



**Announcement of Business Results
for the Fiscal Year Ended March 2023 and
Business Forecast for the Fiscal Year
Ending March 2024**

May 12, 2023

Toray Industries, Inc.

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Summary of Business Performance and Forecast

Consolidated Business Result : Fiscal Year Ended March 2023

- Fibers & Textiles, Carbon Fiber Composite Materials, and Environment & Engineering segments performed strongly. Core operating income of the Performance Chemicals segment declined considerably compared to the previous fiscal year due to decline of demand for resins in Japanese and Chinese markets, as well as inventory adjustment in supply chains for displays and semiconductors in the film business and electronic & information business. As a result, core operating income of the entire Group came to 96.0 billion yen, 27% decline compared to the previous fiscal year.
- The core operating income forecasted at the announcement of 3Q financial results was not achieved as the impact from the worsened market conditions in the Performance Chemicals segment was bigger than expected. Moreover, in the Environment & Engineering segment, a subsidiary posted loss allowance for past due receivables.

(Core operating income in FY 2022, billion yen)

Segment	Previous Forecast*	Actual	Difference
Fibers & Textiles	51.5	51.2	-0.3
Performance Chemicals	35.0	30.4	-4.6
Carbon Fiber Composite Materials	15.0	15.9	+0.9
Environment & Engineering	22.0	19.7	-2.3
Life Science	0.5	0.2	-0.3
Others	2.0	2.5	+0.5
Reconciliations	▲ 26.0	▲ 23.9	+2.1
Total	100.0	96.0	-4.0

*Announced on February 8, 2023

Consolidated Business Forecast : Fiscal Year Ending March 2024

- In spite of the severe business environment, by pursuing expansion in growth business fields and improvements in profitability, Toray forecasts 120 billion yen in core operating income.
- Aim to steadily capture demand after the COVID-19 pandemic, especially in the Performance Chemicals segment.

Shareholders Return

- For the annual dividend per share for the fiscal year ending March 2024, the company anticipates to pay 18 yen per share.
- While maintaining stable continuous dividends, aiming to increase dividends based on earnings growth.

**I. Business Results for the
Fiscal Year Ended March 2023**

Summary of Consolidated Business Results for the Fiscal Year Ended March 2023

Billion yen

	FY Mar/22	FY Mar/23	Changes
Revenue	2,228.5	2,489.3	+260.8 (+11.7 %)
Core Operating Income	132.1	96.0	-36.0 (-27.3 %)
(Core Operating Margin)	5.9 %	3.9 %	-2.1 points
Special Items	▲ 31.5	13.0	+44.5
Financial Income and Costs	0.4	▲ 4.5	-4.9
Share of Profit of Investments Accounted for using Equity Method	19.3	7.4	-11.9
Profit before Tax	120.3	111.9	-8.4 (-7.0 %)
Profit Attributable to Owners of Parent	84.2	72.8	-11.4 (-13.5 %)

Basic Earnings per Share	52.63 yen	45.49 yen
Dividend per Share	16.00 yen	18.00 yen

ROE	6.4 %	5.0 %
ROA	4.5 %	3.1 %

Exchange Rate		(FY Mar/22)	(FY Mar/23)
<Yen / US\$>	Average	112.4	135.5
	End of the Term	122.4	133.5
<Yen / Euro>	Average	130.6	141.0
	End of the Term	136.7	145.7

Special Items

Billion yen

	FY Mar/22	FY Mar/23	Changes
Gain on Sale or Disposal of Fixed Assets	1.0	2.6	+1.6
Gain on Loss of Control of Subsidiaries* ¹	-	25.1	+25.1
Loss on Sale or Disposal of Fixed Assets	▲ 5.1	▲ 5.2	-0.2
Impairment Losses	▲ 27.4	▲ 6.0	+21.4
Provision for Product Warranties* ²	-	▲ 3.5	-3.5
Other	-	0.0	+0.0
Special Items	▲ 31.5	13.0	+44.5

*¹ Gain on revaluation of investment resulting from establishment of the joint venture LG Toray Hungary Battery Separator Kft. with LG Chem, Ltd. (LG Chem). In this joint venture, LG Chem made an investment in Toray Industries Hungary Kft., which manufactures and sells separator film for rechargeable lithium-ion batteries in Hungary.

*² Costs expected to be required in the future for the replacement or repair of products that may be defective among some products for industrial applications that the Company has manufactured and sold in the past in the Carbon Fiber Composite Materials Business.

Assets, Liabilities, Net Assets, Free Cash Flow

Billion yen

	End of Mar/22	End of Mar/23	Changes
Total Assets	3,043.9	3,194.0	+150.2
Current Assets	1,373.2	1,429.3	+56.0
Property, Plant and Equipment	990.7	1,007.8	+17.1
Other Non-current Assets	679.9	756.9	+77.0

Total Liabilities	1,544.2	1,558.2	+14.0
Current Liabilities	741.1	826.2	+85.2
Non-current Liabilities	803.2	732.0	-71.2
Equity	1,499.6	1,635.8	+136.2

Owner's Equity *	1,405.6	1,535.0	+129.4
Equity Ratio *	46.2%	48.1%	+1.9 points

Interest-bearing Liabilities	935.7	950.1	+14.4
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D/E Ratio	0.67	0.62	-0.05
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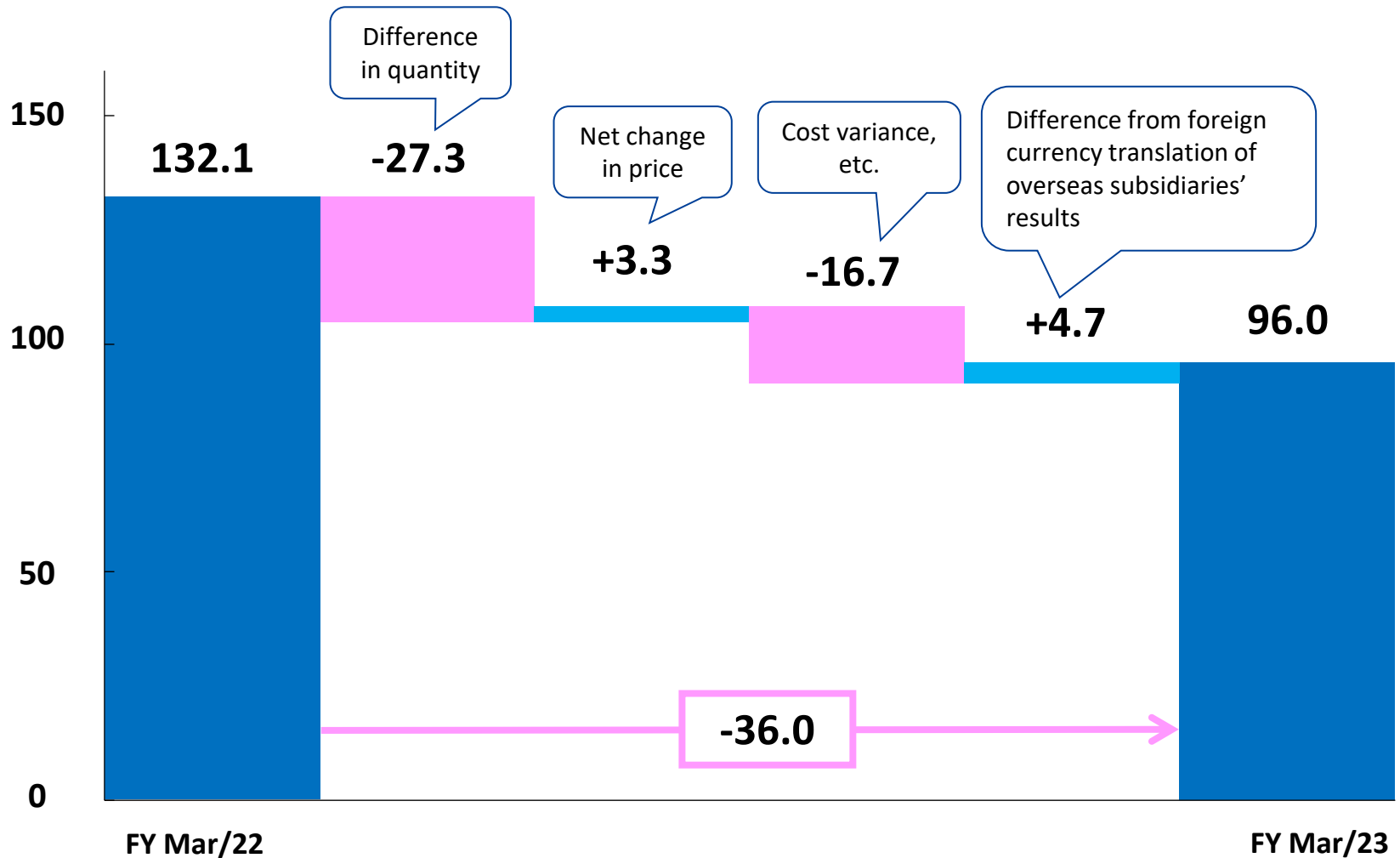
<Free Cash Flow>

