

**'TORAY'**

**Notice of the  
140th Ordinary  
General Meeting  
of Stockholders**

For the Fiscal Year Ended March 31, 2021



**2021**

**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 140th 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 21, 2021 (Japan standard time).

### Voting via Postal 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 4, 2021

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/](http://www.toray.co.jp/ir/))

## Notes

1. Date and time of meeting:  
Tuesday, June 22, 2021, 10:00 a.m.
2. Place:  
Tokyo International Forum  
(Hall C),  
5-1, Marunouchi 3-chome,  
Chiyoda-ku, Tokyo, Japan
3. Matters to be discussed and to be reported:
  1. The Business Report and Consolidated Financial Statements for the 140th business year (from April 1, 2020 to March 31, 2021), and Reports of Independent Auditors and the Board of Corporate Auditors on the relevant Consolidated Financial Statements conducted respectively
  2. Report on the Non-consolidated Financial Statements for the 140th business year (from April 1, 2020 to March 31, 2021)

### Matters to be acted upon:

- Proposition No. 1:  
Appropriation of Surplus .....7
- Proposition No. 2:  
Election of one Member of the Board .....7
- Proposition No. 3:  
Election of one Corporate Auditor ..... 11
- Proposition No. 4:  
Payment of Bonuses to Members of the Board ..... 12

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.

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 Statement of Changes in Equity,” “Notes to Consolidated Financial Statements,” “Non-consolidated Statements of Changes in Net Assets,” and “Notes to Non-consolidated Financial Statements” are provided to stockholders on the Company’s website ([www.toray.com](http://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 Non-consolidated Financial Statements, the Company will announce the correction through the Company’s website ([www.toray.com](http://www.toray.com)).

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

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

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**A Guide for the Exercise of Voting Rights**

Please review the accompanying information on page 7 and exercise your voting rights by any of the following methods.

<b>If you exercise your voting rights in advance</b>
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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 21, 2021.

**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 21, 2021.

**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 21, 2021.

<b>If you are able to attend the meeting</b>
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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 22, 2021, 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.

## Guidance on the Live Stream via the Internet

The Company will provide a live streaming service via the Internet as follows to ensure that stockholders who do not visit the meeting venue on the date of the meeting will have the opportunity to view the meeting in progress.

Please note that you will be unable to exercise your voting rights, ask questions, or propose motions when viewing the live stream of the meeting.

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

Date and time of the live stream

Tuesday, June 22, 2021, from 10:00 a.m. to the closing of the meeting

The streaming page is scheduled to open at around 9:50 a.m., ten minutes before the meeting begins.

Method for viewing

Please visit the website below, enter your login ID and password, and click the log-in button.

Streaming URL: <https://v.srdb.jp/3402/2021soukai/>

Stockholders can view the meeting on their smartphones, as well.

Login ID and password:

ID: the stockholder number (nine digits) indicated in the voting form.

Password: the postal code (seven digits, with no hyphen) indicated in the voting form.

\* Please be sure to write down your ID and password before posting the voting form.

<Points of Attention>

- \* Due to conditions of your personal computers or other devices, Internet connection environment or network traffic conditions, you may be unable to view the live stream.
- \* Communication charges, etc. when viewing the live stream will be borne by stockholders.
- \* We may be forced to suspend or cancel the live stream because of problems in the Internet environment, problems with equipment or materials, or other conditions.
- \* Please refrain from recording, photographing, or storing the live stream, or from sharing the URL or your ID or password with any other persons.
- \* To protect the privacy of stockholders in attendance, the video recording of the meeting venue will be limited to the immediate vicinity of the seats of the chairman and executives. Please be aware in advance that stockholders present may appear in the live stream for unavoidable reasons.
- \* In the event we cancel the live stream for any reason, we will inform you of the cancellation on the Company's website ([www.toray.co.jp/ir/](http://www.toray.co.jp/ir/)).

Contacts for assistance with the live stream

If you have any questions, please contact the following numbers.

For your ID (stockholder number) and password  
(postal code):

Sumitomo Mitsui Trust Bank, Limited  
Dedicated line for virtual stockholder meeting  
support  
0120-782-041

Reception time: 9:00 a.m. to 9:00 p.m. (excluding  
Saturdays, Sundays, and public holidays)

For viewing the live stream:  
TAKARA PRINTING CO., LTD.

0120-667-606

Reception date and time: Tuesday, June 22,  
2021 (date of the meeting), 9:00 a.m. to 12:00  
noon

### <Measures to Prevent the Spread of COVID-19 >

Below we present information about our measures to prevent the spread of COVID-19 at this General Meeting of Stockholders. We would appreciate your understanding and cooperation with a view to ensuring your health and safety.

#### **Requests to Stockholders**

- \* **We would appreciate it if you refrain from attending the meeting in person on the date of the meeting insofar as possible, regardless of your health condition, in order to prevent the spread of an infectious disease.**
- \* We would appreciate it if you exercise your voting rights via postal mail or the Internet. (For details, please see pages 3 through 4.)
- \* Any person who has symptoms such as a fever or cough or is believed to be potentially affected by COVID-19 or another infectious disease should refrain from attending the meeting.
- \* We request that the stockholders who intend to attend the meeting bring and wear masks.
- \* We would appreciate your cooperation in having your temperature taken by thermography and in sterilizing your fingers before entering the venue.
- \* We will request that stockholders sit at intervals, keeping a distance from each other.
- \* In the event that you hesitate to cooperate with measures to prevent infections, we may refuse to allow you to attend the meeting. We appreciate your prior understanding.

#### **Measures to be taken by the Company**

- \* We will hold shorter proceedings than usual at the meeting.
- \* We will provide live streaming services for the meeting via the Internet so as to enable more stockholders to watch the progress of the meeting from home, etc. (For details, please see page 5.)
- \* We will provide alcohol-based sanitizers to be used by stockholders.
- \* Meeting operations staff will check their own physical condition by taking their temperatures, etc., and will wear masks at the meeting.
- \* We will not exhibit any Company products or provide any beverages at the meeting.

Please be aware that we may change the details of measures 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 check our website ([www.toray.co.jp/ir/](http://www.toray.co.jp/ir/)) for updates if necessary 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 ¥4.50 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 ¥4.50 and a year-end dividend of ¥4.50, will be ¥9 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: ¥4.50 per share of common stock  
Total amount: ¥7,205,740,691
- (3) Effective date of distribution of surplus  
June 23, 2021

***Proposition No. 2:***  
*Election of one Member of the Board*

Yukichi Deguchi will resign from his position as member of the Board at the close of this general meeting of stockholders.

The stockholders are requested to hold an election to name a replacement for one member of the Board as his substitute.

The Company has adopted an executive officer system in June 2020 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.

The concept on the number and composition of the members of the Board was reviewed by the Governance Committee and thereupon the candidate for a member of the Board was nominated.

Required Information on the Candidate for a Member of the Board is as follows.



