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August 7, 2024

[Summary] Consolidated Financial Results for the Three Months Ended June 30, 2024 (Under IFRS)

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Listing: Tokyo Stock Exchange
Securities code: 3402
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Scheduled date to commence dividend payments: -
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes (for Securities Analysts/ Institutional Investors)

(Yen amounts are rounded to the nearest million)

1. Consolidated financial results for the three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

(1) Consolidated financial performance

(Percentages indicate year-on-year changes.)

	Revenue		Core operating income		Operating income		Profit before tax	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2024	637,726	10.3	36,761	67.8	38,075	83.1	41,803	66.5
June 30, 2023	578,057	(4.6)	21,906	(19.2)	20,794	(59.1)	25,107	(56.1)

	Profit		Profit attributable to owners of parent		Basic earnings per share	Diluted earnings per share
Three months ended	Millions of yen	%	Millions of yen	%	Yen	Yen
June 30, 2024	29,806	85.7	26,859	92.6	16.77	16.74
June 30, 2023	16,054	(61.9)	13,946	(65.1)	8.71	8.69

Notes:

1. Comprehensive income for the three months ended June 30, 2024 and 2023 were ¥116,793 million ((8.8%)) and ¥128,095 million ((1.9%)), respectively.
2. 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
As of	Millions of yen	Millions of yen	Millions of yen	%
June 30, 2024	3,596,022	1,945,580	1,831,554	50.9
March 31, 2024	3,466,518	1,846,362	1,736,034	50.1

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, 2024	-	9.00	-	9.00	18.00
Year ending March 31, 2025	-				
Year ending March 31, 2025 (Forecast)		9.00	-	9.00	18.00

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

3. Segment information

Revenue	Three months ended June 30,		
	2024	2023	Change
	Millions of yen	Millions of yen	%
Fibers & Textiles	244,795	223,794	9.4
Performance Chemicals	241,724	214,830	12.5
Carbon Fiber Composite Materials	77,688	68,748	13.0
Environment & Engineering	57,482	55,963	2.7
Life Science	12,139	11,288	7.5
Other	3,898	3,434	13.5
Consolidated total	637,726	578,057	10.3

Core operating income	Three months ended June 30,		
	2024	2023	Change
	Millions of yen	Millions of yen	%
Fibers & Textiles	14,824	10,926	35.7
Performance Chemicals	18,318	7,402	147.5
Carbon Fiber Composite Materials	5,134	2,738	87.5
Environment & Engineering	5,064	6,151	(17.7)
Life Science	(833)	(467)	-
Other	309	387	(20.2)
Total	42,816	27,137	57.8
Reconciliations	(6,055)	(5,231)	-
Consolidated total	36,761	21,906	67.8

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, 2024 of ¥(6,055) million include intersegment eliminations of ¥(73) million and corporate expenses of ¥(5,982) million. “Reconciliations” of core operating income for the three months ended June 30, 2023 of ¥(5,231) million include intersegment eliminations of ¥129 million and corporate expenses of ¥(5,360) 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, 2025 (from April 1, 2024 to March 31, 2025)

(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
Six months ending September 30, 2024	1,310,000	9.2	70,000	43.8	46,000	59.4	28.71
Year ending March 31, 2025	2,620,000	6.3	135,000	31.6	81,000	269.9	50.56

Note: Revisions to the forecast of consolidated financial forecast most recently announced: Yes

* Notes

(1) Significant changes in the scope of consolidation during the period: 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 June 30, 2024	1,631,481,403 shares
As of March 31, 2024	1,631,481,403 shares

(ii) Number of treasury shares at the end of the period

As of June 30, 2024	29,300,722 shares
As of March 31, 2024	29,838,701 shares

(iii) Average number of shares outstanding during the period

Three months ended June 30, 2024	1,602,001,328 shares
Three months ended June 30, 2023	1,601,230,326 shares

* Review of the Japanese-language originals of consolidated quarterly financial statements by certified public accountants or an audit firm: Yes (voluntary)

* 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, 2025” of the accompanying materials.

Consolidated Financial Performance and Financial Position

1. Overview of the Three Months Ended June 30, 2024

During the period under review (from April 1, 2024 to June 30, 2024), as for the global economy, the U.S. remained strong and Europe recovered, but China continued to stagnate. The Japanese economy continued to recover gradually.

Under such circumstances, Toray Group, starting from fiscal 2023, has been promoting its Medium-Term Management Program “Project AP-G 2025,” aiming to achieve sound, sustainable growth through the implementation of five basic strategies of “Sustainable Growth,” “Ultimate Value Creation,” “Product and Operational Excellence,” “Enhancement of People-Centric Management,” and “Risk Management and Governance.”

As a result, consolidated revenue for the three months ended June 30, 2024, compared with the same period of the previous fiscal year, increased 10.3% to ¥637.7 billion, and core operating income (Note) rose 67.8% to ¥36.8 billion. Operating income increased 83.1% to ¥38.1 billion and profit attributable to owners of parent rose 92.6% to ¥26.9 billion.

Financial performance by segment is as described below.

Financial Performance by Segment:

Fibers & Textiles
Apparel applications were strong overall, despite the stagnation in the European market and the continued impact of the intensified competition for overseas products.

