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November 9, 2021

[Summary] Consolidated Financial Results for the Six Months Ended September 30, 2021 (Under IFRS)

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 Listing: Tokyo Stock Exchange
 Securities code: 3402
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 Scheduled date to file quarterly securities report: November 11, 2021
 Scheduled date to commence dividend payments: December 1, 2021
 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, 2021 (from April 1, 2021 to September 30, 2021)

(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, 2021	1,062,978	24.2	70,176	105.8	68,962	-	81,205	862.3
September 30, 2020	856,069	(19.2)	34,096	(52.3)	5,503	(92.0)	8,439	(88.5)

	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, 2021	66,397	-	60,924	-	38.06	37.51
September 30, 2020	3,835	(93.1)	4,466	(91.2)	2.79	2.79

Notes:

- Comprehensive income for the six months ended September 30, 2021 and 2020 were ¥80,406 million (444.4%) and ¥14,771 million (168.6%), 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 September 30, 2021	2,856,553	1,392,304	1,305,447	45.7
March 31, 2021	2,848,839	1,322,275	1,237,851	43.5

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
Fiscal year ended March 31, 2021	-	4.50	-	4.50	9.00
Fiscal year ending March 31, 2022	-	8.00			
Fiscal year ending March 31, 2022 (Forecast)			-	8.00	16.00

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

3. Segment information

Revenue	Six months ended September 30,		
	2021	2020	Change
	Millions of yen	Millions of yen	%
Fibers & Textiles	401,516	330,239	21.6
Performance Chemicals	444,493	327,323	35.8
Carbon Fiber Composite Materials	98,947	89,319	10.8
Environment & Engineering	85,894	78,201	9.8
Life Science	25,091	24,666	1.7
Other	7,037	6,321	11.3
Consolidated total	1,062,978	856,069	24.2

Core operating income	Six months ended September 30,		
	2021	2020	Change
	Millions of yen	Millions of yen	%
Fibers & Textiles	24,333	15,811	53.9
Performance Chemicals	52,245	24,057	117.2
Carbon Fiber Composite Materials	(3,623)	(282)	-
Environment & Engineering	6,086	3,977	53.0
Life Science	1,112	826	34.6
Other	743	573	29.7
Total	80,896	44,962	79.9
Reconciliations	(10,720)	(10,866)	-
Consolidated total	70,176	34,096	105.8

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, 2021 of ¥(10,720) million include intersegment eliminations of ¥532 million and corporate expenses of ¥(11,252) million. “Reconciliations” of core operating income for the six months ended September 30, 2020 ¥(10,866) million include intersegment eliminations of ¥426 million and corporate expenses of ¥(11,292) 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, 2022 (from April 1, 2021 to March 31, 2022)

	Revenue		Core operating income		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2022	2,220,000	17.9	130,000	44.0	93,000	103.1	58.10

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, 2021	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 September 30, 2021	30,818,190 shares
As of March 31, 2021	31,029,819 shares

(iii) Average number of shares outstanding during the period

Six months ended September 30, 2021	1,600,592,757 shares
Six months ended September 30, 2020	1,600,267,474 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

The earnings forecasts included in this document are based on assumptions such as future economic environment as of the date of the announcement of the document. These forward-looking statements do not purport that the Company pledges to realize such statements. Actual business results may differ substantially from the forecasts due to various factors. See 3. Forecast of Consolidated Results of the accompanying materials for the assumptions used.

Consolidated Financial Performance and Financial Position

1. Overview of the Six Months Ended September 30, 2021

During the period under review, the global economy recovered significantly, due to 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, where Europe and the U.S. are leading, 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, such as in Japan, where the government once again declared a state of emergency in 21 prefectures including the Tokyo metropolitan area.

Under such circumstances, Toray Group in May 2020 launched the new medium-term management program “Project AP-G 2022” aimed at 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 six months ended September 30, 2021, increased 24.2% compared with the same period a year earlier to ¥1,063.0 billion, and core operating income (Note 1) rose 105.8% to ¥70.2 billion. Operating income increased ¥63.5 billion to ¥69.0 billion and profit attributable to owners of parent rose by ¥56.5 billion to ¥60.9 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, the automotive applications recovered with increased sales volume.

As a result, revenue of overall Fibers & Textiles segment increased 21.6% to ¥401.5 billion compared with the same period a year earlier and core operating income rose 53.9% to ¥24.3 billion.

Performance Chemicals

Demand in the resins business was strong given the rebound from the COVID-19 pandemic, resumed operations of automobile manufacturers, and the recovery of the Chinese economy. The chemicals business saw a recovery in the basic chemicals market. In the films business, polyester films for optical applications and electronic components performed strongly, while battery separator films for lithium-ion secondary batteries increased in the automotive and consumer applications. In the electronic & information materials business, OLED-related demand increased.

As a result, revenue of overall Performance Chemicals segment increased 35.8% to ¥444.5 billion compared with the same period a year earlier and core operating income rose 117.2% to ¥52.2 billion.

Carbon Fiber Composite Materials

While the sales of wind turbine blades in the industrial applications and sports applications were strong, aerospace application was affected by the decline in the production rate of commercial aircraft. The segment was affected by the increase in raw material prices.

As a result, revenue of overall Carbon Fiber Composite Materials segment increased 10.8% to ¥98.9 billion compared with the same period a year earlier. The segment posted core operating loss of ¥3.6 billion, a decline of ¥3.3 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, 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 9.8% to ¥85.9 billion compared with the same period a year earlier and core operating income rose 53.0% to ¥6.1 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, while overseas sales of orally active prostacyclin derivative DORNER® increased.

In the medical devices business, shipment of dialyzers for hemodiafiltration grew strongly in Japan.

As a result, revenue of overall Life Science segment increased 1.7% to ¥25.1 billion compared with the same period a year earlier and core operating income rose 34.6% to ¥1.1 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 September 30, 2021, Toray Group's total assets stood at ¥2,856.6 billion, up ¥7.7 billion from the end of the previous fiscal year, due primarily to an increase in inventories.

Total liabilities declined ¥62.3 billion from the end of the previous fiscal year to ¥1,464.2 billion, owing mainly to declines in bonds and borrowings.

Total equity rose by ¥70.0 billion compared with the end of the previous fiscal year to ¥1,392.3 billion, reflecting an increase in retained earnings. Equity attributable to owners of parent stood at ¥1,305.4 billion. Equity ratio as of September 30, 2021 came to 45.7%, a 2.2 percentage-point increase compared with the level at the end of the previous fiscal year.

3. Forecast of Consolidated Results

The global economy, including Japan, is likely to continue its recovery with the rollout of coronavirus vaccines and progress in economic measures. However, the outlook is increasingly unclear given concerns regarding a risk of resurgence in infections from variants, soaring raw material and fuel prices, and production reduction of automobiles due to semiconductor shortage and supply chain constraints. It is necessary to pay attention to the market impact of the shift in monetary easing policies in various countries in response to inflationary pressures. In addition, tightening of control by the Chinese authority of its real estate market and the technology sector, as well as continued confrontation between the U.S. and China may weigh heavily 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, 2022, Toray revised its consolidated forecasts for the full year taking into consideration its business performance for the first six months and the recent economic climate. It now expects revenue of ¥2,220.0 billion and profit attributable to owners of parent of ¥93.0 billion. The company left its core operating income forecast unchanged. The calculation of consolidated earnings forecasts from October 2021 onwards is based on an assumed foreign currency exchange rate of ¥110.0 to the U.S. dollar.

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