## Yasuo Suga

(Newly appointed)

<b>Date of Birth:</b> <i>April 29, 1955</i>	<b>Personal History:</b> April 1980	Joined the Company
<b>Shares Owned:</b> 27,400	April 2001	Group Leader, Software & Solution Business Promotion Dept.; General Manager on Special Assignment, Technology Center Planning Dept.
	April 2002	General Manager, CAE Software & Solution Business Dept.; General Manager on Special Assignment, Technology Center Planning Dept.
	April 2004	General Manager, First Development Dept. , Advanced Composites Development Center
	November 2005	General Manager, Advanced Composites Development Center
	May 2007	General Manager, Technology Center (Advanced Composites Development Center), Manufacturing Division (Advanced Composites Manufacturing)
	April 2008	General Manager, Technology Center (Advanced Composites Development Center), Manufacturing Division (Advanced Composites Manufacturing); General Manager, Automotive Center
	April 2009	General Manager, Automotive & Aircraft Center; General Manager, Automotive Center; General Manager, Manufacturing Division (Advanced Composites Manufacturing)
	May 2012	General Manager, Advanced Composites Division; General Manager, Automotive & Aircraft Center
	April 2013	General Manager, Advanced Composites Division; General Manager, Automotive & Aircraft Center; Chairman and Representative Director, Toray Carbon Magic Co., Ltd.
	June 2013	Vice President (Member of the Board)
	June 2016	Senior Vice President (Member of the Board)
	June 2019	Retired from Senior Vice President (Member of the Board) Chief Representative for Europe; President, Toray Industries Europe GmbH
	June 2020	Senior Vice President
	May 2021	Senior Vice President, Corporate Strategic Planning Division (incumbent)

(Reason for recommending him as candidate for member of the Board position)  
Yasuo Suga has gained rich experience, knowledge, and deep expertise and is well versed in worksites over his many years of engagement mainly in sales, technology and production related to the carbon fiber composite materials business at the Company. He has also acquired sufficient knowledge in management through performing his duties in key positions in the relevant business field and as a president of an overseas affiliate as well as 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.

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

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

Note 2: The Company has entered into a directors and officers (D&O) liability insurance policy with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The insurance policy covers legal damages and litigation expenses incurred by the insured in the event that a claim for damages is made against the insured due to any act (including inaction) committed by the insured in his/her capacity as a director, officer or corporate auditor of the Company. The Company bears all insurance premiums for the insured. The candidate is to be included as the insured under the insurance policy.

(Reference) Composition of the Board of Directors subject to the approval of the election under the Proposition No.2 (internal members of the Board: 8 persons, outside directors: 4 persons)

Name	Positions, responsibilities and significant concurrent positions at the Group
Akihiro Nikkaku	President and Representative Member of the Board (Chief Executive Officer and Chief Operating Officer)
Koichi Abe	Executive Vice President and Representative Member of the Board (Intellectual Property Division, Global Environment Business Strategic Planning Dept., and Life Innovation Business Strategic Planning Dept.; Technology Center; Toray Human Resources Development Center)
Mitsuo Ohya	Executive Vice President and Representative Member of the Board (Marketing and Sales; Legal & Compliance Division (Security Trade Administration Dept.), Corporate Marketing Planning Dept., and branches; Affiliated Companies Division; Director, Chori Co., Ltd.)
Satoru Hagiwara	Senior Vice President and Member of the Board (Films Division; Chairman, Toray Films Europe S.A.S.)
Kazuyuki Adachi	Senior Vice President and Member of the Board (Purchasing & Logistics Division; Manufacturing Division)
Minoru Yoshinaga	Senior Vice President and Member of the Board (Torayca & Advanced Composites Division; Chairman, Toray Carbon Fibers Europe S.A.)
Yasuo Suga [Newly appointed]	Senior Vice President and Member of the Board (Corporate Strategic Planning Division; Quality Assurance Division; HS Business Development Dept.)
Masahiko Okamoto	Corporate Vice President and Member of the Board (Finance & Controller's Division)
Kunio Ito [Outside] [Independent]	Outside Director
Ryoji Noyori [Outside] [Independent]	Outside Director
Susumu Kaminaga [Outside] [Independent]	Outside Director
Kazuo Futagawa [Outside] [Independent]	Outside Director

[Newly appointed] Newly appointed member of the Board

[Outside] Outside Director

[Independent] Independent director registered at the Exchange

**Proposition No. 3:**

*Election of one Corporate Auditor*

Shogo Masuda will resign from his position as corporate auditor at the close of this general meeting of stockholders.

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:

**Yoshiyuki Tanaka**

(Newly appointed)

<b>Date of Birth:</b>	<b>Personal History:</b>	
<i>July 7, 1959</i>	April 1984	Joined the Company
<b>Shares Owned:</b> <i>50,000</i>	June 2004	General Manager, Staple Fibers Technical Dept.
	June 2006	Executive Vice President, Toray Fluorofibers (America), Inc.
	October 2010	General Manager, Filament Technical Dept.
	May 2012	General Manager, Manufacturing Planning & Administration Dept.; General Manager on Special Assignment, Technology Center Planning Dept.
	April 2014	General Manager, Okazaki Plant
	May 2015	General Manager, Manufacturing Division (Fibers & Textiles); General Manager, First Production Technical Dept.; General Manager on Special Assignment, Technology Center Planning Dept.
	June 2015	Vice President (Member of the Board)
	June 2018	Retired from Vice President (Member of the Board) General Manager, Manufacturing Division (Fibers & Textiles Technology and Manufacturing)
	June 2020	President and Representative Member of the Board, Toray Opelontex Co., Ltd. (incumbent)

(Reason for recommending him as a candidate for corporate auditor position)  
Yoshiyuki Tanaka has broad knowledge on the overall management of the Company based on his experience of holding key managerial office positions of the Company for a long period of time, and 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 1: There are no special interests between the candidate for corporate auditor position and the Company.

Note 2: The Company has entered into a directors and officers (D&O) liability insurance policy with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The insurance policy covers legal damages and litigation expenses incurred by the insured in the event that a claim for damages is made against the insured due to any act (including inaction) committed by the insured in his/her capacity as a director, officer or corporate auditor of the Company. The Company bears all insurance premiums for the insured. The candidate is to be included as the insured under the insurance policy.

***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 eight members of the Board (excluding outside directors) who are in office as of the end of the fiscal year: ¥75,200,000.

The Board of Directors determines the total amount of bonuses to members of the Board through deliberations among the members of the executive management, including the President and Representative Member of the Board, in consideration of consolidated core operating income, etc., the metric that best represents the result of the Company's global business operation, plus the previous results and other factors.

(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, 2020 to March 31, 2021)****1. Review of Operations of Toray Group****(1) Operations and Results for the Period****The Business Environment and Trends in Revenue and Profitability**

During the period under review, the global economy was hit hard by the novel coronavirus (COVID-19) pandemic. The stagnation in production and consumption activities as well as the disruption to supply chains caused by the restrictions on international movement of people and goods resulted in chaos in both Japanese and overseas economies, causing a record-setting drop in the economy. Subsequently, the global economy rebounded around July, as economic activities resumed, initially in China and followed by the U.S. and Europe. There were times when growth rate slowed, depending on the country, due to restrictions on economic activities caused by the resurgence of COVID-19 infections, but the global economy has been maintaining a recovery trend in general.

