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February 8, 2023

[Summary] Consolidated Financial Results for the Nine Months Ended December 31, 2022 (Under IFRS)

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 Listing: Tokyo Stock Exchange
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 Scheduled date to file quarterly securities report: February 10, 2023
 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 nine months ended December 31, 2022 (from April 1, 2022 to December 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	%
Nine months ended December 31, 2022	1,901,800	15.5	80,436	(24.1)	98,667	(4.3)	109,015	(9.5)
December 31, 2021	1,646,872	20.7	105,982	58.3	103,148	185.0	120,507	181.0

	Profit		Profit attributable to owners of parent		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Nine months ended December 31, 2022	80,638	(17.6)	74,553	(16.5)	46.57	46.48
December 31, 2021	97,859	236.6	89,306	220.1	55.79	55.22

Notes:

- Comprehensive income for the nine months ended December 31, 2022 and 2021 were ¥148,189 million (8.5%) and ¥136,602 million (130.6%), 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
	Millions of yen	Millions of yen	Millions of yen	%
As of December 31, 2022	3,264,567	1,615,041	1,516,511	46.5
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	Nine months ended December 31,		
	2022	2021	Change
	Millions of yen	Millions of yen	%
Fibers & Textiles	784,775	631,603	24.3
Performance Chemicals	698,311	678,119	3.0
Carbon Fiber Composite Materials	211,203	153,191	37.9
Environment & Engineering	156,161	134,580	16.0
Life Science	40,196	38,586	4.2
Other	11,154	10,793	3.3
Consolidated total	1,901,800	1,646,872	15.5

Core operating income	Nine months ended December 31,		
	2022	2021	Change
	Millions of yen	Millions of yen	%
Fibers & Textiles	39,599	35,474	11.6
Performance Chemicals	29,979	74,616	(59.8)
Carbon Fiber Composite Materials	11,801	(1,898)	-
Environment & Engineering	12,857	10,882	18.1
Life Science	592	1,599	(63.0)
Other	1,123	1,493	(24.8)
Total	95,951	122,166	(21.5)
Reconciliations	(15,515)	(16,184)	-
Consolidated total	80,436	105,982	(24.1)

Notes:

- "Other" represents service-related businesses such as analysis, physical evaluation and research.
- "Reconciliations" of core operating income for the nine months ended December 31, 2022 of ¥(15,515) million include intersegment eliminations of ¥362 million and corporate expenses of ¥(15,877) million. "Reconciliations" of core operating income for the nine months ended December 31, 2021 ¥(16,184) million include intersegment eliminations of ¥679 million and corporate expenses of ¥(16,863) 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	2,510,000	12.6	100,000	(24.3)	72,000	(14.5)	44.97

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 December 31, 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 December 31, 2022	30,460,332 shares
As of March 31, 2022	30,761,629 shares

(iii) Average number of shares outstanding during the period

Nine months ended December 31, 2022	1,600,941,019 shares
Nine months ended December 31, 2021	1,600,635,236 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 Nine Months Ended December 31, 2022

During the period under review, the global economy saw a slowdown in growth due to high material prices associated with the Ukraine situation, lockdown in China in line with its zero-COVID policy, and the impact of rising inflation and interest rates particularly in Europe and the U.S. The Japanese economy continued to recover from the 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, as well as inventory adjustments in the supply chain affected the income and expenses.

As a result, consolidated revenue for the nine months ended December 31, 2022, increased 15.5% compared with the same period a year earlier to ¥1,901.8 billion, while core operating income (Note 1) declined 24.1% to ¥80.4 billion. Operating income decreased 4.3% to ¥98.7 billion and profit attributable to owners of parent fell 16.5% to ¥74.6 billion.

Financial performance by segment is described below.

Financial Performance by Segment:

Fibers & Textiles

While hygiene material applications were sluggish from the impact of the worsening supply-demand balance, apparel applications saw a recovery from the pandemic. Industrial applications witnessed a demand recovery trend for automobile applications in some regions. 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 24.3% to ¥784.8 billion compared with the same period a year earlier and core operating income rose 11.6% to ¥39.6 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 applications and the decline in demand in China. In the films business, polyester films were affected by demand slowdown in 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 3.0% to ¥698.3 billion compared with the same period a year earlier while core operating income declined 59.8% to ¥30.0 billion.

Carbon Fiber Composite Materials

Demand for the aerospace applications showed a recovery trend and the sales of pressure vessels in the industrial applications expanded. 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 37.9% to ¥211.2 billion compared with the same period a year earlier. The segment posted core operating income of ¥11.8 billion, an improvement of ¥13.7 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 16.0% to ¥156.2 billion compared with the same period a year earlier and core operating income rose 18.1% to ¥12.9 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 4.2% to ¥40.2 billion compared with the previous fiscal year, while core operating income decreased 63.0% to ¥0.6 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 December 31, 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 ¥3,264.6 billion, up ¥220.7 billion from the end of the previous fiscal year, due primarily to increases in trade and other receivables and inventories.

Total liabilities rose ¥105.3 billion from the end of the previous fiscal year to ¥1,649.5 billion, owing mainly to increases in bonds and borrowings.

Total equity rose by ¥115.4 billion compared with the end of the previous fiscal year to ¥1,615.0 billion, mainly reflecting increases in retained earnings and other components of equity. Equity attributable to owners of parent stood at ¥1,516.5 billion. Equity ratio as of December 31, 2022, came to 46.5%, a 0.3 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 strong sense of stagnation in the global economy is expected to continue, from increased inflationary pressure caused by persistently high raw material and fuel prices and labor shortages, as well as interest rate hikes mainly in the U.S. and Europe. While China changed direction to lift its zero-COVID policy, the process for normalization of economic conditions is likely to be gradual given the slowdown in the global economy and the sluggish real estate market. Other concerns include the prolonged Ukrainian situation and turmoil in the 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 nine months and the business environment. It now expects revenue of ¥2,510.0 billion, core operating income of ¥100.0 billion, and profit attributable to owners of parent of ¥72.0 billion. The calculation of consolidated earnings forecasts from January 2023 onwards is based on an assumed foreign currency exchange rate of ¥135.0 to the U.S. dollar.

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