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May 13, 2024

[Summary] Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (Under IFRS)

Company name: Toray Industries, Inc.
 Listing: Tokyo Stock Exchange
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 Scheduled date of ordinary general meeting of stockholders: June 25, 2024
 Scheduled date to commence dividend payments: June 26, 2024
 Scheduled date to file annual securities report: June 25, 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 fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 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	%
Year ended								
March 31, 2024	2,464,596	(1.0)	102,618	6.9	57,651	(47.1)	59,567	(46.8)
March 31, 2023	2,489,330	11.7	96,029	(27.3)	109,001	8.4	111,870	(7.0)

	Profit		Profit attributable to owners of parent		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Year ended						
March 31, 2024	30,455	(62.3)	21,897	(69.9)	13.67	13.65
March 31, 2023	80,839	(13.6)	72,823	(13.5)	45.49	45.40

	Return on equity	Return on assets	Core operating margin
Year ended	%	%	%
March 31, 2024	1.3	3.1	4.2
March 31, 2023	5.0	3.1	3.9

Notes:

- Share of profit (loss) of investments accounted for using equity method for the year ended March 31, 2024 and 2023 were ¥8,850 million and ¥7,398 million, respectively.
- Comprehensive income for the year ended March 31, 2024 and 2023 were ¥245,481 million (45.5%) and ¥168,756 million ((16.2)%), 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	Book value per share
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
March 31, 2024	3,466,518	1,846,362	1,736,034	50.1	1,083.91
March 31, 2023	3,194,041	1,635,810	1,535,028	48.1	958.78

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2024	185,680	(120,997)	(70,370)	235,887
March 31, 2023	145,213	(102,724)	(57,378)	223,995

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to equity attributable to owners of parent (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Year ended March 31, 2023	Yen -	Yen 9.00	Yen -	Yen 9.00	Yen 18.00	Millions of yen 28,833	% 39.6	% 2.0
Year ended March 31, 2024	-	9.00	-	9.00	18.00	28,844	131.7	1.8
Year ending March 31, 2025 (Forecast)	-	9.00	-	9.00	18.00		35.6	

3. Segment information

Revenue	Year ended March 31,		
	2024	2023	Change
	Millions of yen	Millions of yen	%
Fibers & Textiles	974,790	999,199	(2.4)
Performance Chemicals	886,079	909,416	(2.6)
Carbon Fiber Composite Materials	290,478	281,717	3.1
Environment & Engineering	244,086	228,814	6.7
Life Science	52,234	53,763	(2.8)
Other	16,929	16,421	3.1
Consolidated total	2,464,596	2,489,330	(1.0)

Core operating income	Year ended March 31,		
	2024	2023	Change
	Millions of yen	Millions of yen	%
Fibers & Textiles	54,730	51,246	6.8
Performance Chemicals	36,682	30,368	20.8
Carbon Fiber Composite Materials	13,193	15,928	(17.2)
Environment & Engineering	23,220	19,720	17.7
Life Science	(1,343)	189	-
Other	3,295	2,505	31.5
Total	129,777	119,956	8.2
Reconciliations	(27,159)	(23,927)	-
Consolidated total	102,618	96,029	6.9

Notes:

- “Other” represents service-related businesses such as analysis, physical evaluation and research.
- “Reconciliations” of core operating income for the year ended March 31, 2024 of ¥(27,159) million include intersegment eliminations of ¥(763) million and corporate expenses of ¥(26,396) million. “Reconciliations” of core operating income for the year ended March 31, 2023 of ¥(23,927) million include intersegment eliminations of ¥313 million and corporate expenses of ¥(24,240) million. The corporate expenses consist of the headquarters’ research expenses that are not allocated to each reportable segment.

4. Information about Geographical Areas

(Millions of yen)

Revenue		Year ended March 31,	
		2024	2023
Japan		975,211	971,468
Asia	China	464,893	499,039
	Other	454,857	490,299
North America, Europe and other		569,635	528,524
Consolidated total		2,464,596	2,489,330

Notes: Revenue is attributed to each area based on the location of customers.

5. 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	1,260,000	5.1	60,000	23.3	39,000	35.1	24.35
Year ending March 31, 2025	2,620,000	6.3	135,000	31.6	81,000	269.9	50.57

*** 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 March 31, 2024	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 March 31, 2024	29,838,701 shares
As of March 31, 2023	30,457,569 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2024	1,601,539,799 shares
Fiscal year ended March 31, 2023	1,600,961,248 shares

* Financial results reports are exempt from audit 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, 2025" of the accompanying materials.

