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February 8, 2024

[Summary] Consolidated Financial Results for the Nine Months Ended December 31, 2023 (Under IFRS)

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 Scheduled date to file quarterly securities report: February 13, 2024
 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, 2023 (from April 1, 2023 to December 31, 2023)

(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, 2023	1,829,408	(3.8)	77,179	(4.0)	71,369	(27.7)	76,302	(30.0)
December 31, 2022	1,901,800	15.5	80,436	(24.1)	98,667	(4.3)	109,015	(9.5)

	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, 2023	52,256	(35.2)	45,659	(38.8)	28.51	28.46
December 31, 2022	80,638	(17.6)	74,553	(16.5)	46.57	46.48

Notes:

- Comprehensive income for the nine months ended December 31, 2023 and 2022 were ¥161,661 million (9.1%) and ¥148,189 million (8.5%), 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, 2023	3,388,380	1,762,766	1,655,893	48.9
March 31, 2023	3,194,041	1,635,810	1,535,028	48.1

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, 2023	-	9.00	-	9.00	18.00
Year ending March 31, 2024	-	9.00	-		
Year ending March 31, 2024 (Forecast)				9.00	18.00

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

3. Segment information

Revenue	Nine months ended December 31,		
	2023	2022	Change
	Millions of yen	Millions of yen	%
Fibers & Textiles	745,405	784,775	(5.0)
Performance Chemicals	659,639	698,311	(5.5)
Carbon Fiber Composite Materials	209,299	211,203	(0.9)
Environment & Engineering	165,025	156,161	5.7
Life Science	38,377	40,196	(4.5)
Other	11,663	11,154	4.6
Consolidated total	1,829,408	1,901,800	(3.8)

Core operating income	Nine months ended December 31,		
	2023	2022	Change
	Millions of yen	Millions of yen	%
Fibers & Textiles	43,840	39,599	10.7
Performance Chemicals	24,348	29,979	(18.8)
Carbon Fiber Composite Materials	11,369	11,801	(3.7)
Environment & Engineering	14,577	12,857	13.4
Life Science	(825)	592	-
Other	1,673	1,123	49.0
Total	94,982	95,951	(1.0)
Reconciliations	(17,803)	(15,515)	-
Consolidated total	77,179	80,436	(4.0)

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, 2023 of ¥(17,803) million include intersegment eliminations of ¥(102) million and corporate expenses of ¥(17,701) million. “Reconciliations” of core operating income for the nine months ended December 31, 2022 of ¥(15,515) million include intersegment eliminations of ¥362 million and corporate expenses of ¥(15,877) 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, 2024 (from April 1, 2023 to March 31, 2024)

(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, 2024	2,470,000	(0.8)	105,000	9.3	58,000	(20.4)	36.22

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, 2023	1,631,481,403 shares
As of March 31, 2023	1,631,481,403 shares

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

As of December 31, 2023	29,838,627 shares
As of March 31, 2023	30,457,569 shares

(iii) Average number of shares outstanding during the period

Nine months ended December 31, 2023	1,601,505,488 shares
Nine months ended December 31, 2022	1,600,941,019 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

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, 2024" of the accompanying materials.

Consolidated Financial Performance and Financial Position

1. Overview of the Nine Months Ended December 31, 2023

During the period under review (from April 1, 2023 to December 31, 2023), the recovery in the global economy lacked strength due to the sluggish economy in Europe and the slowdown in China despite a strong showing by the U.S. The Japanese economy continued on the path of normalization after the COVID-19 pandemic, although uncertainties in the global economy and prolonged adjustment in the semiconductor market exerted downward pressure on the recovery.

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 nine months ended December 31, 2023, declined 3.8% compared with the same period a year earlier to ¥1,829.4 billion, while core operating income (Note 1) fell 4.0% to ¥77.2 billion. Operating income decreased 27.7% to ¥71.4 billion and profit attributable to owners of parent fell 38.8% to ¥45.7 billion.

Financial performance by segment is described below.

Financial Performance by Segment:

Fibers & Textiles

Apparel applications were impacted by worsening market conditions, and hygiene material applications were sluggish from the worsening supply-demand balance. Industrial applications maintained a recovery trend on the back of continued demand recovery in automobile applications and expansion in EV applications.

