the infection of COVID-19 such as the elderly, pregnant women, and persons with underlying health conditions, refrain from attending the meeting this year. We also hope that persons who do not fall into the above mentioned categories but have concerns consider not attending the meeting.
- * Any person who has symptoms such as a fever or cough or is otherwise believed to be potentially affected by COVID-19 or another infectious disease should refrain from attending the meeting. In order to prevent infections, we may refuse to allow such a person to attend the meeting.
- * At the meeting we will omit specific explanations, etc. of matters to be reported on the floor, in order to shorten the required time and prevent infections. We would appreciate it if our stockholders would read the notice of convocation in advance.
- * We request that the stockholders who intend to attend the meeting bring and wear masks.

Measures to be taken by the Company

- * We will hold a significantly shortened meeting compared to previous years.
- * We will provide alcohol-based sanitizers to be used by stockholders.
- * We will request stockholders to take seats arranged at intervals, keeping a distance from each other.
- * The chairman, officers, and meeting operations staff will check their own physical condition by taking their temperatures, etc., and will wear masks at the meeting.
- * We will not have any product exhibition at the meeting.
- * We will not provide any beverages at the meeting.

Please be aware that we may change the meeting procedures or venue at any time, if necessitated by the spread of infections or advisories announced by the Government up to the date of the meeting. We would appreciate it if the stockholders who are considering attending the meeting appropriately check our website (www.toray.co.jp/ir/) for updates in advance.

Voting Information

Propositions and Related Information:

Proposition No. 1:
Appropriation of Surplus

With regard to the year-end dividend for the business year, management intends to pay ¥8 per share in light of Toray's business performance, financial strength and other factors. As a result, the annual dividend, consisting of an interim dividend of ¥8 and a year-end dividend of ¥8, will be ¥16 per share.

Year-end dividend

- (1) Type of dividend assets: Money
- (2) Allotment of dividend assets to stockholders and the total amount
Allotment of dividend assets to stockholders: ¥8 per share of common stock
Total amount: ¥12,806,189,840
- (3) Effective date of distribution of surplus
June 24, 2020

Proposition No. 2:

Election of twelve Members of the Board

The term of office of all the nineteen members of the Board will expire at the close of this general meeting. The Company has reviewed and determined the main role of the Board of Directors to be the supervision of management and decision-making from a medium- to long-term perspective. Accordingly, the stockholders are requested to hold an election to name replacements for these twelve members of the Board.

Required Information on the twelve Candidates for Members of the Board is as follows.

[List of Candidates for Directors]

Candidate No.	Name	Current positions, responsibilities and significant concurrent positions at the Group	Attendance at the meetings of the Board of Directors
1	Akihiro Nikkaku [Reappointed]	President, Chief Executive Officer, Chief Operating Officer and Representative Member of the Board	100% (14 out of 14)
2	Koichi Abe [Reappointed]	Executive Vice President and Representative Member of the Board (In charge of Intellectual Property Division, Global Environment Business Strategic Planning Dept., and Life Innovation Business Strategic Planning Dept.; General Manager, Technology Center; General Manager, Toray Human Resources Development Center)	100% (14 out of 14)
3	Yukichi Deguchi [Reappointed]	Executive Vice President and Representative Member of the Board (General Manager, Corporate Strategic Planning Division; General Manager, Quality Assurance Division; in charge of Legal & Compliance Division (Security Trade Administration Dept.), HS Business Development Dept.)	100% (14 out of 14)
4	Mitsuo Ohya [Reappointed]	Senior Vice President (Member of the Board and Member of the Executive Committee) (General Manager, Fibers & Textiles Division; General Manager, Osaka Head Office)	100% (14 out of 14)
5	Kazuyuki Adachi [Reappointed]	Senior Vice President (Member of the Board) (General Manager, Manufacturing Division; General Manager, Textile Technology & Manufacturing Division)	100% (14 out of 14)
6	Satoru Hagiwara [Newly appointed]	President and Representative Member of the Board, TORAY ADVANCED FILM Co., Ltd.	—

Candidate No.	Name	Current positions, responsibilities and significant concurrent positions at the Group	Attendance at the meetings of the Board of Directors
7	Minoru Yoshinaga [Newly appointed]	Assistant General Manager, Torayca & Advanced Composites Division; General Manager, Torayca & Advanced Composites Division (Carbon Fiber Business Strategy)	—
8	Masahiko Okamoto [Newly appointed]	General Manager, Controller's Dept.	—
9	Kunio Ito [Reappointed] [Outside] [Independent]	Outside Director	100% (14 out of 14)
10	Ryoji Noyori [Reappointed] [Outside] [Independent]	Outside Director	100% (14 out of 14)
11	Susumu Kaminaga [Newly appointed] [Outside] [Independent]		—
12	Kazuo Futagawa [Newly appointed] [Outside] [Independent]		—

[Reappointed] Candidate to be reappointed as a Member of the Board

[Newly Appointed] Candidate to be newly appointed as a Member of the Board

[Outside] Outside Director

[Independent] Independent director registered at the Exchange

No.1

Akihiro Nikkaku

(Reappointed)

Date of Birth:

January 6, 1949

Shares Owned:

183,600

Personal History:

April 1973	Joined the Company
June 2001	General Manager, Engineering Division; General Manager, Second Engineering Dept.
June 2002	Vice President (Member of the Board)
June 2004	Senior Vice President (Member of the Board)
June 2006	Senior Vice President (Member of the Board & Member of the Executive Committee)
June 2007	Executive Vice President and Representative Member of the Board
June 2010	President and Representative Member of the Board (incumbent) (Presently Chief Executive Officer and Chief Operating Officer)

(Reason for recommending him as candidate for member of the Board position)

Akihiro Nikkaku has gained rich experience and deep expertise in technology, production, engineering, sales, and corporate strategic planning as a whole. He has also led the promotion of the growth strategy based on a long-term corporate vision and the medium-term management program since assuming office as President in June 2010. We believe that he has contributed to the Company's sustainable development by leading the Group's management and has supervised the management of the overall Group from an objective viewpoint. We therefore continue to recommend his election as a member of the Board.

No.2

Koichi Abe

(Reappointed)

Date of Birth:

February 21, 1953

Personal History:

April 1977

Joined the Company

Shares Owned:

82,500

June 2004

General Manager, Aichi Plant

June 2005

Vice President (Member of the Board)

June 2009

Senior Vice President (Member of the Board)

June 2011

Senior Vice President (Member of the Board & Member of the Executive Committee)

June 2013

Senior Vice President and Representative Member of the Board

June 2014

Executive Vice President and Representative Member of the Board (incumbent)

(Presently in charge of Intellectual Property Division, Global Environment Business Strategic Planning Dept., and Life Innovation Business Strategic Planning Dept.; General Manager, Technology Center; General Manager, Toray Human Resources Development Center)

(Reason for recommending him as candidate for member of the Board position)

Koichi Abe has gained rich experience and deep expertise mainly in research, technology, and production as a whole. He has steadily promoted the growth strategy based on a long-term corporate vision and the medium-term management program since assuming office as a member of the Board in June 2005. We believe that he has appropriately executed his duties in the business fields under his charge and has supervised management from an objective viewpoint. We therefore continue to recommend his election as a member of the Board.

No.3

Yukichi Deguchi

(Reappointed)

<i>Date of Birth:</i>	<i>Personal History:</i>	
<i>December 19, 1949</i>	April 1973	Joined the Company
<i>Shares Owned:</i> <i>71,100</i>	May 2009	Assistant General Manager, Research & Development Division
	June 2009	Vice President (Member of the Board)
	June 2012	Senior Vice President (Member of the Board)
	June 2014	Senior Vice President (Member of the Board and Member of the Executive Committee)
	June 2018	Executive Vice President and Representative Member of the Board (incumbent) (Presently General Manager, Corporate Strategic Planning Division; General Manager, Quality Assurance Division; in charge of Legal & Compliance Division (Security Trade Administration Dept.), HS Business Development Dept.)

(Reason for recommending him as candidate for member of the Board position)
Yukichi Deguchi has gained rich experience and deep expertise in research, technology and production mainly related to the film business and electronic and information materials business. He has steadily promoted the growth strategy based on a long-term corporate vision and the medium-term management program since assuming office as a member of the Board in June 2009. We believe that he has appropriately executed his duties in the business fields under his charge and has supervised management from an objective viewpoint. We therefore continue to recommend his election as a member of the Board.

No.4

Mitsuo Ohya

(Reappointed)

Date of Birth:

June 11, 1956

Shares Owned:

57,458

Personal History:

April 1980	Joined the Company
June 2009	General Manager, Industrial & Textile Fibers Division
June 2012	Vice President (Member of the Board)
June 2014	Retired from Vice President (Member of the Board) President and Representative Member of the Board, Toray International, Inc.
June 2016	Senior Vice President (Member of the Board & Member of the Executive Committee) (incumbent) (Presently General Manager, Fibers & Textiles Division; General Manager, Osaka Head Office)

(Reason for recommending him as candidate for member of the Board position)
Mitsuo Ohya has gained rich experience and deep expertise in sales mainly related to the fibers and textiles business. He has steadily promoted the growth strategy based on a long-term corporate vision and the medium-term management program since assuming office as a member of the Board in June 2016. We believe that he has appropriately executed his duties in the business fields under his charge and has supervised management from an objective viewpoint. We therefore continue to recommend his election as a member of the Board.

