

Consolidated Financial Statements Summary

(For the year ended March 31, 2023)

English translation from the original Japanese-language document

(All financial information has been prepared in accordance with accounting principles generally accepted in Japan)



May 11, 2023

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 Investor and Public Relations Department

(Amounts rounded to the nearest million yen)

1. Results of FY2022 (April 1, 2022 through March 31, 2023)

(1) Consolidated financial results

(Percentages are year-on-year changes)

Period	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2022	1,018,751	10.0	12,863	-70.9	9,100	-81.7	(17,695)	—
FY2021	926,054	10.7	44,208	-19.5	49,692	-7.4	23,158	—

cf. Comprehensive income; For FY 2022: -1,910 million yen (For FY 2021: 45,979 million yen)

Period	E.P.S. *1	Diluted E.P.S.	ROE *2	ROA *3	Ratio of operating income to net sales
	Yen	Yen	%	%	%
FY2022	(92.04)	—	-4.1	0.7	1.3
FY2021	120.58	115.72	5.5	4.4	4.8

*1 E.P.S.: Earnings per share *2 ROE: Ratio of Profit (loss) attributable to owners of parent to Shareholders' equity

*3 ROA: Ratio of Ordinary income to Total assets

cf. Equity on gain and losses of unconsolidated subsidiaries and affiliates; For FY2022: -1,105 million yen (For FY2021: 5,556 million yen)

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	Million yen	Million yen	%	Yen
As of March 31, 2023	1,242,433	451,084	34.2	2,209.82
As of March 31, 2022	1,207,583	464,811	36.4	2,288.05

cf. Shareholders' equity as of March 31, 2023: 424,983 million yen (As of March 31, 2022: 439,579 million yen)

(3) Consolidated cash flows

Period	From operating activities	From investing activities	From financing activities	Cash & cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY2022	55,086	(52,427)	7,180	140,307
FY2021	89,656	(198,375)	71,113	130,696

2. Dividends

Period	Dividends per share					Total dividends paid (Annual)	Payout ratio (Consolidated)	Dividend on equity ratio (Consolidated)
	1Q	2Q	3Q	4Q	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY2021	—	27.50	—	27.50	55.00	10,566	45.6	2.5
FY2022	—	27.50	—	12.50	40.00	7,692	—	1.8
FY2023 (Outlook)	—	15.00	—	15.00	30.00		44.4	

3. Forecast for operating results of FY2023 (April 1, 2023 through March 31, 2024)

(Percentages are year-on-year changes)

Period	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		E.P.S.
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY2023	1,050,000	3.1	35,000	172.1	31,000	240.7	13,000	—	67.62

4. Other information

(1) Changes in specific subsidiaries involving changes in the scope of consolidation: Yes
Barred consolidated subsidiaries: Teijin Carbon America, Inc.

(2) Shares issued (common stock)

Shares issued (including treasury stock) at end of term

As of March 31, 2023 197,953,707

As of March 31, 2022 197,953,707

Treasury stock

As of March 31, 2023 5,638,291

As of March 31, 2022 5,834,283

Average shares outstanding during the period

FY 2022 192,242,771

FY 2021 192,055,166

Reference: Individual results of FY2022 (April 1, 2022 through March 31, 2023)

(1) Individual financial results

(Percentages are year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2022	140,799	1.0	7,446	-29.0	115,092	316.1	(16,072)	—
FY2021	139,388	26.7	10,483	—	27,662	62.8	36,138	—

	E.P.S.	Diluted E.P.S.
	Yen	Yen
FY2022	(83.60)	—
FY2021	188.16	180.59

(2) Individual financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	Million yen	Million yen	%	Yen
As of March 31, 2023	626,729	236,678	37.7	1,228.24
As of March 31, 2022	638,832	264,867	41.4	1,375.63

cf. Shareholders' equity as of March 31, 2023 : 236,210 million yen (As of March 31, 2022 : 264,285 million yen)

Appropriate Use of Forecasts and Other Information and Other Matters

All forecasts in this document are based on management's assumptions in light of information currently available and involve certain risks and uncertainties. Actual results could differ materially from these forecasts. For information on these forecasts, refer to "Outlook for FY 2023", beginning on page 5.