	FY Mar/22	FY Mar/23	Changes
Cash Flows from Operating Activities	138.3	145.2	+6.9
Cash Flows from Investment Activities	▲ 57.2	▲ 102.7	-45.6
Free Cash Flow	81.1	42.5	-38.6

* Owner's Equity = Equity attributable to owners of parent

Core Operating Income Variance Factor Analysis

Billion yen



Revenue and Core Operating Income by Segment

Billion yen

		FY Mar/22			FY Mar/23			Changes		
		1st Half	2nd Half	Total	1st Half	2nd Half	Total	1st Half	2nd Half	Total
Revenue	Fibers & Textiles	401.5	434.7	836.2	509.0	490.2	999.2	+107.5 (+26.8%)	+55.5 (+12.8%)	+163.0 (+19.5%)
	Performance Chemicals	444.5	465.5	910.0	473.3	436.1	909.4	+28.8 (+6.5%)	-29.4 (-6.3%)	-0.6 (-0.1%)
	Carbon Fiber Composite Materials	98.9	116.3	215.2	140.0	141.7	281.7	+41.0 (+41.5%)	+25.5 (+21.9%)	+66.5 (+30.9%)
	Environment & Engineering	85.9	113.4	199.3	106.1	122.8	228.8	+20.2 (+23.5%)	+9.4 (+8.3%)	+29.5 (+14.8%)
	Life Science	25.1	26.9	52.0	25.9	27.9	53.8	+0.8 (+3.1%)	+1.0 (+3.8%)	+1.8 (+3.5%)
	Other	7.0	8.9	15.9	7.5	8.9	16.4	+0.5 (+7.2%)	+0.0 (+0.3%)	+0.5 (+3.4%)
	Total	1,063.0	1,165.5	2,228.5	1,261.8	1,227.5	2,489.3	+198.8 (+18.7%)	+62.0 (+5.3%)	+260.8 (+11.7%)
Core Operating Income	Fibers & Textiles	24.3	17.9	42.2	23.9	27.4	51.2	-0.4 (-1.8%)	+9.5 (+53.2%)	+9.1 (+21.5%)
	Performance Chemicals	52.2	38.7	91.0	25.1	5.3	30.4	-27.2 (-52.0%)	-33.4 (-86.3%)	-60.6 (-66.6%)
	Carbon Fiber Composite Materials	▲ 3.6	5.2	1.6	5.6	10.3	15.9	+9.2 (-)	+5.1 (+98.6%)	+14.3 (+907.5%)
	Environment & Engineering	6.1	10.5	16.5	8.3	11.5	19.7	+2.2 (+35.8%)	+1.0 (+9.5%)	+3.2 (+19.2%)
	Life Science	1.1	0.3	1.4	0.3	▲ 0.2	0.2	-0.8 (-69.0%)	-0.4 (-)	-1.2 (-86.2%)
	Other	0.7	2.3	3.0	1.0	1.5	2.5	+0.3 (+38.6%)	-0.8 (-35.2%)	-0.5 (-17.0%)
	Reconciliations	▲ 10.7	▲ 12.9	▲ 23.6	▲ 9.8	▲ 14.1	▲ 23.9	+0.9	-1.3	-0.3
	Total	70.2	61.9	132.1	54.4	41.6	96.0	-15.8 (-22.5%)	-20.3 (-32.8%)	-36.0 (-27.3%)

Business Results by Segment (Fibers & Textiles)

Billion yen

		FY Mar/22	FY Mar/23	Changes
Revenue	Toray	175.3	210.1	+34.7 (+19.8%)
	Japanese Subsidiaries	428.5	509.2	+80.7 (+18.8%)
	Overseas Subsidiaries	540.3	667.8	+127.5 (+23.6%)
	Adjustments	▲ 307.9	▲ 387.8	-79.9
	Total	836.2	999.2	+163.0 (+19.5%)
Core Operating Income	Toray	11.2	15.1	+3.9 (+35.0%)
	Japanese Subsidiaries	10.6	12.0	+1.4 (+13.3%)
	Overseas Subsidiaries	21.8	24.0	+2.2 (+10.0%)
	Adjustments	▲ 1.4	0.1	+1.5
	Total	42.2	51.2	+9.1 (+21.5%)

< Business Performance >

■ General

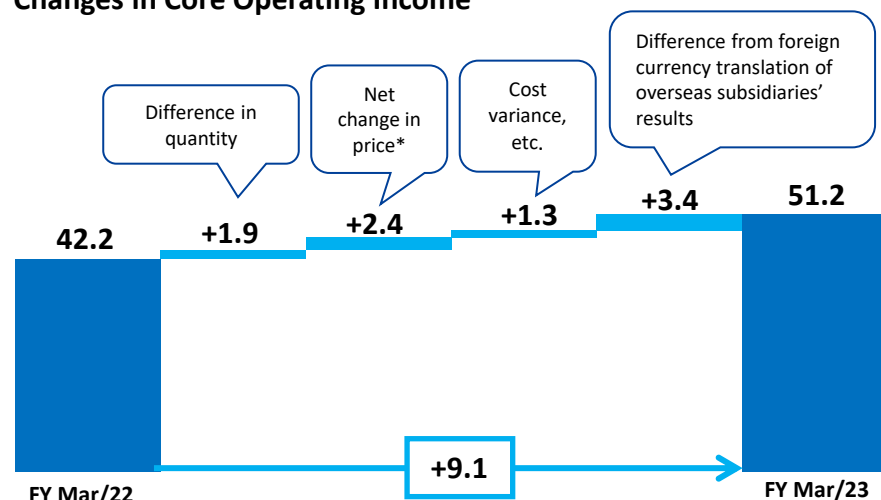
While hygiene material applications were sluggish from the impact of the worsening supply-demand balance, apparel applications saw a recovery from the pandemic. Industrial applications witnessed a demand recovery trend for automobile applications in some regions. Almost all applications and regions were affected by the soaring costs of raw materials and fuels as well as persistently high transportation costs.

< Topics >

- January 2023:
Toray has decided to expand the production facilities for its Ultrasuede[®], which is made in Japan. The Company plans to install new equipment and upgrade production facilities at its Shiga Plant and Gifu Plant, and annual production capacities will be expanded to 15 million square meters from current 10 million square meters. The new facilities will start operations in the second half of 2024, and capital investment is expected to be 10 billion yen.

Changes in Core Operating Income

Billion yen

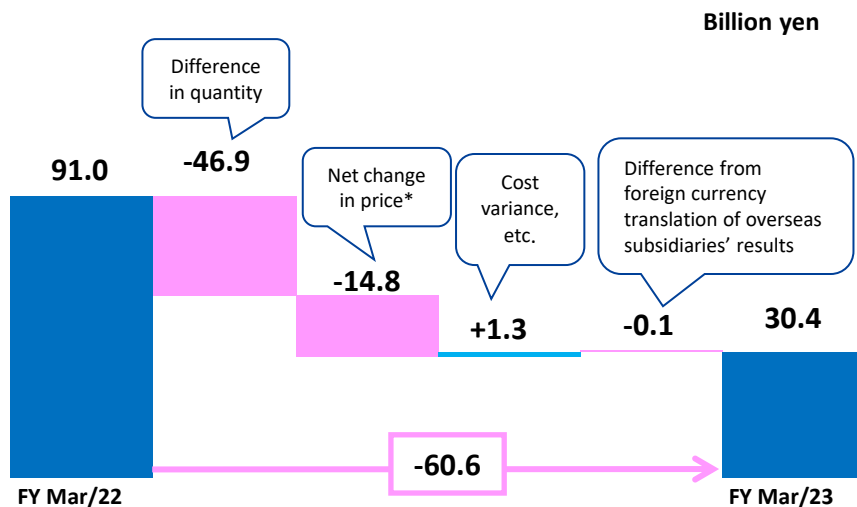


* Difference in selling price and raw materials' cost and fuel prices of petrochemical-based products, etc. (net)

Business Results by Segment (Performance Chemicals)

		Billion yen		
		FY Mar/22	FY Mar/23	Changes
Revenue	Toray	257.7	252.0	-5.7 (-2.2%)
	Japanese Subsidiaries	496.3	528.8	+32.5 (+6.5%)
	Overseas Subsidiaries	611.3	562.5	-48.8 (-8.0%)
	Adjustments	▲ 455.4	▲ 433.8	+21.5
	Total	910.0	909.4	-0.6 (-0.1%)
Core Operating Income	Toray	25.4	8.5	-16.9 (-66.5%)
	Japanese Subsidiaries	22.3	22.5	+0.2 (+1.0%)
	Overseas Subsidiaries	43.0	▲ 1.6	-44.6 (-)
	Adjustments	0.3	1.0	+0.7
	Total	91.0	30.4	-60.6 (-66.6%)

Changes in Core Operating Income



* Difference in selling price and raw materials' cost and fuel prices of petrochemical-based products, etc. (net)

< Business Performance >

■ Resins, Chemicals Business

While the fine chemicals business performed strongly, the resins business was weak given the impact of demand declines in the Japanese and Chinese markets and other factors.