No.5

Kazuyuki Adachi

(Reappointed)

Date of Birth:

March 14, 1957

Shares Owned:

19,800

Personal History:

April 1980

Joined the Company

October 2017

Director, Toray Industries (Thailand) Co., Ltd.; President, Luckytex (Thailand) Public Company Limited; Chairman, Thai Toray Textile Mills Public Company Limited

June 2018

Senior Vice President (Member of the Board) (incumbent)
(Presently General Manager, Manufacturing Division; General Manager, Textile Technology & Manufacturing Division)

(Reason for recommending him as candidate for member of the Board position)

Kazuyuki Adachi has gained rich experience and deep expertise mainly in technology and production related to the fibers and textiles business. He has steadily promoted the growth strategy based on a long-term corporate vision and the medium-term management program since assuming office as a member of the Board in June 2018. We believe that he has appropriately executed his duties in the business fields under his charge and has supervised management from an objective viewpoint. We therefore continue to recommend his election as a member of the Board.

No.6

Satoru Hagiwara

(Newly appointed)

Date of Birth:

October 22, 1956

Shares Owned:

90,098

Personal History:

April 1981	Joined the Company
June 2004	General Manager, Second Production Technical Dept.; General Manager on Special Assignment, Technology Center Planning Dept.
June 2007	General Manager, Gifu Plant
April 2009	General Manager on Special Assignment, Corporate Strategic Planning Division
April 2011	General Manager, Industrial Films Division
May 2012	General Manager, Industrial Films Division; Chairman, Toray Films Europe S.A.S.; Chairman, Toray Plastics Europe S.A.
June 2012	Vice President (Member of the Board)
June 2014	Senior Vice President (Member of the Board)
June 2017	Retired from Senior Vice President (Member of the Board) President and Representative Member of the Board, Toray Advanced Film Co., Ltd. (incumbent)

(Reason for recommending him as candidate for member of the Board position)
Satoru Hagiwara has gained rich experience, knowledge, and deep expertise and is well versed in worksites over the long period of engagement mainly in sales, technology and production related to the film businesses at the Company. He has also acquired sufficient knowledge in management through performing his duties in key positions in the relevant business field such as an officer of an overseas affiliate, a president of a domestic group company and an officer of the Company. We believe that he will be able to execute his duties by making appropriate management judgments and decisions based on his knowledge and ability, and will supervise management from an objective viewpoint. We therefore request his election as a new member of the Board.

No.7

Minoru Yoshinaga

(Newly appointed)

Date of Birth:

August 9, 1954

Shares Owned:

40,600

Personal History:

April 1979	Joined the Company
January 2000	General Manager, Torayca Technical Dept.
June 2001	President, Toray Carbon Fibers America, Inc.
June 2004	General Manager, First Production Technical Dept.; General Manager on Special Assignment, Technology Center Planning Dept.
June 2005	General Manager, Manufacturing Division (Torayca & Prepreg Manufacturing Division)
May 2007	General Manager, Manufacturing Division (Torayca & Prepreg Manufacturing Division, ACM Technology Dept.)
June 2008	General Manager, Manufacturing Division (Torayca & Prepreg Manufacturing, ACM Technology Dept.)
June 2011	Vice President (Member of the Board)
June 2015	Retired from Vice President (Member of the Board) Chief Executive Representative for the Americas; Chief Representative for the Americas; Chairman, Toray Holding (U.S.A.), Inc.; President, Toray Industries (America), Inc. General Manager, Torayca & Advanced Technology and Manufacturing for the Americas
May 2019	General Manager, Torayca & Advanced Composite Division (Carbon Fiber Business Strategy)
February 2020	Assistant General Manager, Torayca & Advanced Composite Division; General Manager, Torayca & Advanced Composite Division (Carbon Fiber Business Strategy) (incumbent)

(Reason for recommending him as candidate for member of the Board position)
Minoru Yoshinaga has gained rich experience, knowledge, and deep expertise and is well versed in worksites over his many years of engagement mainly in technology and production related to the carbon fiber composite materials business at the Company. He has also acquired sufficient knowledge of management through performing his duties in key positions in the relevant business field such as a president of an overseas affiliate and an officer of the Company. We believe that he will be able to execute his duties by making appropriate management judgments and decisions based on his knowledge and ability, and will supervise management from an objective viewpoint. We therefore request his election as a new member of the Board.

No.8

Masahiko Okamoto

(Newly appointed)

Date of Birth:

January 12, 1963

Shares Owned:

1,000

Personal History:

April 1986	Joined the Company
April 2009	Vice President (Member of the Board), Toray Industries (Malaysia) Sdn. Berhad; Vice President (Member of the Board), Penfabric Sdn. Berhad; General Manager on Special Assignment, Finance & Controller's Division (Finance & Controller's Chief for Malaysia)
September 2011	General Manager on Special Assignment, International Division
June 2013	General Manager, Finance Dept.
September 2017	General Manager, Controller's Dept. (incumbent)

(Reason for recommending him as candidate for member of the Board position)
Masahiko Okamoto has gained rich experience, knowledge, and deep expertise and is well versed in worksites over his many years of engagement mainly in accounting, administration and strategic planning at the Company. He has also acquired sufficient knowledge of management through performing his duties in key positions and also as an officer of overseas affiliate. We believe that he will be able to execute his duties by making appropriate management judgments and decisions based on his knowledge and ability, and will supervise management from an objective viewpoint. We therefore request his election as a new member of the Board.

No.9

Kunio Ito

(Reappointed)	(Candidate for an outside and independent director position)	
Date of Birth:	Personal History:	
<i>December 13, 1951</i>	April 1980	Lecturer, Faculty of Commerce and Management, Hitotsubashi University
Shares Owned:	June 1984	Assistant Professor, Faculty of Commerce and Management, Hitotsubashi University
<i>26,700</i>	April 1992	Professor, Faculty of Commerce and Management, Hitotsubashi University
	August 2002	Dean, Graduate School of Commerce and Management and Faculty of Commerce and Management, Hitotsubashi University
	December 2004	Executive Vice President and Board Member, Hitotsubashi University
	June 2005	Member of the Board, Akebono Brake Industry Co., Ltd.
	December 2006	Professor, Graduate School of Commerce and Management, Hitotsubashi University
	June 2007	Member of the Board, Mitsubishi Corporation
	June 2009	Director, Sharp Corporation
	June 2009	Director, Tokio Marine Holdings, Inc.
	June 2012	Director, Sumitomo Chemical Company, Limited
	June 2013	Director, Kobayashi Pharmaceutical Co., Ltd. (incumbent)
	May 2014	Director, Seven & i Holdings Co., Ltd. (incumbent)
	June 2014	Vice President (Member of the Board) (incumbent)
	January 2015	Director, Hitotsubashi CFO Education and Research Center (incumbent)
	April 2015	Research Professor, Graduate School of Commerce and Management, Hitotsubashi University
	April 2015	Specially Appointed Professor, Chuo Graduate School of Strategic Management (incumbent)
	April 2018	Research Professor, Department of Business Administration, Hitotsubashi University Business School

(Reason for recommending him as candidate for outside director position)
Kunio Ito has rich experience and advanced expertise as a university professor (accounting and management). He also has experience as an outside director of corporations and is known for his good personality and deep insight. We are sure he will objectively supervise management and participate in important decision-making. The Company thus recommends his reelection to the Board of Directors as an outside director. His term of office as outside director will reach 6 years at the close of this general meeting.

(Matters regarding independency)
Kunio Ito satisfies the requirements for independent director/auditor set forth in the regulations of Tokyo Stock Exchange and the standards for judging the independence stipulated by the Company, and we believe that his independency is secured.

No.10

Ryoji Noyori

(Reappointed) (Candidate for an outside and independent director position)

Date of Birth: <i>September 3, 1938</i>	Personal History: February 1968	Assistant Professor, School of Science, Nagoya University
Shares Owned: <i>16,000</i>	August 1972	Professor, School of Science, Nagoya University
	January 1997	Dean, Graduate School of Science and School of Science, Nagoya University
	June 2001	Director, TAKASAGO INTERNATIONAL CORPORATION (incumbent)
	October 2003	Designated Professor, Nagoya University
	October 2003	President, RIKEN
	October 2003	Chief Fellow, Center for Research and Development Strategy, Japan Science and Technology Agency
	October 2004	Special Professor, Nagoya University (incumbent)
	June 2015	Director-General, Center for Research and Development Strategy, Japan Science and Technology Agency (incumbent)
	June 2015	Vice President (Member of the Board) (incumbent)

(Reason for recommending him as candidate for outside director position)

Ryoji Noyori has rich experience as a university professor, and advanced expertise in synthetic organic chemistry, one of core technologies of the Company. He also has experience as an outside director of corporations and is known for his good personality and deep insight. We are sure he will supervise management from an objective position and participate in important decision-making based on his academic and technical viewpoints. The Company thus recommends his reelection to the Board of Directors as an outside director. His term of office as outside director will reach 5 years at the close of this general meeting.

(Matters regarding independency)

Ryoji Noyori satisfies the requirements for independent director/auditor set forth in the regulations of Tokyo Stock Exchange and the standards for judging the independence stipulated by the Company, and we believe that his independency is secured.

No.11

Susumu Kaminaga

(Newly appointed)

(Candidate for an outside and independent director position)

Date of Birth:

Personal History:

December 3, 1946

May 1969

Joined Sumitomo Precision Products CO., LTD.

Shares Owned:

March 1995

Representative Director, Surface Technology Systems Ltd.

0

June 2000

Director, Sumitomo Precision Products CO., LTD.

June 2002

Managing Director, Sumitomo Precision Products CO., LTD.

June 2004

President, Sumitomo Precision Products CO., LTD.

June 2012

Senior Advisor, Sumitomo Precision Products CO., LTD.