1. Qualitative Information

(1) Qualitative Information on Results of Operations

1) Analysis of Consolidated Results of Operations

FY2022 was characterized by growing uncertainty about the future due to a difficult world situation with concerns about possible long-term geopolitical risks raised by the Russian invasion of Ukraine, sharp rises in raw material and fuel prices, disruption in supply chains, labor shortage, and fears of a potential global recession being triggered by accelerated inflation and other factors, despite signs of a global economic recovery from the adverse impact of COVID-19 restrictions on social and economic activities.

The Teijin Group has been implementing various measures envisioned in its medium-term management plan for the three years from FY2020, which the Group positions as a period for creating growth platforms, under its long-term vision of becoming “a company that supports the society of the future” by contributing to realizing a sustainable society. In FY2022, the final year of the plan, as initiatives in the Materials Business Field, the Group made capital investment to increase its para-aramid fiber production capacity in the Netherlands and promoted efforts to ensure stable operations and raise the operating rates of two new North American plants put into operation in FY2021: an automotive composites plant in Texas and a carbon fibers plant. In the Healthcare Business Field, the Group strove to maintain and increase sales of diabetes treatments for which the Group had taken over the Japan sales rights from Takeda Pharmaceutical Company Limited in FY2021. However, the Group was unable to achieve any of the financial targets set in its medium-term management plan 2020–2022 due to a serious decline in profitability in the Materials Business Field and other factors amid drastic external situational changes. In response to these results, in February 2023, the Teijin Group announced the Teijin Group Reforms for Profitability Improvement and declared that it would focus on solving the top-priority challenge of profitability improvement toward a return to growth in the future.

For FY2022, the Teijin Group's net sales amounted to 1,018.8 billion yen, an increase of 10.0% year on year, and operating income was 12.9 billion yen, a decrease of 70.9% year on year. Ordinary income was 9.1 billion yen, a decrease of 81.7% year on year, while the Group suffered a loss attributable to owners of parent of 17.7 billion yen due to the recording of impairment losses and a rise in the tax burden rate caused mainly by the growing deficit of overseas subsidiaries whose tax effect is unrecognizable. (For FY2021, the Group achieved a profit attributable to owners of parent of 23.2 billion yen.) The operating income of the Materials Business Field decreased mainly due to a production problem and a labor shortage at U.S. and European bases, and the slowing Chinese economy, although the sharp rise in raw material and fuel prices were offset by revising sales prices. The Healthcare Business Field also experienced a decrease in operating income mainly due to a decline in the sales volume of *FEBURIC*, a gout and hyperuricemia treatment, caused by the market entry of generic alternatives and drug price revisions. The Fibers & Products Converting Business achieved an increase in operating income thanks to strong sales, while the operating income of the IT Business decreased mainly due to an increased advertising cost for e-comics services.

As a result, ROE, an indicator of profitability, was -4.1%, short of the target (10% or higher) for the final fiscal year (FY2022) of the medium-term management plan, and ROIC based on operating income was 1.6%, also lower than the target (8% or higher) for the same fiscal year. EBITDA, an indicator of the ability to generate cash, was 87.8 billion yen, failing to reach the target (150.0 billion yen) for the same fiscal year.

Segment-specific results of operations for FY2022 were as follows.

In current consolidated fiscal year, the orthopedic implantable device business, in which Teijin Nakashima Medical and Teijin Medical Technologies are mainly engaged, was transferred from the “Healthcare” segment to the “Others” segment. This change was made because the Company positions this business as a new business that should be fostered and

enhanced from a Group-wide and long-term perspective. In these financial statements, the figures concerning the relevant segments for the previous fiscal year used for comparison purposes are those recalculated in accordance with the new segment categorization.

