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November 7, 2024

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

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Listing: Tokyo Stock Exchange
Securities code: 3402
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Scheduled date to file semi-annual securities report: November 11, 2024
Scheduled date to commence dividend payments: December 2, 2024
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 six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

(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, 2024	1,294,108	7.9	79,145	62.6	79,512	78.9	77,759	58.8
September 30, 2023	1,199,376	(4.9)	48,671	(10.6)	44,445	(39.8)	48,979	(42.4)

	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, 2024	60,481	83.2	55,524	92.3	34.66	34.60
September 30, 2023	33,006	(47.6)	28,867	(51.2)	18.03	17.99

Notes:

- Comprehensive income for the six months ended September 30, 2024 and 2023 were ¥11,579 million ((93.6%)) and ¥182,051 million (2.4%), 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
As of	Millions of yen	Millions of yen	Millions of yen	%
September 30, 2024	3,365,866	1,838,302	1,726,781	51.3
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	-	9.00			
Year ending March 31, 2025 (Forecast)			-	9.00	18.00

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

3. Segment information

Revenue	Six months ended September 30,		
	2024	2023	Change
	Millions of yen	Millions of yen	%
Fibers & Textiles	515,523	481,231	7.1
Performance Chemicals	477,506	433,095	10.3
Carbon Fiber Composite Materials	152,796	141,137	8.3
Environment & Engineering	114,477	111,549	2.6
Life Science	25,577	24,773	3.2
Other	8,229	7,591	8.4
Consolidated total	1,294,108	1,199,376	7.9

Core operating income	Six months ended September 30,		
	2024	2023	Change
	Millions of yen	Millions of yen	%
Fibers & Textiles	34,440	27,204	26.6
Performance Chemicals	33,965	14,505	134.2
Carbon Fiber Composite Materials	11,736	7,601	54.4
Environment & Engineering	11,808	10,190	15.9
Life Science	(597)	(518)	-
Other	613	802	(23.6)
Total	91,965	59,784	53.8
Reconciliations	(12,820)	(11,113)	-
Consolidated total	79,145	48,671	62.6

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, 2024 of ¥(12,820) million include intersegment eliminations of ¥(508) million and corporate expenses of ¥(12,312) million. "Reconciliations" of core operating income for the six months ended September 30, 2023 of ¥(11,113) million include intersegment eliminations of ¥190 million and corporate expenses of ¥(11,303) 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
Year ending March 31, 2025	2,590,000	5.1	145,000	41.3	88,000	301.9	54.93

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 September 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 September 30, 2024	29,300,990 shares
As of March 31, 2024	29,838,701 shares

(iii) Average number of shares outstanding during the period

Six months ended September 30, 2024	1,602,090,919 shares
Six months ended September 30, 2023	1,601,436,765 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* 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 Six Months Ended September 30, 2024

During the period under review (from April 1, 2024 to September 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 six months ended September 30, 2024, compared with the same period of the previous fiscal year, increased 7.9% to ¥1,294.1 billion, and core operating income (Note) rose 62.6% to ¥79.1 billion. Operating income increased 78.9% to ¥79.5 billion and profit attributable to owners of parent rose 92.3% to ¥55.5 billion.

Financial performance by segment is as described below.

Financial Performance by Segment:

Fibers & Textiles

The apparel applications were strong overall, despite the stagnation in the European market and the continued impact of the intensified competition with overseas products.

The industrial applications witnessed a demand recovery trend in the 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 the overall Fibers & Textiles segment, compared with the same period of the previous fiscal year, increased 7.1% to ¥515.5 billion, and core operating income rose 26.6% to ¥34.4 billion.

Performance Chemicals

In the resins and chemicals businesses, while the resins business was affected by the production decline in the Japanese automobile industry, demand recovered in the non-automobile applications for China and ASEAN. The 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 the overall Performance Chemicals segment, compared with the same period of the previous fiscal year, increased 10.3% to ¥477.5 billion, and core operating income rose 134.2% to ¥34.0 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 the overall Carbon Fiber Composite Materials segment, compared with the same period of the previous fiscal year, increased 8.3% to ¥152.8 billion, and core operating income rose 54.4% to ¥11.7 billion.

Environment & Engineering

The water treatment business posted increase both in revenue and core operating income on the back of strong demand as well as shipments for a large-scale project in the Middle East. Further, an engineering subsidiary in Japan also performed strongly.

As a result, revenue of the overall Environment & Engineering segment increased 2.6% to ¥114.5 billion compared with the same period of the previous fiscal year, and core operating income rose 15.9% to ¥11.8 billion.

Life Science

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

In the medical devices business, shipment of dialyzers for hemodiafiltration was steady in Japan and overseas, but the business was 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 3.2% to ¥25.6 billion, while core operating income fell to a loss of ¥0.6 billion, a decline of ¥0.1 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 September 30, 2024, Toray Group's assets and liabilities were both affected by the decrease in translated yen from its overseas subsidiaries, due to appreciation in Japanese yen.

Total assets stood at ¥3,365.9 billion, a decrease of ¥100.7 billion compared with the end of the previous fiscal year, due primarily to decreases in trade and other receivables.

Total liabilities came to ¥1,527.6 billion, a decrease of ¥92.6 billion compared with the end of the previous fiscal year, owing mainly to decreases in bonds and borrowings.

Total equity stood at ¥1,838.3 billion, a decrease of ¥8.1 billion, compared with the end of the previous fiscal year, due primarily to a decrease in other components of equity despite an increase in retained earnings. Moreover, equity attributable to owners of parent stood at ¥1,726.8 billion. Finally, equity ratio as of September 30, 2024, rose to 51.3%, a 1.2 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, the downward risks for the economy in Japan and overseas include potential changes in fiscal and trade policies in the U.S. following the presidential election, prolonged real estate recession in China, and impact on consumption in the U.S. and Europe caused by their financial policies as well as changes in the Bank of Japan's monetary policy and foreign exchange fluctuations.

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 fiscal year ending March 31, 2025, Toray revised its full-year consolidated forecasts, taking into consideration its business performance for the first six months and business environment. It now expects consolidated revenue of ¥2,590.0 billion, core operating income of ¥145.0 billion, and profit attributable to owners of parent of ¥88.0 billion. The calculation of consolidated earnings forecasts from October 2024 is based on an assumed foreign currency exchange rate of ¥140.0 to the U.S. dollar.

Revisions to consolidated financial forecasts for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

	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)	2,620.0	135.0	81.0	50.56
Revised forecasts (B)	2,590.0	145.0	88.0	54.93
Change (B-A)	(30.0)	10.0	7.0	
Change (%)	(1.1)	7.4	8.6	
(Reference) Actual consolidated results for the fiscal year ended March 31, 2024	2,464.6	102.6	21.9	13.67

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