■ Films, Electronic & Information Materials Business

Demand declined due to inventory adjustment in supply chains for optical applications and electronic parts in the films business as well as OLED-related materials and circuit materials in the electronic & information materials business.

<Topics>

- February 2023: Toray Advanced Materials Korea, Inc. will increase annual production capacity for TORELINA™ polyphenylene sulfide (PPS) resin by 5,000 metric tons from December 2024.
- February 2023: Toray and Idemitsu Kosan Co., Ltd., have agreed to build Japan's first supply chain for biomass-based acrylonitrile butadiene styrene (ABS) resins. Toray's Chiba Plant will produce biomass ABS resins from styrene monomer derived from biomass naphtha, which is manufactured by Idemitsu. Production will start in October 2023.

Breakdown of Performance Chemicals Segment

Billion yen

	FY Mar/22		FY Mar/23		
	Revenue	Ratio	Revenue	Ratio	Changes
Resins, Chemicals	425.9	31%	419.5	31%	-2%
Films	335.0	25%	321.5	24%	-4%
Electronic & Information Materials	74.1	5%	55.2	4%	-25%
Trading, Other	530.3	39%	547.1	41%	+3%
Adjustments	▲ 455.4	-	▲ 433.8	-	-
Total	910.0		909.4		-0%

Business Results by Segment (Carbon Fiber Composite Materials)

Billion yen

		FY Mar/22	FY Mar/23	Changes
Revenue	Toray	72.4	88.1	+15.7 (+21.7%)
	Japanese Subsidiaries	56.2	71.8	+15.6 (+27.8%)
	Overseas Subsidiaries	189.9	257.9	+68.0 (+35.8%)
	Adjustments	▲ 103.3	▲ 136.1	-32.8
	Total	215.2	281.7	+66.5 (+30.9%)
Core Operating Income	Toray	3.4	13.3	+9.9 (+289.3%)
	Japanese Subsidiaries	0.9	1.6	+0.6 (+66.1%)
	Overseas Subsidiaries	1.7	6.0	+4.2 (+246.8%)
	Adjustments	▲ 4.5	▲ 4.9	-0.4
	Total	1.6	15.9	+14.3 (+907.5%)

< Business Performance >

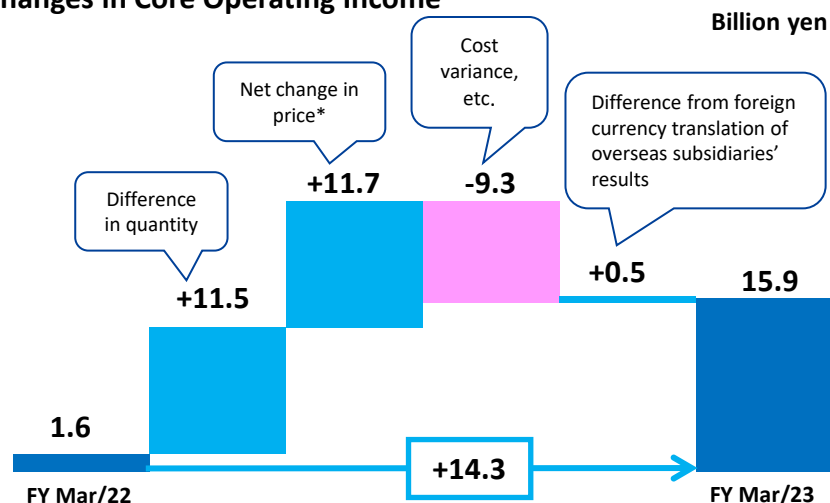
■ General

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.

< Topics >

- February 2023:
Toray has developed high-speed thermal welding technology for aircraft parts made from carbon fiber reinforced plastics (CFRP) that contributes to high-rate production and weight savings of aircrafts. This technology enables high-speed assembly of thermosetting CFRP parts or thermosetting and thermoplastic CFRP parts without the need for adhesive bonding and bolt fastening. The Company will push ahead with demonstrations with a view to commercializing airframes after 2030.

Changes in Core Operating Income



* Difference in selling price and raw materials' cost and fuel prices of petrochemical-based products, etc. (net)

Breakdown of Carbon Fiber Composite Materials Segment

Billion yen

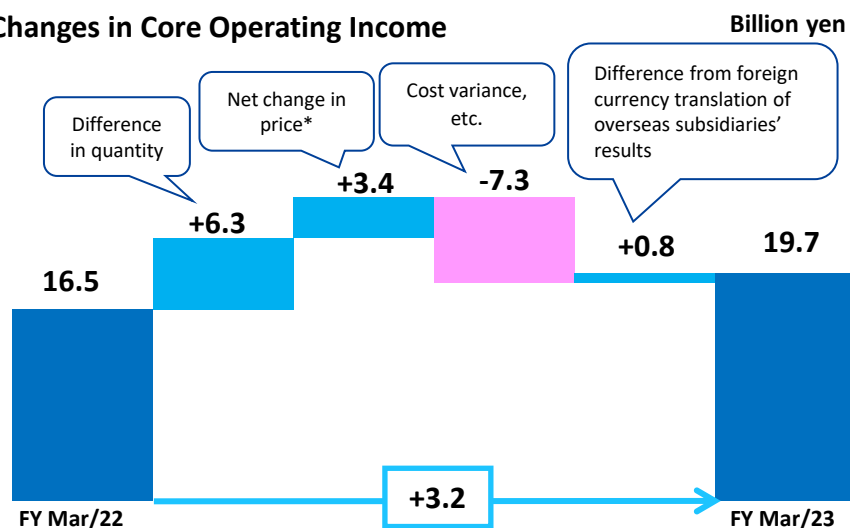
	FY Mar/22		FY Mar/23		
	Revenue	Ratio	Revenue	Ratio	Changes
Aerospace	42.7	20%	58.5	21%	+37%
Sports	27.9	13%	37.6	13%	+35%
Industrial	144.7	67%	185.7	66%	+28%
Total	215.2		281.7		+31%

Business Results by Segment (Environment & Engineering)

Billion yen

		FY Mar/22	FY Mar/23	Changes	
Revenue	Toray	33.9	37.2	+3.4	(+9.9%)
	Japanese Subsidiaries	206.7	225.3	+18.6	(+9.0%)
	Overseas Subsidiaries	42.4	61.4	+19.0	(+44.9%)
	Adjustments	▲ 83.6	▲ 95.1	-11.4	
	Total	199.3	228.8	+29.5	(+14.8%)
Core Operating Income	Toray	1.8	3.4	+1.6	(+86.9%)
	Japanese Subsidiaries	8.5	8.0	-0.5	(-5.9%)
	Overseas Subsidiaries	6.4	8.3	+1.9	(+30.5%)
	Adjustments	▲ 0.1	0.0	+0.2	
	Total	16.5	19.7	+3.2	(+19.2%)

Changes in Core Operating Income



* Difference in selling price and price change of products less subject to price effect of petrochemical-based raw materials (net)

< Business Performance >

■ Water Treatment

Demand for reverse osmosis membranes and other products grew strongly, while facilities that newly started operations contributed to the performance.

■ Japanese Subsidiaries

An engineering subsidiary saw increases in the shipment of lithium-ion secondary battery-related equipment.

