

'TORAY'

**Notice of the
141st Ordinary
General Meeting
of Stockholders**

For the Fiscal Year Ended March 31, 2022



2022

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 141st 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., Wednesday, June 22, 2022 (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 6, 2022

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

With a view of preventing the spread of infections, 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 if the stockholders place top priority on their own health and safety. In addition, we kindly ask for your cooperation for measures in consideration of our stockholders' safety. We would also appreciate exercising your voting rights in advance via postal mail or the Internet.

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

Notes

1. Date and time of meeting:
Thursday, June 23, 2022, 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 141st business year (from April 1, 2021 to March 31, 2022), 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 141st business year (from April 1, 2021 to March 31, 2022)

Matters to be acted upon:

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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.

as his/her proxy as stipulated in the Articles of Incorporation of the Company, provided that such proxy shall submit to the Company a document evidencing his/her power of representation, such as power of attorney.

From among the documents to be provided with this notice of convocation, the “Organization and Policies of the Company,” “Consolidated 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) 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).

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

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.

If you exercise your voting rights in advance**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., Wednesday, June 22, 2022.

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., Wednesday, June 22, 2022.

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., Wednesday, June 22, 2022.

If you are able to attend the meeting**Attend the meeting**

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

Date and time of meeting: Thursday, June 23, 2022, 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

Thursday, June 23, 2022, from 10:00 a.m. to the closing of the meeting

The streaming page is scheduled to be available from around 30 minutes before the opening of the meeting (9:30 a.m.).

Method for viewing

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

Streaming URL: <https://toray-soukai.live/>

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/).

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 5:00 p.m. (excluding Saturdays, Sundays, and public holidays)

For viewing the live stream:

Sony PCL Inc.

03-3238-1193

Reception date and time: Thursday, June 23, 2022 (date of the meeting), 9:00 a.m. to the close of the meeting

<Requests and Measures to Prevent the Spread of Infection>

Below we present information to prevent the spread of COVID-19 and other infections 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 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 taking your temperature 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.

Measures to be taken by the Company

- * 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.

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

Voting Information

Propositions and Related Information:

Proposition No. 1:
Appropriation of Surplus

With regard to the year-end dividend for the fiscal year, management intends to pay ¥8 per share in light of Toray's business performance, financial strength and other factors. As a result, the annual dividend, consisting of an interim dividend of ¥8 and a year-end dividend of ¥8, will be ¥16 per share, an increase of ¥7 per share compared to the previous fiscal year.

Year-end dividend

- (1) Type of dividend assets: Money
- (2) Allotment of dividend assets to stockholders and the total amount
Allotment of dividend assets to stockholders: ¥8 per share of common stock
Total amount: ¥12,812,351,192
- (3) Effective date of distribution of surplus
June 24, 2022

Proposition No. 2:
Partial Amendments to the Articles of Incorporation

1. Reasons for amendments

- (1) The amended provisions stipulated in the proviso to Article 1 of the supplementary provisions of the "Act Partially Amending the Companies Act" (Act No. 70 of 2019) will be enforced on September 1, 2022. Accordingly, in order to prepare for the introduction of the system for electronic provision of materials for general meetings of shareholders, the Articles of Incorporation of the Company shall be amended as follows.
 - 1) The proposed Article 15, Paragraph 1 provides that information contained in the voting information, etc. shall be provided electronically.
 - 2) The proposed Article 15, Paragraph 2 establishes a provision to limit the scope of matters to be included in the paper copy to be sent to shareholders who have requested it.
 - 3) The provisions related to the internet disclosure provision of the voting information, etc. (Article 15 of the current Articles of Incorporation) will become unnecessary and will therefore be deleted.
 - 4) In line with the above establishment and deletion of the provisions, supplementary provisions related to the effective date, etc. shall be established.
- (2) For purposes of clarifying contributions of members of the Board to business results in a fiscal year and establishing flexible business structures capable of promptly responding to changes in the business environment, the Company will amend its Articles of Incorporation to change the terms of office of members of the Board to one year from the current two years.

2. Details of amendments

The details of the amendments are as follows.

(Amended parts are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p><u>Article 15. (Disclosure via Internet of the Voting Information for the Shareholders Meeting, etc.)</u> <u>Upon convening a Shareholders Meeting, the Company shall be deemed to have provided the shareholders with the necessary information with respect to the matters to be stated or indicated in the voting information, the business reports, the financial statements and the consolidated financial statements, by disclosing such information via internet in accordance with law.</u></p> <p><Newly established></p> <p>Article 20. (Term of Office) 1. The term of office of Directors shall expire upon conclusion of the Annual Shareholders Meeting relating to the last business year to occur within <u>two (2) years</u> after their election to office. 2. The term of office of a Director elected to fill a vacancy or elected in increase of their number shall expire at such time as the term of office of the other Directors presently in office would expire.</p>	<p><Deleted></p> <p><u>Article 15. (Measures for Electronic Provision of Information, etc.)</u> <u>1. Upon convening a Shareholders Meeting, the Company shall provide information contained in the voting information, etc. electronically.</u> <u>2. Among the matters to be provided electronically, the Company may choose not to include all or part of the matters stipulated in the Ministry of Justice Ordinance in the paper copy to be sent to shareholders who have requested it by the record date for vesting voting rights.</u></p> <p>Article 20. (Term of Office) 1. The term of office of Directors shall expire upon conclusion of the Annual Shareholders Meeting relating to the last business year to occur within <u>one (1) year</u> after their election to office. 2. The term of office of a Director elected to fill a vacancy or elected in increase of their number shall expire at such time as the term of office of the other Directors presently in office would expire.</p>

Current Articles of Incorporation	Proposed Amendments
<p><Newly established></p>	<p>(Supplementary Provisions)</p> <p><u>1. The change in Article 15 of the Articles of Incorporation shall come into effect on September 1, 2022, the date of enforcement of the amended provisions stipulated in the proviso to Article 1 of the supplementary provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (the “Effective Date”).</u></p> <p><u>2. Notwithstanding the provisions of the preceding paragraph, Article 15 (Disclosure via Internet of the Voting Information for the Shareholders Meeting, etc.) of the Articles of Incorporation shall remain in force with respect to a general meeting of stockholders to be held on a date within six months from the Effective Date.</u></p> <p><u>3. These supplementary provisions shall be deleted after the lapse of six months from the Effective Date or three months from the date of the general meeting of stockholders set forth in the preceding paragraph, whichever is later.</u></p>

Proposition No. 3:

Election of Twelve Members of the Board

The term of office of all the twelve members of the Board will expire at the close of this general meeting. Accordingly, the stockholders are requested to hold an election to name replacements for these twelve members of the Board. Required Information on the twelve Candidates for Members of the Board is as follows.