As a result, revenue of overall Fibers & Textiles segment declined 5.0% to ¥745.4 billion compared with the same period a year earlier and core operating income rose 10.7% to ¥43.8 billion.

Performance Chemicals

In the resins and chemicals businesses, the resins business was weak given the impact of demand decline in the Chinese markets and other factors, while automobile applications in Japan showed signs of improvement. In the films business, the impact of inventory adjustment persisted in supply chains for electronic parts.

In the electronic & information materials business, demand for OLED-related materials and circuit materials saw some recovery.

As a result, revenue of overall Performance Chemicals segment declined 5.5% to ¥659.6 billion compared with the same period a year earlier while core operating income fell 18.8% to ¥24.3 billion.

Carbon Fiber Composite Materials

The aerospace applications recovered steadily, while wind turbine blade applications entered into an adjustment phase and demand for the industrial applications including pressure vessels softened.

As a result, revenue of overall Carbon Fiber Composite Materials segment declined 0.9% to ¥209.3 billion compared with the same period a year earlier and core operating income declined 3.7% to ¥11.4 billion.

Environment & Engineering

In the water treatment business, shipment in the U.S. and China, the two major markets for reverse osmosis membranes, was strong. Further, sales of a construction subsidiary in Japan were also strong.

As a result, revenue of overall Environment & Engineering segment increased 5.7% to ¥165.0 billion compared with the same period a year earlier and core operating income rose 13.4% to ¥14.6 billion.

Life Science

In the pharmaceutical business, sales of oral anti-pruritic drug REMITCH® (Note 2) were affected by the introduction of its generic versions and the NHI drug price revision, and sales of orally active prostacyclin derivative DORNER® were affected by inventory adjustment overseas.

In the medical devices business, even though sales of dialyzers were affected by the soaring prices of raw materials and fuels, shipment of dialyzers for hemodiafiltration in Japan was strong.

As a result, revenue of overall Life Science segment declined 4.5% to ¥38.4 billion compared with the same period a year earlier. The segment posted core operating loss of ¥0.8 billion, a decline of ¥1.4 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, 2023, Toray Group's assets and liabilities were affected by the increase in translated yen amounts of overseas subsidiaries because of the depreciation of yen.

Total assets stood at ¥3,388.4 billion, up ¥194.3 billion from the end of the previous fiscal year, due primarily to increases in trade and other receivables, inventories, and property, plant and equipment.

Total liabilities rose ¥67.4 billion from the end of the previous fiscal year to ¥1,625.6 billion, owing mainly to an increase in bonds and borrowings.

Total equity rose by ¥127.0 billion compared with the end of the previous fiscal year to ¥1,762.8 billion, mainly reflecting increases in retained earnings and other components of equity. Equity attributable to owners of parent stood at ¥1,655.9 billion. Equity ratio as of December 31, 2023 came to 48.9%, a 0.8 percentage-point increase compared with the level at the end of the previous fiscal year.

3. Forecast for the Fiscal Year Ending March 31, 2024

The pace of recovery in the global economy is expected to remain slow due to factors such as the high interest rates in the U.S. and Europe dampening consumer spending and capital investment and the slow recovery in the Chinese economy. The Japanese economy is also expected to show a gradual recovery. However, the prolonged real estate recession in China, unstable prices of primary commodities including food and energy, slowdown in consumption in the U.S. and Europe owing to the delay in start of interest rate cuts, and foreign exchange fluctuations caused by a change in the Bank of Japan's monetary policy are among downward risks for the economy in Japan and abroad.

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 in anticipation of uncertainties.

For the fiscal year ending March 31, 2024, Toray revised its consolidated forecasts for full year taking into consideration its business performance for the first nine months of the fiscal year and the business environment. It now expects revenue of ¥2,470.0 billion, core operating income of ¥105.0 billion, and profit attributable to owners of parent of ¥58.0 billion. The calculation of consolidated earnings forecasts from January 2024 onwards 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, 2024 (from April 1, 2023 to March 31, 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)	2,540.0	120.0	71.0	44.33
Revised forecasts (B)	2,470.0	105.0	58.0	36.22
Change (B-A)	(70.0)	(15.0)	(13.0)	
Change (%)	(2.8)	(12.5)	(18.3)	
(Reference) Actual consolidated results for the fiscal year ended March 31, 2023	2,489.3	96.0	72.8	45.49

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