< Topics >

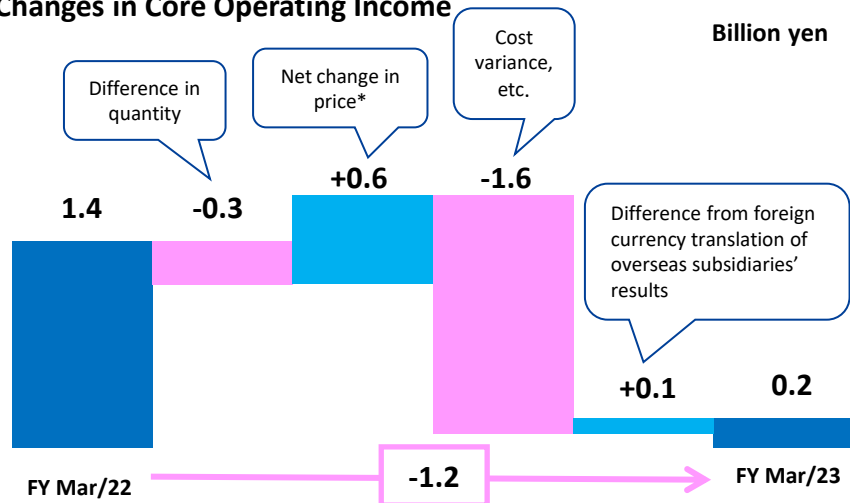
- March 2023: Toray Engineering has developed an environmentally-friendly coater for secondary lithium-ion battery (LiB) electrodes, Green Coater®, and launched it in April 2023. A new highly efficient drying system can reduce energy consumption by about 25% compared to conventional machines. The target order volume is 1.5 billion yen in FY 2023 and 5 billion yen in FY 2026.

Business Results by Segment (Life Science)

Billion yen

		FY Mar/22	FY Mar/23	Changes
Revenue	Toray	23.2	24.4	+1.2 (+4.9%)
	Japanese Subsidiaries	42.7	43.4	+0.7 (+1.5%)
	Overseas Subsidiaries	13.1	17.1	+4.0 (+30.2%)
	Adjustments	▲ 27.1	▲ 31.0	-4.0
	Total	52.0	53.8	+1.8 (+3.5%)
Core Operating Income	Toray	▲ 1.8	▲ 2.9	-1.1 (-)
	Japanese Subsidiaries	2.7	2.0	-0.7 (-25.3%)
	Overseas Subsidiaries	0.6	0.9	+0.3 (+55.4%)
	Adjustments	▲ 0.1	0.2	+0.3
	Total	1.4	0.2	-1.2 (-86.2%)

Changes in Core Operating Income



* Difference in selling price and price change of products less subject to price effect of petrochemical-based raw materials (net)

< Business Performance >

■ Pharmaceutical Business

While sales volume of orally active prostacyclin derivative DORNER® expanded for the overseas markets, sales of pruritus treatment REMITCH®* were affected by the introduction of its generic versions as well as by a NHI drug price revision.

■ 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.

*REMITCH® is a registered trademark of Torii Pharmaceutical Co., Ltd.

<Topics>

- January 2023:
Toray's Korean marketing partner SK Chemicals Co., Ltd., began selling REMITCH® OD Tablets 2.5µg from January 2023. The move comes after Korea's Ministry of Food and Drug Safety (MFDS) licensed the import of this Toray-developed orally disintegrating pruritus treatment.
- February 2023:
Toray and the Toray Research Center, Inc. have received a 2022 Technology category award from the Society of Polymer Science, Japan, for their research "Design of Anti-Thrombogenic Polymer Focusing on How Water Interacts with It and Commercialization of Artificial Kidney."

Results of Major Subsidiaries and Regions

Billion yen

	Revenue			Core Operating Income		
	FY Mar/22	FY Mar/23	Changes	FY Mar/22	FY Mar/23	Changes
Toray International, Inc.	570.3	642.7	+72.5	12.2	13.4	+1.2
Toray Engineering Co., Ltd.	96.6	115.1	+18.5	4.7	5.1	+0.4
Toray Construction Co., Ltd.	42.3	40.1	-2.2	1.4	1.3	-0.1
Toray Advanced Film Co., Ltd.	38.6	40.3	+1.7	3.8	2.7	-1.1

Subsidiaries in Southeast Asia	Fibers & Textiles	131.2	167.4	+36.2	1.5	2.1	+0.6
	Performance Chemicals	126.1	105.8	-20.4	19.2	▲ 2.8	-22.0
	Other	0.6	0.8	+0.2	0.0	0.0	+0.0
	Total	257.9	273.9	+16.1	20.7	▲ 0.7	-21.5

Subsidiaries in China	Fibers & Textiles	234.1	283.5	+49.4	16.6	20.1	+3.4
	Performance Chemicals	120.6	111.7	-8.9	8.0	8.8	+0.8
	Other	42.0	51.5	+9.6	3.4	4.3	+0.9
	Total	396.7	446.8	+50.1	28.1	33.2	+5.1

Subsidiaries in the Republic of Korea	Fibers & Textiles	100.0	107.1	+7.1	3.1	▲ 2.3	-5.4
	Performance Chemicals	155.6	134.2	-21.4	14.6	▲ 5.1	-19.7
	Other	34.7	40.9	+6.3	4.2	6.4	+2.2
	Total	290.3	282.2	-8.1	21.9	▲ 1.0	-22.9

II. Business Forecast for the Fiscal Year Ending March 2024 (Consolidated Basis)

Forecast Summary for the Fiscal Year Ending March 2024

Assumptions for the business forecast

The strong sense of stagnation is expected to continue in the global economy, even as it shows a gradual recovery, due to the 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 recovery is seen in China after lifting its zero-COVID policy, the process for normalization of economic conditions is likely to be moderate given the slowdown in demand outside China and the sluggish real estate market. The Japanese economy is also expected to show gradual recovery. However, credit crunch caused by monetary tightening and financial turmoil in the U.S. and Europe is considered to be a downward risk for the global economy.

Billion yen

		FY Mar/23 Actual	FY Mar/24 Forecast	Changes	
Revenue	1st Half	1,261.8	1,240.0	-21.8	(-1.7%)
	2nd Half	1,227.5	1,380.0	+152.5	(+12.4%)
	Total	2,489.3	2,620.0	+130.7	(+5.2%)
Core Operating Income	1st Half	54.4	45.0	-9.4	(-17.3%)
	2nd Half	41.6	75.0	+33.4	(+80.3%)
	Total	96.0	120.0	+24.0	(+25.0%)
Profit Attributable to Owners of Parent	1st Half	59.1	29.0	-30.1	(-50.9%)
	2nd Half	13.7	47.0	+33.3	(+242.8%)
	Total	72.8	76.0	+3.2	(+4.4%)

Basic Earnings per Share	1st Half	36.92 yen	18.11 yen
	2nd Half	8.56 yen	29.36 yen
	Total	45.49 yen	47.47 yen
Dividend per Share	1st Half	9.00 yen	9.00 yen
	2nd Half	9.00 yen	9.00 yen
	Total	18.00 yen	18.00 yen
Dividend Payout Ratio	Total	40%	38%