2) Business Segment Results

I. Materials Business Field

Although the sharp rise in raw material and fuel prices were offset by revising sales prices, and favorable foreign exchange rates boosted income, income was affected mainly by the temporary impacts of an equipment breakdown at a U.S. base and a fire at a plant in Europe, a decline in productivity due to a chronic labor shortage in the U.S. and Europe, a decreased operating rate of plants in China due to lockdowns and the consequent slowdown of the Chinese economy.

Net sales were 456.0 billion yen, an increase of 70.9 billion yen (18.4%) year on year, while operating loss increased by 14.7 billion yen year on year to 20.4 billion yen. EBITDA was 16.5 billion yen, a decrease of 8.5 billion yen year on year, while ROIC based on operating income was -5%.

In the aramid business, although demand for *Twaron* para-aramid fibers, the major product in the business, remained high, sales volume decreased mainly due to a decline in productivity caused by the suspension of production lines after a fire at a raw material plant in the third quarter and a labor shortage. Profitability also declined despite progress in selling price revisions made in response to increased fuel costs against the backdrop of a sharp rise in the natural gas price in Europe. Favorable foreign exchange rates had certain income-boosting effects. As a result, the aramid business experienced a net-sales increase and an operating-income decrease year on year.

In the resin and plastic processing business, the sales volume of polycarbonate (PC) resin, the major product in the business, decreased due to a reduced operation level at customer plants in China amid the COVID-19 pandemic and the slowdown of the global economy, including the Chinese economy. As a result, the resin and plastic processing business recorded a year-on-year decrease in both net sales and operating income.

In the carbon fibers business, the sales mix improved thanks to strong demand for *TENAX* carbon fibers for all applications and an increase in their sales volume for aircraft applications in particular. In addition, efforts to revise selling prices were made in response to a rise in the prices of the main raw materials. As a result, the carbon fibers business achieved a year-on-year increase in both net sales and operating income.

In the battery materials business, the sales volume of *LIELSORT*, a separator for lithium-ion batteries (LIBs), increased for smartphone applications, just as in the previous fiscal year. As a result, the battery materials business achieved a year-on-year increase in both net sales and operating income.

In the composites business, sales volume increased because Teijin Automotive Technologies*US benefited from the alleviation of the shortage of semiconductors and other parts at OEMs, its major customers, and started full-scale sales in new large-scale programs. The business also made efforts to revise selling prices in response to rises in raw material prices, succeeding in obtaining the consent of multiple OEMs. Meanwhile, a breakdown of molding equipment at a U.S. plant caused a temporary decline in productivity and additional costs, while the U.S. labor market participation rate did not return to its normal level despite gradually improving, resulting in an unhealthy demand-supply balance in the labor market and consequently a chronic labor shortage. As a result, the composites business recorded a net-sales increase and an operating-income decrease year on year.

* Global business brand of the automotive composites business

II. Healthcare Business Field

The Healthcare Business Field performed well in sales of *Somatuline*^{*1} and *Xeomin*^{*2}, and the home healthcare device rental service. Meanwhile, income was affected by a decrease in the sales volume of *FEBURIC*, a pharmaceutical product, after the market entry of generic alternatives.

Net sales were 152.4 billion yen, a decrease of 22.7 billion yen (13.0%) year on year, and operating income was 23.5 billion yen, a decrease of 19.8 billion yen (45.7%) year on year. EBITDA was 49.6 billion yen, a decrease of 20.0 billion yen year on year, while ROIC based on operating income was 13%.