[List of Candidates for Directors]

Candidate No.	Name	Current positions, responsibilities and significant concurrent positions at the Group	Attendance at the meetings of the Board of Directors
1	Akihiro Nikkaku [Reappointed]	President and Representative Member of the Board (Chief Executive Officer and Chief Operating Officer)	100% (14 out of 14)
2	Mitsuo Ohya [Reappointed]	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.)	100% (14 out of 14)
3	Satoru Hagiwara [Reappointed]	Senior Vice President and Member of the Board (Films Division; Chairman, Toray Films Europe S.A.S.)	100% (14 out of 14)
4	Kazuyuki Adachi [Reappointed]	Senior Vice President and Member of the Board (Purchasing & Logistics Division; Manufacturing Division)	100% (14 out of 14)
5	Minoru Yoshinaga [Reappointed]	Senior Vice President and Member of the Board (Torayca & Advanced Composites Division; Chairman, Toray Carbon Fibers Europe S.A.)	100% (14 out of 14)
6	Yasuo Suga [Reappointed]	Senior Vice President and Member of the Board (Corporate Strategic Planning Division; Quality Assurance Division; HS Business Development Dept.)	100% (10 out of 10)
7	Kazuhiko Shuto [Newly appointed]	Senior Vice President (Chief Representative for China; Chairman & President, Toray Industries (China) Co., Ltd.; Chairman, Toray Sakai Weaving & Dyeing (Nantong) Co., Ltd.)	—

Candidate No.	Name	Current positions, responsibilities and significant concurrent positions at the Group	Attendance at the meetings of the Board of Directors
8	Masahiko Okamoto [Reappointed]	Corporate Vice President and Member of the Board (Finance & Controller's Division)	100% (14 out of 14)
9	Kunio Ito [Reappointed] [Outside] [Independent]	Outside Director	100% (14 out of 14)
10	Ryoji Noyori [Reappointed] [Outside] [Independent]	Outside Director	100% (14 out of 14)
11	Susumu Kaminaga [Reappointed] [Outside] [Independent]	Outside Director	100% (14 out of 14)
12	Kazuo Futagawa [Reappointed] [Outside] [Independent]	Outside Director	100% (14 out of 14)

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

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

[Outside] Outside Director

[Independent] Independent director registered at the Exchange

No.1

Akihiro Nikkaku

(Reappointed)

Date of Birth:

January 6, 1949

Shares Owned:

187,800

Personal History:

April 1973	Joined the Company
June 2001	General Manager, Engineering Division; General Manager, Second Engineering Dept.
June 2002	Vice President (Member of the Board)
June 2004	Senior Vice President (Member of the Board)
June 2006	Senior Vice President (Member of the Board & Member of the Executive Committee)
June 2007	Executive Vice President and Representative Member of the Board
June 2010	President and Representative Member of the Board
June 2020	President and Representative Member of the Board (Chief Executive Officer, Chief Operating Officer) (incumbent) (Presently Chief Executive Officer and Chief Operating Officer)

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

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

No.2

Mitsuo Ohya

(Reappointed)

Date of Birth:

June 11, 1956

Shares Owned:

65,858

Personal History:

April 1980	Joined the Company
June 2009	General Manager, Industrial & Textile Fibers Division
June 2012	Vice President (Member of the Board)
June 2014	Retired from Vice President (Member of the Board) President and Representative Member of the Board, Toray International, Inc.
June 2016	Senior Vice President (Member of the Board & Member of the Executive Committee)
June 2020	Executive Vice President and Representative Member of the Board (incumbent) Director, Chori Co., Ltd. (incumbent) (Presently in charge of Marketing and Sales, Legal & Compliance Division (Security Trade Administration Dept.), Corporate Marketing Planning Dept., and branches; General Manager, Affiliated Companies Division) (Concurrently Director, Chori Co., Ltd.)

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

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

No.3

Satoru Hagiwara

(Reappointed)

Date of Birth:

October 22, 1956

Shares Owned:

90,098

Personal History:

April 1981	Joined the Company
April 2011	General Manager, Industrial Films Division
June 2012	Vice President (Member of the Board)
June 2014	Senior Vice President (Member of the Board)
June 2017	Retired from Senior Vice President (Member of the Board)
	President and Representative Member of the Board, Toray Advanced Film Co., Ltd.
June 2020	Senior Vice President and Member of the Board (incumbent)
	Chairman, Toray Films Europe S.A.S. (incumbent)
	(Presently General Manager, Films Division)
	(Concurrently Chairman, Toray Films Europe S.A.S.)

(Reason for recommending him as candidate for member of the Board position)
Satoru Hagiwara has gained rich experience and deep expertise mainly in sales, technology and manufacturing related to the film business. He has steadily promoted the growth strategy based on a long-term corporate vision and the medium-term management program since assuming office as a member of the Board in June 2020. We believe that he has appropriately executed his duties in the business fields under his charge and has supervised management from an objective viewpoint. We therefore continue to recommend his election as a member of the Board.

No.4

Kazuyuki Adachi

(Reappointed)

Date of Birth:

March 14, 1957

Shares Owned:

33,400

Personal History:

April 1980

Joined the Company

October 2017

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

June 2018

Senior Vice President (Member of the Board)

June 2020

Senior Vice President and Member of the Board (incumbent)
(Presently General Manager, Purchasing & Logistics Division;
General Manager, Manufacturing Division)

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

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

No.5

Minoru Yoshinaga

(Reappointed)

Date of Birth:

August 9, 1954

Shares Owned:

44,800

Personal History:

April 1979	Joined the Company
June 2008	General Manager, Manufacturing Division (Torayca & Prepreg Manufacturing, ACM Technology Dept.)
June 2011	Vice President (Member of the Board)
June 2015	Retired from Vice President (Member of the Board) Chief Executive Representative for the Americas; Chief Representative for the Americas; Chairman, Toray Holding (U.S.A.), Inc.; President, Toray Industries (America), Inc. General Manager, Torayca & Advanced Technology and Manufacturing for the Americas
June 2020	Senior Vice President and Member of the Board (incumbent) Chairman, Toray Carbon Fibers Europe S.A. (incumbent) (Presently General Manager, Torayca & Advanced Composites Division) (Concurrently Chairman, Toray Carbon Fibers Europe S.A.)

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

Minoru Yoshinaga has gained rich experience and deep expertise mainly in technology and production related to the carbon fiber composite materials business. He has steadily promoted the growth strategy based on a long-term corporate vision and the medium-term management program since assuming office as a member of the Board in June 2020. We believe that he has appropriately executed his duties in the business fields under his charge and has supervised management from an objective viewpoint. We therefore continue to recommend his election as a member of the Board.

No.6

Yasuo Suga

(Reappointed)

Date of Birth:

April 29, 1955

Shares Owned:

39,500

Personal History:

April 1980

Joined the Company

May 2012

General Manager, Advanced Composites Division; General Manager, Automotive & Aircraft Center

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

June 2021

Senior Vice President and Member of the Board (incumbent) (Presently General Manager, Corporate Strategic Planning Division; General Manager, Quality Assurance Division; General Manager, HS Business Development Dept.)

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

Yasuo Suga has gained rich experience and deep expertise mainly in sales, technology and manufacturing related to the carbon fiber composite materials business. He has steadily promoted the growth strategy based on a long-term corporate vision and the medium-term management program since assuming office as a member of the Board in June 2021. We believe that he has appropriately executed his duties in the business fields under his charge and has supervised management from an objective viewpoint. We therefore continue to recommend his election as a member of the Board.

No.7

Kazuhiko Shuto

(Newly appointed)

<i>Date of Birth:</i> <i>December 31, 1957</i>	<i>Personal History:</i> April 1980	Joined the Company
<i>Shares Owned:</i> 39,500	June 1998	Vice President (Member of the Board), Penfabric Sdn. Berhad
	February 2005	General Manager on Special Assignment, International Fibers & Textiles Operations Dept.
	July 2005	Chairman, Toray Jifa (Qingdao) Textile Co., Ltd.
	April 2008	General Manager, Sports Wear & Clothing Materials Fabrics Dept.; General Manager on Special Assignment, Fibers & Textiles Recycling Department
	May 2010	General Manager, Textiles Division
	May 2013	General Manager, Advanced Textiles & Apparel Division; General Manager, Fibers & Textiles Division (Apparel Business Marketing Department); General Manager, Uniform & Advanced Textiles Dept.; General Manager on Special Assignment, Fibers & Textiles Green Innovation Business Planning Department
	April 2014	General Manager, Textiles Division
	June 2014	Vice President (Member of the Board)
	June 2016	Senior Vice President (Member of the Board)
	June 2018	Retired from Senior Vice President (Member of the Board) Chief Representative for China; Chairman & President, Toray Industries (China) Co., Ltd.; Chairman, Toray Sakai Weaving & Dyeing (Nantong) Co., Ltd. (incumbent)
	June 2020	Senior Vice President
	June 2021	Senior Vice President (incumbent)

(Reason for recommending him as candidate for member of the Board position)
Kazuhiko Shuto has gained rich experience, knowledge, and deep expertise and is well versed in worksites over his many years of engagement mainly in sales related to the fibers and textiles 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 and an overseas representative 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.