Assumed exchange rate :
130 yen / US\$

Forecast by Segment

Billion yen

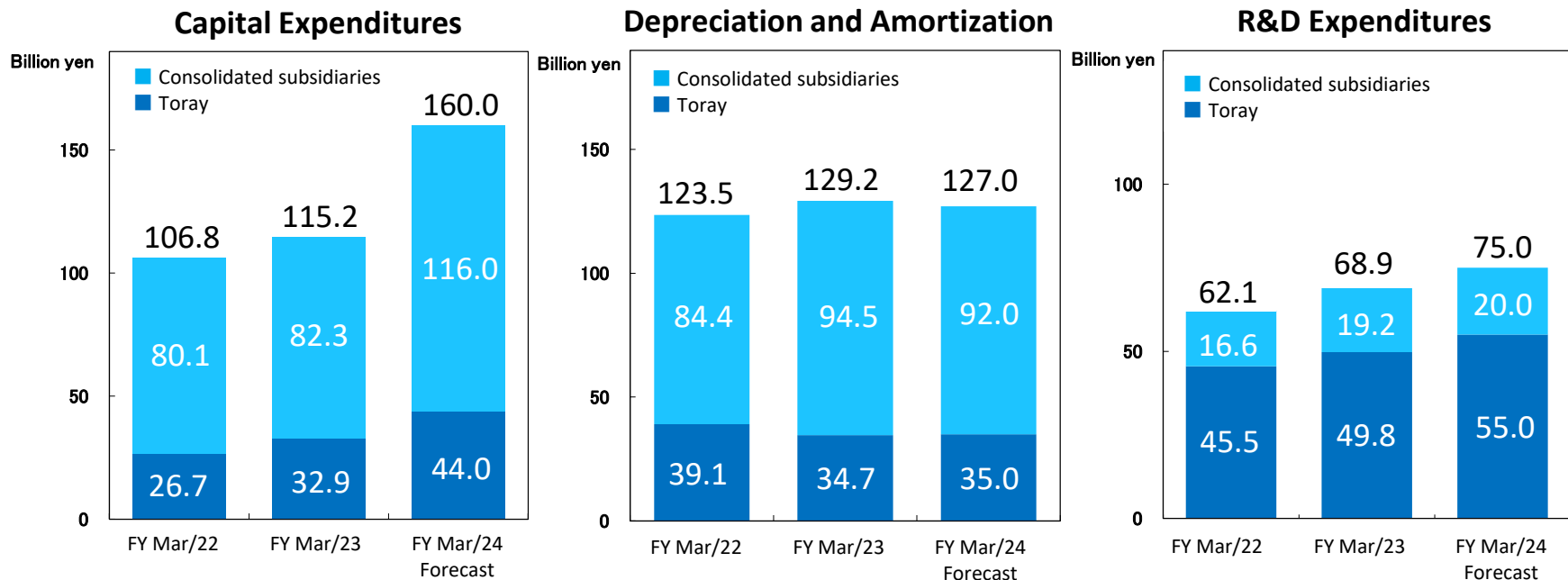
		FY Mar/23 Actual			FY Mar/24 Forecast			Changes		
		1st Half	2nd Half	Total	1st Half	2nd Half	Total	1st Half	2nd Half	Total
Revenue	Fibers & Textiles	509.0	490.2	999.2	470.0	511.0	981.0	-39.0	+20.8	-18.2
	Performance Chemicals	473.3	436.1	909.4	477.0	531.0	1,008.0	+3.7	+94.9	+98.6
	Carbon Fiber Composite Materials	140.0	141.7	281.7	143.0	165.0	308.0	+3.0	+23.3	+26.3
	Environment & Engineering	106.1	122.8	228.8	117.0	134.0	251.0	+10.9	+11.2	+22.2
	Life Science	25.9	27.9	53.8	26.0	30.0	56.0	+0.1	+2.1	+2.2
	Others	7.5	8.9	16.4	7.0	9.0	16.0	-0.5	+0.1	-0.4
	Consolidated	1,261.8	1,227.5	2,489.3	1,240.0	1,380.0	2,620.0	-21.8	+152.5	+130.7
Core Operating Income	Fibers & Textiles	23.9	27.4	51.2	23.5	31.5	55.0	-0.4	+4.1	+3.8
	Performance Chemicals	25.1	5.3	30.4	21.5	35.5	57.0	-3.6	+30.2	+26.6
	Carbon Fiber Composite Materials	5.6	10.3	15.9	5.0	12.0	17.0	-0.6	+1.7	+1.1
	Environment & Engineering	8.3	11.5	19.7	8.0	12.0	20.0	-0.3	+0.5	+0.3
	Life Science	0.3	▲ 0.2	0.2	▲ 0.5	0.5	0.0	-0.8	+0.7	-0.2
	Others	1.0	1.5	2.5	0.0	1.0	1.0	-1.0	-0.5	-1.5
	Reconciliations	▲ 9.8	▲ 14.1	▲ 23.9	▲ 12.5	▲ 17.5	▲ 30.0	-2.7	-3.4	-6.1
	Consolidated	54.4	41.6	96.0	45.0	75.0	120.0	-9.4	+33.4	+24.0

Comparison of Core Operating Income (FY Mar/23 vs. FY Mar/24) by Segment

(Core Operating Income : Billion yen)

Segment	FY Mar/23	FY Mar/24	Changes	Variance Factors
Fibers & Textiles	51.2	55.0	+3.8	<ul style="list-style-type: none"> In the apparel applications, will aim to expand sales of sports/outdoor applications, environmentally-friendly materials and high value-added materials. In the industrial applications, expect recovery in the automobile applications such as airbag textiles. Will work to proceed with passing on the rise in raw material and fuel prices and persistently high transportation costs to the sales price.
Performance Chemicals	30.4	57.0	+26.6	<ul style="list-style-type: none"> In the resins business, expect full-fledged recovery of demand for ABS resins in the second half of the fiscal year. As for engineering plastics, expect sales increase as the automobile production rate rebounds. In the films business, will aim to capture the recovering demand in the optical applications and MLCC release films applications. In addition, will work to improve the spread by passing on the cost increases to the sales price and marketing product value. In electronic & information business, will make sure to capture the recovering demand for smartphones, mainly OLED-related materials.
Carbon Fiber Composite Materials	15.9	17.0	+1.1	<ul style="list-style-type: none"> In the aircraft applications, the production rate at the major customer is expected to increase. The sports applications forecast inventory adjustment at customers will continue mainly in the general-purpose products of outdoor leisure applications. In the industrial applications, in regular tow, expect demand for pressure vessels to grow strongly, but demand for composites including PCs to continue to be slow.
Environment & Engineering	19.7	20.0	+0.3	<ul style="list-style-type: none"> In the water treatment business, expect sales expansion in the mainstay RO membrane products, but expect to be impacted by the soaring raw material and fuel prices. In the Japanese subsidiaries, expect shipment of electronics related equipment will increase at an engineering subsidiary.
Life Science	0.2	0.0	-0.2	<ul style="list-style-type: none"> Forecast sales increase mainly in hemodiafiltration equipment and dialyzers. However, expect to be impacted by factors such as NHI drug price revision, generic versions of our products, soaring raw material and fuel prices, increase in operating expenses due to increased business activities.
Other	2.5	1.0	-1.5	
Reconciliations	▲23.9	▲30.0	-6.1	
Total	96.0	120.0	+24.0	

Trends in Capital Expenditures, Depreciation and Amortization, and R&D Expenditures



Major Capital Expenditure Projects

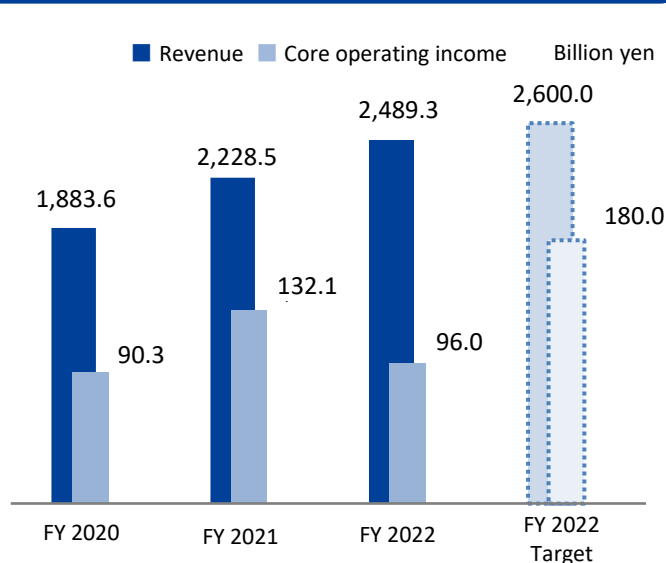
FY Mar/23	Zoltek Companies, Inc.	: Carbon fiber production facilities
FY Mar/24	Zoltek Companies, Inc.	: Carbon fiber production facilities
	Toray Industries, Inc.	: Production facilities of microfiber fabric with a suede texture
	Toray Advanced Materials Korea Inc.	: PPS resin production facilities
	Greenerity GmbH	: Production facilities of catalyst coated membrane (CCM) for water electrolyzer
	Toray Industries, Inc.	: Production facilities of polyester release films for MLCCs

III. Reference

Review of the Medium-term Management Program, Project AP-G 2022

- Revenue increased, but did not reach the target. Core operating income declined considerably compared to the target.
- FCF and D/E ratio significantly improved compared to the target by the efforts to reinforce the financial structure.