October 2012

Representative Director, SK Global Advisers Co., Ltd.
(incumbent)

December 2012

Director, DEFTA Capital (incumbent)

June 2016

Outside Director, Olympus Corporation (incumbent)

(Reason for recommending him as candidate for outside director position)

Susumu Kaminaga has rich experience as a member of top management in several companies, as well as international perspective and experience as an outside director of a company. He is known for his good personality and deep insight. We are sure he will objectively supervise management and participate in important decision-making primarily from a viewpoint of corporate management. We therefore request his election to the Board of Directors as a new outside director.

(Matters regarding independency)

Susumu Kaminaga satisfies the requirements for independent director/auditor set forth in the regulations of Tokyo Stock Exchange and the standards for judging the independence stipulated by the Company, and we believe that his independency is secured.

No.12

Kazuo Futagawa

(Newly appointed) (Candidate for an outside and independent director position)

Date of Birth: <i>December 2, 1956</i>	Personal History: April 1980	Joined the Ministry of Health and Welfare
Shares Owned: 0	September 2012	Director-General of Minister's Secretariat, the Ministry of Health, Labour and Welfare
	July 2014	Director-General, Health Policy Bureau, the Ministry of Health, Labour and Welfare
	October 2015	Vice-Minister of Health, Labour and Welfare
	July 2017	Retired from Vice-Minister of Health, Labour and Welfare
	August 2018	Special Advisor on Policy, Social Security Reform Office, Cabinet Secretariat

(Reason for recommending him as candidate for outside director position)

Kazuo Futagawa has rich experience and advanced expertise as an administrative officer and is known for his good personality and deep insight. We are sure he will supervise management from an objective position and participate in important decision-making primarily from a viewpoint of business strategy and business development. We therefore request his election to the Board of Directors as a new outside director.

(Matters regarding independency)

Kazuo Futagawa satisfies the requirements for independent director/auditor set forth in the regulations of Tokyo Stock Exchange and the standards for judging the independence stipulated by the Company. The Company has entered into a consultant agreement with him on the business development of advanced materials of the Company. The amount of remuneration paid to him by the Company during the fiscal year ended March 31, 2020 was lower than the amount set forth by the Company in the Standards for Judging the Independence of Outside Directors/Corporate Auditors. For the reasons stated above, we believe that his independency is secured.

(Reappointed) Candidate to be reappointed as a Member of the Board

(Newly appointed) Candidate to be newly appointed as a Member of the Board

Note 1: There are no special interests between each of the candidates for member of the Board position and the Company.

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: If the election of Kunio Ito, Ryoji Noyori, Susumu Kaminaga and Kazuo Futagawa is approved as proposed, the Company will renew or newly enter into agreements upon assuming office with four persons with respect to the limitation of liabilities for damages of outside directors arising from negligence in the performance of their duties. Under these agreements, the damage liability of the outside directors shall be limited to the minimum amount stipulated in Article 425, paragraph 1 of the Companies Act if such outside directors have performed their duties in good faith and without gross negligence.

Proposition No. 3:

Election of one Corporate Auditor

Mr. Shoshiro Taneichi will resign from his position as corporate auditor at the close of this general meeting. The stockholders are requested to hold an election to name a replacement for one corporate auditor as his substitute.

The Company has obtained the Board of Corporate Auditors' prior consent to the submission of this proposition.

Required Information on Candidate for Corporate Auditor Position:

No.1

Toru Fukasawa

(Newly appointed)

Date of Birth:

June 3, 1955

Personal History:

April 1978

Joined the Company

Shares Owned:

33,500

June 2001

Assistant General Manager, Controller's Dept.

June 2003

Executive Officer, Chori Co., Ltd.

June 2005

General Manager on Special Assignment, Corporate Strategic Planning Division; General Manager on Special Assignment, Investor Relations Dept.

June 2006

General Manager, Controller's Dept.

June 2010

Chief Executive Representative for Americas; Chief Representative for America; Chairman, Toray Holding (U.S.A.), Inc.; President, Toray Industries (America), Inc.

June 2012

Vice President (Member of the Board)

June 2015

Senior Vice President (Member of the Board)

June 2018

Senior Vice President (Member of the Board and Member of the Executive Committee) (incumbent)

[Presently General Manager, Finance & Controller's Division]

(Reason for recommending him as a candidate for corporate auditor position)

Toru Fukasawa has broad knowledge on the overall management of the Company and considerable knowledge of financing and accounting based on his experience of holding key managerial office positions and engagement in the accounting affairs of the Company for a long period of time. We believe that he will be able to conduct appropriate audits from an objective viewpoint. We therefore request his election as a new corporate auditor.

(Newly appointed) Candidate to be newly appointed as a Corporate Auditor

Note: There are no special interests between the candidate for corporate auditor position and the Company.

Proposition No. 4:***Payment of Bonuses to Members of the Board***

In light of business results during the period under review, the Company proposes to pay the following bonuses to the seventeen members of the Board (excluding outside directors) who are in office as of the end of the fiscal year: ¥154,400,000.

<Stockholders' Proposal>

Proposition No. 5:

Partial Amendments to the Articles of Incorporation with regard to the Administration of Listed Subsidiaries

1. Contents of the proposal

The Company will establish the following new chapter and provisions in its current Articles of Incorporation.

Chapter 7. Administration of Subsidiaries

(Administration of Subsidiaries)

Article 39

With regard to the listed subsidiaries controlled by the Company as a parent company, in order to check whether or not maintaining the listed subsidiaries is appropriate from the viewpoint of the enhancement of corporate value and capital efficiency of the entire group, the Company will deliberate the points listed below at the Board of Directors meetings and will disclose the details of its deliberations, etc. in corporate governance reports to be submitted to a financial instruments exchange.

(1) Rational reasons for maintaining the listed subsidiaries (consistency with the business portfolio strategy of the entire group, and the benefits from maintaining the listed subsidiaries exceeding the restrictions and costs associated with listing, etc.)

(2) The ensured effectiveness of the governance structure of the listed subsidiaries (the basic policy of appropriate exercising of the rights for the election and dismissal of outside and independent directors with the required qualities, etc.)

2. Reasons for the proposal

The Company owns several listed subsidiaries as a parent company. First of all, the directors of a parent company have the duty to supervise the subsidiaries. However, because the Members of the Board of the Company neglected the listed subsidiaries, the stock prices of the subsidiaries have fallen to extremely low levels, thereby causing damage to the Company's asset value. Chori Co., Ltd., a consolidated and listed subsidiary of the Company, for example, had a stock price valued at 0.8 times the average PBR over the period from April 1, 2019 to March 31, 2020. As of April 17, 2020, the ROE target in the Medium-Term Management Plan of the Company was 13%, while the ROE in the Medium-Term Management Plan of Chori Co., Ltd. was 10%, which is below the Company's target.

Meanwhile, as a remaining issue for corporate governance in Japan, the governance of listed subsidiaries was pointed out as an issue at the Council on Investments for the Future headed by Prime Minister Shinzo Abe on March 7, 2019. Further, a report from the Corporate Governance System Study Group (2nd term) drafted by the Ministry of Economy, Trade and Industry on June 28, 2019 following the growth strategy implementation plan approved by the Cabinet on June 21, 2019 proposed the methods of management of listed subsidiaries by their parent companies. This proposal intends to incorporate into the Articles of Incorporation of the Company the proposed contents of the said report on accountability of the parent company regarding maintenance of listed subsidiaries.

With regard to measures to improve the governance of listed subsidiaries, an association for study at the Tokyo Stock Exchange has also been discussing the roles of the outside and independent directors at listed subsidiaries since January 2020.

For a detailed explanation of the above proposal, please refer to

<https://toray-can-increases-the-value-of-chori.com/>

or

<https://stracap.jp/> (find the link to this special site at the top-right of the home page of Strategic Capital, Inc.)

【Opinion of the Board of Directors of the Company】
The Board of Directors opposes the Stockholder's Proposal.

The Company aims to achieve the Group's sustainable growth and enhancement of the corporate value over the medium to long term by sharing with the listed subsidiaries it controls as a parent company its "Corporate Philosophy ("Contributing to society through the creation of new value with innovative ideas, technologies and products")," the management vision and values that the Company has held since its foundation, and the "Toray Group Sustainability Vision," an overarching vision that describes perspectives of the world that Toray Group aims to realize by 2050 and the issues to be addressed in order to realize that world, and by providing such listed subsidiaries with appropriate advice and support concerning the establishment of their internal control systems, etc.

On May 13, 2020, the Company announced its medium-term management program, "Project AP-G 2022" (hereinafter referred to as the "AP-G 2022"), an approach to achieving sound, sustainable growth. The program sets forth three basic strategies of "global expansion in growth business fields," "strengthening competitiveness," and "strengthening the management foundations," with a view to promoting the Green Innovation (GR) businesses that will help resolve both global environment, resource and energy issues, as well as the Life Innovation (LI) businesses that will contribute to improved medical-care, facilitate healthy longevity, and the dissemination of public health benefits, while preparing for uncertainties in the business environment by operating business in consideration of the balance between earnings and cash flows in order to secure financial soundness.

With respect to Chori Co., Ltd., one of the listed subsidiaries in question, we are able to expect the generation of synergies through cooperation and coordination with that subsidiary, a company with strength in textile and chemical product businesses as well as a significant presence in the Chinese market (Chori Co., Ltd. was named an Amity Trading Company in 1961); leverage the subsidiary's knowledge as a resource for our business development in the manufacturing sector, as Chori Co., Ltd. has penetrated emerging markets early by taking advantage of talents, having qualities that stand apart from those of employees of the Company, a manufacturer, and flexible capabilities; and incorporate a broad range of supply chains into the Toray Group as a result of the subsidiary's successful business operations with its partners outside the Group. In order to realize these benefits, we believe that Chori Co., Ltd. has to maintain its listing status for the purpose of enhancing its corporate value, and thereby contributing to the enhancement of the Group's overall competitive advantages, by recruiting and motivating a broad range of excellent talents, a key asset for the business of trading company, while remaining independent from the Company, as a listed subsidiary. With respect to Suido Kiko Kaisha, LTD., we position that subsidiary as the keystone in our "Comprehensive Water-related Engineering Business" and are enhancing our collaboration with its water treatment membrane business, a business expected to become a representative growing field in AP-G 2022. As a precondition for the expansion of that subsidiary's business and the realization of synergies between the businesses of the Company and that subsidiary, we believe that Suido Kiko Kaisha, LTD. has to maintain its listing status for two principal reasons: first, the subsidiary needs to recruit highly professional talents for the highly technical water treatment systems and plant business the subsidiary is involved with in the abovementioned Group's comprehensive business, and enhance and maintain their motivation; second, the subsidiary needs to secure by fair means the high transparency required of its business operations as an entity with a highly public nature.