Industrial applications witnessed a demand recovery trend in automobile applications but were affected by safety test scandals of Japanese automobile manufacturers and the intensifying competition in the Chinese EV market.

As a result, revenue of overall Fibers & Textiles segment, compared with the same period of the previous fiscal year, increased 9.4% to ¥244.8 billion, and core operating income rose 35.7% to ¥14.8 billion.

Performance Chemicals
In the resins and chemicals businesses, while the resins business was affected by the production decline in Japanese automobile industry, demand recovered in non-automobile applications for China and ASEAN. Chemicals business remained strong.

The films business saw electronic parts-related demand growth due to rebound from inventory adjustment in the supply chain.

In the electronic & information materials business, there was recovery in demand for OLED-related materials and circuit materials.

As a result, revenue of overall Performance Chemicals segment, compared with the same period of the previous fiscal year, increased 12.5% to ¥241.7 billion, and core operating income rose 147.5% to ¥18.3 billion.

Carbon Fiber Composite Materials
The aerospace applications continued its steady recovery, and there were signs of gradual recovery in the wind turbine blade applications.

As a result, revenue of overall Carbon Fiber Composite Materials segment, compared with the same period of the previous fiscal year, increased 13.0% to ¥77.7 billion, and core operating income rose 87.5% to ¥5.1 billion.

Environment & Engineering
The water treatment business posted increase both in revenue and core operating income on the back of strong demand in the U.S. and China, the two major markets for reverse osmosis membranes, as well as a large-scale project in the Middle East. Further, a construction subsidiary in Japan was affected by decline in sales of highly profitable properties.

As a result, revenue of overall Environment & Engineering segment increased 2.7% to ¥57.5 billion compared with the same period of the previous fiscal year, while core operating income fell 17.7% to ¥5.1 billion.

Life Science
The pharmaceutical business was affected by the impact of the penetration of the generic versions of the drug, the NHI drug price revision, and by the stagnant overseas sales volume.

In the medical devices business, sales amount of dialyzers for hemodiafiltration were steady in Japan and overseas, but its businesses were affected by the soaring prices of raw materials and fuels.

As a result, revenue of overall Life Science segment, compared with the same period of the previous fiscal year, increased 7.5% to ¥12.1 billion, while core operating income fell to a loss of ¥0.8 billion, a decline of ¥0.4 billion.

Note:
Core operating income is calculated by excluding income and expenses due to non-recurring factors from operating income.

2. Analysis of Financial Position

As of June 30, 2024, Toray Group's assets and liabilities were both affected by the increase in translated yen from its overseas subsidiaries, due to depreciation in Japanese yen.

Total assets stood at ¥3,596.0 billion, an increase of ¥129.5 billion compared with the end of the previous fiscal year, due primarily to increases in inventories and property, plant and equipment.

Total liabilities stood at ¥1,650.4 billion, an increase of ¥30.3 billion compared with the end of the previous fiscal year, owing mainly to increases in borrowings.

Total equity stood at ¥1,945.6 billion, an increase of ¥99.2 billion, compared with the end of the previous fiscal year, due primarily to increases in the other components of equity. Moreover, equity attributable to owners of parent stood at ¥1,831.6 billion. Finally, equity ratio as of June 30, 2024, rose to 50.9%, a 0.9 percentage-point increase compared with the level at the end of the previous fiscal year.

3. Forecast for the Fiscal Year Ending March 31, 2025

The global economy is likely to gradually recover along with the decline in inflation rate and monetary easing. The Japanese economy is also expecting a gradual recovery. However, potential changes in fiscal and trade policies in the U.S. which is in preparation of the presidential election, prolonged real estate recession in China, slowdown in consumption in the U.S. and Europe owing to the delay in the start of interest rate cuts, as well as changes in the Bank of Japan's monetary policy and foreign exchange fluctuations, are among the downward risks for the economy in Japan and overseas.

Under such circumstances, Toray Group will promote the basic strategies under the Medium−Term Management Program "Project AP-G 2025" and carry out its business operation under the anticipation of uncertainties.

For the first six months of the fiscal year ending March 31, 2025, Toray revised its consolidated forecasts, taking into consideration its business performance and business environment in the first three months of the fiscal year. It now expects consolidated revenue of ¥1,310.0 billion, core operating income of ¥70.0 billion, and profit attributable to owners of parent of ¥46.0 billion. The company plans to review its forecasts for the entire fiscal year, at the announcement of the financial performance for the first six months of the fiscal year, taking into consideration changes in the external environment and other factors. Moreover, the calculation of consolidated earnings forecasts from July to September 2024, is based on an assumed foreign currency exchange rate of ¥150.0 to the U.S. dollar.

Revisions to consolidated financial forecasts for the six months ending September 30, 2024 (from April 1, 2024 to September 30, 2024)

	Revenue	Core operating income	Profit attributable to owners of parent	Basic earnings per share
	Billions of yen	Billions of yen	Billions of yen	Yen
Previously announced forecasts (A)	1,260,0	60.0	39.0	24.35
Revised forecasts (B)	1,310.0	70.0	46.0	28.71
Change (B-A)	50.0	10.0	7.0	
Change (%)	4.0	16.7	17.9	
(Reference) Actual consolidated results for the six months ended September 30, 2023	1,199.4	48.7	28.9	18.03

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