Under such circumstances, Toray Group in May 2020 launched the new medium-term management program "Project AP-G 2022" aimed at achieving sound, sustainable growth through the implementation of basic strategies such as global expansion in growth business fields, strengthening competitiveness, and strengthening the management foundation.

As a result, consolidated revenue for the fiscal year ended March 31, 2021, declined 9.9% compared with the previous fiscal year to ¥1,883.6 billion, and core operating income (Note 1) fell 28.1% to ¥90.3 billion. Operating income declined 51.3% to ¥55.9 billion and profit attributable to owners of parent declined by 45.6% to ¥45.8 billion as a U.S. subsidiary recorded an impairment loss.

Financial performance by segment is described below.

**Fibers & Textiles**

The segment was affected by the stagnation in production activities and consumption behavior caused by the COVID-19 in Japan and overseas.

In the apparel applications, demand declined due to lockdown and excessive channel inventory in various countries, while in industrial applications, general purpose materials remained weak and sales volume declined. Demand for nonwoven fabrics increased for the applications of medical gowns and masks and there have been signs of recovery in the automotive applications from the third quarter, but these factors fell short of offsetting the decline in the overall sales volume in the segment.

As a result, revenue of overall Fibers & Textiles segment declined 13.4% to ¥719.2 billion compared with the previous fiscal year and core operating income fell 38.6% to ¥36.6 billion.

**Performance Chemicals**

The resins business was affected by the stagnation in production activities caused by the COVID-19, but demand has been strong since the third quarter with automobile manufacturers operating and the recovery of the Chinese economy. The chemicals business saw a recovery trend in the basic chemicals market. In the films business, battery separator films for lithium-ion secondary batteries were affected by lower market prices, while polyester films for optical applications and electronic components performed strongly. In the electronic & information materials business, OLED-related demand increased.

As a result, revenue of overall Performance Chemicals segment declined 5.4% to ¥720.4 billion compared with the previous fiscal year while core operating income rose 22.8% to ¥67.0 billion.

**Carbon Fiber Composite Materials**

While the sales of wind turbine blade applications remained strong in industrial applications, aerospace application was affected by the decline in the production rate of commercial aircraft.

As a result, revenue of overall Carbon Fiber Composite Materials segment declined 22.8% to ¥182.9 billion compared with the previous fiscal year. The segment posted core operating loss of



¥7.5 billion, a decline of ¥30.1 billion from the previous fiscal year.

## Environment & Engineering

In the water treatment business, demand for reverse osmosis membranes and other products grew strongly on the whole, while shipment to some regions were affected by the COVID-19. In the environment and amenity business, demand for air filters was strong.

Among domestic subsidiaries in the segment, an engineering subsidiary experienced decreases in the shipment of some electronics related equipment. A construction subsidiary posted profits from completion of a real estate project.

As a result, revenue of overall Environment & Engineering segment increased 1.4% to ¥193.5 billion compared with the previous fiscal year and core operating income rose 37.5% to ¥14.5 billion.

## Life Science

In the pharmaceutical business, sales of pruritus treatment REMITCH® (Note 2) were affected by the introduction of its generic versions as well as by a major NHI drug price revision in April 2020.

In the medical devices business, shipment of dialyzers grew strongly in Japan and overseas, despite the impact of medical institutions postponing non-urgent operations due to the spread of the COVID-19.

As a result, revenue of overall Life Science segment remained at the same level compared with the previous fiscal year, at ¥53.0 billion, and core operating income rose by ¥0.8 billion to ¥1.3 billion.

Notes:

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

[Measures against COVID-19]

In its efforts to combat COVID-19, Toray Group has sought to prevent the spread of infection as a

member of society by protecting the safety and health of its employees through measures such as the promotion of work at home and safeguards to prevent infections at workplaces. At the same time, the Group has continued its operations unabated and responded to the significant changes in demand and market trends under the COVID-19 pandemic while complying with the instructions and guidelines from governments of respective countries and municipalities.

With regard to its contributions to society through business activities, Toray Group developed systems to supply medical gowns and medical gloves to the Ministry of Health, Labour and Welfare and reinforced the procurement by capitalizing on the Group's supply chains in Japan and overseas in response to requests from the Japanese Government, which faces constraints in the supply of medical gowns and medical gloves in the tight supply/demand situation. In addition, the Group expanded its global supply volume of nonwoven fabrics for masks to meet surging demand throughout the world, and increased the production of LIVMOA™2000, a line of single-use protective garments.

Toray Group, which operates production facilities globally, also contributed appropriate goods such as protective clothing, masks, hygiene kits, and finger disinfectants, and made donations to medical facilities, rescue organizations, and administrative bodies in various countries and regions. Through these efforts, the Group worked to contribute to regional society.

In the future as well, the Group will continue to make concerted efforts across the Group towards an early resolution of the COVID-19 pandemic and the subsequent development of society and the economy.

## (2) Issues to be Addressed

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

With a view to realizing “sustainable and sound growth” (shown in the Vision 2030), Toray Group

will maintain its basic strategy of “business expansion through proactive capital investment.” At the same time, by promoting both business structural reforms and strengthened financial structures to enable the growth strategies, the entire Group will maximize the value it creates over the medium-to-long term.

In the “AP-G 2022,” under the basic strategies of “Global expansion in growth business fields,” “Strengthening competitiveness,” and “Strengthening the management foundation,” the Group is promoting the expansion of Green Innovation (GR) businesses that help solve global environmental issues and resource and energy issues and Life Innovation (LI) businesses that contribute to better medical care and support health, longevity and hygiene, as well as personal safety. Further, 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. At the same time, with a view to depicting a new growth orbit, the Group will promote the structural reform of low-growth and low-profitability businesses.

Together with these basic strategies, the Group aims to realize the “World as Envisioned by the Toray Group in 2050” shown in the Toray Group Sustainability Vision, by working mainly to create new businesses and upgrade management using digital technologies.

### **Initiatives toward Resolving Issues**

#### **[New Investments and Alliance]**

Toray Group will make capital investment in growth business fields in order to implement the growth strategies under “Project AP-G 2022.”

In terms of new major capital investment in the films business of the Performance Chemicals segment, Toray Group made a decision to strengthen its production capacity for TORAYFAN™ biaxially oriented polypropylene (OPP) film in an effort to respond to the expanded demand for films for automotive capacitors on the back of an expanding market for electric vehicles (xEV). The Group will increase production capacity for films for automotive capacitors by

60% by expanding production facilities at the Tsuchiura Plant.

In the Carbon Fiber Composite Materials segment, Toray Group constructed one of the world’s largest facilities for mass production of carbon paper for electrode substrates of fuel cell stacks at the Ehime Plant and commenced full-fledged production. The new facility has approximately fivefold the production capacity of the existing facilities at the Company. Toray Group also worked to develop a production system and launched the production of gas diffusion layers (GDLs) with a microporous layer coated on carbon paper surfaces. The Company’s electrode substrates were positively evaluated mainly for their gas diffusion and durability, which contribute to improved performance and space-saving for fuel cell stacks, and were adopted by multiple companies in Japan and overseas, including leading automobile manufacturers. Fuel cells are expected to be used for an expanded scope of applications extending to commercial vehicles such as trucks and buses, forklifts, aerospace, and Urban Air Mobility (UAM), as well as passenger automobiles. Toray Group will strengthen its initiatives to develop and supply electrode substrates for fuel cells and carbon fiber for hydrogen tanks.