No.8

Masahiko Okamoto

(Reappointed)

Date of Birth:

January 12, 1963

Shares Owned:

14,900

Personal History:

April 1986

Joined the Company

April 2009

Vice President (Member of the Board), Toray Industries (Malaysia) Sdn. Berhad; Vice President (Member of the Board), Penfabric Sdn. Berhad; General Manager on Special Assignment, Finance & Controller's Division (Finance & Controller's Chief for Malaysia)

June 2013

General Manager, Finance Dept.

September 2017

General Manager, Controller's Dept.

June 2020

Corporate Vice President and Member of the Board (incumbent)
[Presently General Manager, Finance & Controller's Division]

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

Masahiko Okamoto has gained rich experience and deep expertise mainly in accounting, administration and strategic planning. He has steadily promoted the growth strategy based on a long-term corporate vision and the medium-term management program since assuming office as a member of the Board in June 2020. We believe that he has appropriately executed his duties in the business fields under his charge and has supervised management from an objective viewpoint. We therefore continue to recommend his election as a member of the Board.

No.9

Kunio Ito

(Reappointed)	(Candidate for an outside and independent director position)	
Date of Birth: December 13, 1951	Personal History: April 1980	Lecturer, Faculty of Commerce and Management, Hitotsubashi University
Shares Owned: 42,200	June 1984	Assistant Professor, Faculty of Commerce and Management, Hitotsubashi University
	April 1992	Professor, Faculty of Commerce and Management, Hitotsubashi University
	August 2002	Dean, Graduate School of Commerce and Management and Faculty of Commerce and Management, Hitotsubashi University
	December 2004	Executive Vice President and Board Member, Hitotsubashi University
	June 2005	Member of the Board, Akebono Brake Industry Co., Ltd.
	December 2006	Professor, Graduate School of Commerce and Management, Hitotsubashi University
	June 2007	Member of the Board, Mitsubishi Corporation
	June 2009	Director, Sharp Corporation
	June 2009	Director, Tokio Marine Holdings, Inc.
	June 2012	Director, Sumitomo Chemical Company, Limited
	June 2013	Director, Kobayashi Pharmaceutical Co., Ltd. (incumbent)
	May 2014	Director, Seven & i Holdings Co., Ltd. (incumbent)
	June 2014	Vice President (Member of the Board) (incumbent)
	January 2015	Director, Hitotsubashi CFO Education and Research Center (incumbent)
	April 2015	Research Professor, Graduate School of Commerce and Management, Hitotsubashi University
	April 2015	Specially Appointed Professor, Chuo Graduate School of Strategic Management
	April 2018	Research Professor, Department of Business Administration, Hitotsubashi University Business School

(Reason for recommending him as candidate for outside director position and summary of expected roles)

Kunio Ito has rich experience and advanced expertise as a university professor (accounting and management). He also has experience as an outside director of corporations and is known for his good personality and deep insight. We are sure he will objectively supervise management and participate in important decision-making. The Company thus recommends his reelection to the Board of Directors as an outside director. His term of office as outside director will reach 8 years at the close of this general meeting.

(Matters regarding independency)

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

No.10

Ryoji Noyori

(Reappointed)

(Candidate for an outside and independent director position)

Date of Birth:

Personal History:

September 3, 1938

February 1968 Assistant Professor, School of Science, Nagoya University

Shares Owned:

August 1972 Professor, School of Science, Nagoya University

19,900

January 1997 Dean, Graduate School of Science and School of Science, Nagoya University

June 2001 Director, TAKASAGO INTERNATIONAL CORPORATION (incumbent)

October 2003 Designated Professor, Nagoya University

October 2003 President, RIKEN

October 2003 Chief Fellow, Center for Research and Development Strategy, Japan Science and Technology Agency

October 2004 Special Professor, Nagoya University (incumbent)

June 2015 Director-General, Center for Research and Development Strategy, Japan Science and Technology Agency (incumbent)

June 2015 Vice President (Member of the Board) (incumbent)

(Reason for recommending him as candidate for outside director position and summary of expected roles)

Ryoji Noyori has rich experience as a university professor, and advanced expertise in synthetic organic chemistry, one of core technologies of the Company. He also has experience as an outside director of corporations and is known for his good personality and deep insight. We are sure he will supervise management from an objective position and participate in important decision-making based on his academic and technical viewpoints. The Company thus recommends his reelection to the Board of Directors as an outside director. His term of office as outside director will reach 7 years at the close of this general meeting.

(Matters regarding independency)

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

No.11

Susumu Kaminaga

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

<i>Date of Birth:</i>	<i>Personal History:</i>
<i>December 3, 1946</i>	May 1969 Joined Sumitomo Precision Products CO., LTD.
<i>Shares Owned:</i>	March 1995 Representative Director, Surface Technology Systems Ltd.
<i>2,800</i>	June 2000 Director, Sumitomo Precision Products CO., LTD.
	June 2002 Managing Director, Sumitomo Precision Products CO., LTD.
	June 2004 President, Sumitomo Precision Products CO., LTD.
	June 2012 Senior Advisor, Sumitomo Precision Products CO., LTD.
	October 2012 Representative Director, SK Global Advisers Co., Ltd. (incumbent)
	December 2012 Director, DEFTA Capital (incumbent)
	June 2016 Outside Director, Olympus Corporation (incumbent)
	June 2020 Vice President (Member of the Board) (incumbent)

(Reason for recommending him as candidate for outside director position and summary of expected roles)

Susumu Kaminaga has rich experience as a member of top management in several companies, as well as international perspective and experience as an outside director of a company. He is known for his good personality and deep insight. We are sure he will objectively supervise management and participate in important decision-making primarily from a viewpoint of corporate management. The Company thus recommends his reelection to the Board of Directors as an outside director. His term of office as outside director will reach 2 years at the close of this general meeting.

(Matters regarding independency)

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

No.12

Kazuo Futagawa

(Reappointed)	(Candidate for an outside and independent director position)	
Date of Birth:	Personal History:	
<i>December 2, 1956</i>	April 1980	Joined the Ministry of Health and Welfare
Shares Owned:	September 2012	Director-General of Minister's Secretariat, the Ministry of Health, Labour and Welfare
<i>2,700</i>	July 2014	Director-General, Health Policy Bureau, the Ministry of Health, Labour and Welfare
	October 2015	Vice-Minister of Health, Labour and Welfare
	July 2017	Retired from Vice-Minister of Health, Labour and Welfare
	August 2018	Special Advisor on Policy, Social Security Reform Office, Cabinet Secretariat
	June 2020	Vice President (Member of the Board) (incumbent)
	December 2020	Director, Kanamic Network Co., LTD (incumbent)

(Reason for recommending him as candidate for outside director position and summary of expected roles)

Kazuo Futagawa has rich experience and advanced expertise as an administrative officer and is known for his good personality and deep insight. We are sure he will supervise management from an objective position and participate in important decision-making primarily from a viewpoint of business strategy and business development. The Company thus recommends his reelection to the Board of Directors as an outside director. His term of office as outside director will reach 2 years at the close of this general meeting.

(Matters regarding independency)

Kazuo Futagawa satisfies the requirements for independent director/auditor set forth in the regulations of Tokyo Stock Exchange and the standards for judging the independence stipulated by the Company. The Company has entered into a consultant agreement with him on the business development of advanced materials of the Company. The amount of remuneration paid to him by the Company during the fiscal year ended March 31, 2022 was lower than the amount set forth by the Company in the Standards for Judging the Independence of Outside Directors/Corporate Auditors. For the reasons stated above, we believe that his independency is secured.