In the pharmaceutical business, sales volume decreased due to the market entry of generic alternatives to *FEBURIC* from June 2022. In addition, income was affected by the revision of drug prices, mainly the prices of drugs that remained on the National Health Insurance drug price list long after the expiration of patents for them. Meanwhile, the sales volume of *Somatuline*^{*1}, a treatment for acromegaly, pituitary gigantism, and neuroendocrine tumors, and *Xeomin*^{*2}, a treatment for upper and lower limb spasticity, increased steadily. In addition, in January 2023, the business launched *OSTABALO 1.5 mg*, an osteoporosis treatment. Moreover, in March 2023, the business entered into an exclusive license agreement with Novartis for an investigational small-molecule candidate for kidney disease treatment and received an upfront cash payment of US\$ 30 million.

* 1 *Somatuline*[®] is the registered trademark of Ipsen Pharma, France

* 2 *Xeomin*[®] is the registered trademark of Merz Pharma GmbH & Co. KGaA, Germany

In the home healthcare business, there was a lasting trend among medical institutions toward restricting hospitalization and encouraging home healthcare in the home oxygen therapy (HOT) market to secure beds for COVID-19 patients. However, the use of oxygen concentrators for COVID-19 patients stopped increasing, and the number of rented oxygen concentrators was almost at the FY2021 level. In addition, in the market for continuous positive airway pressure (CPAP) therapy, the recovery in the number of examinations slightly slowed mainly due to the eighth COVID-19 wave, but the number of rented CPAP devices continued to grow, achieving an increase of about 5% from the end of FY2021.

III. Fibers & Products Converting Business

Net sales were 321.8 billion yen, an increase of 39.3 billion yen (13.9%) year on year, and operating income was 10.0 billion yen, an increase of 4.3 billion yen (76.8%) year on year. EBITDA was 16.9 billion yen, an increase of 4.8 billion yen year on year, while ROIC based on operating income was 7%.

In the field of textiles and apparel, sales of textiles and apparel items for the European, U.S., and Chinese markets remained strong. In addition, relaxed restrictions on activities caused a recovery in apparel sales in Japan as well. In the field of industrial materials, sales of automotive parts, artificial leather, and short polyester fibers for water treatment filters remained strong. Business performance was affected by rises in raw material and fuel prices and logistics costs and an increase in purchase costs against the backdrop of the depreciation of the yen, but efforts were made to revise the selling prices of fiber materials and textiles.

IV. IT Business

Net sales were 58.0 billion yen, an increase of 4.3 billion yen (7.9%) year on year, while operating income was 8.1 billion yen, a decrease of 1.6 billion yen (16.6%) year on year. EBITDA was 8.8 billion yen, a decrease of 2.0 billion yen year on year, while ROIC based on operating income was 53%.

In the Internet business field, as a result of sustained efforts to enhance advertising activities for e-comics services, sales remained strong. In the IT service field, performance was generally good despite the lasting impact of the COVID-

19 pandemic on the healthcare business.

V. Others (including the engineering business, the orthopedic implantable devices business, and the regenerative medicine business)

Net sales were 30.5 billion yen, an increase of 0.9 billion yen (3.1%) year on year, while operating loss increased by 0.1 billion yen year on year to 2.4 billion yen.

The orthopedic implantable devices business, which encompasses artificial joints and absorbable osteosynthesis materials, achieved a net-sales increase year on year due to its acquisition of the spine and trauma business from KiSCO Co., Ltd. in February 2022 and good sales of artificial joints.

Japan Tissue Engineering Co., Ltd. (hereinafter, "J-TEC"), which is engaged in the regenerative medicine business, achieved a sales increase in its Custom Development & Manufacturing Business but experienced a sales decrease in its Regenerative Medicine Business and R&D Support Business, resulting in a decrease in total net sales year on year. In March 2023, J-TEC obtained approval for the manufacturing and marketing of *JACEMIN*, autologous cultured epidermis containing melanocyte, as a new treatment for stable vitiligo.

(2) Analysis of Assets, Liabilities and Net Assets

Total assets at the end of the current consolidated fiscal year increased by 34.9 billion yen from the end of the previous consolidated fiscal year to 1,242.4 billion yen.