In AP-G 2022, the ROE target is set at approximately 9% in 2022 (the final year of the Program), an increase from the 7% set in 2019 (both figures are estimated on an IFRS basis), based on the assumption that all of the financial plans of the abovementioned listed subsidiaries will contribute to an improved ROE for the Company.

To safeguard the listing status of the subsidiaries, the Company shall respect their independence, and pay full attention to the conditions necessary to ensure the effectiveness of the governance systems of the listed subsidiaries in question and to serve the interests of their stockholders in general. The transactions between the Company and the listed subsidiaries in question are entered into based on the negotiations with reference to the market price, etc. With respect to our corporate governance, on March 25, 2020, Chori Co., Ltd. established the Governance Committee, a body composed mainly of that subsidiary's outside and independent directors, in which no former employees, Directors, officers, or other personnel of the Company serve as members, hence the independence of that subsidiary in exercising authority over the election and discharge of its directors is guaranteed. The Company intends to limit its engagement in the appointment of director candidates in any of its subsidiaries, to a reasonable extent in the interest of maintaining parent-subsidiary cooperation, and the subsidiaries shall reserve the power of appointment. If a person of the Company joins any of the listed subsidiaries as a full-time director, that person will resign from the Company and execute his or her duties of decision-making and supervision of that listed subsidiary's management with a keen sense of ethics so that the enhancement of that subsidiary's corporate value can contribute to the enhancement of the Group's corporate value. As to the exercise of voting rights as a stockholder of its listed subsidiaries, the Company will decide whether or not it will agree to any proposal on a one-by-one basis, based on the assumption that the enhancement of the listed subsidiaries' corporate values over the medium to long term will result in the enhancement of the Group's corporate value.

In accordance with the "Enforcement Rules for Securities Listing Regulations" of Tokyo Stock Exchange, Inc. (amended in February 2020), the Company intends to review the Group's management policy on the abovementioned listed subsidiaries at meetings of its Board of Directors, and to submit and disclose a "Corporate Governance Report" (hereinafter referred to as the "Report"), as appropriate, describing the outcomes of the review. The disclosure of the Group's management policy on the listed subsidiaries in the Report is a predetermined responsibility and a measure to be complied by a listed company as matter of course. However, specific management policies pertaining to such an individual matter do not deserve to be stipulated in the Articles of Incorporation, which set forth the fundamental principles of an organization. Therefore, we judge that it is not appropriate to establish the proposed new chapter and provisions in its current Articles of Incorporation.

(Reference)

Standards for Judging the Independence of Outside Directors/Corporate Auditors

Toray Industries, Inc. (the “Company”) established the following standards for the independence of outside directors and outside corporate auditors (collectively, “Outside Director/Corporate Auditor”) to ensure the objectivity and transparency of governance.

If an Outside Director/Corporate Auditor or a candidate for Outside Director/Corporate Auditor is found not to fall under any of the following items as a result of an investigation of the candidate performed by the Company to a reasonably practicable extent, the Company shall judge that he/she possesses independence.

1. An executive (Note 1) of the Company, its subsidiaries, or affiliated companies (collectively, the “Group”) or a person who has been an executive of the Group in the past 10 years.
2. A current major shareholder of the Company (Note 2) or an executive thereof.
3. A party of which the Group directly or indirectly holds 10% or more voting rights out of the total number of voting rights, or an executive thereof.
4. A major client or supplier (Note 3) of the Group or an executive thereof.
5. A person who belongs to an audit company acting as the independent auditor of the Company or Group companies.
6. A person rendering professional services, such as a consultant, attorney-at-law, or certified public accountant, who receives a large amount of monetary consideration or other property (Note 4) from the Group besides remuneration as a member of the Board or corporate auditor (if the person receiving such property is a body such as a legal person and partnership, including a consulting firm, legal firm, or accounting firm, a person who belongs to such body).
7. A person who receives a large donation (Note 5) from the Group (if the person receiving such large donation is a body such as a legal person and partnership, an executive thereof).
8. An executive of a company in which an executive of the Group is elected as a member of the Board or corporate auditor.
9. A person who has fallen under any of items 2 through 8 above in the past three years.
10. If a person who falls under any of items 1 through 8 above is an important person (Note 6), a spouse or relative within the second degree of kinship thereof.
11. Any other person who is likely to have conflicts of interest with general shareholders and is subject to circumstances reasonably deemed unable to fulfill his/her duties as an independent Outside Director/Corporate Auditor.

Notes

1. An “executive” means an executive director, executive officer, operating officer of a legal person or other body, or other person or employee similar thereto. When judging the independence of an outside corporate auditor, a non-executive director is included.
2. A “major shareholder” means a shareholder who holds shares with 10% or more of voting rights in his/her own name or another person’s name at the end of the most recent fiscal year of the Company.
3. A “major client or supplier” means a person who comes under any of the following.
 - (1) A business partner that has been provided with products, etc. by the Group and has made payments to the Company in an aggregate amount of not less than the higher of 2% of the annual consolidated net sales of the Company or one hundred million yen (¥100,000,000) in the most recent fiscal year.
 - (2) A business partner that has provided the Group with products, etc. and has received payments from the Company in an aggregate amount of not less than the higher of 2% of the annual consolidated net sales of the business partner or one hundred million yen (¥100,000,000) in the most recent fiscal year.
 - (3) A financial institution that has extended a loan to the Group, whereby the outstanding balance of the loan is more than 2% of the consolidated total assets of the Company at the end of the fiscal year of the Company.
4. A “large amount of monetary consideration or other property” means either of the following cases:
 - (1) In the case where the person who provides professional services is an individual, the amount refers to the total amount of the relevant property received from the Group excluding remuneration as a director/corporate auditor, exceeding ten million yen (¥10,000,000) in the most recent fiscal year; and
 - (2) In the case where the person who provides professional services is an entity such as a corporation or partnership, the amount refers to the total amount of the relevant property received from the Company, exceeding the higher of 2% of the consolidated net sales or total annual revenue of the relevant entity, or ten million yen (¥10,000,000) in the most recent fiscal year.
5. A “large donation” means a donation from the Group to a recipient of more than ten million yen (¥10,000,000) annually in the most recent fiscal year.
6. An “important person” means an executive director, executive officer, operating officer, or an employee who executes important operations, such as a person in charge of a division.

[Attached Documents]**Business Report (from April 1, 2019 to March 31, 2020)****1. Review of Operations of Toray Group****(1) Operations and Results for the Period****The Business Environment and Trends in Sales and Profitability**

During the period under review, the global economy slowed down due to strong uncertainties caused by concerns regarding the intensifying trade frictions between the U.S. and China, the rising geopolitical risks in areas such as the Middle East, and the political confusion over Brexit in Europe. The Japanese economy was relatively steady but lacked strength, affected by typhoons and other natural disasters as well as the increase in the consumption tax rate. Meanwhile, the novel coronavirus disease spread globally in 2020 greatly disrupting the economies of Japan and elsewhere, and production and consumption activities, which were stagnating, started to rapidly decelerate.

Under such circumstances, Toray Group, since April, 2017, worked on the medium-term management program "Project AP-G 2019" that spans over three years through fiscal year 2019 and implemented a growth strategy with focus on taking advantage of growth business fields, pursuing business expansion in growth countries and regions as well as further bolstering its cost competitiveness.

As a result, consolidated net sales for the fiscal year ended March 31, 2020 declined 7.3% compared with the previous fiscal year to ¥2,214.6 billion (US\$20,355 million). Operating income declined 7.3% to ¥131.2 billion (US\$1,206 million), and ordinary income fell 23.2% to ¥103.4 billion (US\$950 million). Net income attributable to owners of parent declined 29.8% to ¥55.7 billion (US\$512 million).

Business performance by segment is described below.

Fibers and Textiles

All applications of the segment were affected by the weak market conditions reflecting the prolonged trade friction between the U.S. and China, the slowdown in the Chinese economy, and

two consecutive years of warm winter.

In Japan, while shipment of apparel and industrial applications remained weak in general, Toray Group pursued sales expansion of materials for uniform in Japan and for sports applications in the U.S. and Europe and focused on strengthening cost competitiveness.

Overseas, demand for apparel applications including garments and textiles as well as automotive applications, the mainstay of the industrial applications, remained sluggish, and Toray Group focused on business structure reform and strengthening of cost competitiveness.

The segment was also affected by the stagnation in production and consumption activities both in Japan and abroad due to the novel coronavirus pandemic.

As a result, overall sales of Fibers & Textiles segment declined 9.4% to ¥883.1 billion (US\$8,117 million) compared with the previous fiscal year and operating income fell 16.7% to ¥60.7 billion (US\$558 million).