#### **[R&D]**

The Company concentrates all of its research & technological development functions in the Technology Center and works to create innovation with Toray Group’s comprehensive strength brought together under its corporate philosophy of “contributing to society through the creation of new value with innovative ideas, technologies and products.”

Toray Group invests continuously in research & technological 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. The Group has also achieved a huge leap in the improvement of material properties that can be expressed as “super nanotechnology,” by pursuing nanotechnology to the limit. NANODESIGN®, an innovative composite spinning technology in the field of fibers & textiles, NANOALLOY®, an innovative microstructure control technology in the field of resins, and PICASUS™, a nano-multilayer laminating film in the field of films, have already been put into practical use and are creating added value for society with their unprecedented properties and features.

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 Camifu™, a polyester filament fabric that has the same warmth and feel of handmade traditional Japanese paper. Camifu™ is eco-friendly, as one of its polymers is recycled from film scraps.

In the resins business of the Performance Chemicals segment, Toray Group has used its NANOALLOY® control technology to create “flexible and toughened polymer,” a new polymer material that maintains the outstanding thermal resistance, rigidity, and strength of polyamide 6 (PA6) while delivering a bending fatigue limit 15-fold greater than that of conventional polymers. The material is expected to be applied in products that require exceptional durability, such as automobiles, home appliances, and sporting goods. In the films business, Toray Group created a new grade of biaxially oriented polypropylene (OPP) film that has world-class thermal resistance and quality, by seeking to transcend the current limits of the elemental technologies used to control thermal resistance. The new product will contribute to higher

performance and higher functions in a wide range of industrial materials in addition to xEV markets. In the electronic & information materials business, the Society for Information Display chose Toray’s innovative Spectrum Conversion by Organic (SCO) phosphor sheet as the winning entry in the “Display Component of the Year” category at the 2020 Display Industry Award. The award was bestowed in recognition of the SCO phosphor sheet as the first display component in the world to incorporate a non-toxic organic luminescent material technology that can help liquid crystal display (LCD) monitors deliver high color gamuts.

In the Carbon Fiber Composite Materials segment, Toray Group concluded an agreement with Lilium GmbH to supply carbon fiber composite materials for the Lilium Jet under development. Urban Air Mobility (UAM) is expected to serve as a new traffic system that will help resolve issues related to urban traffic such as congestion, noise, and air pollution. UAM is also called an “air vehicle” and is being developed centering on a small-sized electric motor that will give the vehicle vertical take-off and landing capability as a mainstream. The Company will help resolve environmental issues in urban districts through the development of carbon fiber composite materials that respond to various issues specific to UAM.

In the water treatment business of the Environment & Engineering segment, Toray Group developed a new polyvinylidene fluoride (PVDF) ultrafiltration (UF) membrane with an exceptional virus-removal rate and high water permeability for water treatment. By effectively removing viruses without sacrificing water permeability, the product is expected to provide safe and secure treated water in an energy-saving and low-cost manner for various fields of application, from foods and beverages to wastewater reuse.

In the Life Innovation business, Toray Group developed HotBalloon™ Ablation: A VR Tour for

training doctors. This virtual reality (VR) content is a platform for ablation training with Satake HotBalloon®, Toray's catheter ablation system for treating paroxysmal atrial fibrillation. The VR content enables trainees to practice HotBalloon™ ablation procedures virtually with the same ambience of a procedure performed by an actual doctor, at just the right angle. Remote controls will offer more flexible learning opportunities, which will further enhance trainees' understanding of the procedures and help them acquire skills more rapidly.

TRK-950 is a group-wide project oriented toward the post-AP-G 2022 era. The project is expected to introduce a new concept of antibody medicine that can be effectively applied to many kinds of cancer. According to reports on phase I clinical trials commenced in the U.S. and France in March 2017, the administration of the TRK-950 agent to 100 or more cases has confirmed the safety of the agent over the period from its commencement to the present time (result not final). Therefore, the Group will further confirm the safety and effectiveness of the agent and aim for earlier application in the future.

Furthermore, in the Fibers & Textiles segment, Toray Group has developed an improved version of its antibacterial-type LIVMOA™ CL protective clothing designed in compliance with the requirements of clean rooms in its LIVMOA™ ensemble. In the electronic & information materials business, Toray Group has developed a new technology that makes medical X-ray scintillator panels significantly durable. Another prospective benefit is lower running costs for X-ray detectors in radiography systems with panels employing this technology. The Group looks to deploy this technology in industrial fields where higher quality assurance by nondestructive testing is required, such as in the manufacture of medical products, automotive parts, aircraft parts and other products and materials.

[Sustainability]

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.

Toray Group offers Ecouse™, an integrated brand of recycled materials and products, in wide-ranging business fields such as fibers & textiles, resins and films. During the period under review in the film business, the Group built a recycling system in which used polyethylene terephthalate (PET) films from electronic component applications are collected and reused, and added eco-friendly films that helps materialize a sustainable society to the Ecouse™ series. The Ecouse™ series can help lower the consumption of raw materials derived from fossil fuels and waste plastics while lowering the carbon dioxide emissions produced in film production processes by 30% to 50% at maximum compared to the levels produced by Toray's conventional offerings.

For hydrogen-related products, which are the next-generation clean energy sources expected to realize a recycling-oriented society, Toray Group has made continuous efforts to develop the technology for a Power-to-Gas (P2G) system whereby renewable energy electric power manufactures and stores green hydrogen in joint cooperation with Yamanashi Prefectural Government and Tokyo Electric Power Company Holdings, Inc. at the electric power storage technology research site at Komekurayama Mountain in Kofu City, Yamanashi.

In the Toray Group Sustainability Vision formulated in 2018, Toray Group stated that it would aim for a world where the balanced emission and absorption of greenhouse gas has been achieved on a global scale by 2050, and would thereby aim to contribute to society through the solution of global environmental

issues and resource and energy issues. The Group will contribute to the development of technologies for hydrogen production (water electrolysis), hydrogen infrastructure (compression and storage), and hydrogen utilization (fuel cells) to enable carbon neutrality, through the development, manufacture, and sale of water electrolysis and hydrogen compression materials such as electrolyte membranes and electrode substrates as well as materials for fuel cells.