Current assets increased by 41.3 billion yen from the end of the previous consolidated fiscal year due to changes in cash, deposits, accounts receivable, inventory, and other current assets.

As for fixed assets, it decreased by 6.5 billion yen from the end of the previous consolidated fiscal year. Although tangible fixed assets increased by 32.3 billion yen due to capital investment exceeding depreciation, goodwill that was recognized for the investment into Teijin Automotive Technologies NA Holdings Corp. was fully impaired by 15.9 billion yen, and sales rights increased for type 2 diabetes treatments from Takeda Pharmaceutical Company Limited was amortized by 14.9 billion yen.

Liabilities increased by 48.6 billion yen from the end of the previous consolidated fiscal year to 791.3 billion yen. Interest-bearing debt increased by 44.3 billion yen, mainly due to the increase of the demand of funds.

Net assets decreased by 13.7 billion yen from the end of the previous consolidated fiscal year to 451.1 billion yen. This was mainly due to the recording of loss of 17.7 billion yen attributable to owners of the parent while there is the increase in foreign currency translation adjustment accounts due to the depreciation of the yen against major currencies.

As a result, the debt-to-equity ratio was 1.2 times and the equity ratio was 34.2%. (At the end of the previous consolidated fiscal year, the debt-to-equity ratio was 1.1 times and the equity ratio was 36.4%)

The conversion rates of balance sheets at the end of the current consolidated fiscal year are 134 yen / US dollar, 146 yen / euro, and 1.09 US dollars / euro (122 yen / US dollar, 137 yen / euro, 1.12 US dollars / euro at the end of the previous consolidated fiscal year).

(3) Analysis of Cash Flows

Cash flows from operating activities for the current consolidated fiscal year was income of 55.1 billion yen. This mainly included recording income excluding noncash expenses, while working capital increased. (Income of 89.7 billion yen in

the previous consolidated fiscal year).

Cash flows from investing activities was expenditure of 52.4 billion yen, mainly due to capital investments in increasing the production capacity of the aramid business and the composites business, while income from the sale of investment securities and tangible fixed assets were received. (Expenditure of 198.4 billion yen in the previous consolidated fiscal year).

As a result, free cash flow, which is the sum of operating activities and investment activities, was income of 2.7 billion yen (Expenditure of 108.7 billion yen in the previous consolidated fiscal year).

Cash flows from financing activities was income of 7.2 billion yen, mainly due to income from short-term and long-term borrowings, while dividends were paid. (Income of 71.1 billion yen in the previous consolidated fiscal year)

As a result, the final increase in cash and cash equivalents in the current consolidated fiscal year was 9.6 billion yen, including the conversion difference for cash and cash equivalents.

(4) Outlook for FY2023

As declared in the Teijin Group Reforms for Profitability Improvement, announced in February 2023, the Teijin Group will prioritize profitability improvement for FY2023 to return to growth in the future. Under a new management structure designed to promote faster management decision making and execution, the Group will devote all-out efforts to profitability improvement mainly in the composites business, the aramid business, and the Healthcare Business, which are identified as three underperforming businesses in the abovementioned document. Our full-term consolidated financial forecast estimates net sales of 1,050.0 billion yen (a 3.1% increase year on year), operating income of 35.0 billion yen (a 172.1% increase), ordinary income of 31.0 billion yen (a 240.7% increase), and profit attributable to owners of parent of 13.0 billion yen (loss attributable to owners of parent of ¥17.7 billion in the previous fiscal year).

We also forecast that ROE, an important management indicator, will be 3% and ROIC based on operating income will be 4%.

These forecasts assume average exchange rates for FY2023 of 135 yen to US\$ and 140 yen to EUR, and an average Dubai crude oil price of US\$ 80 per barrel.

