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November 8, 2022

## [Summary] Consolidated Financial Results for the Six Months Ended September 30, 2022 (Under IFRS)

Company name: Toray Industries, Inc.  
 Listing: Tokyo Stock Exchange  
 Securities code: 3402  
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 Scheduled date to file quarterly securities report: November 10, 2022  
 Scheduled date to commence dividend payments: December 1, 2022  
 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 six months ended September 30, 2022 (from April 1, 2022 to September 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	%
Six months ended September 30, 2022	1,261,794	18.7	54,421	(22.5)	73,797	7.0	84,976	4.6
September 30, 2021	1,062,978	24.2	70,176	105.8	68,962	-	81,205	862.3

	Profit		Profit attributable to owners of parent		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Six months ended September 30, 2022	62,991	(5.1)	59,112	(3.0)	36.92	36.86
September 30, 2021	66,397	-	60,924	-	38.06	37.51

Notes:

- Comprehensive income for the six months ended September 30, 2022 and 2021 were ¥177,777 million (121.1%) and ¥80,406 million (444.4%), 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
	Millions of yen	Millions of yen	Millions of yen	%
As of September 30, 2022	3,320,930	1,660,119	1,561,961	47.0
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	-	9.00			
Year ending March 31, 2023 (Forecast)			-	9.00	18.00

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

## 3. Segment information

Revenue	Six months ended September 30,		
	2022	2021	Change
	Millions of yen	Millions of yen	%
Fibers & Textiles	509,034	401,516	26.8
Performance Chemicals	473,304	444,493	6.5
Carbon Fiber Composite Materials	139,986	98,947	41.5
Environment & Engineering	106,052	85,894	23.5
Life Science	25,873	25,091	3.1
Other	7,545	7,037	7.2
Consolidated total	1,261,794	1,062,978	18.7

Core operating income	Six months ended September 30,		
	2022	2021	Change
	Millions of yen	Millions of yen	%
Fibers & Textiles	23,885	24,333	(1.8)
Performance Chemicals	25,080	52,245	(52.0)
Carbon Fiber Composite Materials	5,592	(3,623)	-
Environment & Engineering	8,267	6,086	35.8
Life Science	345	1,112	(69.0)
Other	1,030	743	38.6
Total	64,199	80,896	(20.6)
Reconciliations	(9,778)	(10,720)	-
Consolidated total	54,421	70,176	(22.5)

Notes:

- "Other" represents service-related businesses such as analysis, physical evaluation and research.
- "Reconciliations" of core operating income for the six months ended September 30, 2022 of ¥(9,778) million include intersegment eliminations of ¥395 million and corporate expenses of ¥(10,173) million. "Reconciliations" of core operating income for the six months ended September 30, 2021 of ¥(10,720) million include intersegment eliminations of ¥532 million and corporate expenses of ¥(11,252) 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 indicate year-on-year changes.)

	Revenue		Core operating income		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Year ending March 31, 2023	2,600,000	16.7	130,000	(1.6)	95,000	12.8	59.34

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 September 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 September 30, 2022	30,480,095 shares
As of March 31, 2022	30,761,629 shares

(iii) Average number of shares outstanding during the period

Six months ended September 30, 2022	1,600,907,605 shares
Six months ended September 30, 2021	1,600,592,757 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 Six Months Ended September 30, 2022

During the period under review, the global economy saw a slowdown in growth due to high material prices associated with the Ukraine situation, China's lockdown in line with zero-COVID policy and the impact of rising inflation on consumer spending particularly in Europe and the U.S. 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 to achieve 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, the time lag between the fluctuation in raw material and fuel prices and the price pass-through affected the income and expenses.

As a result, consolidated revenue for the six months ended September 30, 2022, increased 18.7% compared with the same period a year earlier to ¥1,261.8 billion, while core operating income (Note 1) declined 22.5% to ¥54.4 billion. Operating income increased 7.0% to ¥73.8 billion and profit attributable to owners of parent fell 3.0% to ¥59.1 billion.

Financial performance by segment is described below.

### **Financial Performance by Segment:**

#### *Fibers & Textiles*

While apparel applications saw a recovery from the pandemic, hygiene material applications were sluggish, as the supply-demand balance worsened. Industrial applications witnessed a sluggish growth in demand due to the delay in recovery of the 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 26.8% to ¥509.0 billion compared with the same period a year earlier while core operating income declined 1.8% to ¥23.9 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 slow recovery in domestic automobile production and a decline in demand in China. In the chemicals business, fine chemicals performed strongly. In the films business, polyester films were affected by customers' inventory adjustment of optical applications and electronic parts. In the electronic & information materials business, demand for OLED-related materials and circuit materials decreased.

As a result, revenue of overall Performance Chemicals segment increased 6.5% to ¥473.3 billion compared with the same period a year earlier while core operating income declined 52.0% to ¥25.1 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 41.5% to ¥140.0 billion compared with the same period a year earlier. The segment posted core operating income of ¥5.6 billion, an improvement of ¥9.2 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 23.5% to ¥106.1 billion compared with the same period a year earlier and core operating income rose 35.8% to ¥8.3 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 3.1% to ¥25.9 billion compared with the previous fiscal year, while core operating income decreased by ¥0.8 billion to ¥0.3 billion.

Notes:

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

## 2. Analysis of Financial Position

As of September 30, 2022, Toray Group's assets and liabilities were affected by the increase in translated yen amounts of overseas subsidiaries because of the depreciation of yen.

Total assets stood at ¥3,320.9 billion, up ¥277.0 billion from the end of the previous fiscal year, due primarily to increases in trade and other receivables and inventories.

Total liabilities rose ¥116.6 billion from the end of the previous fiscal year to ¥1,660.8 billion, owing mainly to increases in bonds and borrowings.

Total equity rose by ¥160.5 billion compared with the end of the previous fiscal year to ¥1,660.1 billion, mainly reflecting increases in retained earnings and other components of equity. Equity attributable to owners of parent stood at ¥1,562.0 billion. Equity ratio as of September 30, 2022, came to 47.0%, a 0.9 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 expected to slow down during this year due to increased inflationary pressure caused by soaring raw material and fuel prices and interest rate hikes mainly in the U.S. and Europe. In addition, China's continuation of zero-COVID policy and the confusion in the real estate market may exert downward pressure on the global economy. Other concerns include supply restrictions caused by parts and labor shortage, prolonged Ukrainian situation, and a disruption in financial markets.

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 full year taking into consideration its business performance for the first six months and the business environment. It now expects revenue of ¥2,600.0 billion, core operating income of ¥130.0 billion, and profit attributable to owners of parent of ¥95.0 billion. The calculation of consolidated earnings forecasts from October 2022 onwards is based on an assumed foreign currency exchange rate of ¥135.0 to the U.S. dollar.

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