[Reappointed] Candidate to be reappointed as a Member of the Board
 [Newly appointed] Candidate to be newly appointed as a Member of the Board
 [Outside] Outside Director
 [Independent] Independent director registered at the Exchange

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

- Note 2: The Tokyo Stock Exchange has been notified that Kunio Ito, Ryoji Noyori, Susumu Kaminaga and Kazuo Futagawa are independent directors/auditors under the regulations of the Exchange.
- Note 3: In the most recent fiscal year, the Company confirmed inappropriate actions regarding quality of products manufactured and sold by the resins business. All of the outside directors had not recognized this fact in advance. However, they had offered opinions about improvement of internal control and enhancement of compliance functions on a regular basis at the Board of Directors meeting and after this fact was revealed, provided advice for recurrence prevention. As such, they are fulfilling their duties as outside directors.
- Note 4: In accordance with the Articles of Incorporation, the Company has entered into agreements with Kunio Ito, Ryoji Noyori, Susumu Kaminaga and Kazuo Futagawa with respect to the limitation of liabilities for damages of outside directors arising from negligence in the performance of their duties. Under these agreements, the damage liability of the outside directors shall be limited to the minimum amount stipulated in Article 425, paragraph 1 of the Companies Act if such outside directors have performed their duties in good faith and without gross negligence. If their reelection is approved by this Proposition, the Company plans to renew a liability limitation agreement above with each of them.
- Note 5: 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. Each candidate is to be included as the insured under the insurance policy.

[Reference] Skill Matrix of Members of the Board and Corporate Auditors

If Proposition No. 3 is approved as originally proposed, the composition of the Company's members of the Board and Corporate Auditors and their expertise and experience will be as follows.

Name	Business operations				Corporate		Strategic
	Management experience	Global business experience	Technology/ manufacturing /R&D	Sales/ marketing	Legal/ intellectual property/ risk management	Accounting/ finance	
Member of the Board	Akihiro Nikkaku	○	○				
	Mitsuo Ohya	○			○		
	Satoru Hagiwara	○		○			
	Kazuyuki Adachi		○	○			
	Minoru Yoshinaga		○	○			
	Yasuo Suga	○					○ (DX)
	Kazuhiko Shuto		○		○		
	Masahiko Okamoto		○				○
	Kunio Ito						○ (ESG)
	Ryoji Noyori			○			○ (Science and technology)
	Susumu Kaminaga	○					○ (Business strategies)
	Kazuo Futagawa					○	○ (Policy science)
Corporate Auditor	Toru Fukasawa		○			○	
	Yoshiyuki Tanaka		○	○			
	Toshio Nagai					○	
	Kazuya Jono					○	
	Hiroyuki Kumasaka					○	

* The skill matrix above is not an exhaustive list of all the knowledge and experience held by the individuals, but presents up to two major skills among those that the Company expects of them to promote management strategies.

[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.

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: ¥96,800,000.

The Board of Directors determines the total amount of bonuses to members of the Board after receiving a report from the Governance Committee, 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.

Proposition No. 5:***Revision of the Amount of Remuneration for Members of the Board***

The monthly amount of remuneration for members of the Board was resolved to be within ¥112 million at the 130th Ordinary General Meeting of Stockholders held in June 2011. These amounts remain effective to the present.

In line with adoption of the executive officer system in June 2020, the Company proposes a revision of the amount of remuneration for members of the Board to within ¥50 million (including within 7 million for outside directors) a month, in consideration of a review of the concept on roles, the number and composition of the members of the Board.

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, based on roles of each member of the Board (including outside directors).

The Board of Directors determines the amount of remuneration for members of the Board after receiving a report from the Governance Committee.

If Proposition No. 3 is approved as proposed, the number of members of the Board will be twelve (including four outside directors), effective from the close of the general meeting.

The amount of remuneration for members of the Board will not include the portion of employee's salary of the employee-director, as in the previous case.

[Attached Documents]**Business Report (from April 1, 2021 to March 31, 2022)****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 recovered significantly on the back of the continued economic recovery in China, rebound from the decline caused by the novel coronavirus (COVID-19), easing of restrictions on movement given the progress in vaccination and major economic measures in the U.S. At the same time, differences between countries came to the fore in terms of control of COVID-19 infection and recovery in economy corresponding to the progress in vaccination and economic measures. In addition, emerging supply restrictions including tight supply-demand situation for semiconductors and other parts and materials as well as labor shortage resulted in reduction in automobile production, contributing to a moderate pace of recovery from the second half of 2021.

Under such circumstances, Toray Group has been implementing its new medium-term management program “Project AP-G 2022” since May 2020, aiming for 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, 2022, increased 18.3% compared with the previous fiscal year to ¥2,228.5 billion, and core operating income (Note 1) rose 46.3% to ¥132.1 billion. Operating income increased 80.0% to ¥100.6 billion and profit attributable to owners of parent rose 83.9% to ¥84.2 billion.

Financial performance by segment is described below.

Fibers & Textiles

Increase in demand was seen both in Japan and abroad. In the apparel applications, some applications continued to be affected by COVID-19, while sports and outdoor applications performed strongly. In the industrial applications, although recovery was seen in some applications, the automotive applications were affected by the decline in automobile production volume.

As a result, revenue of overall Fibers & Textiles segment increased 16.3% to ¥836.2 billion compared with the previous fiscal year and core operating income rose 15.4% to ¥42.2 billion.

Performance Chemicals

Demand in the resins business was strong overall, given the rebound from the COVID-19 pandemic and the recovery of the Chinese economy. In the chemicals business, demand for fine chemicals was robust in addition to a recovery in the basic chemicals market. In the films business, while the battery separator films for lithium-ion secondary batteries were affected by price decline, 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 increased 26.3% to ¥910.0 billion compared with the previous fiscal year and core operating income rose 35.8% to ¥91.0 billion.

Carbon Fiber Composite Materials

While the segment was affected by the increase in raw material prices and the decline in the production rate of commercial aircraft, the sales of wind turbine blades and pressure vessels in the industrial applications expanded, and there was growth in the sports applications. In addition, the segment proceeded with passing on the rise in raw material prices to the sales price.

As a result, revenue of overall Carbon Fiber Composite Materials segment increased 17.7% to ¥215.2 billion compared with the previous fiscal year. The segment posted core operating income

of ¥1.6 billion, an improvement of ¥9.1 billion from the previous fiscal year.

Environment & Engineering

In the water treatment business, demand for reverse osmosis membranes and other products grew strongly, while shipment to some regions were affected by the COVID-19.

Among domestic subsidiaries in the segment, an engineering subsidiary experienced increases in the shipment of some electronics related equipment.

As a result, revenue of overall Environment & Engineering segment increased 3.0% to ¥199.3 billion compared with the previous fiscal year and core operating income rose 13.9% to ¥16.5 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 NHI drug price revision.

In the medical devices business, shipment of dialyzers for hemodiafiltration grew strongly in Japan, and demand for other medical devices showed a recovering trend primarily outside Japan.

As a result, revenue of overall Life Science segment declined 1.9% to ¥52.0 billion compared with the previous fiscal year, while core operating income rose 6.0% to ¥1.4 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.

(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, Alliance, and R&D]

Toray Group will make capital investment in growth business fields in order to implement the growth strategies under “Project AP-G 2022.” In parallel with this, the Company concentrates 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. In recent years, 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. Such achievements include NANODESIGN®, an innovative composite spinning technology in the field of fibers & textiles, NANOALLOY®, an innovative microstructure control technology in the field of resins, and PICASUS™, a nano-multilayer laminating film in the field of films. These technologies 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, in the Fibers & Textiles segment, Toray Group developed a high-strength textile that employs Toyoflon®, a low-friction polytetrafluoroethylene (PTFE) fiber. The new textile retains the outstanding friction resistance of fluoropolymers. Toray tests found that the slide durability is 25 times greater than that of existing counterparts, enabling lower maintenance costs and longer service life of slide materials. Toray Group will draw on the features of the new textile to broaden applications, including for industrial machinery, plant facilities, automotive parts, and bearings.