(Billions of yen)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent
FY2023 forecast (A)	1,050.0	35.0	31.0	13.0
FY2022 (B)	1,018.8	12.9	9.1	(17.7)
Change (A-B)	+31.2	+22.1	+21.9	+30.7
Percentage change	+3.1%	+172.1%	+240.7%	-

(For reference) Forecast for Segment Results

(Billions of yen)

	FY2022		FY2023 forecast	
	Net sales	Operating income	Net sales	Operating income
Materials	456.0	(20.4)	470.0	11.0
Healthcare	152.4	23.5	140.0	16.5
Fibers & Products Converting	321.8	10.0	315.0	10.0
IT	58.0	8.1	65.0	9.0
Others	30.5	(2.4)	60.0	(3.5)
Elimination and Corporate	-	(5.9)	-	(8.0)
Consolidated total	1,018.8	12.9	1,050.0	35.0

(For reference) Historical Key Financial Indicators

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023 (Forecast)
ROE (%)	11.2%	6.3%	-1.7%	5.5%	-4.1%	3%
ROIC based on operating income (%)	9.3%	8.7%	8.6%	5.5%	1.6%	4%
Operating income (Billions of yen)	60.0	56.2	54.9	44.2	12.9	35.0

Note:

ROE= Profit attributable to owners of parent / Average* total shareholders' equity

ROIC based on operating income = Operating income / Average* invested capital

(Net assets + Interest-bearing debt – Cash and deposits)

*Average: ((Beginning balance + Ending balance) / 2)

ROIC based on operating income for FY2021 is calculated with the invested capital at the beginning of the fiscal year including an increase due to the takeover of the sales rights for diabetes treatments.

2. Basic Policy on Selection of Financial Reporting Standards

As we accelerate our global business development, we plan to adopt International Financial Reporting Standards (IFRS) voluntarily from the first quarter of the fiscal year ending March 31, 2025, to enhance the international comparability of our financial information, improve convenience for our stakeholders, and establish a global management foundation by unifying accounting standards in the Group.

Italicized product and service names in this report are trademarks or registered trademarks of the Teijin Group in Japan and/or other countries, or, where noted, are protected as the trademarks and/or trade names of other companies.

3. Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	FY2021 (As of Mar. 31, 2022)	FY2022 (As of Mar. 31, 2023)
< Assets >		
Current assets		
Cash and deposits	134,480	142,780
Notes	13,928	13,880
Accounts receivable-trade	177,374	169,668
Merchandise and finished goods	103,399	125,878
Work in process	13,680	15,596
Raw materials and supplies	47,541	55,252
Short-term loans receivable	17,073	11,298
Other current assets	64,910	79,451
Allowance for doubtful accounts	(389)	(462)
Total	571,996	613,341
Noncurrent assets		
Tangible assets		
Buildings and structures, net	73,378	76,961
Machinery and equipment, net	116,984	145,266
Land	43,255	43,855
Construction in progress	43,508	34,796
Other, net	38,388	46,979
Total	315,514	347,857
Intangible assets		
Goodwill	29,920	13,987
Sales rights	119,297	104,373
Other	41,535	42,190
Total	190,752	160,550
Investments and other assets		
Investment securities	85,014	82,139
Long-term loans receivable	2,257	2,453
Net defined benefit asset	8,289	7,967
Deferred tax assets	5,002	4,700
Other	30,006	24,613
Allowance for doubtful accounts	(1,247)	(1,185)
Total	129,321	120,686
Total noncurrent assets	635,586	629,093
Total assets	1,207,583	1,242,433

(Millions of yen)