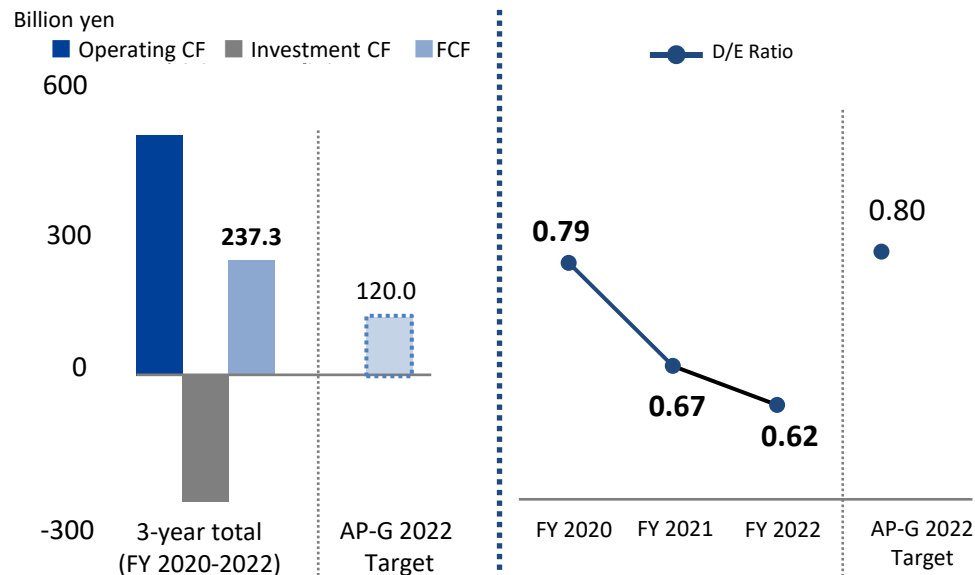
Revenue, Core Operating Income



<Revenue and Core Operating Income>

In FY 2022, revenue increased as demand, which had declined since FY 2020 due to the pandemic, recovered. Other factors were progress in passing on the increase in raw material and fuel prices to sales prices, as well as foreign exchange gains. However, revenue fell short of the AP-G2022 target due to a decline in sales volume. Core operating income was significantly lower than target due to the decline in sales volume and the impact of soaring raw material and fuel prices.

FCF (3-year total), D/E Ratio



<Cash Flow>

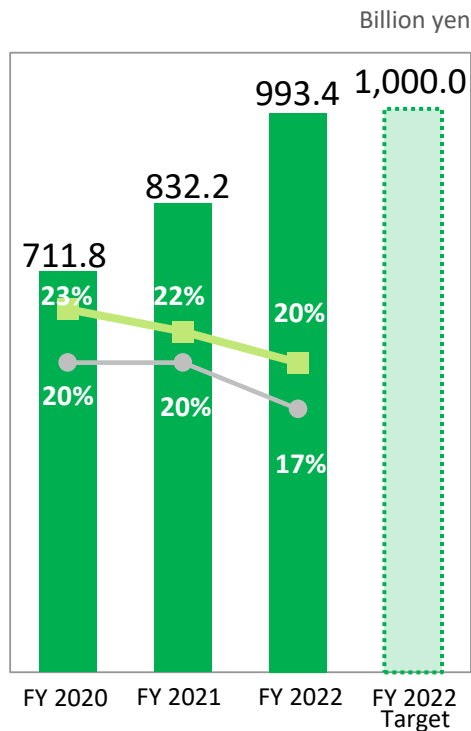
FCF was significantly higher than planned due to careful assessment of capital investment projects during the COVID-19 pandemic. D/E ratio significantly surpassed the guideline of “around 0.8” and strengthened the management foundation.

Green Innovation (GR) Business



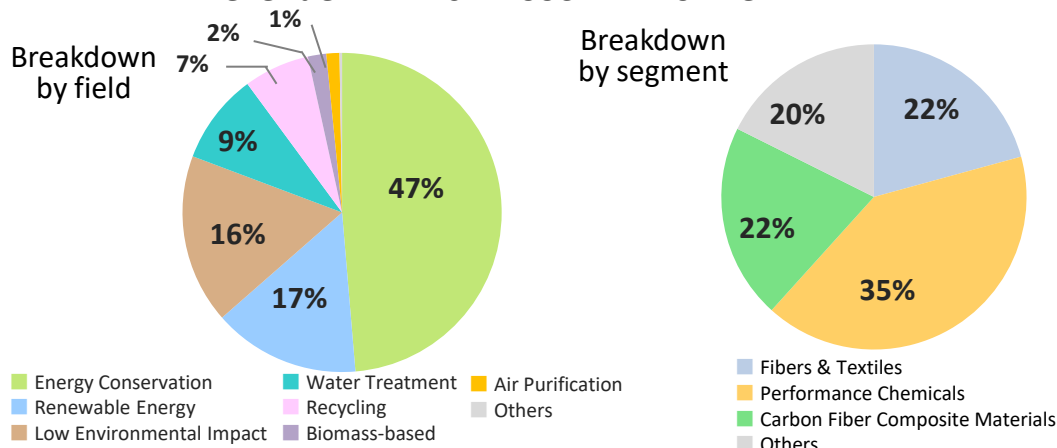
Revenue of GR Business

Revenue increased from the previous fiscal year due to the strong sales of carbon fibers for wind turbine blades, water treatment membranes, etc. Demand for carbon fibers for aircraft is on a recovery trend.



■ Revenue from GR Business
 ■ Gross profit of GR businesses
 ● Group average gross profit margin

Revenue in FY 2022: 993.4 Billion Yen



Major Initiatives in FY 2022

- In the hydrogen field, Toray collaborated with Marubeni Corporation, Yamanashi Hydrogen Company, Inc. and Siemens Energy K.K., and initiated a feasibility study of deploying power-to-gas (P2G) systems using green hydrogen in Glasgow, Scotland (November 2022). In Germany, Greenerity GmbH began production of CCM^{*1} and MEA^{*2} at its second plant and started to expand production capacity for CCM at its third plant (March 2023).
- In the water treatment business, the Company has received a reverse osmosis (RO) membrane order for the world's largest seawater desalination plant in the UAE (May 2022). A wastewater treatment plant in China which employs Toray's hollow fiber ultrafiltration (UF) membrane modules began production. This facility is one of the largest in the country using such modules (July 2022).
- A new variety of Ultrasuede™ nu which partially consists of 100% plant-based polyester^{*3} was adopted to the headrest covers in ANA Green Jet (October 2022).
- Moreover, Toray has made announcements such as:
 - Developed a bio-based raw material for nylon from sugars derived from inedible biomass (August 2022).
 - Toray aims to increase sales of chemical recycled fiber products made from recovered fishing nets around 800 million yen in FY 2022 and 1.2 billion yen in FY 2024 (December 2022).

*1: Catalyst coated membrane *2: Membrane Electrode Assembly

*3: 100% plant-based polyester in keeping with ISO 16620-1 3.1.5 biobased synthetic polymer content standard

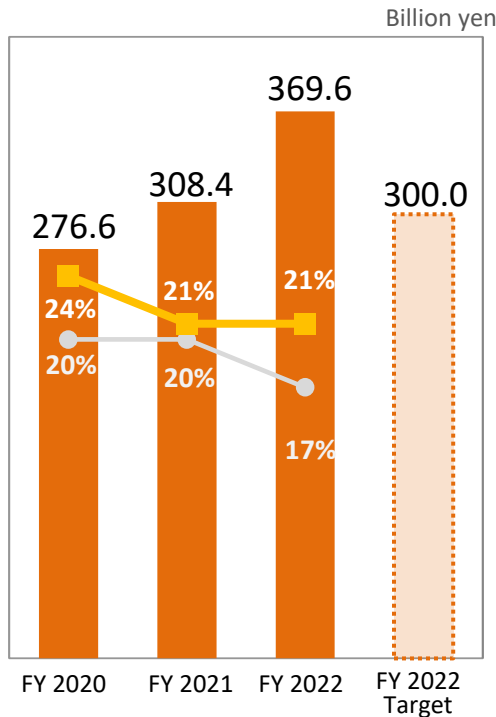
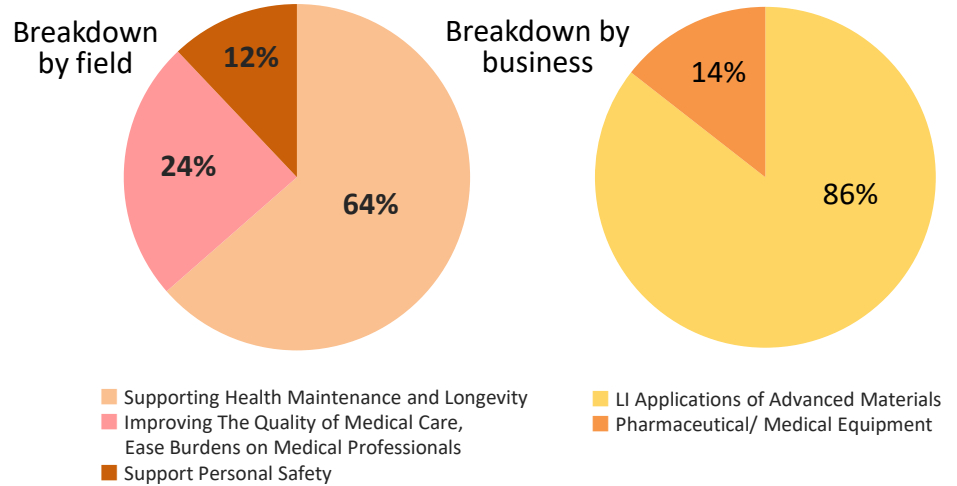
Life Innovation (LI) Businesses



Revenue of Life Innovation Businesses

Revenue increased from the previous fiscal year due to the strong sales of fibers & textiles for sports applications and airbags for automobiles, as well as carbon fibers for sports applications.