Performance Chemicals

In the resins business, sales of both automotive and home appliance applications were slow primarily due to the impact of the slowdown in the Chinese economy and stagnation of production activities due to the novel coronavirus pandemic. The chemicals business was affected by the decline in the basic chemicals market. In the films business, sales of battery separator films for lithium-ion secondary batteries increased reflecting demand growth, while polyester films were affected by the inventory adjustment for optical as well as electronic parts related applications. The electronic & information materials business saw strong performance of OLED related materials and electronic circuit materials.

As a result, overall sales of Performance Chemicals segment declined 11.3% to ¥770.8 billion (US\$7,085 million) compared with the previous fiscal year. Operating income fell 13.2% to ¥58.7 billion (US\$540 million).

Carbon Fiber Composite Materials

The Carbon Fiber Composite Materials segment remained strong as a whole. Demand for aircraft application as well as performance of industrial applications in the environment and energy-related fields such as compressed natural gas tanks and wind turbine blade remained strong, and recovery in the demand for sports applications.

As a result, overall sales of Carbon Fiber Composite Materials segment increased 9.7% to ¥236.9 billion (US\$2,178 million) compared with the previous fiscal year and operating income rose 81.6% to ¥21.0 billion (US\$193 million).

Environment & Engineering

In the water treatment business, demand for reverse osmosis membranes and other products grew strongly on the whole in Japan and overseas.

Among domestic subsidiaries in the segment, a construction subsidiary was negatively affected by the decline of high profit project orders, and an engineering subsidiary experienced decreases in the shipment of some electronics related equipment.

As a result, overall sales of Environment & Engineering segment declined 2.1% to ¥252.3 billion (US\$2,319 million) compared with the previous fiscal year and operating income declined 8.1% to ¥11.2 billion (US\$103 million).

Life Science

In the pharmaceutical business, sales of orally active prostacyclin derivative DORNER® were affected by the introduction of its generic versions. While sales of pruritus treatment REMITCH®* were also influenced by the introduction of its generic versions, its shipment was strong partly due to the growth in the entire market.

In the medical devices business, shipment of dialyzers grew strongly in Japan and overseas.

As a result, overall sales of Life Science segment declined 0.8% to ¥53.3 billion (US\$489 million) compared with the previous fiscal year, while operating income rose 24.9% to ¥1.6 billion (US\$15 million).

*REMITCH® is a registered trademark of Torii

Pharmaceutical Co., Ltd.

New Investments, R&D, and Other Activities

In order to implement growth strategies of “Project AP-G 2019,” Toray Group has made proactive capital investment and has implemented M&As and alliances primarily in growth business fields and growth countries and regions.

In terms of new major capital investment in the Fibers & Textiles segment, Toray Group acquired all shares issued of Alva Sweden AB, a manufacturer of cushions for automotive airbag systems in Sweden. The Group already holds several global bases, including three bases for fiber production (Japan, Thailand, Mexico) and six bases for fabric manufacturing (Japan, Thailand, China, Czech, India, Mexico). Entry into the sewing business will extend the Company’s supply chain, accelerate the improvement of the integrated business comprising fiber, fabric, and sewing. Toray Group will steadily meet the demands and needs in the field of airbags, a market expected to continue growing over the medium-to-long period.

In the films business of the Performance Chemicals segment, Toray Group made a decision to newly establish production facilities for battery separator films at Toray Industries Hungary Kft., a subsidiary in Hungary, in anticipation of the further spread of environment-friendly vehicles such as electric vehicles (EV) in Europe. By establishing new facilities, Toray Group will strengthen its production capacity of battery separator films by approximately 20% as an entire group, and thereby surely meet the globally growing demand for battery separator films while contributing to economic development in the region.

In addition, Toray Group made a decision to establish a second plant at Greenerity GmbH, a German subsidiary that develops, produces, and sells components for hydrogen fuel cells. Demand for the Catalyst-Coated Membrane and the

Membrane Electrode Assembly that serve as core components for hydrogen fuel cells is expected to surge from now on. Toray Group therefore plans to introduce facilities to effectively produce these components at the newly established production plant, with the target of turning out a total of approximately 10,000,000 sheets of the two components annually at full production. While this will be equivalent to approximately 80,000 units of range extender-type delivery cars, the Group will also be further strengthening its initiatives to establish the low-carbon, hydrogen-based society coming in the future.

Toray Group invests continuously in research & development for sustainable growth in the future. 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.

For the period under review, the Group achieved solid results in the Green Innovation businesses. In the Fibers & Textiles segment, using NANODESIGN®, an innovative composite spinning technology that enables free and highly precise control over the cross-section shapes of composite fibers, the Group developed NanoSlit Nylon, a textile that achieve a good balance between low environmental burden and durable water-repellent properties at a high level, and Kinari, a next-generation silky material that combines natural silk properties such as glossiness, bulkiness, and the sound of natural silk with easy-care properties such as pleat-keeping memory and crease resistance.

In the films business of the Performance Chemicals segment, Toray Group developed PICASUS®VT, a nano-layered film designed to deliver completely new functionality by offering frontal light transparency while reflecting oblique

light using high-precision control of the resin refractive index based on a new optical design. Moving forward, the Group will advance development aiming for an entry into display films used for augmented reality (AR) and mixed reality (MR). In the electronic & information materials business, Toray Group developed polyimide materials suitable for application in the electronic components for millimeter-wave radar devices applied mainly in 5G communication and automatic driving. Equipped with low dielectric loss necessary for high-speed communication, these polyimide materials will significantly help improve the performance of high-frequency parts used for the components.

In the water treatment business of the Environment & Engineering segment, Toray Group developed a reverse osmosis (RO) membrane for seawater desalination that achieves the world's highest levels of production capacity, increasing the water production by approximately 1.7 times versus a conventional product, while maintaining water quality. By increasing the water production quantity at a reduced expense with no increase in energy consumption, this membrane is expected to contribute to the further dissemination of seawater desalination plants.

In the Life Innovation business, the Group's pharmaceutical business in the life science segment commenced clinical trials of the antibody drug TRK-950 as an immunotherapy for cancer at two facilities in the U.S. and one facility in France, in March 2017. The clinical trials of TRK-950 have been extended to five facilities in the U.S. since April 2019. The trials are still underway mainly for colorectal cancer, bile duct cancer, bladder cancer, ovarian cancer, gastric cancer, kidney cancer, and malignant melanoma. In addition, examination kits for pancreatic cancer and biliary tract cancer using a DNA chip Toray is developing for early cancer diagnosis were granted early review status for in vitro diagnostic products at the Ministry of Health, Labour and Welfare in April 2019. Toray Group aims for

commercial application during FY2020. In the medical devices business, regarding TORAYMYXIN[®], a hemoperfusion absorption column for endotoxin removal for the treatment of septicemia or septic shock, Toray Group obtained interim permission for use for the treatment of patients infected with the novel coronavirus in Canada from the Canadian Authority, Health Canada.

Furthermore, in the Fibers & Textiles segment, Toray Group has developed the LIVMOA[®]5000 line of protective clothing in its LIVMOA[®] ensemble. LIVMOA[®]5000 garments offer improved safety functions such as attach- and detach- readiness, achieving both virus barrier properties and high moisture permeability at a high level, through a technical fusion between non-woven fabric and microporous film. The Group is appropriately responding to the growing number of inquiries prompted by the spread of novel coronavirus infections. In the electronic & information materials business, Toray Group has developed a new technology to increase the brightness of X-ray scintillator panels by approximately 30% compared with conventional models, by employing a wavelength conversion technique using fluorescent substances that the Group has acquired in the development of display materials. The technology enables clear depictions of affected tissue in human lung disease, etc. with reduced radiation exposure versus conventional technologies.

Toray Group has been promoting initiatives to realize a recycling-oriented society with a view to resolving global environmental issues. The Group aims to contribute technologically in fields that promote the recycling of raw materials and use of biomass, the utilization of renewable energy, and the reuse of water resources.

For the period under review, in the Fibers & Textiles segment Toray Group established “&+,” a new commercial brand under the promotional slogan of “Together, We Are the New Green,” to underpin the start of full-fledged efforts to use

materials made from recycled plastic bottles. The Group has developed techniques to manufacture an array of high-value-added, exceptionally white plastic bottle-derived fibers that incorporate traceability technology. The Group has also succeeded in developing Primeflex[®], a functional material in which environment-friendly raw materials make up 68% of the structural components through a process to combine partially plant-based polyethylene terephthalate (PET) with raw materials derived from recycled PET, without losing stretchable properties.

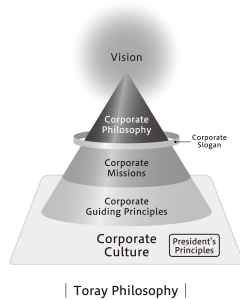
To make practical use of biomass, the Group has operated a pilot plant in Thailand that produces cellulose sugar using surplus bagasse discharged from sugar plants as a raw material. In Ultrasuede[®], a non-woven material created using ultra-fine fibers with suede texture, the Group has already expanded products using partial-bio PET fibers made of plant-based ethylene glycol as raw material. The Group has finished the trial production of full-bio PET fibers, and is now requesting evaluations mainly for their application as environment-friendly fibers mainly for sportswear and automotive interiors.

(2) Issues to be Addressed

Toray Philosophy

Toray Group has created new value and developed its businesses by creating innovative and advanced materials and products and cultivating new markets, with a view to realizing its corporate philosophy of “contributing to society through the creation of new value with innovative ideas, technologies and products,” based on the belief that “a company is a public entity of society.”

Toray Group will continue to pursue its mission of “contributing to society through business activities” as a core management practice it has embraced from its foundation, and will realize sustainable growth, as ever.