### Forecast for FY 2021

The global economy, including Japan, is likely to continue its recovery with an additional large-scale economic stimulus policy by the U.S. and with the rollout of coronavirus vaccines. However, there remains strong uncertainties such as the restrictions on economic activities in response to resurgence in infections (third state of emergency in Japan and restriction on economic activities in various countries), confirmation of variants from various parts of the world and spread of infections, and therefore the economy is expected to go through the normalization process at a slow pace. In that process, there is also the possibility of a further decline in the global economic growth rate due to credit contraction and steeper declines in demand due to bankruptcies and prolonged unemployment. Moreover, the continuation of the conflict between the U.S. and China may weigh heavily on the recovery of the global economy even after the spread of COVID-19 subsides. 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 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) Capital Expenditures

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

- 1) Major production facilities completed during the year:

***Performance Chemicals:***

Expansion of production facilities for 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)

***Carbon Fiber Composite Materials:***

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

- 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 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)

### ***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 March 31,	Billions of yen except per share data			
	2018	2019	2020	2021
<b>Japanese GAAP</b>				
Net sales	¥2,204.9	¥2,388.8	¥2,214.6	—
Operating income	156.5	141.5	131.2	—
Ordinary income	152.3	134.5	103.4	—
Net income attributable to owners of parent	95.9	79.4	55.7	—
Net income per share (yen)	59.97	49.61	34.83	—
Net assets	1,169.2	1,213.9	1,179.6	—
Total assets	2,575.9	2,788.4	2,650.7	—
<b>IFRS</b>				
Revenue	—	—	¥2,091.2	<b>¥1,883.6</b>
Core operating income	—	—	125.5	<b>90.3</b>
Operating income	—	—	114.7	<b>55.9</b>
Profit attributable to owners of parent	—	—	84.2	<b>45.8</b>
Basic earnings per share (yen)	—	—	52.65	<b>28.61</b>
Equity attributable to owners of parent	—	—	1,116.1	<b>1,237.9</b>
Total assets	—	—	2,733.5	<b>2,848.8</b>

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

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

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

Name	Stated capital	Toray's stake	Main business
Toray International, Inc.	¥2,040 million	100.00%	Export and domestic sales of Toray Group products
Chori Co., Ltd.	¥6,800 million	51.25%	Purchasing and sales of textile products and chemical products, etc.
Toray Engineering Co., Ltd.	¥1,500 million	100.00%	Plant engineering, manufacturing and sales of FPD production equipment, film production & processing equipment, etc.
Toray Composite Materials America, Inc.	US\$114 million	— (100.00%)	Development, manufacturing and sales of carbon fibers and prepreg
Toray Plastics (America), Inc.	US\$238 million	— (100.00%)	Manufacturing and sales of polyester and polypropylene films and polyolefin foam
Toray Carbon Fibers Europe S.A.	EUR185 million	100.00%	Manufacturing and sales of carbon fibers
P.T. Indonesia Toray Synthetics	US\$105 million	92.37% (7.63%)	Manufacturing and sales of nylon fibers, polyester fibers and resin compound products
Thai Toray Synthetics Co., Ltd.	THB3,078 million	70.77% (19.24%)	Manufacturing and sales of nylon fibers, polyester fibers, resin compound products and polypropylene films
Toray Plastics (Malaysia) Sdn. Berhad	US\$73 million	93.85% (6.15%)	Manufacturing and sales of ABS resin; sales of PBT resin, etc.
Toray Sakai Weaving & Dyeing (Nantong) Co., Ltd.	RMB1,442 million	69.43% (15.40%)	Weaving, dyeing and marketing of polyester filament textiles
Toray Advanced Materials Korea Inc.	Won713.3 billion	100.00%	Manufacturing and sales of polyester fibers, non-woven fabrics, PPS resin, polyester films, carbon fibers and water treatment products

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

## (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; nonwoven fabrics; nonwoven material created using ultra-fine fibers in an “Island in the Sea” configuration; apparel products.

### *Performance Chemicals:*

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

### *Carbon Fiber Composite Materials:*

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

### *Environment and Engineering:*

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

### *Life Science:*

Pharmaceuticals, medical devices, etc.

### *Other:*

Analysis, physical evaluation, research, and other services.

## (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	18,283	(1,383)
Performance Chemicals	12,600	(20)
Carbon Fiber Composite Materials	6,335	(405)
Environment and Engineering	4,450	95
Life Science	1,523	22
Other	2,326	(50)
Corporate	750	(23)
Total	46,267	(1,764)

## (10) Principal Lenders

	Outstanding loan amount (Millions of yen)
MUFG Bank, Ltd.	114,289
Sumitomo Mitsui Banking Corporation	106,071
Japan Bank for International Cooperation	59,951
Mizuho Bank, Ltd.	58,445
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 ¥203,026 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:	1,601,275,709 shares (excluding treasury stock of 30,205,694 shares)
(3) Number of Stockholders at March 31, 2021:	215,278
(4) Principal Stockholders:	

	Number of shares held (Thousands)	Percentage of total shares (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	154,224	9.63
Custody Bank of Japan, Ltd. (Trust Account)	113,317	7.08
Nippon Life Insurance Co.	71,212	4.45
TAIJU LIFE INSURANCE COMPANY LIMITED	35,961	2.25
Custody Bank of Japan, Ltd. (Trust 7 Account)	26,932	1.68
National Mutual Insurance Federation of Agricultural Cooperatives	26,593	1.66
Custody Bank of Japan, Ltd. (Trust 4 Account)	24,420	1.53
Sumitomo Mitsui Banking Corporation	24,022	1.50
STATE STREET BANK WEST CLIENT-TREATY 505234	22,033	1.38
Custody Bank of Japan, Ltd. (Trust 5 Account)	21,759	1.36

Note: The percentage of total shares is computed after deducting treasury stock (30,205,694 shares)

## 3. Stock Acquisition Rights

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

	No.1 Stock Acquisition Right	No.2 Stock Acquisition Right	No.3 Stock Acquisition Right
Date of resolution of issuance	July 29, 2011	July 19, 2012	July 26, 2013
Number of Stock Acquisition Rights	92	115	86
Number of persons held	4 members of the Board	4 members of the Board	4 members of the Board
Type and number of shares to be issued upon exercise	Common Stock: 92,000 shares	Common Stock: 115,000 shares	Common Stock: 86,000 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	90	53	77
Number of persons held	4 members of the Board	4 members of the Board	6 members of the Board
Type and number of shares to be issued upon exercise	Common Stock: 90,000 shares	Common Stock: 53,000 shares	Common Stock: 77,000 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	72	93	112
Number of persons held	6 members of the Board	6 members of the Board	6 members of the Board
Type and number of shares to be issued upon exercise	Common Stock: 72,000 shares	Common Stock: 93,000 shares	Common Stock: 112,000 shares
Issue price of Stock Acquisition Rights	¥899	¥710	¥684
Exercise price	¥1	¥1	¥1
Exercise period for Stock Acquisition Rights	From August 20, 2017 to August 19, 2047	From August 19, 2018 to August 18, 2048	From August 18, 2019 to August 17, 2049

	No.10 Stock Acquisition Right
Date of resolution of issuance	July 22, 2020
Number of Stock Acquisition Rights	237
Number of persons held	8 members of the Board
Type and number of shares to be issued upon exercise	Common Stock: 237,000 shares
Issue price of Stock Acquisition Rights	¥421
Exercise price	¥1
Exercise period for Stock Acquisition Rights	From August 16, 2020 to August 15, 2050

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

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

	No.10 Stock Acquisition Right
Date of resolution of issuance	July 22, 2020
Number of Stock Acquisition Rights	626
Number of persons granted	56 in total of vice presidents, executive fellows, and directors of the Company
Type and number of shares to be issued upon exercise	Common Stock: 626,000 shares
Issue price of Stock Acquisition Rights	¥421
Exercise price	¥1
Exercise period for Stock Acquisition Rights	From August 16, 2020 to August 15, 2050

(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: 62,282,012 shares
Issue price of Stock Acquisition Rights	Gratis
Conversion price	¥802.8
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* (Intellectual Property Division, Global Environment Business Strategic Planning Dept., and Life Innovation Business Strategic Planning Dept.; Technology Center; Toray Human Resources Development Center)

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

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

**Satoru Hagiwara\***, *Senior Vice President and Member of the Board* (Films Division; Chairman, Toray Films Europe S.A.S.)