	FY2021 (As of Mar. 31, 2022)	FY2022 (As of Mar. 31, 2023)
< Liabilities >		
Current liabilities		
Notes and accounts payable-trade	101,183	103,041
Short-term loans payable	110,524	132,619
Current portion of long-term loans payable	39,185	75,278
Income taxes payable	7,186	5,332
Accrued expenses	25,653	25,100
Other	68,024	73,466
Total	351,756	414,836
Noncurrent liabilities		
Bonds payable	105,000	105,000
Long-term loans payable	215,972	194,332
Net defined benefit liability	37,076	36,124
Asset retirement obligations	1,257	1,278
Lease obligations	12,963	18,933
Deferred tax liabilities	9,568	11,101
Other	9,180	9,745
Total	391,016	376,513
Total liabilities	742,772	791,349
<Net assets>		
Shareholders' equity		
Capital stock	71,833	71,833
Capital surplus	103,757	103,160
Retained earnings	242,332	213,923
Treasury stock	(12,729)	(12,299)
Total	405,192	376,617
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	21,192	20,640
Deferred gains or losses on hedges	(80)	527
Foreign currency translation adjustment	13,549	25,724
Remeasurements of defined benefit plans	(272)	1,474
Total	34,388	48,365
Subscription rights to shares	803	682
Non-controlling interests	24,429	25,420
Total net assets	464,811	451,084
Total liabilities and net assets	1,207,583	1,242,433

(2) Consolidated Statements of Income

(Millions of yen)

	FY2021 (Apr. 2021-Mar. 2022)	FY2022 (Apr. 2022-Mar. 2023)
Net sales	926,054	1,018,751
Cost of sales	655,033	770,615
Gross profit	271,022	248,136
Selling, general and administrative expenses	226,813	235,273
Operating income	44,208	12,863
Non-operating income		
Interest income	468	1,262
Dividends income	1,210	1,300
Equity in earnings of affiliates	5,556	—
Gain on valuation of derivatives	6,509	5,647
Miscellaneous income	1,380	978
Total	15,124	9,187
Non-operating expenses		
Interest expenses	3,252	7,084
Equity in losses of affiliates	—	1,105
Foreign exchange losses	3,811	3,028
Loss on valuation of derivatives	323	129
Contribution	356	247
Miscellaneous loss	1,898	1,357
Total	9,640	12,950
Ordinary income	49,692	9,100
Extraordinary income		
Gain on sales of noncurrent assets	64	5,875
Gain on sales of investment securities	5,738	5,482
Reversal of impairment losses	1,059	2,349
Other	846	222
Total	7,707	13,928
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	2,088	1,845
Loss on valuation of investment securities	515	3,703
Impairment loss	8,915	16,879
Loss related to COVID-19	—	317
Other	1,816	1,775
Total	13,334	24,518
Income (loss) before income taxes	44,065	(1,490)
Income taxes - current	14,797	12,109
Income taxes - deferred	3,302	2,228
Total	18,099	14,337
Profit (loss)	25,966	(15,827)
Profit attributable to non-controlling interests	2,808	1,868
Profit (loss) attributable to owners of parent	23,158	(17,695)

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	FY2021 (Apr. 2021-Mar. 2022)	FY2022 (Apr. 2022-Mar. 2023)
Profit (loss)	25,966	(15,827)
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,208)	(607)
Deferred gains or losses on hedges	(688)	608
Foreign currency translation adjustment	19,364	11,845
Remeasurements of defined benefit plans, net of tax	1,255	1,688
Share of other comprehensive income of affiliates accounted for using equity method	1,291	382
Total	20,013	13,916
Comprehensive income	45,979	(1,910)
Comprehensive income attributable to :		
Owners of parent	43,742	(3,718)
Non-controlling interests	2,237	1,807

(3) Consolidated Statement of Changes in Net Assets

FY2021 (Apr. 2021 - Mar. 2022)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2021	71,833	103,756	229,805	(13,047)	392,346
Cumulative effects of changes in accounting policies			(461)		(461)
Restated balance	71,833	103,756	229,344	(13,047)	391,885
Changes of items during the period					
Dividends from surplus			(10,082)		(10,082)
Profit (loss) attributable to owners of parent			23,158		23,158
Purchase of treasury stock				(19)	(19)
Disposal of treasury stock		(37)		127	90
Restricted stock compensation		(51)		209	158
Transfer of loss on disposal of treasury shares		89	(89)		—
Change in treasury shares of parent arising from transactions with non-controlling shareholders		1			1
Net changes of items other than shareholders' equity					
Total	—	1	12,987	318	13,306
Balance at March 31, 2022	71,833	103,757	242,332	(12,729)	405,192