Toray Group Sustainability Vision (Vision)

Toray Group believes in its mission of providing innovative technologies and advanced materials as essential solutions to global issues the world faces such as growing populations, aging demographics, climate change, water scarcity, and resource depletion, in pursuit of a balance between “development” and “sustainability.” The Toray Group Sustainability Vision (“the Vision”) defines the “World as Envisioned by the Toray Group in 2050,” the “Toray Group Initiatives” to realize the world, and “Quantitative Targets for Fiscal 2030.” Based on the Vision, the Group announced the TORAY VISION 2030 (Vision 2030), a new long-term corporate vision, and “Project AP-G 2022 (AP-G 2022),” a medium-term management program, in May 2020.

(The World as Envisioned by the Toray Group in 2050 and the Toray Group Initiatives)

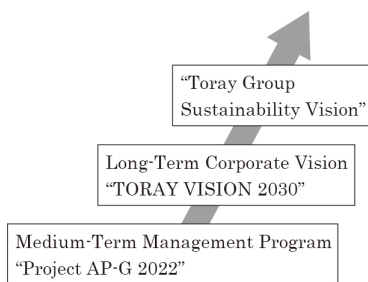
Toray Group Initiatives	(Promotion of businesses for realization)	Four worlds envisioned in 2050
Accelerate measures for climate change	[Green Innovation (GR) business] Resins for automobiles, battery separator films, carbon fibers for aircrafts, carbon fibers for wind turbine blades, water treatment membranes, air filter, etc.	A world where the balanced emission and absorption of greenhouse gas has been achieved on a global scale
Sustainable and recycling-oriented resource consumption and production		A world where resources are managed sustainably
Provide safe water and air	[Life Innovation (LI) business] Pharmaceuticals, hemoperfusion absorption column for endotoxin removal, PP spunbond for hygiene products, protective clothing, etc.	A world where everyone uses safe water and air and the natural environment recovers
Contribute to medical improvements and the dissemination and acceleration of public hygiene		A world where all humans live healthy and sanitary lives

(Quantitative Targets for Fiscal 2030: compared with FY 2013 baseline levels)

Providing Green Innovation products	400% increase
Providing Life Innovation products	600% increase
Avoided CO ₂ emissions	800% reduction
Contributed water filtration throughput	300% increase
GHG emissions per unit of sales	30% reduction
Water consumption per unit of sales	30% reduction

Long-Term Corporate Vision “TORAY VISION 2030 (Vision 2030)”

In Toray Group’s long-term strategy, the Group aims to achieve “Quantitative Targets for Fiscal 2030” as milestones toward the “World as Envisioned by the Toray Group in 2050” under the Vision.



In the business environment over the next ten years, major changes are expected mainly in population distribution, environmental issues, and technological innovation. Changes in the industrial structure and social systems will create new business opportunities along with a risk of declines in existing businesses. We aim to realize “sound, sustainable growth,” while promoting “business model transformation” by accurately grasping tidal changes in industry.

Medium-Term Management Program “Project AP-G 2022 (AP-G 2022)”

With a view to realizing the “World as Envisioned by the Toray Group in 2050” (shown in the Vision) and “sustainable and sound growth” (shown in the Vision 2030), Toray Group will maintain its basic strategy of “business expansion through proactive capital investment,” as planned out in the project “AP-G 2019.” To enable growth strategies to that end, the Group will strengthen competitiveness through measures such as continuous business model innovation and total cost reduction, while strengthening the management foundations that enable the Group to invest in growth through investment capital efficiency and sound financial standing. By promoting both of these initiatives, the entire Group will maximize the value it creates over the medium-to-long term.

Specifically, Toray Group will promote the following three basic strategies.

1. Global expansion in growth business fields

Toray Group will promote Green Innovation (GR) businesses that help solve global environmental issues and resource and energy issues, and Life Innovation (LI) businesses that help improve medical-care and disseminate and facilitate long healthy lives and public hygiene. Toray Group will contribute to the development of solutions to social issues on a global scale by taking advantage of its advanced materials and core technologies, and will expand its businesses by not only responding to growing demand but also creating new demand.

2. Strengthening competitiveness

Toray Group will continue to promote total cost reduction. Further, the Group will work to upgrade products, create high added-value by fusing and combining products and services, create new value through cooperation with outside partners, and reform value chains using ICT, etc. The Group also will identify opportunities and risks concerning the upcoming structural reforms expected in industry and social systems, and pursue “business model transformation.”

3. Strengthening the management foundation

With a view to securing financial soundness, Toray Group will conduct business operations by considering the balance between profit, cash flows, and asset efficiency more fully than it has in the previous years. Further, with a view to depicting a new growth orbit, the Group will promote the structural reform of low-growth and low-profitability businesses.

(Management Targets in FY 2022)

	Actual results for FY 2019 (Japanese GAAP)	Actual results for FY 2019 (IFRS, estimation)	Targets for FY 2022 (IFRS)
Net sales / sales revenue	2,214.6 billion	2,090.0 billion	2600.0 billion
Operating income / core operating income	131.2 billion	125.0 billion	180.0 billion
Operating income to net sales / Core operating income to sales revenue	5.9%	6.0%	6.9%
ROA	4.8%	Approx. 5%	Approx. 7%
ROE	5.0%	Approx. 7%	Approx. 9%
Free cash flow (three years total)	¥(58.1)billion	-	120 billion or more
D/E ratio	0.86	About 0.9	About 0.8 (Guideline)
Target dividend payout ratio			About 30%

Forecast for FY2020

In the short term, the global economy is to inevitably enter into a recession due to stagnant production and consumption activities and the disruption of supply chains as the world strives to prevent the spread of COVID-19 infections. The time when the economy returns to normal and the processes underway until it does will largely depend on when COVID-19 is eradicated. During that period, the growth rate of the global economy may face further downward prospects caused mainly by further declining demand resulting from the credit contraction, bankruptcies, and prolonged unemployment. Although the governments and central banks of many countries have implemented fiscal stimulus and monetary easing, there will be a need to pay close attention to the impacts of the changes in the financial and capital markets and the price fluctuations in crude oil.

In the medium-to long-term, we believe it will be important for the Toray Group to respond to changes such as the aging population, environmental issues, technological innovations, and the improved technological capabilities of

companies with cost-competitive strengths in emerging countries, given the possibility that the business environment will change after COVID-19 has been eradicated. Toray Group will treat these changes as opportunities to create new businesses and will vigorously strive to achieve sustainable growth by taking advantage of its strength to address the issues we face. Through these initiatives, the Group will practice management to meet the trust and expectations of stockholders and other stakeholders.

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

(3) Investment in Fixed Assets

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

- 1) Major production facilities completed during the year:

Fibers and Textiles:

Expansion of production facilities for Alcantara® (Phase 1) (at Alcantara S.p.A.)

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

Fibers and Textiles:

Establishment of production facilities for nylon fiber and airbag fabric (at Toray Advanced Textile Mexico, S.A. de C.V.)

Fibers and Textiles:

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

Performance Chemicals:

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

Performance Chemicals:

Expansion of production facilities for battery separator film (at Toray Battery Separator Film Korea Limited)

Performance Chemicals:

Expansion of coating facilities for battery separator film (at Toray BSF Coating Korea Limited)

Performance Chemicals:

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

Performance Chemicals:

Establishment of production facilities for battery separator film (at Toray Industries Hungary Kft.)

Carbon Fiber Composite Materials:

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

Carbon Fiber Composite Materials:

Establishment of production facilities for fuel cell electrode substrate (at the Ehime Plant of the Company)

Carbon Fiber Composite Materials:

Expansion of production facilities for carbon fiber (at Zoltek Zrt.)

Environment & Engineering:

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

(4) Financing Activities

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

(5) Financial Highlights

Toray Group (Consolidated basis)

Years ended	Billions of yen			
	except per share data			
March 31	2017	2018	2019	2020
Net sales	¥2,026.5	¥2,204.9	¥2,388.8	¥2,214.6
Operating income	146.9	156.5	141.5	131.2
Ordinary income	143.7	152.3	134.5	103.4
Net income attributable to owners of parent	99.4	95.9	79.4	55.7
Net income per share (yen)	62.17	59.97	49.61	34.83
Net assets	1,100.2	1,169.2	1,213.9	1,179.6
Total assets	2,396.8	2,575.9	2,788.4	2,650.7

Note 1: Net income per share is calculated based on the average number of shares outstanding during the year after deducting treasury stock.

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

Note 3: Effective from the fiscal year ended March 31, 2019, the Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28 February 16, 2018), etc. are applied. The figures for the fiscal year ended March 31, 2018 in the above financial highlights are accordingly restated to reflect the retrospective application of the standards.

(6) Major Subsidiaries

	Capital stock (Millions)	Toray's stake (%)	Main business
Toray International, Inc.	¥2,040	100.00	Export and domestic sales of Toray Group products
Chori Co., Ltd.	¥6,800	51.25	Purchasing and sales of textile products and chemical products, etc.
Toray Engineering Co., Ltd.	¥1,500	100.00	General engineering and electronics business
Toray Composite Materials America, Inc.	US\$114	— (100.00)	Development, manufacturing and sales of carbon fibers and prepreg
Toray Plastics (America), Inc.	US\$238	— (100.00)	Manufacturing and sales of polyester and polypropylene films, and polyolefin foam
Toray Carbon Fibers Europe S.A.	EUR185	100.00	Manufacturing and sales of carbon fibers
P.T. Indonesia Toray Synthetics	US\$105	92.37 (7.63)	Manufacturing and sales of nylon fibers, polyester fibers and resin compound products
Thai Toray Synthetics Co., Ltd.	THB3,078	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	93.85 (6.15)	Manufacturing and sales of ABS resin; sales of PBT resin, etc.
Toray Sakai Weaving & Dyeing (Nantong) Co., Ltd.	RMB1,442	69.43 (15.40)	Weaving, dyeing and marketing of polyester filament textiles
Toray Advanced Materials Korea Inc.	Won713,399	100.00	Manufacturing and sales of polyester films, polyester fibers, non-woven fabrics, PPS resin, carbon fibers, and water treatment products

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

(7) 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; non-woven fabrics; non-woven 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.