In the resins business of the Performance Chemicals segment, Toray Group developed and commercialized a technology for absorbing considerable energy in automobile collisions by significantly increasing the toughness of engineering plastics through precise, nano-level alloy structure control with a NANOALLOY™

technology, one of “super nanotechnologies” used for blending polybutylene terephthalate (PBT) and polycarbonate (PC). This technology has won the 70th Chemical Technology Award from the Chemical Society of Japan in recognition of outstanding potential and social significance contributing to automotive safety for occupants. Going forward, the Group will broaden its application range, aiming to apply it to various usages.

In the films business, Toray Group developed a heat-resistant transparent film. This film offers excellent transparency comparable to that of polyethylene terephthalate (PET) film, while maintaining excellent heat resistance and flame retardancy as well as dielectric performance ideal for 5G communications by applying Torelina® that is the bi-axially oriented polyphenylene sulfide (PPS) film for which the Company is the world’s sole provider. Wide-ranging prospective applications include transparent 5G antennas, transparent flexible printed circuit boards (FPC), transparent heater substrate materials, and other electronic components and the Group aims for early commercialization.

In the electronic & information materials business, Toray Group has developed NMP-free positive-tone photosensitive polyimide as a material for power semiconductors. Polyimide, which is used as coating materials for semiconductors is required to have heat resistance against high temperatures generated in a pre-process of manufacturing, chemical resistance, high adhesion properties, and, furthermore, pressure resistance to power voltage of electronic devices used. The Group aims to provide this material in a wider range of applications by satisfying high pressure resistance required for inverters of electric vehicles (EV) and adding NMP-free grades complying with environmental regulations in various countries to our product lineup.

In the Carbon Fiber Composite Materials segment, Toray Group decided to bolster production capacity of its large-tow carbon fiber at the U.S. subsidiary Zoltek Companies, Inc. (Zoltek). A Zoltek facility in Mexico will lift its annual capacity to 20,000 tons from the current 13,000 tons, boosting the total annual capacity to about 35,000 tons combined with that of the company's Hungarian facilities (15,000 tons). Production is scheduled to begin in 2023. In addition, regarding the development in the same segment, Toray Group has introduced a materials informatics technology into a carbon fiber-reinforced plastic (CFRP) design and established a technology to develop materials swiftly by harnessing inverse problem analysis to refine materials designs based on the properties required. For CFRP for advanced aerospace applications with exceptional flame retardancy and mechanical performance, which was developed swiftly by using this technology, Toray Group will push forward with demonstration testing to broaden CFRP applications and demand to encompass aircraft, automobiles, and general industrial usage.

In the Environment & Engineering segment, Toray Group began marketing the TBW-HR series of ultralow-pressure reverse osmosis (RO) membrane elements. The new offerings dramatically improve the rejection of silica, boron, and other neutral molecules from untreated water by precisely controlling RO membrane micropore sizes and membrane structures. Impurity rejection with the TBW-HR series exceeds that of existing ultralow pressure RO membrane elements. A key prospective benefit is purification of higher-quality and higher-purity water. The resulting ultrapure water will be used for production of semiconductors. The Group also plans to broaden applications to include wastewater reuse.

In the medical devices area of the Life Science business, Toray Group obtained the first approval in Japan to manufacture and sell FILTRYZER®

HDF, polymethyl methacrylate (PMMA) a hollow fiber membrane-based hemodiafilter, and began marketing this new offering. Toray is the world's sole manufacturer and seller of dialyzers incorporating PMMA hollow fiber membranes. They have earned an excellent reputation in Japan and numerous other nations for excellent biocompatibility and uremic toxin removal. The new PMMA hemodiafilter will meet diversifying dialysis market needs.

In the pharmaceuticals area, for the anti-cancer drug TRK-950 under Phase 1 clinical trial with cancer patients, Toray Group has increased facilities for clinical trials. Studies are underway for identifying the kinds of cancers against which this drug has a particularly high effect by combining with existing anti-cancer drugs targeting multiple kinds of cancers. Toray Group continues to accelerate the development in cooperation with related organizations, making an effort to offer this anti-cancer drug to patients as soon as possible.

[Sustainability]

In the Toray Group Sustainability Vision, Toray Group stated that it would aim for a world where the balanced emission and absorption of greenhouse gas (GHG) has been achieved through the power of advanced materials 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.

Toward achieving carbon neutrality, Toray Group is working to expand the Green Innovation (GR) Business, which has been engaged so far in renewable energy, electrification, materials related to hydrogen and fuel cells, etc., to produce green hydrogen generated by water electrolysis and utilize it to the industrial and transportation applications and to develop products that help carbon dioxide (CO₂) utilization, such as CO₂ separation membranes, in an effort to contribute to reducing GHG emissions throughout society. In

In addition, the Group will promote reduction of GHG emissions through sustainable energy and raw materials returned through the expansion of the GR businesses, innovative processes and development, and introduction of technologies for utilizing CO₂.

During the period under review, Toray entered into a Partnership with Siemens Energy AG, a leading manufacturer of water electrolysis systems in order to contribute to achieving a carbon neutral society by creating an innovative polymer electrolyte membrane (PEM) water electrolyzer utilizing Toray's "hydrocarbon type PEM." Going forward, both companies will jointly advance the introduction and expansion of green hydrogen produced using renewable energy and the deployment of a strategic global business.

In addition, having been selected as eligible for funding from the New Energy and Industrial Technology Development Organization (NEDO) under the Green Innovation Funding Project of the Ministry of Economy, Trade and Industry, Yamanashi Prefecture, and seven private enterprises including Tokyo Electric Power Company Holdings, Inc., Toray launched a project involved in energy demand conversion and usage technology development based on a large-scale power-to-gas (P2G) system. The Project is planning to develop and implement a large-scale PEM water electrolyzer using Toray's polymer electrolyte membrane, as well as demonstrate the potential to convert heat demand to carbon-free options.

Toray Group established Yamanashi Hydrogen Company, Inc. (hereinafter, "YHC"), Japan's first P2G company with Yamanashi Prefecture and Tokyo Electric Power Company Holdings, Inc. YHC will be engaged in production, supply, and sales of hydrogen, etc., as well as the energy service-related business.

Toward reducing GHG emissions, Toray Group has innovated a CO₂ separation membrane with a dual all-carbon structure. This comprises a

hollow fiber porous carbon fiber as a support and a thin carbon membrane separation layer on the surface. These separation membranes have an excellent CO₂ separation function with high durability, enabling the downsizing of facilities compared with conventional inorganic separation membranes. Going forward, Toray Group will accelerate research and technology development toward introducing these membranes into society.

Furthermore, Toray Group developed and begun supplying samples of an exceptionally robust hollow fiber ultrafiltration membrane module for food and beverage manufacturing and biotechnology purification and concentration processes. This module can save energy by attaining CO₂ emissions that are more than 80% lower than those from the food production sector's conventional thermal concentration processes. Toray Group will accelerate development, with a view to full-fledged mass production, and will cultivate an array of applications.

Toward realization of a circular economy, in addition to recycling of plastic products and using bio-based raw materials, and other carbon recycling technologies, Toray Group creates various technologies designed to, for example, reuse water generated during manufacturing processes. Development of these and other similar technologies is aimed at helping to achieve a circular economy and to reduce CO₂ emissions as a result. For recycling, in the fibers and textiles business, Toray Group operates a recycling brand "&+™." The brand uses used PET bottles as raw materials and is increasingly employed by large apparel manufacturers due to high reliability by the proprietary Recycling Identification System. In addition, Toray Group offers Ecouse™, an integrated brand of recycled materials and products, in wide-ranging business fields such as fibers & textiles, resins, and films. While cooperating with supply chain companies, we are expanding the recycling system across the entire value chain.