Consolidated Financial Performance and Financial Position

1. Overview of the Fiscal Year Ended March 31, 2024

During the period under review, the recovery in global economy lacked strength due to the sluggish economy in Europe and slowdown in China despite a strong showing by the U.S. The Japanese economy continued to recover gradually, but uncertainties over the outlook of 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 fiscal year ended March 31, 2024 decreased 1.0% compared with the previous fiscal year to ¥2,464.6 billion, while core operating income (Note 1) increased 6.9% to ¥102.6 billion. Operating income declined 47.1% to ¥57.7 billion and profit attributable to owners of parent fell 69.9% to ¥21.9 billion due to recording of impairment losses in the Carbon Fiber Composite Materials segment on sluggish demand in wind turbine blade applications, etc.

Financial performance by segment is described below.

Financial Performance by Segment:

Fibers & Textiles

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

As a result, revenue of overall Fibers & Textiles segment declined 2.4% to ¥974.8 billion compared with the previous fiscal year and core operating income rose 6.8% to ¥54.7 billion.

Performance Chemicals

In the resins and chemicals businesses, the resins business was weak given the impact of demand decline in the Chinese market and other factors, while automobile applications in Japan showed signs of improvement. The chemicals business performed strongly. In the films business, even though the mainstay electronic parts-related application of PET films is recovering gradually, the impact of inventory adjustment in supply chains persisted in some areas.

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

As a result, revenue of overall Performance Chemicals segment decreased 2.6% to ¥886.1 billion compared with the previous fiscal year while core operating income rose 20.8% to ¥36.7 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 increased 3.1% to ¥290.5 billion compared with the previous fiscal year while operating income declined 17.2% to ¥13.2 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, in addition to strong sales of a construction subsidiary in Japan, a plant-related business of an engineering subsidiary also expanded.

As a result, revenue of overall Environment & Engineering segment increased 6.7% to ¥244.1 billion compared with the previous fiscal year and core operating income rose 17.7% to ¥23.2 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 fell 2.8% to ¥52.2 billion compared with the previous fiscal year and the segment posted a core operating loss of ¥1.3 billion, a decline of ¥1.5 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 and Cash Flows

As of March 31, 2024, Toray Group's assets and liabilities were affected by the increase in translated yen amounts of overseas subsidiaries because of the depreciation of the yen.

Total assets stood at ¥3,466.5 billion, up ¥272.5 billion from the end of the previous fiscal year, due primarily to increases in trade and other receivables, property, plant and equipment, and other financial assets.

Total liabilities rose ¥61.9 billion from the end of the previous fiscal year to ¥1,620.2 billion, owing mainly to increases in deferred tax liabilities.

Total equity rose by ¥210.6 billion compared with the end of the previous fiscal year to ¥1,846.4 billion, mainly reflecting increases in retained earnings and other components of equity. Equity attributable to owners of parent stood at ¥1,736.0 billion. Equity ratio as of March 31, 2024 came to 50.1%, a 2.0 percentage-point increase compared with the level at the end of the previous fiscal year. D/E ratio declined 0.07 compared with the level at the end of the previous fiscal year to 0.55.

Free cash flow for the period, derived by subtracting the cash flows from investing activities from the cash flows from operating activities, was ¥64.7 billion. Cash flows, as well as changes in the balances of cash and cash equivalents, for the fiscal year ended March 31, 2024 are as follows:

	(Billions of yen)	
	Year ended March 31,	
	2024	2023
Cash flows from operating activities	185.7	145.2
Cash flows from investing activities	(121.0)	(102.7)
Free cash flow	64.7	42.5
Cash flows from financing activities	(70.4)	(57.4)
Effect of exchange rate changes on cash and cash equivalents	17.6	8.5
Net increase (decrease) in cash and cash equivalents	11.9	(6.4)
Cash and cash equivalents at beginning of period	224.0	230.4
Cash and cash equivalents at end of period	235.9	224.0

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

The pace of recovery in the global economy is likely to remain slow due to factors such as the high interest rates in the U.S. and Europe dampening consumer spending and capital investment as well as the slow recovery in the Chinese economy. The Japanese economy is expected to show a gradual recovery. However, the prolonged real estate recession in China, slowdown in consumption in the U.S. and Europe owing to the delay in start of interest rate cuts, rising tensions in the Middle East, a change in the Bank of Japan's monetary policy,

and foreign exchange fluctuations 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, 2025, Toray expects revenue of ¥2,620.0 billion, core operating income of ¥135.0 billion, and profit attributable to owners of parent of ¥81.0 billion taking into consideration anticipated business expansion in growth fields and progress in profit improvement amid the continued harsh business environment. The calculation of consolidated earnings forecasts from April 2024 onwards is based on an assumed foreign currency exchange rate of ¥140.0 to the U.S. dollar.

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