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

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

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

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

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

**Susumu Kaminaga\***, *Outside Director* (Representative Director, SK Global Advisers Co., Ltd.; Director, Olympus Corporation)

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

**Shogo Masuda**, *Corporate Auditor*

**Toru Fukasawa\***, *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, Ryoji Noyori, Susumu Kaminaga and Kazuo Futagawa are outside directors in accordance with Article 2, paragraph 15 of the Companies Act.

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

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

Note 4: The Tokyo Stock Exchange has been notified that Toshio Nagai, Kazuya Jono and Hiroyuki Kumasaka are independent directors/auditors under the regulations of

the Exchange.

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

Note 7: Kazuya Jono, Corporate Auditor, has been in charge of financing businesses at banks for many years, and has considerable knowledge of financing and accounting matters.

Note 8: Hiroyuki Kumasaka, Corporate Auditor, is qualified as a certified public accountant, and has considerable knowledge of financing and accounting matters.

Note 9: Members of the Board and Corporate Auditors marked with an Asterisk(\*) were newly appointed to their respective positions at the 139th Ordinary General Meeting of Stockholders held on June 23, 2020.

Note 10: The following members of the Board and corporate auditors retired from their respective positions at the close of the 139th Ordinary General Meeting of Stockholders held on June 23, 2020.

**Ryo Murayama**, *Executive Vice President and Representative Member of the Board*

**Hiroshi Otani**, *Senior Vice President (Member of the Board and Member of the Executive Committee)*

**Toru Fukasawa**, *Senior Vice President (Member of the Board and Member of the Executive Committee)*

**Kazuo Morimoto**, *Senior Vice President (Member of the Board and Member of the Executive Committee)*

**Osamu Inoue**, *Senior Vice President (Member of the Board and Member of the Executive Committee)*

**Hirofumi Kobayashi**, *Senior Vice President (Member of the Board)*

**Tetsuya Tsunekawa**, *Senior Vice President (Member of the Board)*

**Takashi Fujimoto**, *Senior Vice President (Member of the Board)*

**Shigeki Taniguchi**, *Vice President (Member of the Board)*

**Hideki Hirabayashi**, *Vice President (Member of the Board)*

**Hiroshi Enomoto**, *Vice President (Member of the Board)*

**Nobuyuki Inohara**, *Vice President (Member of the Board)*

**Shoshiro Taneichi**, *Corporate Auditor*

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

1) Policy for determining the details of individual remuneration to members of the Board

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

i) Basic policy

To lead to improvements in the Toray Group's mid-to long-term corporate value and sustainable growth, Toray has established a remuneration system for members of the Board and corporate auditors. With respect to the Decision-making Policy for the remuneration system for members of the Board and corporate auditors, in addition to matters stipulated by laws and regulations, the decision-making rights on important matters are reserved by the Board of Directors based on the Authority of Top Management. Particulars of the agenda regarding remuneration for members of the Board and

corporate auditors at the general meeting of stockholders, and the formulation and revision of important internal regulations, as well as individual remuneration to members of the Board, are determined by resolution of the Board of Directors. The remuneration system for members of the Board and corporate auditors is continually reviewed by the Governance Committee.

ii) Composition and level of remuneration

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

iii) Basic remuneration

With respect to basic remuneration the maximum limit of total remuneration is determined at general meetings of stockholders. Within the scope of the maximum limit, basic remuneration to each member of the Board is determined by the President and Representative Member of the Board based on the Company's internal regulations with a resolution at a Board of Directors meeting. Basic remuneration consists of monthly remuneration of a fixed amount.

iv) Bonuses

The provision and the total amount of bonuses are

determined each time at a general meeting of stockholders. Particulars of the agenda at the general meeting of stockholders are determined by the Board of Directors through consultation among the members of executive management, including the President and Representative Member of the Board, with consideration given to the consolidated core operating income for each fiscal year that best represents the results of the Company's global business operations, plus the historical record, etc. The individual bonus for each internal member of the Board is determined by the President and Representative Member of the Board according to each member's performance based on the Company's internal regulations with a resolution at a Board of Directors meeting. Bonuses are to be paid at a certain time every year.

v) Stock Acquisition Rights as stock options

The maximum limit of total number of Stock Acquisition Rights as well as the limit of remuneration relating to the granting of the Stock Acquisition Rights as stock options to internal members of the Board is resolved at the general meeting of stockholders. Within that limit, the total number of Stock Acquisition Rights to be allocated to each member of the Board shall be decided at the Board of Directors meeting based on the Company's internal regulations. Stock Acquisition Rights as stock options are granted at a certain time every year.

vi) Others

At the 130th Ordinary General Meeting of Stockholders, the payment of retirement allowances to members of the Board and corporate auditors for termination resulting from the abolition of the retirement allowance program for members of the Board and corporate auditors was resolved. It was also resolved that retirement allowances were to be paid to internal members of the Board in office at the close of the said general meeting for the services they rendered up to the close of the said general meeting. The retirement allowance to be paid to each member of the Board is determined by the President and Representative Member of the Board

based on the Company's internal regulations with a resolution at a Board of Directors meeting. The retirement allowance is paid at the time of retirement of each member of the Board.

In addition, the Decision-making Policy was determined with a resolution of the Board of Directors meeting held on February 9, 2021 through deliberations at the Governance Committee.

Given their roles, remuneration for corporate auditors consists of basic remuneration only, which is a fixed amount. Remuneration is set at a level that enables the Company to secure superior human resources, referring to the results of a survey of other companies' remuneration by an external third-party organization. With respect to basic remuneration, the maximum limit of total remuneration is determined at general meetings of stockholders. Basic remuneration to each corporate auditor is determined, within the scope of the maximum limit, through discussion by corporate auditors.

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

i) Basic remuneration to members of the Board

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

\* Details of resolution: The amount of remuneration to members of the Board was ¥112 million or less per month (excluding the portion of employee's salary of the employee-director).

\* Number of covered members of the Board: 28

ii) Basic remuneration to corporate auditors

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

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

\* Number of covered corporate auditors: 5

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

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

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

\* Number of covered members of the Board: 28

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

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

\* Details of resolution: The retirement allowances for termination are to be paid to the members of the Board and corporate auditors for the services they rendered up to the close of the said general meeting, resulting from the abolition of the retirement allowance program for members of the Board and corporate auditors. The retirement allowance is paid at the time of retirement of each member of the Board and corporate auditor.