Revenue in FY 2022: 369.6 Billion Yen



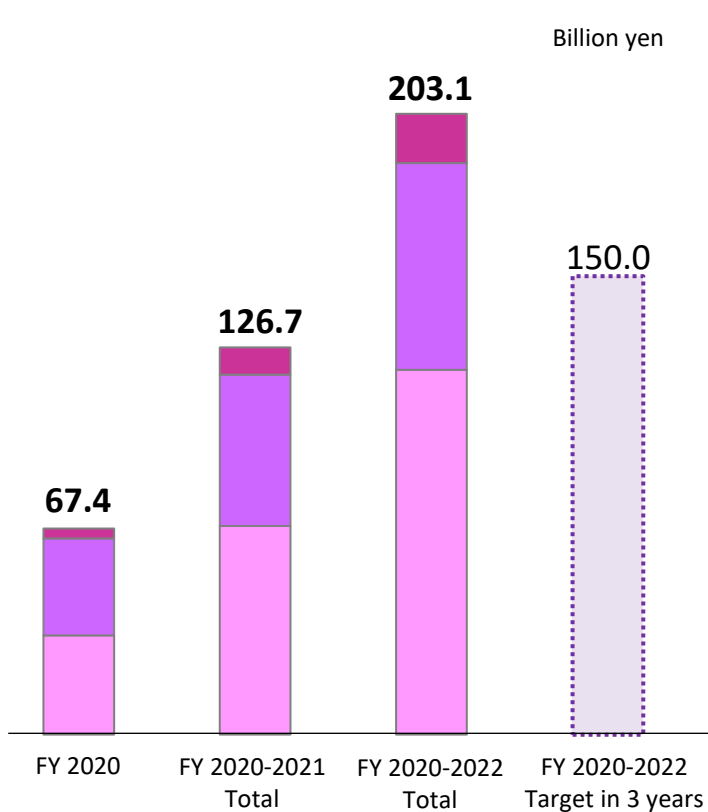
■ Revenue from LI Business
 ■ Gross profit margin of LI businesses
 ● Group average gross profit margin

Major Initiatives in FY 2022

- Toray has developed LIVMOA™ 4500AS disposable personal protective clothing which complies with the JIS T 8115 Type 4 standard for “Spray-tight” chemical protective clothing. It also offers excellent dust protection and breathability and outstanding water resistance from the addition of seam tape. The Company launched this product in Japan in May 2022 (announced in April 2022).
- Toray has secured insurance coverage for the SATAKE • HotBalloon™ ablation catheter to treat drug refractory recurrent symptomatic persistent atrial fibrillation in Japan (announced in May 2022).
- Toray filed a manufacturing and marketing approval with the Ministry of Health, Labour and Welfare for an in vitro diagnostic test to measure apolipoprotein A2 (APOA2) isoform concentrations in blood of pancreatic cancer patients (announced in September 2022).

Strengthening Competitiveness

Total Cost Reduction Project (NTC Project)



Variable cost reduction

- Reduced 119.3 billion yen in FY 2020-2022
- Reduction target: 100 billion yen in 3 years

Fixed cost reduction

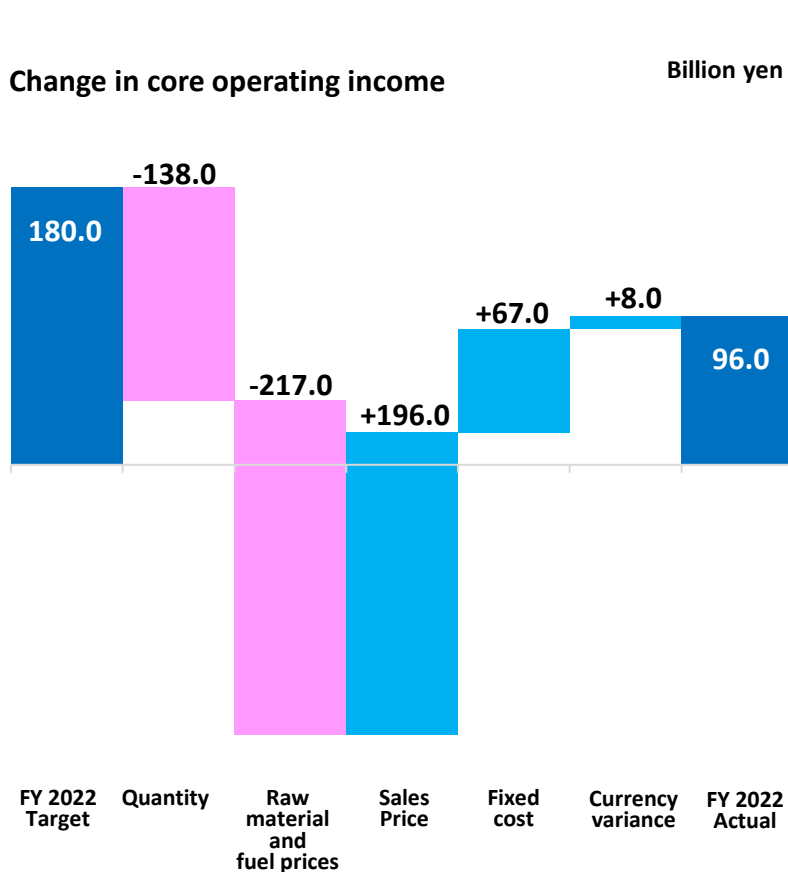
- Reduced 67.6 billion yen in FY 2020-2022
- Reduction target: 35.0 billion yen in 3 years

Production process innovations

- Reduced 16.2 billion yen in FY 2020-2022
- Reduction target: 15.0 billion yen in 3 years

Difference between Project AP-G 2022 Target and FY 2022 Actual Results

Core operating income did not reach the target. The main reasons were: the change in people's behavior due to the pandemic; the decrease in sales volume of products for aircrafts and automobiles due to supply constraints; and soaring raw material and fuel prices caused by the prolonged war in Ukraine.



		Target in AP-G 2022	FY 2022 Actual	Difference
Core operating income	Fibers & Textiles	76.0	51.2	-24.8
	Performance Chemicals	90.0	30.4	-59.6
	Carbon Fiber Composite Materials	24.0	15.9	-8.1
	Environment & Engineering	19.0	19.7	+0.7
	Life Science	0.0	0.2	+0.2
	Other	2.0	2.5	+0.5
	Reconciliations	▲ 31.0	▲ 23.9	+7.1
	Total	180.0	96.0	-84.0

Quarterly Revenue by Segment

Billion yen

	FY Mar/22					FY Mar/23				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Fibers & Textiles	184.2	217.4	230.1	204.6	836.2	225.8	283.2	275.7	214.4	999.2
Performance Chemicals	222.6	221.9	233.6	231.9	910.0	245.0	228.3	225.0	211.1	909.4
Carbon Fiber Composite Materials	48.5	50.4	54.2	62.0	215.2	68.6	71.4	71.2	70.5	281.7
Environment & Engineering	43.7	42.2	48.7	64.7	199.3	50.7	55.3	50.1	72.7	228.8
Life Science	11.5	13.6	13.5	13.4	52.0	12.3	13.6	14.3	13.6	53.8
Other	3.2	3.8	3.8	5.1	15.9	3.4	4.1	3.6	5.3	16.4
Consolidated	513.7	549.3	583.9	581.7	2,228.5	605.9	655.9	640.0	587.5	2,489.3

Quarterly Core Operating Income by Segment

Billion yen

	FY Mar/22					FY Mar/23				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Fibers & Textiles	11.8	12.6	11.1	6.7	42.2	8.7	15.2	15.7	11.6	51.2
Performance Chemicals	27.9	24.3	22.4	16.3	91.0	16.9	8.2	4.9	0.4	30.4
Carbon Fiber Composite Materials	▲ 2.1	▲ 1.6	1.7	3.5	1.6	2.4	3.2	6.2	4.1	15.9
Environment & Engineering	3.4	2.7	4.8	5.7	16.5	3.5	4.8	4.6	6.9	19.7
Life Science	0.2	0.9	0.5	▲ 0.2	1.4	0.1	0.3	0.2	▲ 0.4	0.2
Others	0.2	0.5	0.8	1.5	3.0	0.4	0.7	0.1	1.4	2.5
Reconciliations	▲ 5.3	▲ 5.4	▲ 5.5	▲ 7.4	▲ 23.6	▲ 4.8	▲ 5.0	▲ 5.7	▲ 8.4	▲ 23.9
Consolidated	36.1	34.1	35.8	26.1	132.1	27.1	27.3	26.0	15.6	96.0

