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August 9, 2022

[Summary] Consolidated Financial Results for the Three Months Ended June 30, 2022 (Under IFRS)

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 Listing: Tokyo Stock Exchange
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 Scheduled date to file quarterly securities report: August 10, 2022
 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: Yes (for Securities Analysts/
 Institutional Investors)

(Yen amounts are rounded to the nearest million.)

1. Consolidated financial results for the three months ended June 30, 2022 (from April 1, 2022 to June 30, 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	%
Three months ended								
June 30, 2022	605,869	17.9	27,108	(24.9)	50,883	41.8	57,224	39.8
June 30, 2021	513,672	29.2	36,101	189.0	35,891	279.6	40,938	215.2

	Profit		Profit attributable to owners of parent		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Three months ended						
June 30, 2022	42,093	29.1	39,921	34.3	24.94	24.89
June 30, 2021	32,604	284.7	29,729	214.4	18.57	18.31

Notes:

- Comprehensive income for the three months ended June 30, 2022 and 2021 were ¥130,556 million (206.1%) and ¥42,658 million (154.4%), 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
As of	Millions of yen	Millions of yen	Millions of yen	%
June 30, 2022	3,242,573	1,615,698	1,517,570	46.8
March 31, 2022	3,043,881	1,499,649	1,405,591	46.2

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2022	-	8.00	-	8.00	16.00
Year ending March 31, 2023	-				
Year ending March 31, 2023 (Forecast)		9.00	-	9.00	18.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Segment information

Revenue	Three months ended June 30,		
	2022	2021	Change
	Millions of yen	Millions of yen	%
Fibers & Textiles	225,786	184,154	22.6
Performance Chemicals	245,008	222,611	10.1
Carbon Fiber Composite Materials	68,629	48,543	41.4
Environment & Engineering	50,719	43,700	16.1
Life Science	12,319	11,454	7.6
Other	3,408	3,210	6.2
Consolidated total	605,869	513,672	17.9

Core operating income	Three months ended June 30,		
	2022	2021	Change
	Millions of yen	Millions of yen	%
Fibers & Textiles	8,682	11,762	(26.2)
Performance Chemicals	16,871	27,897	(39.5)
Carbon Fiber Composite Materials	2,405	(2,063)	-
Environment & Engineering	3,487	3,408	2.3
Life Science	95	179	(46.9)
Other	372	201	85.1
Total	31,912	41,384	(22.9)
Reconciliations	(4,804)	(5,283)	-
Consolidated total	27,108	36,101	(24.9)

Notes:

- “Other” represents service-related businesses such as analysis, physical evaluation and research.
- “Reconciliations” of core operating income for the three months ended June 30, 2022 of ¥(4,804) million include intersegment eliminations of ¥330 million and corporate expenses of ¥(5,134) million. “Reconciliations” of core operating income for the three months ended June 30, 2021 of ¥(5,283) million include intersegment eliminations of ¥248 million and corporate expenses of ¥(5,531) million. The corporate expenses consist of the headquarters’ research expenses that are not allocated to each reportable segment.

4. 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	1,250,000	17.6	60,000	(14.5)	58,000	(4.8)	36.23
Year ending March 31, 2023	2,625,000	17.8	140,000	6.0	100,000	18.7	62.46

Note: Revisions to the forecast of consolidated financial forecast most recently announced: Yes

*** 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 June 30, 2022	1,631,481,403 shares
As of March 31, 2022	1,631,481,403 shares

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

As of June 30, 2022	30,479,712 shares
As of March 31, 2022	30,761,629 shares

(iii) Average number of shares outstanding during the period

Three months ended June 30, 2022	1,600,813,723 shares
Three months ended June 30, 2021	1,600,522,201 shares

* Quarterly financial results reports are exempt from quarterly review 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 Three Months Ended June 30, 2022

During the period under review, the global economy recorded a negative growth, as material prices remained high due to the Ukraine situation, China's lockdown due to zero-COVID policy as well as the impact of rising inflation, particularly in Europe and the U.S. on consumer spending. The Japanese economy continued to recover from the novel coronavirus (COVID-19) pandemic, although rising materials cost combined with the sudden weakening of the yen exerted downward pressure on the recovery.

