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May 13, 2022

[Summary] Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (Under IFRS)

Company name: Toray Industries, Inc.
 Listing: Tokyo Stock Exchange
 Securities code: 3402
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 Scheduled date of ordinary general meeting of stockholders: June 23, 2022
 Scheduled date to commence dividend payments: June 24, 2022
 Scheduled date to file annual securities report: June 23, 2022
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for Securities Analysts/ Institutional Investors)

(Yen amounts are rounded to the nearest million.)

1. Consolidated financial results for the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Consolidated financial performance

(Percentages indicate year-on-year changes.)

	Revenue		Core operating income		Operating income		Profit before tax	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended								
March 31, 2022	2,228,523	18.3	132,063	46.3	100,565	80.0	120,315	83.5
March 31, 2021	1,883,600	(9.9)	90,265	(28.1)	55,879	(51.3)	65,566	(46.8)

	Profit		Profit attributable to owners of parent		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Year ended						
March 31, 2022	93,609	97.7	84,235	83.9	52.63	52.19
March 31, 2021	47,339	(49.6)	45,794	(45.6)	28.61	28.57

	Return on equity	Return on assets	Core operating margin
	%	%	%
Year ended			
March 31, 2022	6.4	4.5	5.9
March 31, 2021	3.9	3.2	4.8

Notes:

- Share of profit (loss) of investments accounted for using equity method for the year ended March 31, 2022 and 2021 were ¥19,342 million and ¥12,812 million, respectively.
- Comprehensive income for the year ended March 31, 2022 and 2021 were ¥201,389 million (35.7%) and ¥148,420 million (528.6%), respectively.
- Core operating income is calculated by excluding income and expenses due to non-recurring factors from operating income.

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Equity ratio	Book value per share
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
March 31, 2022	3,043,881	1,499,649	1,405,591	46.2	878.10
March 31, 2021	2,848,839	1,322,275	1,237,851	43.5	773.44

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2022	138,286	(57,168)	(101,518)	230,355
March 31, 2021	211,591	(97,872)	(69,403)	236,354

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to equity attributable to owners of parent (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2021	-	4.50	-	4.50	9.00	14,411	31.5	1.2
Year ended March 31, 2022	-	8.00	-	8.00	16.00	25,624	30.4	1.9
Year ending March 31, 2023 (Forecast)	-	9.00	-	9.00	18.00		28.8	

3. Segment information

Revenue	Year ended March 31,		
	2022	2021	Change
	Millions of yen	Millions of yen	%
Fibers & Textiles	836,182	719,239	16.3
Performance Chemicals	910,000	720,418	26.3
Carbon Fiber Composite Materials	215,215	182,884	17.7
Environment & Engineering	199,285	193,524	3.0
Life Science	51,954	52,965	(1.9)
Other	15,887	14,570	9.0
Consolidated total	2,228,523	1,883,600	18.3

Core operating income	Year ended March 31,		
	2022	2021	Change
	Millions of yen	Millions of yen	%
Fibers & Textiles	42,191	36,565	15.4
Performance Chemicals	90,961	66,963	35.8
Carbon Fiber Composite Materials	1,581	(7,476)	-
Environment & Engineering	16,549	14,532	13.9
Life Science	1,373	1,295	6.0
Other	3,018	2,939	2.7
Total	155,673	114,818	35.6
Reconciliations	(23,610)	(24,553)	-
Consolidated total	132,063	90,265	46.3

Notes:

- “Other” represents service-related businesses such as analysis, physical evaluation and research.
- “Reconciliations” of core operating income for the year ended March 31, 2022 of ¥(23,610) million include intersegment eliminations of ¥596 million and corporate expenses of ¥(24,206) million. “Reconciliations” of core operating income for the year ended March 31, 2021 of ¥(24,553) million include intersegment eliminations of ¥310 million and corporate expenses of ¥(24,863) million. The corporate expenses consist of the headquarters’ research expenses that are not allocated to each reportable segment.

4. Information about Geographical Areas

(Millions of yen)

Revenue		Year ended March 31,	
		2022	2021
Japan		901,039	829,191
Asia	China	446,647	367,856
	Other	477,648	373,514
North America, Europe and other		403,189	313,039
Consolidated total		2,228,523	1,883,600

Notes: Revenue is attributed to each area based on the location of customers.

5. Consolidated financial forecasts for the fiscal year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Percentages represent changes from the same period of the previous fiscal year.)

