

August 4, 2021

Toray Announces Consolidated Results for the Three Months Ended June 30, 2021 (Under IFRS)

Tokyo, August 4, 2021 - Toray Industries, Inc. ("Toray") today announced its consolidated business results for the three months ended June 30, 2021 of the fiscal year ending March 31, 2022 (FY2021). The following summary of the business results that Toray submitted to the Tokyo Stock Exchange is unaudited and for reference only. (Code Number: 3402)

Consolidated Financial Performance

	(Millions of yen, except per share data) Three months ended June 30,		
	2021	2020	Change (%)
Revenue	¥513,672	¥397,631	29.2
Core operating income	36,101	12,492	189.0
Operating income	35,891	9,454	279.6
Profit before tax	40,938	12,989	215.2
Profit	32,604	8,476	284.7
Profit attributable to owners of parent	29,729	9,457	214.4
Basic earnings per share (yen)	18.57	5.91	-
Diluted earnings per share (yen)	18.31	5.90	-

Consolidated Financial Position

	(Millions of yen)	
	As of June 30, 2021	As of March 31, 2021
Total assets	¥2,864,579	¥2,848,839
Total equity	1,355,678	1,322,275
Equity attributable to owners of parent	1,269,879	1,237,851
Equity ratio	44.3%	43.5%

Cash Dividends

	(Yen) Cash dividends per share				
	1Q	2Q	3Q	4Q	Total
FY2020	-	¥4.50	-	¥4.50	¥9.00
FY2021	-				
FY2021 (forecast)		8.00	-	8.00	16.00

Notes:

1. Comprehensive income for the three months ended June 30, 2021 and 2020 were ¥42,658 million and ¥16,771 million, respectively.
2. Core operating income is calculated by excluding income and expenses due to non-recurring factors from operating income.
3. Revisions to the forecast of cash dividends since the latest announcement: none

Segment Information

(Millions of yen)

Revenue	Three months ended June 30,		
	2021	2020	Change (%)
Fibers & Textiles	¥184,154	¥144,996	27.0
Performance Chemicals	222,611	155,631	43.0
Carbon Fiber Composite Materials	48,543	45,417	6.9
Environment & Engineering	43,700	37,154	17.6
Life Science	11,454	11,551	(0.8)
Other	3,210	2,882	11.4
Consolidated total	513,672	397,631	29.2

(Millions of yen)

Core Operating Income	Three months ended June 30,		
	2021	2020	Change (%)
Fibers & Textiles	¥11,762	¥7,198	63.4
Performance Chemicals	27,897	8,106	244.2
Carbon Fiber Composite Materials	(2,063)	1,709	-
Environment & Engineering	3,408	818	316.6
Life Science	179	61	193.4
Other	201	140	43.6
Total	41,384	18,032	129.5
Reconciliations	(5,283)	(5,540)	-
Consolidated total	36,101	12,492	189.0

Notes:

1. "Other" represents service-related businesses such as analysis, physical evaluation and research.
2. "Reconciliations" of core operating income for the three months ended June 30, 2021 of ¥(5,283) million includes intersegment eliminations of ¥248 million and corporate expenses of ¥(5,531) million. "Reconciliations" of core operating income for the three months ended June 30, 2020 ¥(5,540) million includes intersegment eliminations of ¥144 million and corporate expenses of ¥(5,684) million. The corporate expenses consist of the headquarters' research expenses that are not allocated to each reportable segment.
3. Core operating income is calculated by excluding income and expenses due to non-recurring factors from operating income.

Forecast of Consolidated Results for the Fiscal Year Ending March 31, 2022

	Six months ending September 30, 2021		Year ending March 31, 2022	
	Millions of yen	Change (%)	Millions of yen	Change (%)
Revenue	¥1,065,000	24.4	¥2,250,000	19.5
Core operating income	60,000	76.0	130,000	44.0
Profit attributable to owners of parent	45,000	907.6	90,000	96.5
Basic earnings per share (yen)	28.11	-	56.23	-

Notes:

1. The changes (%) for the six-month forecast are compared with the same period a year earlier and those for the full year are compared with the previous fiscal year.
2. Revisions to the forecast of consolidated results since the latest announcement: yes

Consolidated Financial Performance and Financial Position

1. Overview of the Three Months Ended June 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, such as in Japan, where the government once again declared a state of emergency in 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 three months ended June 30, 2021, increased 29.2% compared with the same period a year earlier to ¥513.7 billion, and core operating income (Note 1) rose 189.0% to ¥36.1 billion. Operating income increased 279.6% to ¥35.9 billion and profit attributable to owners of parent rose by 214.4% to ¥29.7 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 27.0% to ¥184.2 billion compared with the same period a year earlier and core operating income rose 63.4% to ¥11.8 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, battery separator films for lithium-ion secondary batteries recovered in the automotive application, while 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 43.0% to ¥222.6 billion compared with the same period a year earlier and core operating income rose 244.2% to ¥27.9 billion.

Carbon Fiber Composite Materials

While the sales of wind turbine blade 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 6.9% to ¥48.5 billion compared with the same period a year earlier. The segment posted core operating loss of ¥2.1 billion, a decline of ¥3.8 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 17.6% to ¥43.7 billion compared with the same period a year earlier and core operating income rose 316.6% to ¥3.4 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.

As a result, revenue of overall Life Science segment declined 0.8% compared with the same period a year earlier to ¥11.5 billion, while core operating income rose by ¥0.1 billion to ¥0.2 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, 2021, Toray Group's total assets stood at ¥2,864.6 billion, up ¥15.7 billion from the end of the previous fiscal year, due primarily to an increase in inventories.

Total liabilities declined ¥17.7 billion from the end of the previous fiscal year to ¥1,508.9 billion, owing mainly to declines in bonds and borrowings.

Total equity rose by ¥33.4 billion compared with the end of the previous fiscal year to ¥1,355.7 billion, reflecting an increase retained earnings. Equity attributable to owners of parent stood at ¥1,269.9 billion. Equity ratio as of June 30, 2021 came to 44.3%, a 0.9 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 additional fiscal spending and continued monetary easing by the U.S. and with the rollout of coronavirus vaccines. However, there remains strong uncertainties such as the lingering low vaccination rates in developing countries and the restrictions on economic activities in response to resurgence in infections with variants (declaration of state of emergency for the fourth time in Japan and introduction of restriction of economic activities in various countries), and therefore the economy is expected to go through the normalization process at a slow pace. Moreover, the continuation of the conflict between the U.S. and China may weigh heavily on the recovery of the global economy even after the spread of the COVID-19 subsides. It is also necessary to pay attention to the impact of the rise in global commodity price including crude oil as well as concern over inflation and a change in monetary easing policy in the U.S. and Europe.

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 first six months and the full year taking into consideration its business performance for the first three months and the business environment. It now expects revenue of ¥1,065.0 billion, core operating income of ¥60.0 billion, and profit attributable to owners of parent of ¥45.0 billion for the first six months. For the full year, it expects revenue of ¥2,250.0 billion, core operating income of ¥130.0 billion, and profit attributable to owners of parent of ¥90.0 billion. The calculation of consolidated earnings forecasts from July 2021 onwards is based on an assumed foreign currency exchange rate of ¥105.0 to the U.S. dollar.

Disclaimer

Descriptions of predicted business results, forecasts and business plans contained in this material are based on predictive forecasts of the future business environment made at the present time. The material in this statement is not a guarantee of Toray's future business performance.

For further information, please contact:

Mr. Naohiro Asami
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

Toray Industries, Inc.
www.toray.com