Quarterly Revenue of Performance Chemicals by Sub-segments

Billion yen

	FY Mar/22					FY Mar/23				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Resins, Chemicals	104.5	104.4	110.1	106.9	425.9	108.7	103.6	107.7	99.5	419.5
Films	83.2	83.1	84.1	84.7	335.0	88.6	81.6	76.0	75.3	321.5
Electronic & Information Materials	19.3	19.2	19.4	16.2	74.1	15.8	13.1	13.4	12.9	55.2
Trading, Other	128.6	124.7	139.3	137.8	530.3	150.3	140.4	135.7	120.7	547.1
Adjustments	▲ 113.1	▲ 109.5	▲ 119.2	▲ 113.6	▲ 455.4	▲ 118.4	▲ 110.5	▲ 107.7	▲ 97.3	▲ 433.8
Total	222.6	221.9	233.6	231.9	910.0	245.0	228.3	225.0	211.1	909.4

Quarterly Revenue of Carbon Fiber Composite Materials by Sub-segments

Billion yen

	FY Mar/22					FY Mar/23				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Aerospace	9.5	10.6	11.0	11.6	42.7	12.4	13.3	15.8	17.0	58.5
Sports	6.1	6.2	7.3	8.3	27.9	9.5	10.2	9.7	8.1	37.6
Industrial	32.9	33.6	35.9	42.1	144.7	46.8	47.8	45.7	45.4	185.7
Total	48.5	50.4	54.2	62.0	215.2	68.6	71.4	71.2	70.5	281.7

Quarterly Revenue of Major Subsidiaries and Regions

Billion yen

	FY Mar/22					FY Mar/23				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Toray International, Inc.	129.2	144.1	160.0	137.0	570.3	150.6	175.9	177.8	138.5	642.7
Toray Engineering Co., Ltd.	22.3	18.7	21.7	33.9	96.6	23.8	29.3	27.2	34.9	115.1
Toray Construction Co., Ltd.	7.3	9.4	11.5	14.0	42.3	7.4	7.3	6.9	18.6	40.1
Toray Advanced Film Co., Ltd.	9.3	9.5	10.1	9.6	38.6	10.4	10.1	10.3	9.5	40.3

Subsidiaries in Southeast Asia	Fibers & Textiles	29.9	31.6	33.2	36.4	131.2	40.4	46.4	43.0	37.6	167.4
	Performance Chemicals	32.2	31.2	31.6	31.2	126.1	29.1	25.3	26.8	24.6	105.8
	Other	0.2	0.1	0.1	0.1	0.6	0.2	0.2	0.2	0.2	0.8
	Total	62.3	62.9	64.9	67.7	257.9	69.6	71.9	70.1	62.3	273.9
Subsidiaries in China	Fibers & Textiles	55.6	68.9	63.0	46.6	234.1	64.1	91.3	80.3	47.9	283.5
	Performance Chemicals	29.4	30.4	33.2	27.6	120.6	30.2	26.7	28.7	26.1	111.7
	Other	9.9	9.5	12.6	9.9	42.0	13.4	13.9	13.5	10.7	51.5
	Total	94.9	108.8	108.8	84.2	396.7	107.7	132.0	122.5	84.7	446.8
Subsidiaries in the Republic of Korea	Fibers & Textiles	23.1	23.6	27.4	25.9	100.0	27.8	27.7	26.1	25.6	107.1
	Performance Chemicals	39.5	37.9	39.6	38.6	155.6	38.1	32.1	31.1	32.9	134.2
	Other	8.0	7.7	10.1	8.9	34.7	10.4	10.6	9.6	10.3	40.9
	Total	70.6	69.2	77.1	73.4	290.3	76.2	70.4	66.8	68.8	282.2

Quarterly Core Operating Income of Major Subsidiaries and Regions

Billion yen

	FY Mar/22					FY Mar/23				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Toray International, Inc.	2.7	3.3	3.5	2.8	12.2	2.9	3.9	4.0	2.5	13.4
Toray Engineering Co., Ltd.	1.1	0.0	1.2	2.5	4.7	0.8	1.3	1.3	1.8	5.1
Toray Construction Co., Ltd.	▲ 0.1	0.3	0.3	0.8	1.4	▲ 0.3	▲ 0.2	▲ 0.2	2.0	1.3
Toray Advanced Film Co., Ltd.	1.0	0.8	1.1	0.9	3.8	1.1	0.6	0.6	0.4	2.7

Subsidiaries in Southeast Asia	Fibers & Textiles	0.3	0.8	0.1	0.3	1.5	0.4	1.4	0.2	0.1	2.1
	Performance Chemicals	7.3	5.3	4.1	2.5	19.2	0.7	▲ 2.1	▲ 1.0	▲ 0.5	▲ 2.8
	Other	0.0	0.0	0.0	▲ 0.0	0.0	0.0	0.0	0.0	▲ 0.0	0.0
	Total	7.6	6.1	4.2	2.8	20.7	1.1	▲ 0.7	▲ 0.8	▲ 0.4	▲ 0.7
Subsidiaries in China	Fibers & Textiles	4.8	5.7	3.8	2.3	16.6	4.4	6.6	5.7	3.3	20.1
	Performance Chemicals	1.6	1.8	2.3	2.4	8.0	2.4	2.5	2.2	1.7	8.8
	Other	0.8	0.9	1.2	0.5	3.4	1.5	1.2	1.0	0.6	4.3
	Total	7.2	8.5	7.2	5.1	28.1	8.4	10.3	9.0	5.6	33.2
Subsidiaries in the Republic of Korea	Fibers & Textiles	1.6	0.9	1.0	▲ 0.5	3.1	▲ 0.6	▲ 0.4	▲ 0.8	▲ 0.6	▲ 2.3
	Performance Chemicals	5.4	4.7	3.3	1.2	14.6	1.4	▲ 1.3	▲ 2.5	▲ 2.8	▲ 5.1
	Other	0.9	1.0	1.3	1.0	4.2	1.7	1.9	1.5	1.3	6.4
	Total	7.9	6.6	5.6	1.8	21.9	2.6	0.2	▲ 1.8	▲ 2.0	▲ 1.0

Sustainability Target for FY 2022

	FY 2013 Actual (Baseline year) (J-GAAP)	FY 2022 Actual (Compared to FY 2013) (IFRS)	FY 2022 Target (Compared to FY 2013) (IFRS)
Net Sales/Revenue of Green Innovation Businesses	463.1 billion yen	993.4 billion yen (2.1-fold)	1 trillion yen (2.2-fold)
Net Sales/Revenue of Life Innovation Businesses	119.6 billion yen	369.6 billion yen (3.1-fold)	300 billion yen (2.5-fold)
Avoided CO₂ Emissions	38 million tons	9.5-fold	5.3-fold
Contributed Annual Water Filtration Throughput	27.23 million tons/day	2.5-fold	2.4-fold
Greenhouse gas emissions per unit of sales in production activities	337 tons/ 100 million yen	233 tons/ 100 million yen (35% reduction*)	20% reduction
Water consumption per unit of sales in production activities	15,200 tons/ 100 million yen	10,030 tons/ 100 million yen (32% reduction*)	25% reduction

*The calculation of the figure for the baseline of FY 2013 includes data for companies that joined the Toray Group in FY 2014 or later.

External Evaluations from the Perspectives of ESG

■ CDP

December 2022



Water Security : A
Climate Change : A-

■ MSCI

September 2022



■ S&P Global Sustainability Yearbook Member

February 2023

Toray Industries, Inc.
Chemicals
Sustainability Yearbook Member
S&P Global ESG Score 2022

68 /100

As of February 7, 2023.
Position and Score are industry specific and reflect exclusion screening criteria. Learn more at spglobal.com/esg/yearbook
S&P Global Sustainable 1

■ Selected as a component of major overseas indexes

Member of

Dow Jones Sustainability Indices

Powered by the S&P Global CSA

December 2022

“Dow Jones Sustainability Index(DJSI), Asia Pacific”

2022 MSCI ESG Leaders Indexes Constituent

September 2022

“MSCI ESG Leaders Indexes”



FTSE4Good

June 2022

“FTSE4Good Index Series”

■ Selected for indices used by GPIF



FTSE Blossom Japan



FTSE Blossom Japan Sector Relative Index



2022 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

Descriptions of predicted business results, projections, and business contained in this material are based on predictive forecasts of the future business environment made at the present time.

The material in this presentation is not a guarantee of the Company's future business performance.

'TORAY'

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