	Revenue		Core operating income		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2022	1,185,000	11.5	60,000	(14.5)	52,000	(14.6)	32.49
Year ending March 31, 2023	2,500,000	12.2	140,000	6.0	100,000	18.7	62.47

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Changes in accounting policies and changes in accounting estimates

- (i) Changes in accounting policies required by IFRS: None
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None

(3) Number of issued shares (ordinary shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2022	1,631,481,403 shares
As of March 31, 2021	1,631,481,403 shares

(ii) Number of treasury shares at the end of the period

As of March 31, 2022	30,761,629 shares
As of March 31, 2021	31,029,819 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2022	1,600,656,409 shares
Fiscal year ended March 31, 2021	1,600,359,688 shares

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

Earnings forecasts given herein have been prepared based on assumptions such as economic environment outlook available as of the publication of this report and these forecasts are not guarantees of future performance. Actual results may differ significantly from forecasts due to various factors. For the assumptions underlying the forecasts herein, please refer to "Consolidated Financial Performance and Financial Position 3. Forecast for the Fiscal Year Ending March 31, 2023" of the accompanying materials.

Consolidated Financial Performance and Financial Position

1. Overview of the Fiscal Year Ended March 31, 2022

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.

Financial Performance by Segment:

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. Analysis of Financial Position and Cash Flows

As of March 31, 2022, Toray Group's total assets stood at ¥3,043.9 billion, up ¥195.0 billion from the end of the previous fiscal year. Current assets increased ¥192.2 billion as trade and other receivables and inventories rose, and non-current assets also rose ¥2.8 billion due primarily to an increase in investments accounted for using equity method, while property, plant and equipment declined.

Total liabilities rose ¥17.7 billion from the end of the previous fiscal year to ¥1,544.2 billion, owing mainly to increases in trade and other payables, while bonds and borrowings declined.

Total equity rose by ¥177.4 billion compared with the end of the previous fiscal year to ¥1,499.6 billion, mainly reflecting increases in retained earnings and other components of equity. Equity attributable to owners of parent stood at ¥1,405.6 billion. Equity ratio as of March 31, 2022 came to 46.2%, a 2.7 percentage-point increase compared with the level at the end of the previous fiscal year. D/E ratio declined 0.12 compared with the level at the end of the previous fiscal year to 0.67.

Free cash flow for the period, derived by subtracting the cash flows from investing activities from the cash flows from operating activities, was ¥81.1 billion. Cash flows, as well as changes in the balances of cash and cash equivalents, for the fiscal year ended March 31, 2022 are as follows:

(Billions of yen)

	Year ended March 31,	
	2022	2021
Cash flows from operating activities	¥138.3	¥211.6
Cash flows from investing activities	(57.2)	(97.9)
Free cash flow	81.1	113.7
Cash flows from financing activities	(101.5)	(69.4)
Effect of exchange rate changes on cash and cash equivalents	14.4	8.3
Net increase (decrease) in cash and cash equivalents	(6.0)	52.7
Cash and cash equivalents at beginning of period	236.4	183.7
Cash and cash equivalents at end of period	230.4	236.4

3. Forecast for the Fiscal Year Ending March 31, 2023

The global economy, including Japan, is likely to continue its recovery with the rollout of coronavirus vaccines and progress in economic measures. However, the highly uncertain situation is expected to continue given concerns regarding the impact of the resurgence in infections from variants, supply chain constraints caused by shortage of parts and labor, logistic congestion, and the prolonged situation in Ukraine. It is necessary to pay attention to the growing inflationary pressure from surging fuel and raw material prices and the shift in monetary tightening policies of the U.S. and European countries. In addition, the continued zero-COVID policy of the Chinese authority, its tightening of control of the real

estate market and the technology sector, among other factors may place downward pressure on the recovery of the global economy.

Under such circumstances, Toray Group will promote the basic strategies under the medium-term management program “Project AP-G 2022” and carry out its business operation in anticipation of uncertainties.

For the fiscal year ending March 31, 2023, Toray expects revenue of ¥2,500.0 billion, core operating income of ¥140.0 billion, and profit attributable to owners of parent of ¥100.0 billion taking into consideration anticipated business expansion in growth fields and progress in profit improvement despite the prolonged harsh business environment. The calculation of consolidated earnings forecasts from April 2022 onwards is based on an assumed foreign currency exchange rate of ¥ 120.0 to the U.S. dollar.

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