During the period under review, the Group launched a nylon 510 (N510) fiber that incorporates 100% plant-based polymer content as a new product of the Ecodear™ lineup, an integrated brand of biomass-based polymer materials and products. The Group will offer it for a wide range of applications mainly including sports and outdoor fabrics as sustainable products, since it has strength and heat-resistance equivalent to those of conventional Nylon 6.

[Efforts to strengthen compliance and the quality assurance structure]

The Company recognizes corporate social responsibility (CSR) including safety, accident prevention, environmental preservation, ethics, and compliance as an important management issue and has developed and is promoting “CSR Roadmap 2022” which sets forth specific initiatives and KPIs as a three year CSR execution plan, concurrently implemented with medium-term management program. Following the problem where Toray Hybrid Cord, Inc. a subsidiary of the Company, had inappropriately overwritten data in quality assurance inspection reports in 2017, the Company established the Quality Assurance Division that improves the quality assurance system across the entire Toray Group and supervises its effectiveness as well as works to strengthen compliance awareness.

Under these circumstances, the Toray Group-wide surveys are held every year to confirm any quality misconduct revealed the Company’s inappropriate actions in receiving certification from UL LLC (hereinafter, “UL”), a third-party safety science organization in the U.S. This fact was announced on January 31, 2022 and on the same day, the Company formed an expert committee (hereinafter, the “Committee”) to conduct thorough investigation and investigate the root cause. On April 8, the Company received the report that sets out findings of the investigation along with recommended measures to prevent recurrence.

The report points out the fact that inappropriate actions had continued for many years, with analysis of the causes and recommends measures for prevention of recurrence. The Company takes this fact gravely. To clarify the responsibility of management, the Company will reduce the remuneration of internal Members of the Board and will have outside Members of the Board voluntarily return part of their remuneration, as well as take measures for prevention of recurrence humbly and sincerely. Particularly, regarding “ethics and fairness,” which is one of the top management priorities, the Company takes seriously the point that the senior management team had not sufficiently demonstrated to each workplace its commitment to these values and therefore, will be committed to improving management’s awareness and conduct and also strive to foster an open corporate culture that values direct employee feedback.

<Recurrence prevention measures recommended by the Committee and **the Company’s response measures**>

- (1) Enhancing compliance awareness
 - 1) Improving compliance education
Promote thorough training group-wide concerning private-sector certification and standards based on the recommendations.
 - 2) Incorporating quality assurance contribution into performance reviews
Update the human resources evaluation system with more emphasis on compliance contribution, including quality assurance efforts.
 - 3) Sharing recurrence prevention activities
Publicize the progress made with recurrence prevention measures on Toray’s corporate website.
 - 4) Heightened and continued commitment by the senior management team
Ensure senior managers continually communicate to employees the importance of compliance while declaring their own personal compliance responsibility and mission.

- (2) Establishing work procedures and an education system for UL-related operations
Document the proper operation procedures and the responsibilities and roles of the relevant personnel. Promote training on UL rules, and obtain third-party audits and verification of Toray's certification management system.
- (3) Transferring personnel between business divisions and other interaction
Implement personnel changes of quality assurance department managers across business divisions, and personnel changes across business divisions at the management level. Conduct training sessions using this case as a teaching tool, attended by employees and executives from different business divisions.
- (4) Establishing a system to confirm UL compliance by the internal quality assurance organizations and/or external organizations
Document the specific role of the Quality Assurance Division for UL and other certification work, and obtain audits and verification that roles are being properly performed, from a third-party.
- (5) Strengthening the organizational structure of quality assurance organizations (Monitoring and supervision of quality assurance sections activities by Quality Assurance Division and other internal and/or external organizations)
Create mechanisms for the Quality Assurance Division to audit each of its departments, and receive operational audits of the entire Quality Assurance Division from an external organization.
- (6) Establishing system to ensure misconduct is reported to Toray administrative organizations and other parties
- 1) Clarifying rules for cases in which employees become aware of misconduct or suspected misconduct
Clarify the obligation to report misconduct in the quality assurance and product safety management regulations.

- 2) Establishing system to encourage use of whistle-blowing system
Improve the guide on how to use the whistleblowing hotline, including by providing specific examples of reporting.
- 3) Improved and continued internal surveys (Toray Group-wide surveys) by quality assurance organizations
Ensure that all employee responses, including comment box details, be sent directly to the Quality Assurance Division. In Group-wide surveys, clearly state that violations of private-sector certification rules fall within the scope of the survey.

The Company established the policy on recurrence prevention measures and began specific measures. Going forward, senior management will take responsibility for ensuring that all officers and employees work together to thoroughly implement all the necessary measures to prevent any recurrence of the problem. The Company is determined to restore complete confidence in its integrity and to once again demonstrate what Toray can achieve. Regarding progress of the measures, the Board of Directors and Corporate Auditors will fulfill their governance functions, receiving reports on a regular basis. Turning to product safety, the Company will accelerate the checking of any major problems with customer products due to Toray resin materials. In addition, the Company is separately verifying other certification beyond UL for Toray products and will take appropriate measures if any problems are found.

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:

Fibers and Textiles:

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

Carbon Fiber Composite Materials:

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

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

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:

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

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 during the business year.

(5) Financial Highlights

Toray Group (Consolidated basis)

Years ended March 31,	Billions of yen except per share data			
	2019	2020	2021	2022
Japanese GAAP				
Net sales	¥2,388.8	¥2,214.6	—	—
Operating income	141.5	131.2	—	—
Ordinary income	134.5	103.4	—	—
Net income attributable to owners of parent	79.4	55.7	—	—
Net income per share (yen)	49.61	34.83	—	—
Net assets	1,213.9	1,179.6	—	—
Total assets	2,788.4	2,650.7	—	—
IFRS				
Revenue	—	¥2,091.2	¥1,883.6	¥2,228.5
Core operating income	—	125.5	90.3	132.1
Operating income	—	114.7	55.9	100.6
Profit attributable to owners of parent	—	84.2	45.8	84.2
Basic earnings per share (yen)	—	52.65	28.61	52.63
Equity attributable to owners of parent	—	1,116.1	1,237.9	1,405.6
Total assets	—	2,733.5	2,848.8	3,043.9

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.

(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 Plastics (America), Inc.	US\$238 million	— (100.00%)	Manufacturing and sales of polyester and polypropylene films and polyolefin foam
Toray Composite Materials America, Inc.	US\$114 million	— (100.00%)	Development, manufacturing and sales of carbon fibers and prepreg
Zoltek Companies, Inc.	US\$344 thousand	— (100.00%)	Holding company of Zoltek Group (Development, manufacturing and sales of carbon fibers)
Alcantara S.p.A.	EUR11 million	70.00%	Manufacturing and sales of artificial leather Alcantara®
Thai Toray Synthetics Co., Ltd.	THB3,078 million	70.77% (19.24%)	Manufacturing and sales of nylon fibers, polyester fibers, resin compound products and polypropylene films
Toray Plastics (Malaysia) Sdn. Berhad	US\$73 million	93.85% (6.15%)	Manufacturing and sales of ABS resin; sales of PBT resin, etc.
Toray Sakai Weaving & Dyeing (Nantong) Co., Ltd.	RMB1,442 million	69.43% (15.40%)	Weaving, dyeing and marketing of polyester filament textiles
Toray Advanced Materials Korea Inc.	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 Plastics (America), Inc. (U.S.A.)