Others:

Analysis, physical evaluation, research, and other services.

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

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

Toray Carbon Fibers Europe S.A. (France)

P.T. Indonesia Toray Synthetics (Indonesia)

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)

(9) Employees

Segment	Number of employees	Increase (decrease) from the end of last fiscal year
Fibers and Textiles	19,666	(384)
Performance Chemicals	12,620	154
Carbon Fiber Composite Materials	6,740	(141)
Environment and Engineering	4,355	89
Life Science	1,501	40
Others	2,376	(66)
Corporate	773	19
Total	48,031	(289)

(10) Principal Lenders

	Outstanding loan amount (Millions of yen)
MUFG Bank, Ltd.	129,022
Sumitomo Mitsui Banking Corporation	91,965
Japan Bank for International Cooperation	59,951
Mizuho Bank, Ltd.	47,191
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 ¥213,026 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:	1,600,773,730 shares (excluding treasury stock of 30,707,673 shares)
(3) Number of Stockholders at March 31, 2020:	203,269
(4) Principal Stockholders:	

	Number of shares held (Thousands)	Percentage of total shares (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	136,884	8.55
Japan Trustee Services Bank, Ltd. (Trust Account)	106,705	6.67
Nippon Life Insurance Co.	71,212	4.45
TAIJU LIFE INSURANCE COMPANY LIMITED	35,961	2.25
Japan Trustee Services Bank, Ltd. (Trust 7 Account)	33,635	2.10
National Mutual Insurance Federation of Agricultural Cooperatives	32,193	2.01
Japan Trustee Services Bank, Ltd. (Trust 5 Account)	28,900	1.81
JP MORGAN CHASE BANK 385151	26,571	1.66
Sumitomo Mitsui Banking Corporation	25,522	1.59
Japan Trustee Services Bank, Ltd. (Trust 4 Account)	24,769	1.55

Note: The percentage of total shares is computed after deducting treasury stock (30,707,673 shares)

3. Stock Acquisition Rights

(1) Outline of Stock Acquisition Rights held by Members of the Board of the Company 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	110	155	130
Number of persons held	5 members of the Board	6 members of the Board	8 members of the Board
Type and number of shares to be issued upon exercise	Common Stock: 110,000 shares	Common Stock: 155,000 shares	Common Stock: 130,000 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	149	98	152
Number of persons held	8 members of the Board	8 members of the Board	12 members of the Board
Type and number of shares to be issued upon exercise	Common Stock: 149,000 shares	Common Stock: 98,000 shares	Common Stock: 152,000 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	173	233	282
Number of persons held	15 members of the Board	16 members of the Board	17 members of the Board
Type and number of shares to be issued upon exercise	Common Stock: 173,000 shares	Common Stock: 233,000 shares	Common Stock: 282,000 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

(2) Outline of Stock Acquisition Rights Granted to Employees, etc. of the Company during the Fiscal Year

	No.9 Stock Acquisition Right
Date of resolution of issuance	July 25, 2019
Number of Stock Acquisition Rights	218
Number of persons granted	44 directors of the Company
Type and number of shares to be issued upon exercise	Common Stock: 218,000 shares
Issue price of Stock Acquisition Rights	¥684
Exercise price	¥1
Exercise period for Stock Acquisition Rights	From August 18, 2019 to August 17, 2049

(3) Bonds with Stock Acquisition Rights

	Stock Acquisition Rights attached to Zero Coupon Convertible Bonds due 2021
Date of resolution of issuance	May 22, 2014
Number of Stock Acquisition Rights	5,000
Type and number of shares to be issued upon exercise	Common Stock: 61,720,775 shares
Issue price of Stock Acquisition Rights	Gratis
Conversion price	¥810.1
Exercise period for Stock Acquisition Rights	From June 23, 2014 to August 17, 2021
Outstanding amount of Bonds with Stock Acquisition Rights	¥50,000 million

Note: The number of shares to be issued upon exercise is computed by dividing the outstanding amount of Bonds with Stock Acquisition Rights by the conversion price.

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)*

Koichi Abe, *Executive Vice President and Representative Member of the Board* (In charge of Intellectual Property Division, Global Environment Business Strategic Planning Dept., and Life Innovation Business Strategic Planning Dept.; General Manager, Technology Center; General Manager, Toray Human Resources Development Center)

Ryo Murayama, *Executive Vice President and Representative Member of the Board* (In charge of Marketing and Sales; in charge of Corporate Marketing Planning Dept., and branches; General Manager, Affiliated Companies Division; Director, Chori Co., Ltd.)

Yukichi Deguchi, *Executive Vice President and Representative Member of the Board* (General Manager, Corporate Strategic Planning Division; General Manager, Quality Assurance Division; in charge of Legal & Compliance Division (Security Trade Administration Dept.), HS Business Development Dept.)

Mitsuo Ohya, *Senior Vice President (Member of the Board and Member of the Executive Committee)* (General Manager, Fibers & Textiles Division; General Manager, Osaka Head Office)

Hiroshi Otani, *Senior Vice President (Member of the Board and Member of the Executive Committee)* (General Manager, Water Treatment & Environment Division; Chairman, Toray Asia Pte. Ltd.; Chairman, Toray Membrane (Foshan) Co., Ltd.; Director, Suido Kiko Kaisha, Ltd.)

Toru Fukasawa, *Senior Vice President (Member of the Board and Member of the Executive Committee)* (General Manager, Finance & Controller's Division)

Kazuo Morimoto, *Senior Vice President (Member of the Board and Member of the Executive Committee)* (General Manager, Torayca & Advanced Composites Division; Chairman, Toray Carbon Fibers Europe S.A.)

Osamu Inoue, *Senior Vice President (Member of the Board and Member of the Executive Committee)* (General Manager, Films Division; Chairman, Toray Films Europe S.A.S.)

Hirofumi Kobayashi, *Senior Vice President (Member of the Board)* (General Manager, Pharmaceuticals & Medical Products Division)

Tetsuya Tsunekawa, *Senior Vice President (Member of the Board)* (General Manager, Research & Development Division; General Manager, Basic Research Center)

Takashi Fujimoto, *Senior Vice President (Member of the Board)* (General Manager, Information Systems Division, Purchasing & Logistics Division; General Manager, Engineering Division)

Kazuyuki Adachi, *Senior Vice President (Member of the Board)* (General Manager, Manufacturing Division; General Manager, Textile Technology & Manufacturing Division)

Shigeki Taniguchi, *Vice President (Member of the Board)* (General Manager, Personnel & Industrial Relations Division)

Hideki Hirabayashi, *Vice President (Member of the Board)* (In charge of CSR; General Manager, Legal & Compliance Division; General Manager, General Administration & Communications Division; General Manager, Tokyo Head Office)

Hiroshi Enomoto, *Vice President (Member of the Board)* (General Manager, Electronic & Information Materials Division)

Nobuyuki Inohara*, *Vice President (Member of the Board)* (General Manager, Resins & Chemicals Division)

Kunio Ito *Vice President (Member of the Board)*
(Director, Kobayashi Pharmaceutical Co., Ltd.;
Director, Seven & i Holdings Co., Ltd.)

Ryoji Noyori, *Vice President (Member of the Board)*
(Director, TAKASAGO INTERNATIONAL
CORPORATION)

Shogo Masuda, *Corporate Auditor*

Shoshiro Taneichi, *Corporate Auditor*

Toshio Nagai, *Corporate Auditor* (Lawyer, Takusyou
Sogo Law Office; Corporate Auditor, SUMITOMO
CORPORATION)

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

Hiroyuki Kumasaka*, *Corporate Auditor*

Note 1: Kunio Ito and Ryoji Noyori 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 and Ryoji Noyori 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: Shogo Masuda, 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, Corporate Auditor, has been in charge of
financing businesses at a bank for many years, and has
considerable knowledge of financing and accounting
matters.

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

Note 8: Members of the Board and Corporate Auditors marked
with an Asterisk(*) were newly appointed to their
respective positions at the 138th Ordinary General
Meeting of Stockholders held on June 25, 2019.

Note 9: The following member of the Board retired from his
position at the close of the 138th Ordinary General
Meeting of Stockholders held on June 25, 2019.

Yasuo Suga, *Senior Vice President (Member of the Board)*

(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) Amounts of Remuneration to Members of the Board and Corporate Auditors

	Persons paid	Amounts of remuneration during the year
Members of the Board (inclusive of Outside Directors)	20 (2)	¥1,154 million [¥24 million]
Corporate Auditors (inclusive of Outside Corporate Auditors)	5 (3)	¥111 million [¥32 million]
Total	25	¥1,265 million

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

Note 2: The total amount of remuneration includes ¥154 million (members of the Board, ¥154 million) of bonuses for members of the Board to be resolved at the 139th Ordinary General Meeting of Stockholders.

Note 3: The total amount of remuneration includes ¥188 million of stock options (stock acquisition rights) granted to members of the Board.

Note 4: The amount equivalent to ¥29 million of employee's salary of the employee-director is not included in the above amount.

(4) Outside Directors and Outside Corporate Auditors

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

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

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

Toshio Nagai, *Outside Corporate Auditor* (Lawyer, Takusyou Sogo Law Office; Corporate Auditor, SUMITOMO CORPORATION)

Kazuya Jono, *Outside Corporate Auditor* (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 14 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.

Ryoji Noyori, *Outside Director*

Attended all 14 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.

Toshio Nagai, *Outside Corporate Auditor*

Attended 13 out of 14 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 14 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 executive with rich experience.