\* Number of covered members of the Board: 23

Number of covered corporate auditors: 2

3) Delegation of the determination of the details of individual remuneration to members of the Board

In Toray, the specific details of individual remuneration to members of the Board are determined by Akihiro Nikkaku, the President and Representative Member of the Board (Chief Executive Officer, Chief Operating Officer), based on the delegation resolved at the Board of Directors meeting.

With regard to the details of authority, basic remuneration to each member of the Board, a bonus to each internal member of the Board, remuneration equivalent to the payment amount of stock acquisition rights granted as an allotment of the Stock Acquisition Rights as stock options to each internal member of the Board, and retirement allowances to internal members of the Board for termination are determined based on the Company's



internal regulations.

Regarding the reasons for the delegation of this authority, the Company believes that certain objectivity is ensured because the President and Representative Member of the Board, the officer who best grasps the duty and achievement of each member of the Board, determines the remuneration. The Board of Directors takes measures whereby the remuneration system for members of the Board and corporate auditors is continuously reviewed by the Governance Committee so that the said authority will be appropriately executed by the President and Representative Member of the Board. Since the amount of individual remuneration to each member of the Board is determined through these procedures, the Board of Directors believes that the said details are in line with the Decision-making Policy.

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

Category	Total amount of remuneration	Total amount of remuneration by type			Number of covered members of the Board and corporate auditors
		Basic remuneration	Performance-based remuneration	Non-monetary remuneration	
			Bonus	Stock Acquisition Rights as stock options	
Members of the Board [including outside directors]	764	566	75	123	24
Corporate auditors [including outside corporate auditors]	[42]	[42]	[-]	[-]	[4]
	115	115	-	-	6
	[36]	[36]	[-]	[-]	[3]

Note 1: The number of members of the Board and corporate auditors includes twelve members of the Board and one corporate auditor who retired in the current period.

Note 2: The amount equivalent to ¥21 million of employee's salary of the employee-director is not included in the above amount.

Note 3: The amount of bonuses to members of the Board is scheduled to be resolved at the 140th Ordinary General Meeting of Stockholders.

The amount of bonuses is calculated with consideration given to the consolidated core operating income for the current period, plus the historical record, etc. Changes in the consolidated core operating income, including that for the current period, are stated in 1. Review of Operations of Toray Group, (5) Financial Highlights.

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

Note 5: In addition to the above, retirement allowance for termination was paid to one retired member of the Board in the amount of ¥46 million.

#### (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)

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

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

**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 13 out of 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. In addition, served as a chairman of the Governance Committee, a voluntary committee, and worked to improve governance by offering comments on basic policy for the selection and dismissal of executive managers, on enhancement of the effectiveness of the Board of Directors, and on corporate governance such as group governance.

**Ryoji Noyori, *Outside Director***

Attended all 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. In addition, served as a member of the Governance Committee, a voluntary committee, and worked to improve governance by offering comments on basic policy for the selection and dismissal of executive managers, on enhancement of the effectiveness of the Board of Directors, and on corporate governance such as group governance.

**Susumu Kaminaga, *Outside Director***

Attended all 10 meetings (Note) of the Board of Directors held during the period under review. Contributed to these meetings with appropriate comments based on his rich experience as a corporate executive, as well as international perspective and experience as an outside director of another company. In addition, served as a member of the Governance Committee, a voluntary committee, and worked to improve governance by offering comments on basic policy for the selection and dismissal of executive managers, on enhancement of the effectiveness of the Board of Directors, and on corporate governance such as group governance.

**Kazuo Futagawa, *Outside Director***

Attended all 10 meetings (Note) of the Board of

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

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

Attended all 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 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 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 certified public accountant.

Note: The number of meetings held after their assumption of office in June 2020 is stated.

## 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, 2021 was ¥293 million.
- 2) The total amount of remuneration paid or payable to independent auditors by the Company and its consolidated subsidiaries was ¥504 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

Not applicable

### (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 Statement of Financial Position

Toray Industries, Inc. and Subsidiaries  
March 31, 2021

<b>Assets</b>	Millions of yen	<b>Liabilities</b>	Millions of yen
<b>Current assets:</b>	<b>¥1,181,039</b>	<b>Current liabilities:</b>	<b>¥681,378</b>
Cash and cash equivalents	236,354	Trade and other payables	282,812
Trade and other receivables	522,259	Bonds and borrowings	278,678
Inventories	369,110	Lease liabilities	10,635
Other financial assets	6,136	Other financial liabilities	12,872
Other current assets	47,180	Income taxes payable	11,956
		Other current liabilities	84,425
<b>Non-current assets:</b>	<b>1,667,800</b>	<b>Non-current liabilities:</b>	<b>845,186</b>
Property, plant and equipment	998,358	Bonds and borrowings	654,608
Right-of-use assets	50,481	Lease liabilities	30,006
Goodwill	85,565	Other financial liabilities	6,699
Intangible assets	78,305	Deferred tax liabilities	41,516
Investments accounted for using equity method	174,142	Retirement benefit liability	100,852
Other financial assets	217,341	Other non-current liabilities	11,505
Deferred tax assets	14,414		
Retirement benefit asset	34,879	<b>Total liabilities</b>	<b>1,526,564</b>
Other non-current assets	14,315		
		<b>Equity</b>	
		<b>Equity attributable to owners of parent:</b>	<b>1,237,851</b>
		Share capital	147,873
		Capital surplus	120,493
		Retained earnings	899,994
		Treasury shares	(19,985)
		Other components of equity	89,476
		<b>Non-controlling interests:</b>	<b>84,424</b>
<b>Total assets</b>	<b>¥2,848,839</b>	<b>Total equity</b>	<b>1,322,275</b>
		<b>Total liabilities and equity</b>	<b>¥2,848,839</b>

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

## Consolidated Statement of Profit or Loss

Toray Industries, Inc. and Subsidiaries

April 1, 2020 - March 31, 2021

	Millions of yen
<b>Revenue</b>	<b>¥1,883,600</b>
Cost of sales	(1,506,100)
<b>Gross profit</b>	<b>377,500</b>
Selling, general and administrative expenses	(286,981)
Other income	5,388
Other expenses	(40,028)
<b>Operating income</b>	<b>55,879</b>
Finance income	6,099
Finance costs	(9,224)
Share of profit of investments accounted for using equity method	12,812
<b>Profit before tax</b>	<b>65,566</b>
Income tax expense	(18,227)
<b>Profit</b>	<b>47,339</b>
Profit attributable to:	
Owners of parent	45,794
Non-controlling interests	1,545
	<b>¥47,339</b>