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

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

Alcantara S.p.A. (Italy)

Thai Toray Synthetics Co., Ltd. (Thailand)

Toray Plastics (Malaysia) Sdn. Berhad (Malaysia)

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

Toray Advanced Materials Korea Inc. (Republic of
Korea)

(9) Employees

Segment	Number of employees	Increase (decrease) from the end of last fiscal year
Fibers and Textiles	20,797	2,514
Performance Chemicals	12,504	(96)
Carbon Fiber Composite Materials	6,501	166
Environment and Engineering	4,471	21
Life Science	1,504	(19)
Other	2,349	23
Corporate	716	(34)
Total	48,842	2,575

(10) Principal Lenders

	Outstanding loan amount (Millions of yen)
Sumitomo Mitsui Banking Corporation	125,282
MUFG Bank, Ltd.	109,899
Japan Bank for International Cooperation	67,294
Mizuho Bank, Ltd.	62,847
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:	1,601,543,899 shares (excluding treasury stock of 29,937,504 shares)
(3) Number of Stockholders at March 31, 2022:	220,480
(4) Principal Stockholders:	

	Number of shares held (Thousands)	Percentage of total shares (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	273,604	17.08
Custody Bank of Japan, Ltd. (Trust Account)	126,515	7.90
Nippon Life Insurance Co.	71,212	4.45
TAIJU LIFE INSURANCE COMPANY LIMITED	35,961	2.25
National Mutual Insurance Federation of Agricultural Cooperatives	26,593	1.66
Custody Bank of Japan, Ltd. (Trust 4 Account)	24,933	1.56
STATE STREET BANK WEST CLIENT-TREATY 505234	24,719	1.54
Sumitomo Mitsui Banking Corporation	24,022	1.50
JPMORGAN CHASE BANK 385781	19,755	1.23
Mitsui Fudosan Co., Ltd.	19,460	1.22

Note: The percentage of total shares is computed after deducting treasury stock (29,937,504 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	83	101	83
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: 83,000 shares	Common Stock: 101,000 shares	Common Stock: 83,000 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	84	50	75
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: 84,000 shares	Common Stock: 50,000 shares	Common Stock: 75,000 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	71	89	99
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: 71,000 shares	Common Stock: 89,000 shares	Common Stock: 99,000 shares
Issue price of Stock Acquisition Rights	¥899	¥710	¥684
Exercise price	¥1	¥1	¥1
Exercise period for Stock Acquisition Rights	From August 20, 2017 to August 19, 2047	From August 19, 2018 to August 18, 2048	From August 18, 2019 to August 17, 2049

	No.10 Stock Acquisition Right	No.11 Stock Acquisition Right
Date of resolution of issuance	July 22, 2020	July 21, 2021
Number of Stock Acquisition Rights	229	152
Number of persons held	8 members of the Board	8 members of the Board
Type and number of shares to be issued upon exercise	Common Stock: 229,000 shares	Common Stock: 152,000 shares
Issue price of Stock Acquisition Rights	¥421	¥686
Exercise price	¥1	¥1
Exercise period for Stock Acquisition Rights	From August 16, 2020 to August 15, 2050	From August 15, 2021 to August 14, 2051

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.11 Stock Acquisition Right
Date of resolution of issuance	July 21, 2021
Number of Stock Acquisition Rights	426
Number of persons granted	59 in total of vice presidents, executive fellow, and directors of the Company
Type and number of shares to be issued upon exercise	Common Stock: 426,000 shares
Issue price of Stock Acquisition Rights	¥686
Exercise price	¥1
Exercise period for Stock Acquisition Rights	From August 15, 2021 to August 14, 2051

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)*

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*, *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 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)*

Toru Fukasawa, *Corporate Auditor*

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

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

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

Note 8: Members of the Board and Corporate Auditors marked with an Asterisk(*) were newly appointed to their respective positions at the 140th Ordinary General Meeting of Stockholders held on June 22, 2021.

Note 9: The following member of the Board and corporate auditor retired from their respective positions at the close of the 140th Ordinary General Meeting of Stockholders held on June 22, 2021.

Yukichi Deguchi, *Executive Vice President and Representative Member of the Board*

Shogo Masuda, *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) Directors and officers liability insurance policy

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

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

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

i) Basic policy

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

ii) Composition and level of remuneration

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

iv) Bonuses

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

v) Stock Acquisition Rights as stock options

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

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

vi) Others

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

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

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

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

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

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

i) Basic remuneration to members of the Board

- * Date of resolution: June 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) 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	
Members of the Board	679	479	97	103	13
[including outside directors]	[48]	[48]	[-]	[-]	[4]
Corporate auditors	115	115	-	-	6
[including outside corporate auditors]	[36]	[36]	[-]	[-]	[3]

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

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

Note 3: The amount of bonuses to members of the Board is scheduled to be resolved at the 141st 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 ¥27 million.

(5) 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 all 14 meetings of the Board of Directors held during the period under review. Contributed to

these meetings with appropriate comments from his professional perspective based mainly on experience of research and study activities on accounting and business administration. 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 14 meetings of the Board of Directors held during the period under review. Contributed to these meetings with appropriate comments based on his rich experience as a corporate executive, as well as international perspective and experience as an outside director of another company. In addition, served as a member of the Governance Committee, a voluntary committee, and worked to improve governance by offering comments on basic policy for the selection and dismissal of executive managers, on enhancement of the effectiveness of the Board of Directors, and on corporate governance such as group governance.

Kazuo Futagawa, *Outside Director*

Attended all 14 meetings of the Board of Directors held during the period under review. Contributed to these meetings with appropriate comments based on his rich experience and knowledge and advanced

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

Toshio Nagai, *Outside Corporate Auditor*

Attended all 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 laboratories and Group companies. Contributed to these meetings and audits with appropriate comments based mainly on his professional perspective as a lawyer.

Kazuya Jono, *Outside Corporate Auditor*

Attended all 14 meetings of the Board of Directors and all 11 meetings of the Board of Corporate Auditors held during the period under review. Also participated in audits of Toray's plants and Group companies. Contributed to these meetings and audits with appropriate comments based on his professional perspective as an executive with rich experience.

Hiroyuki Kumasaka, *Outside Corporate Auditor*

Attended all 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: As stated in "1. Review of Operations of Toray Group, (2) Issues to be Addressed," the Company's inappropriate actions were found in UL certification. Before this fact was found, the outside directors and outside corporate auditors had offered suggestions to build and operate an appropriate internal control system and called for attention at the Board of Directors meeting, etc. After the fact was found, Outside Corporate Auditor Toshio Nagai, in particular, as a member of the expert committee,

has investigated the fact and root cause and requested enhancement of compliance throughout the Group and ensured effectiveness of quality assurance in the recommendation to prevent recurrence. Other outside directors and outside corporate auditors have also fulfilled their governance functions by managing and supervising the effectiveness of specific measures to prevent recurrence.

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, 2022 was ¥293 million.
- 2) The total amount of remuneration paid or payable to independent auditors by the Company and its consolidated subsidiaries was ¥507 million.

