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February 9, 2022

## [Summary] Consolidated Financial Results for the Nine Months Ended December 31, 2021 (Under IFRS)

Company name: Toray Industries, Inc.  
 Listing: Tokyo Stock Exchange  
 Securities code: 3402  
 URL: [www.toray.com](http://www.toray.com)  
 Representative: Akihiro Nikkaku, President  
 Inquiries: Toshiki Matsumura, General Manager, Corporate Communications Department  
 Telephone: +81-3-3245-5178  
 Scheduled date to file quarterly securities report: February 14, 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 nine months ended December 31, 2021 (from April 1, 2021 to December 31, 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	%
Nine months ended December 31, 2021	1,646,872	20.7	105,982	58.3	103,148	185.0	120,507	181.0
December 31, 2020	1,364,206	(14.0)	66,968	(35.7)	36,190	(63.6)	42,885	(60.1)

	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, 2021	97,859	236.6	89,306	220.1	55.79	55.22
December 31, 2020	29,072	(64.5)	27,899	(62.8)	17.43	17.41

Notes:

- Comprehensive income for the nine months ended December 31, 2021 and 2020 were ¥136,602 million (130.6%) and ¥59,238 million ((14.7) %), 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, 2021	2,963,078	1,435,097	1,344,606	45.4
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	Nine months ended December 31,		
	2021	2020	Change
	Millions of yen	Millions of yen	%
Fibers & Textiles	631,603	536,335	17.8
Performance Chemicals	678,119	519,896	30.4
Carbon Fiber Composite Materials	153,191	134,943	13.5
Environment & Engineering	134,580	124,579	8.0
Life Science	38,586	38,406	0.5
Other	10,793	10,047	7.4
Consolidated total	1,646,872	1,364,206	20.7

Core operating income	Nine months ended December 31,		
	2021	2020	Change
	Millions of yen	Millions of yen	%
Fibers & Textiles	35,474	27,971	26.8
Performance Chemicals	74,616	47,645	56.6
Carbon Fiber Composite Materials	(1,898)	(3,713)	-
Environment & Engineering	10,882	7,991	36.2
Life Science	1,599	1,773	(9.8)
Other	1,493	1,743	(14.3)
Total	122,166	83,410	46.5
Reconciliations	(16,184)	(16,442)	-
Consolidated total	105,982	66,968	58.3

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, 2021 of ¥(16,184) million include intersegment eliminations of ¥679 million and corporate expenses of ¥(16,863) million. “Reconciliations” of core operating income for the nine months ended December 31, 2020 ¥(16,442) million include intersegment eliminations of ¥590 million and corporate expenses of ¥(17,032) 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	2,230,000	18.4	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 December 31, 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 December 31, 2021	30,761,290 shares
As of March 31, 2021	31,029,819 shares

(iii) Average number of shares outstanding during the period

Nine months ended December 31, 2021	1,600,635,236 shares
Nine months ended December 31, 2020	1,600,329,010 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 Nine Months Ended December 31, 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 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.

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 nine months ended December 31, 2021, increased 20.7% compared with the same period a year earlier to ¥1,646.9 billion, and core operating income (Note 1) rose 58.3% to ¥106.0 billion. Operating income increased 185.0% to ¥103.1 billion and profit attributable to owners of parent rose 220.1% to ¥89.3 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, sales volume of the automotive applications decreased in the third quarter due to the impact of the decline in automobile production volume.

As a result, revenue of overall Fibers & Textiles segment increased 17.8% to ¥631.6 billion compared with the same period a year earlier and core operating income rose 26.8% to ¥35.5 billion.

#### *Performance Chemicals*

Demand in the resins business was strong overall, given the rebound from the COVID-19 pandemic, resumed operations of automobile manufacturers, and the recovery of the Chinese economy, though it was affected by reduction in automobile production in the third quarter. The chemicals business saw 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 and reduction in automobile production, 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 30.4% to ¥678.1 billion compared with the same period a year earlier and core operating income rose 56.6% to ¥74.6 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 in the industrial applications continued to expand, and sports applications remained strong. 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 13.5% to ¥153.2 billion compared with the same period a year earlier. The segment posted core operating loss of ¥1.9 billion, an improvement of ¥1.8 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 8.0% to ¥134.6 billion compared with the same period a year earlier and core operating income rose 36.2% to ¥10.9 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, and demand for other medical devices showed a recovering trend as the spread of COVID-19 temporarily eased.

As a result, revenue of overall Life Science segment increased 0.5% to ¥38.6 billion compared with the same period a year earlier, while core operating income declined 9.8% to ¥1.6 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, 2021, Toray Group's total assets stood at ¥2,963.1 billion, up ¥114.2 billion from the end of the previous fiscal year, due primarily to increases in trade and other receivables and inventories.

Total liabilities rose ¥1.4 billion from the end of the previous fiscal year to ¥1,528.0 billion, owing mainly to increases in trade and other payables, while bonds and borrowings declined.

Total equity rose by ¥112.8 billion compared with the end of the previous fiscal year to ¥1,435.1 billion, reflecting an increase in retained earnings. Equity attributable to owners of parent stood at ¥1,344.6 billion. Equity ratio as of December 31, 2021 came to 45.4%, a 1.9 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 the impact of the resurgence in infections from variants, soaring raw material and fuel prices, supply chain constraints caused by shortage of parts and labor, logistic congestion, and geopolitical tensions over Ukraine. 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, the continued zero-COVID policy by the Chinese authority, its tightening of control 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 nine months ended December 31, 2021, and the recent economic climate. It now expects revenue of ¥2,230.0 billion. The company left its forecast of core operating income, and profit attributable to owners of parent unchanged. The calculation of consolidated earnings forecasts from January 2022 onwards is based on an assumed foreign currency exchange rate of ¥112.0 to the U.S. dollar.

For further information, please contact:

Mr. Masahiro Yamamoto  
General Manager  
Investor Relations Department  
Tel: +81-3-3245-5113  
Fax: +81-3-3245-5459

Mr. Toshiki Matsumura  
General Manager  
Corporate Communications Department  
Tel: +81-3-3245-5178  
Fax: +81-3-3245-5459