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November 8, 2023

[Summary] Consolidated Financial Results for the Six Months Ended September 30, 2023 (Under IFRS)

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 Listing: Tokyo Stock Exchange
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 Scheduled date to file quarterly securities report: November 10, 2023
 Scheduled date to commence dividend payments: December 1, 2023
 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 six months ended September 30, 2023 (from April 1, 2023 to September 30, 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	%
Six months ended September 30, 2023	1,199,376	(4.9)	48,671	(10.6)	44,445	(39.8)	48,979	(42.4)
September 30, 2022	1,261,794	18.7	54,421	(22.5)	73,797	7.0	84,976	4.6

	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, 2023	33,006	(47.6)	28,867	(51.2)	18.03	17.99
September 30, 2022	62,991	(5.1)	59,112	(3.0)	36.92	36.86

Notes:

- Comprehensive income for the six months ended September 30, 2023 and 2022 were ¥182,051 million (2.4%) and ¥177,777 million (121.1%), 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 September 30, 2023	3,416,334	1,798,419	1,693,314	49.6
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	Six months ended September 30,		
	2023	2022	Change
	Millions of yen	Millions of yen	%
Fibers & Textiles	481,231	509,034	(5.5)
Performance Chemicals	433,095	473,304	(8.5)
Carbon Fiber Composite Materials	141,137	139,986	0.8
Environment & Engineering	111,549	106,052	5.2
Life Science	24,773	25,873	(4.3)
Other	7,591	7,545	0.6
Consolidated total	1,199,376	1,261,794	(4.9)

Core operating income	Six months ended September 30,		
	2023	2022	Change
	Millions of yen	Millions of yen	%
Fibers & Textiles	27,204	23,885	13.9
Performance Chemicals	14,505	25,080	(42.2)
Carbon Fiber Composite Materials	7,601	5,592	35.9
Environment & Engineering	10,190	8,267	23.3
Life Science	(518)	345	-
Other	802	1,030	(22.1)
Total	59,784	64,199	(6.9)
Reconciliations	(11,113)	(9,778)	-
Consolidated total	48,671	54,421	(10.6)

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, 2023 of ¥(11,113) million include intersegment eliminations of ¥190 million and corporate expenses of ¥(11,303) million. "Reconciliations" of core operating income for the six months ended September 30, 2022 of ¥(9,778) million include intersegment eliminations of ¥395 million and corporate expenses of ¥(10,173) 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	2,540,000	2.0	120,000	25.0	71,000	(2.5)	44.33

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 September 30, 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 September 30, 2023	29,838,310 shares
As of March 31, 2023	30,457,569 shares

(iii) Average number of shares outstanding during the period

Six months ended September 30, 2023	1,601,436,765 shares
Six months ended September 30, 2022	1,600,907,605 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 Six Months Ended September 30, 2023

During the period under review (from April 1, 2023 to September 30, 2023), the recovery in the global economy lacked strength due to the impact of rising inflation and interest rates particularly in Europe and the U.S. and the slowdown in the recovery in China. The Japanese economy continued on the path of normalization after the COVID-19 pandemic, although the uncertainties in the European and U.S. economies 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 six months ended September 30, 2023, declined 4.9% compared with the same period a year earlier to ¥1,199.4 billion, while core operating income (Note 1) decreased 10.6% to ¥48.7 billion. Operating income declined 39.8% to ¥44.4 billion and profit attributable to owners of parent fell 51.2% to ¥28.9 billion.

Financial performance by segment is described below.

Financial Performance by Segment:

Fibers & Textiles

Apparel applications were impacted by worsening market conditions, but the trading subsidiaries in Japan performed strongly. Hygiene material applications were sluggish from the worsening supply-demand balance. Industrial applications witnessed a continued demand recovery in automobile applications and there was improvement in the spread from the price decline of natural gas, etc. in Europe.

As a result, revenue of overall Fibers & Textiles segment declined 5.5% to ¥481.2 billion compared with the same period a year earlier while core operating income increased 13.9% to ¥27.2 billion.

Performance Chemicals

In the resins and chemicals businesses, the resins business was weak given the impact of demand declines in the Chinese markets and other factors. In the films business, demand declined due to inventory adjustment 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 8.5% to ¥433.1 billion compared with the same period a year earlier and core operating income fell 42.2% to ¥14.5 billion.

Carbon Fiber Composite Materials

Demand for the aerospace applications showed a recovery trend and the sales of pressure vessels in the industrial applications expanded, even as wind turbine blade applications entered into an adjustment phase.

As a result, revenue of overall Carbon Fiber Composite Materials segment increased 0.8% to ¥141.1 billion compared with the same period a year earlier and core operating income rose 35.9% to ¥7.6 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 5.2% to ¥111.5 billion compared with the same period a year earlier and core operating income rose 23.3% to ¥10.2 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, sales of dialyzers were affected by the soaring prices of raw materials and fuels.

As a result, revenue of overall Life Science segment declined 4.3% to ¥24.8 billion compared with the previous fiscal year, while the segment posted core operating loss of ¥0.5 billion, a decline of ¥0.9 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 September 30, 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 ¥3,416.3 billion, up ¥222.3 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 ¥59.7 billion from the end of the previous fiscal year to ¥1,617.9 billion, owing mainly to an increase in borrowings.

Total equity rose by ¥162.6 billion compared with the end of the previous fiscal year to ¥1,798.4 billion, mainly reflecting increases in retained earnings and other components of equity. Equity attributable to owners of parent stood at ¥1,693.3 billion. Equity ratio as of September 30, 2023 came to 49.6%, a 1.5 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 inflation and high interest rates in the U.S. and Europe dampening consumer spending and capital investment, the slow recovery in the Chinese economy, and the situation in the Middle East. The Japanese economy is also expected to show a gradual recovery. However, the deepening real estate recession in China, unstable prices of primary commodities including food and energy, and continued monetary tightening in the U.S. and Europe to tackle the sustained inflation 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 six months of the fiscal year and the business environment. It now expects revenue of ¥2,540.0 billion and profit attributable to owners of parent of ¥71.0 billion. The forecast for core operating income was left unchanged from the figure announced on August 7, 2023. The calculation of consolidated earnings forecasts from October 2023 onwards is based on an assumed foreign currency exchange rate of ¥140.0 to the U.S. dollar.

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