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

## Non-consolidated Balance Sheet

Toray Industries, Inc.  
March 31, 2021

Assets	Millions of yen	Liabilities	Millions of yen
<b>Current assets:</b>	<b>¥ 294,071</b>	<b>Current liabilities:</b>	<b>¥ 235,433</b>
Cash and time deposits	33,777	Notes payable - trade	3,780
Notes receivable - trade	5,089	Accounts payable - trade	44,017
Accounts receivable - trade	114,792	Commercial paper	30,000
Finished goods	49,685	Bonds due within one year	50,000
Work in process	16,606	Accounts payable - other	25,802
Raw materials and supplies	25,179	Accrued expenses	16,346
Prepaid expenses	1,700	Income taxes payable	435
Short-term loans receivable	31,399	Deposits received	52,952
Accounts receivable - other	18,082	Reserve for employees' bonuses	9,447
Other current assets	5,021	Reserve for bonuses of members of the Board	75
Allowance for doubtful accounts	(7,259)	Other current liabilities	2,579
<b>Non-current assets:</b>	<b>1,230,616</b>	<b>Non-current liabilities:</b>	<b>631,559</b>
<b>Property, plant and equipment:</b>	<b>251,478</b>	Bonds	240,000
Buildings	93,007	Long-term borrowings	307,977
Structures	14,188	Deferred tax liabilities	7,849
Machinery and equipment	93,171	Reserve for employees' retirement benefits	65,908
Vehicles	143	Reserve for loss on guarantees	2,912
Tools and furniture	6,608	Reserve for loss on business of subsidiaries and affiliated companies	361
Land	28,159	Other non-current liabilities	6,552
Construction in progress	16,203	<b>Total liabilities</b>	<b>866,992</b>
<b>Intangible assets:</b>	<b>5,679</b>	<b>Net assets</b>	
Software	3,585	<b>Shareholders' equity:</b>	<b>587,742</b>
Goodwill	243	<b>Share capital</b>	<b>147,873</b>
Other intangible assets	1,851	<b>Capital surplus:</b>	<b>136,788</b>
<b>Investments and other assets:</b>	<b>973,460</b>	Additional paid-in capital	136,727
Investment securities	161,208	Other capital surplus	61
Investment securities in subsidiaries and affiliated companies	586,697	<b>Retained earnings:</b>	<b>322,487</b>
Investment in subsidiaries' and affiliated companies' capital	197,545	Legal reserve	24,234
Prepaid pension cost	22,771	Other retained earnings	298,253
Other	5,242	Reserve for tax purpose reduction entry	11,968
Allowance for doubtful accounts	(4)	General reserve	112,000
		Retained earnings brought forward	174,284
		<b>Treasury shares</b>	<b>(19,406)</b>
		<b>Valuation, translation adjustments and other:</b>	<b>68,354</b>
		Net unrealized gains (losses) on securities	67,618
		Net deferred gains (losses) on hedges	735
		<b>Stock acquisition rights</b>	<b>1,599</b>
		<b>Total net assets</b>	<b>657,695</b>
<b>Total assets</b>	<b>¥ 1,524,688</b>	<b>Total liabilities and net assets</b>	<b>¥ 1,524,688</b>

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

## Non-consolidated Statement of Income

Toray Industries, Inc.  
April 1, 2020 - March 31, 2021

	Millions of yen
<b>Net sales</b>	<b>¥ 477,093</b>
Cost of sales	378,446
<b>Gross profit</b>	<b>98,647</b>
Selling, general and administrative expenses	108,215
<b>Operating loss</b>	<b>(9,568)</b>
<b>Non-operating income:</b>	<b>49,492</b>
Interest and dividend income	46,965
Other income	2,527
<b>Non-operating expenses:</b>	<b>4,620</b>
Interest expenses	1,123
Other expenses	3,497
<b>Ordinary income</b>	<b>35,304</b>
<b>Special gains:</b>	<b>7,277</b>
Gain on sales of property, plant and equipment	13
Gain on sales of investment securities	7,085
Other special gains	179
<b>Special losses:</b>	<b>8,075</b>
Loss on sales and disposal of property, plant and equipment	3,704
Loss on impairment of fixed assets	811
Loss on write-down of investment securities	282
Loss on sales of investment securities	2,332
Loss on liquidation and devaluation of subsidiaries and affiliated companies	947
<b>Income before income taxes</b>	<b>34,505</b>
Income taxes:	
Current	(407)
Deferred	(2,109)
<b>Net income</b>	<b>¥ 37,022</b>

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

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(Translation)  
Independent Auditor's Report

May 17, 2021

The Board of Directors  
Toray Industries, Inc.

Ernst & Young ShinNihon LLC  
Tokyo, Japan

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Kazuhiro Suzuki  
Designated Engagement Partner  
Certified Public Accountant

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Takeshi Isogai  
Designated Engagement Partner  
Certified Public Accountant

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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 statement of financial position, the consolidated statement of profit or loss, the consolidated statement of changes in equity, and notes to the consolidated financial statements of Toray Industries, Inc. (the "Company") applicable to the fiscal year from April 1, 2020 to March 31, 2021.

In our opinion, the above consolidated financial statements, prepared with the omission of some disclosure items required under International Financial Reporting Standards in accordance with the provisions of the latter part of Article 120, Paragraph 1 of the Regulation on Corporate Accounting, present fairly, in all material respects, the consolidated financial position and results of operations of the Group, which consisted of the Company and its consolidated subsidiaries, applicable to the fiscal year ended March 31, 2021.

*Basis for Opinion*

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

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the provisions of the latter part of Article 120, Paragraph 1 of the Regulation on Corporate Accounting which allows companies to prepare consolidated financial statements with the omission of some disclosure items required under International Financial Reporting Standards, 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 the provisions of the latter part of Article 120, Paragraph 1 of the Regulation on Corporate Accounting which allows companies to prepare consolidated financial statements with the omission of some disclosure items required under International Financial Reporting Standards, 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 the provisions of the latter part of Article 120, Paragraph 1 of the Regulation on Corporate Accounting which allows companies to prepare consolidated financial statements with the omission of some disclosure items required under International Financial Reporting Standards.
- 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 statement of financial position, the consolidated statement of profit or loss, the consolidated statement of changes in equity and the notes to the consolidated financial statements, applicable to the fiscal year ended March 31, 2021 are written in Japanese.

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(Translation)  
Independent Auditor's Report

May 17, 2021

The Board of Directors  
Toray Industries, Inc.

Ernst & Young ShinNihon LLC  
Tokyo, Japan

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Kazuhiro Suzuki  
Designated Engagement Partner  
Certified Public Accountant

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Takeshi Isogai  
Designated Engagement Partner  
Certified Public Accountant

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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 140<sup>th</sup> fiscal year from April 1, 2020 to March 31, 2021.

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, 2021, 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, 2021 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 140<sup>th</sup> fiscal term from April 1, 2020 to March 31, 2021, has prepared this Audit Report as its unanimous opinion and hereby submits it as follows:

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

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

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

In accordance with the procedures mentioned above, we reviewed the business reports and supplementary schedules, the non-consolidated financial statements (the non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in net assets and notes to the non-consolidated financial statements) and the supplementary schedules, and the consolidated financial statements (the consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of changes in equity, and notes to the consolidated financial statements) for the year ended March 31, 2021.

### 2. Results of Audit

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

May 18, 2021

Board of Corporate Auditors  
Toray Industries, Inc.

Shogo Masuda, Corporate Auditor  
Toru Fukasawa, Corporate Auditor  
Toshio Nagai, Outside Corporate Auditor  
Kazuya Jono, Outside Corporate Auditor  
Hiroyuki Kumasaka, Outside Corporate Auditor