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

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

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

(3) Non-audit Work

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

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

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

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

Consolidated Statement of Financial Position

Toray Industries, Inc. and Subsidiaries
March 31, 2022

Assets	Millions of yen	Liabilities	Millions of yen
Current assets:	¥ 1,373,236	Current liabilities:	¥ 741,051
Cash and cash equivalents	229,301	Trade and other payables	327,454
Trade and other receivables	576,867	Bonds and borrowings	279,404
Inventories	469,316	Lease liabilities	10,591
Other financial assets	7,826	Other financial liabilities	12,815
Other current assets	58,209	Income taxes payable	15,870
Assets held for sale	31,717	Other current liabilities	91,975
		Liabilities directly associated with assets held for sale	2,942
Non-current assets:	1,670,645	Non-current liabilities:	803,181
Property, plant and equipment	990,733	Bonds and borrowings	618,637
Right-of-use assets	47,753	Lease liabilities	27,026
Goodwill	88,122	Other financial liabilities	5,165
Intangible assets	80,713	Deferred tax liabilities	42,667
Investments accounted for using equity method	183,454	Retirement benefit liability	98,381
Other financial assets	214,990	Other non-current liabilities	11,305
Deferred tax assets	22,286		
Retirement benefit asset	28,384		
Other non-current assets	14,210		
		Total liabilities	1,544,232
		Equity	
		Equity attributable to owners of parent:	1,405,591
		Share capital	147,873
		Capital surplus	120,698
		Retained earnings	978,980
		Treasury shares	(19,813)
		Other components of equity	177,853
		Non-controlling interests:	94,058
		Total equity	1,499,649
Total assets	¥ 3,043,881	Total liabilities and equity	¥ 3,043,881

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

Consolidated Statement of Profit or Loss

Toray Industries, Inc. and Subsidiaries
April 1, 2021 - March 31, 2022

	Millions of yen
Revenue	¥ 2,228,523
Cost of sales	(1,792,554)
Gross profit	435,969
Selling, general and administrative expenses	(305,762)
Other income	5,781
Other expenses	(35,423)
Operating income	100,565
Finance income	6,661
Finance costs	(6,253)
Share of profit of investments accounted for using equity method	19,342
Profit before tax	120,315
Income tax expense	(26,706)
Profit	93,609
Profit attributable to:	
Owners of parent	84,235
Non-controlling interests	9,374
	¥ 93,609

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

Non-consolidated Balance Sheet

Toray Industries, Inc.

March 31, 2022

Assets	Millions of yen	Liabilities	Millions of yen
Current assets:	¥ 319,204	Current liabilities:	¥ 241,624
Cash and time deposits	32,429	Notes payable - trade	3,203
Notes receivable - trade	6,258	Accounts payable - trade	55,540
Accounts receivable - trade	131,031	Long-term borrowings due within one year	48,200
Finished goods	60,217	Bonds due within one year	20,000
Work in process	21,123	Accounts payable - other	26,186
Raw materials and supplies	26,809	Accrued expenses	15,960
Prepaid expenses	1,561	Income taxes payable	6,401
Short-term loans receivable	24,126	Deposits received	53,681
Accounts receivable - other	15,695	Reserve for employees' bonuses	9,309
Other current assets	7,242	Reserve for bonuses of members of the Board	97
Allowance for doubtful accounts	(7,288)	Other current liabilities	3,046
Non-current assets:	1,189,504	Non-current liabilities:	565,700
Property, plant and equipment:	237,433	Bonds	220,000
Buildings	88,334	Long-term borrowings	269,777
Structures	13,703	Deferred tax liabilities	414
Machinery and equipment	88,299	Reserve for employees' retirement benefits	65,356
Vehicles	116	Reserve for loss on guarantees	3,540
Tools and furniture	6,280	Reserve for loss on business of subsidiaries and affiliated companies	419
Land	27,238	Other non-current liabilities	6,194
Construction in progress	13,463	Total liabilities	807,324
Intangible assets:	4,189	Net assets	
Software	2,984	Shareholders' equity:	635,163
Other intangible assets	1,205	Share capital	147,873
Investments and other assets:	947,883	Capital surplus:	136,782
Investment securities	151,375	Additional paid-in capital	136,727
Investment securities in subsidiaries and affiliated companies	585,559	Other capital surplus	55
Investment in subsidiaries' and affiliated companies' capital	195,244	Retained earnings:	369,741
Prepaid pension cost	10,533	Legal reserve	24,234
Other	5,172	Other retained earnings	345,507
Allowance for doubtful accounts	(0)	Reserve for tax purpose reduction entry	11,549
		General reserve	112,000
		Retained earnings brought forward	221,958
		Treasury shares	(19,234)
		Valuation, translation adjustments and other:	64,405
		Net unrealized gains (losses) on securities	63,972
		Net deferred gains (losses) on hedges	433
		Stock acquisition rights	1,817
Total assets	¥ 1,508,708	Total net assets	701,384
		Total liabilities and net assets	¥ 1,508,708

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

Non-consolidated Statement of Income

Toray Industries, Inc.

April 1, 2021 - March 31, 2022

	Millions of yen
Net sales	¥ 562,207
Cost of sales	435,648
Gross profit	126,559
Selling, general and administrative expenses	108,935
Operating income	17,624
Non-operating income:	60,248
Interest and dividend income	58,243
Other income	2,005
Non-operating expenses:	3,318
Interest expenses	1,065
Other expenses	2,254
Ordinary income	74,553
Special gains:	13,529
Gain on sales of property, plant and equipment	77
Gain on sales of investment securities	7,715
Gain on return of assets from retirement benefit trust	5,049
Other special gains	688
Special losses:	19,261
Loss on sales and disposal of property, plant and equipment	3,345
Loss on impairment of fixed assets	6,243
Loss on write-down of investment securities	1,131
Loss on sales of investment securities	112
Loss on liquidation and devaluation of subsidiaries and affiliated companies	5,327
Transfer pricing taxation adjustments	3,102
Income before income taxes	68,822
Income taxes:	
Current	7,338
Deferred	(5,788)
Net income	¥ 67,272

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

(Translation)
Independent Auditor's Report

May 17, 2022

The Board of Directors
Toray Industries, Inc.

Ernst & Young ShinNihon LLC
Tokyo, Japan
Noriaki Kenmochi
Designated Engagement Partner
Certified Public Accountant

Takeshi Isogai
Designated Engagement Partner
Certified Public Accountant

Minoru Io
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, 2021 to March 31, 2022.

In our opinion, the above consolidated financial statements, in accordance with the accounting standards that allow the omission of some disclosure items required under International Financial Reporting Standards, as stipulated by the provisions of the latter part of Article 120, Paragraph 1 of the Regulation on Corporate Accounting, present fairly, in all material respects, the consolidated financial position and results of operations of the Group, which consisted of the Company and its consolidated subsidiaries, applicable to the fiscal year ended March 31, 2022.

Basis for Opinion

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

Other Information

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

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

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

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

We have nothing to report in this regard.

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

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

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

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

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

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

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

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

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

Conflicts of Interest

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

Notice to Readers:

The original consolidated financial statements, which comprise the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of changes in equity and the notes to the consolidated financial statements, applicable to the fiscal year ended March 31, 2022 are written in Japanese.

(Translation)
Independent Auditor's Report

May 17, 2022

The Board of Directors
Toray Industries, Inc.

Ernst & Young ShinNihon LLC
Tokyo, Japan

Noriaki Kenmochi
Designated Engagement Partner
Certified Public Accountant

Takeshi Isogai
Designated Engagement Partner
Certified Public Accountant

Minoru Ito
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 141st fiscal year from April 1, 2021 to March 31, 2022.

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, 2022, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

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

Other Information

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

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

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

We have nothing to report in this regard.

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

Conflicts of Interest

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

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, 2022 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 141st fiscal term from April 1, 2021 to March 31, 2022, 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, 2022.

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. As stated in the business report, the Company's inappropriate actions were found in receiving certification from UL LLC. From before this fact was found, the Board of Corporate Auditors have offered suggestions to build and operate an appropriate internal control system and called for attention at the Board of Directors meeting, etc. After the fact was found, based on the investigation results of the expert committee, the actual situation pertaining to this matter, the root causes and recommendations on measures to prevent recurrence were explained. Going forward, in order to prevent recurrence, the Board of Corporate Auditors will check the progress and effectiveness of specific measures for strengthening compliance and ensuring an effective quality assurance system.

- (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, 2022

Board of Corporate Auditors
Toray Industries, Inc.

Toru Fukasawa, Corporate Auditor
Yoshiyuki Tanaka, Corporate Auditor
Toshio Nagai, Outside Corporate Auditor
Kazuya Jono, Outside Corporate Auditor
Hiroyuki Kumasaka, Outside Corporate Auditor