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. In the period under review, fluctuation in raw material and fuel prices and the time lag between the price pass-through affected the income and expenses.

As a result, consolidated revenue for the three months ended June 30, 2022, increased 17.9 % compared with the same period a year earlier to ¥605.9 billion, while core operating income (Note 1) declined 24.9% to ¥27.1 billion. Operating income increased 41.8% to ¥50.9 billion and profit attributable to owners of parent rose 34.3% to ¥39.9 billion.

Financial performance by segment is described below.

Financial Performance by Segment:

Fibers & Textiles

In the apparel applications, sports and outdoor applications performed strongly and some regions showed a recovery from the pandemic, though there was an impact of the lockdown in China. In the industrial applications, there was a decrease in demand due to the decline in automobile production volume. Almost all applications and regions were affected by the soaring costs of raw materials and fuels as well as transportation.

As a result, revenue of overall Fibers & Textiles segment increased 22.6% to ¥225.8 billion compared with the same period a year earlier while core operating income declined 26.2% to ¥8.7 billion.

Performance Chemicals

The Performance Chemicals segment overall was affected by the soaring raw material and fuel prices.

The resins business was weak given the decline in automobile production volume and the lockdown in China. In the chemicals business, fine chemicals performed strongly. In the films business, the battery separator films for lithium-ion secondary batteries for the automotive application was slow. In the electronic & information materials business, demand for circuit materials decreased.

As a result, revenue of overall Performance Chemicals segment increased 10.1% to ¥245.0 billion compared with the same period a year earlier while core operating income declined 39.5% to ¥16.9 billion.

Carbon Fiber Composite Materials

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

As a result, revenue of overall Carbon Fiber Composite Materials segment increased 41.4% to ¥68.6 billion compared with the same period a year earlier. The segment posted core operating income of ¥2.4 billion, an improvement of ¥4.5 billion from the same period a year earlier.

Environment & Engineering

In the water treatment business, demand for reverse osmosis membranes and other products grew strongly and facilities that newly started operations contributed to the performance.

Among domestic subsidiaries in the segment, an engineering subsidiary experienced increases in the shipment of lithium-ion secondary battery-related equipment.

As a result, revenue of overall Environment & Engineering segment increased 16.1% to ¥50.7 billion compared with the same period a year earlier and core operating income rose 2.3% to ¥3.5 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, but the business was affected by the soaring prices of raw materials and fuels.

As a result, revenue of overall Life Science segment increased 7.6% to ¥12.3 billion compared with the previous fiscal year, while core operating income decreased by ¥0.1 billion to ¥0.1 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

As of June 30, 2022, Toray Group's total assets stood at ¥3,242.6 billion, up ¥198.7 billion from the end of the previous fiscal year, due primarily to increases in inventories and investments accounted for using equity method.

Total liabilities rose ¥82.6 billion from the end of the previous fiscal year to ¥1,626.9 billion, owing mainly to increases in bonds and borrowings.

Total equity rose by ¥116.0 billion compared with the end of the previous fiscal year to ¥1,615.7 billion, mainly reflecting increases in retained earnings and other components of equity. Equity attributable to owners of parent stood at ¥1,517.6 billion. Equity ratio as of June 30, 2022, came to 46.8%, a 0.6 percentage-point increase compared with the level at the end of the previous fiscal year.

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

The global economy, including Japan, is facing high downward risks, and increasing uncertainties, including soaring material prices caused by the Ukraine situation, acceleration of inflation worldwide, economic downturn in the U.S. and Europe triggered by interest rate hikes, and debt crisis concerns in emerging countries as well as the impact of China's zero-COVID policy.

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 revised its consolidated forecasts for the first six months taking into consideration its business performance for the first three months of the fiscal year and the business environment. It now expects revenue of ¥1,250.0 billion, and profit attributable to owners of parent of ¥58.0 billion for the first six months. For the full year, it expects revenue of ¥2,625.0 billion. Core operating income and profit attributable to owners of parent for the full year remains the same. The calculation of consolidated earnings forecasts from July 2022 onwards is based on an assumed foreign currency exchange rate of ¥ 125.0 to the U.S. dollar.

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