Hiroyuki Kumasaka, *Outside Corporate Auditor*

Attended all 10 meetings of the Board of Directors and all 7 meetings of the Board of Corporate Auditors held during the period under review after his assumption of office as a Corporate Auditor. 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, 2020 was ¥316 million.

- 2) The total amount of remuneration paid or payable to independent auditors by the Company and its consolidated subsidiaries was ¥537 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 Composite Materials America, Inc., Toray Plastics (America), Inc., Toray Carbon Fibers Europe S.A., P.T. Indonesia Toray Synthetics, 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 commits to independent auditors, 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, Clause 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.

Consolidated Balance Sheet

Toray Industries, Inc. and Subsidiaries
March 31, 2020

Assets	Millions of yen	Liabilities	Millions of yen
Current assets:	¥1,128,452	Current liabilities:	¥ 630,775
Cash and time deposits	173,698	Notes and accounts payable - trade	212,323
Notes and accounts receivable - trade	483,761	Short-term borrowings	132,358
Merchandise and finished goods	214,957	Long-term borrowings due within one year	108,131
Work in process	79,520	Income taxes payable	11,185
Raw materials and supplies	99,178	Reserve for employees' bonuses	21,362
Other current assets	79,907	Reserve for bonuses of members of the Board	166
Allowance for doubtful accounts	(2,569)	Other current liabilities	145,250
Noncurrent assets:	1,522,235	Noncurrent liabilities:	840,340
Property, plant and equipment:	1,006,509	Bonds	290,000
Buildings and structures	293,964	Long-term borrowings	383,068
Machinery, equipment and vehicles	454,531	Deferred tax liabilities	33,916
Land	72,566	Reserve for retirement benefits of members of the Board and corporate auditors	1,407
Construction in progress	134,496	Net defined benefit liability	100,575
Other	50,952	Other noncurrent liabilities	31,374
Intangible assets:	150,691	Total liabilities	1,471,115
Goodwill	71,950	Net assets	
Other	78,741	Stockholders' equity:	1,094,895
Investments and other assets:	365,035	Common stock	147,873
Investment securities	284,696	Capital surplus	118,062
Long-term loans receivable	5,579	Retained earnings	849,268
Deferred tax assets	18,215	Treasury stock, at cost	(20,308)
Net defined benefit asset	19,783	Accumulated other comprehensive income:	(1,147)
Other	39,253	Net unrealized gains (losses) on securities	44,096
Allowance for doubtful accounts	(2,491)	Net deferred gains (losses) on hedges	1,162
		Foreign currency translation adjustments	(44,114)
		Remeasurements of defined benefit plans	(2,291)
		Stock acquisition rights	1,602
		Non-controlling interests	84,222
Total assets	¥2,650,687	Total net assets	1,179,572
		Total liabilities and net assets	¥2,650,687

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

Consolidated Statement of Income

Toray Industries, Inc. and Subsidiaries

April 1, 2019 - March 31, 2020

	Millions of yen
Net sales	¥2,214,633
Cost of sales	1,776,276
Gross profit	438,357
Selling, general and administrative expenses	307,171
Operating income	131,186
Nonoperating income:	11,237
Interest and dividend income	7,024
Other income	4,213
Nonoperating expenses:	39,068
Interest expenses	7,235
Equity in losses of unconsolidated subsidiaries and affiliated companies	10,805
Other expenses	21,028
Ordinary income	103,355
Special gains:	7,691
Gain on sales of property, plant and equipment	3,018
Gain on sales of investment securities	4,561
Other special gains	112
Special losses:	17,000
Loss on sales and disposal of property, plant and equipment	6,181
Loss on impairment of fixed assets	7,569
Loss on write-down of investment securities	2,178
Other special losses	1,072
Income before income taxes	94,046
Income taxes:	
Current	28,201
Deferred	930
Net income	64,915
Net income attributable to non-controlling interests	9,190
Net income attributable to owners of parent	¥55,725

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

Nonconsolidated Balance Sheet

Toray Industries, Inc.
March 31, 2020

Assets	Millions of yen	Liabilities	Millions of yen
Current assets:	¥ 296,930	Current liabilities:	¥ 219,847
Cash and time deposits	23,671	Notes payable - trade	5,965
Notes receivable - trade	5,094	Accounts payable - trade	45,665
Accounts receivable - trade	126,141	Long-term borrowings due within one year	50,000
Finished goods	57,600	Commercial paper	10,000
Work in process	19,563	Accounts payable - other	29,355
Raw materials and supplies	26,783	Accrued expenses	15,836
Prepaid expenses	1,643	Income taxes payable	480
Short-term loans receivable	23,477	Deposits received	51,724
Accounts receivable - other	15,746	Reserve for employees' bonuses	8,300
Other current assets	4,650	Reserve for bonuses of members of the Board	154
Allowance for doubtful accounts	(7,438)	Other current liabilities	2,366
Noncurrent assets:	1,182,649	Noncurrent liabilities:	645,016
Property, plant and equipment:	265,462	Bonds	290,000
Buildings	94,389	Long-term borrowings	277,977
Structures	13,637	Reserve for employees' retirement benefits	66,047
Machinery and equipment	97,547	Reserve for loss on guarantees	2,391
Vehicles	135	Reserve for loss on business of subsidiaries and affiliated companies	276
Tools and furniture	7,052	Other noncurrent liabilities	8,326
Land	28,468	Total liabilities	864,863
Construction in progress	24,234	Net assets	
Intangible assets:	6,666	Stockholders' equity:	571,541
Software	3,553	Common stock	147,873
Goodwill	568	Capital surplus:	136,753
Other intangible assets	2,545	Additional paid-in capital	136,727
Investments and other assets:	910,521	Other capital surplus	26
Investment securities	136,827	Retained earnings:	306,643
Investment securities in subsidiaries and affiliated companies	576,489	Legal reserve	24,234
Investment in subsidiaries' and affiliated companies' capital	171,782	Other retained earnings	282,409
Deferred tax assets	2,000	Reserve for tax purpose reduction entry	12,326
Prepaid pension cost	18,020	General reserve	112,000
Other	5,410	Retained earnings brought forward	158,082
Allowance for doubtful accounts	(7)	Treasury stock, at cost	(19,729)
Total assets	¥1,479,579	Valuation, translation adjustments and other:	41,573
		Net unrealized gains (losses) on securities	40,492
		Net deferred gains (losses) on hedges	1,081
		Stock acquisition rights	1,602
		Total net assets	614,716
		Total liabilities and net assets	¥1,479,579

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

Nonconsolidated Statement of Income

Toray Industries, Inc.
April 1, 2019 - March 31, 2020

	Millions of yen
Net sales	¥ 573,951
Cost of sales	447,606
Gross profit	126,344
Selling, general and administrative expenses	116,937
Operating income	9,408
Nonoperating income:	48,469
Interest and dividend income	46,650
Other income	1,819
Nonoperating expenses:	7,233
Interest expenses	1,138
Other expenses	6,095
Ordinary income	50,643
Special gains:	7,520
Gain on sales of property, plant and equipment	2,964
Gain on sales of investment securities	4,555
Other special gains	0
Special losses:	57,853
Loss on sales and disposal of property, plant and equipment	4,369
Loss on impairment of fixed assets	1,837
Loss on write-down of investment securities	1,803
Loss on liquidation and devaluation of subsidiaries and affiliated companies	49,808
Other special losses	35
Income before income taxes	310
Income taxes:	
Current	740
Deferred	(434)
Net income	¥5

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

(Translation)
Independent Auditor's Report

May 25, 2020

The Board of Directors
Toray Industries, Inc.

Ernst & Young ShinNihon LLC
Tokyo, Japan

Kazuhiro Suzuki
Designated Engagement Partner
Certified Public Accountant

Takeshi Isogai
Designated Engagement Partner
Certified Public Accountant

Tsuyoshi Nakano
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 balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets, and notes to the consolidated financial statements of Toray Industries, Inc. (the "Company") applicable to the fiscal year from April 1, 2019 to March 31, 2020.

In our opinion, the accompanying consolidated financial statements 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, 2020, 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 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 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.

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 accounting principles generally accepted in Japan, 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, 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 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 accounting principles generally accepted in Japan.
- 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

We 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 balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to the consolidated financial statements, applicable to the fiscal year ended March 31, 2020 are written in Japanese.

(Translation)
Independent Auditor's Report

May 25, 2020

The Board of Directors
Toray Industries, Inc.

Ernst & Young ShinNihon LLC
Tokyo, Japan

Kazuhiro Suzuki
Designated Engagement Partner
Certified Public Accountant

Takeshi Isogai
Designated Engagement Partner
Certified Public Accountant

Tsuyoshi Nakano
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 139th fiscal year from April 1, 2019 to March 31, 2020.

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, 2020, 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.

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

We have no interest in the Company which should be disclosed in accordance with the Certified Public Accountants Act.

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, 2020 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 139th fiscal term from April 1, 2019 to March 31, 2020, 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 at 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 nonconsolidated financial statements (the nonconsolidated balance sheet, nonconsolidated statement of operations, nonconsolidated statement of changes in net assets and notes to the nonconsolidated financial statements) and the supplementary schedules, and the consolidated financial statements (the consolidated balance sheet, consolidated statement of operations, consolidated statement of changes in net assets and notes to the consolidated financial statements) for the year ended March 31, 2020.

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 nonconsolidated 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 25, 2020

Board of Corporate Auditors
Toray Industries, Inc.

Shogo Masuda, Corporate Auditor
Shoshiro Taneichi, Corporate Auditor
Toshio Nagai, Outside Corporate Auditor
Kazuya Jono, Outside Corporate Auditor
Hiroyuki Kumasaka, Outside Corporate Auditor