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total			
Balance as of March 31, 2021	21,840	607	(7,087)	(1,557)	13,804	899	23,316	430,364
Cumulative effects of changes in accounting policies							(335)	(796)
Restated balance	21,840	607	(7,087)	(1,557)	13,804	899	22,981	429,569
Changes of items during the period								
Dividends from surplus								(10,082)
Profit (loss) attributable to owners of parent								23,158
Purchase of treasury stock								(19)
Disposal of treasury stock								90
Restricted stock compensation								158
Transfer of loss on disposal of treasury shares								—
Change in treasury shares of parent arising from transactions with non-controlling shareholders								1
Net changes of items other than shareholders' equity	(649)	(688)	20,636	1,285	20,584	(96)	1,448	21,936
Total	(649)	(688)	20,636	1,285	20,584	(96)	1,448	35,242
Balance at March 31, 2022	21,192	(80)	13,549	(272)	34,388	803	24,429	464,811

(3) Consolidated Statement of Changes in Net Assets

FY2022 (Apr. 2022 - Mar. 2023)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2022	71,833	103,757	242,332	(12,729)	405,192
Changes of items during the period					
Dividends from surplus			(10,571)		(10,571)
Profit (loss) attributable to owners of parent			(17,695)		(17,695)
Purchase of treasury stock				(5)	(5)
Disposal of treasury stock		(41)		155	114
Restricted stock compensation		(101)		281	180
Transfer of loss on disposal of treasury shares		142	(142)		—
Capital increase of consolidated subsidiaries		(597)			(597)
Change in treasury shares of parent arising from transactions with non-controlling shareholders		0			0
Net changes of items other than shareholders' equity					
Total	—	(597)	(28,408)	431	(28,574)
Balance at March 31, 2023	71,833	103,160	213,923	(12,299)	376,617

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total			
Balance as of March 31, 2022	21,192	(80)	13,549	(272)	34,388	803	24,429	464,811
Changes of items during the period								
Dividends from surplus								(10,571)
Profit (loss) attributable to owners of parent								(17,695)
Purchase of treasury stock								(5)
Disposal of treasury stock								114
Restricted stock compensation								180
Transfer of loss on disposal of treasury shares								—
Capital increase of consolidated subsidiaries								(597)
Change in treasury shares of parent arising from transactions with non-controlling shareholders								0
Net changes of items other than shareholders' equity	(552)	608	12,175	1,746	13,977	(121)	991	14,847
Total	(552)	608	12,175	1,746	13,977	(121)	991	(13,727)
Balance at March 31, 2023	20,640	527	25,724	1,474	48,365	682	25,420	451,084

(4) Consolidated Statements of Cash Flows

(Million yen)

	FY2021 (Apr. 2021-Mar. 2022)	FY2022 (Apr. 2022-Mar. 2023)
Cash flows from operating activities		
Income (loss) before income taxes	44,065	(1,490)
Depreciation and amortization	68,816	74,918
Impairment loss	8,915	16,879
Increase (decrease) in net defined benefit liability	663	556
Decrease (increase) in net defined benefit asset	22,782	(54)
Increase (decrease) in allowance for doubtful accounts	65	(33)
Increase (decrease) in provision for business structure improvement	(2,330)	—
Interest and dividends income	(1,677)	(2,562)
Interest expenses	3,252	7,084
Equity in (earnings) losses of affiliates	(5,556)	1,105
Loss (gain) on valuation of derivatives	(6,080)	(5,518)
Loss (gain) on sales and retirement of noncurrent assets	2,023	(4,030)
Loss (gain) on sales of investment securities	(5,571)	(5,468)
Loss (gain) on valuation of investment securities	515	3,703
Decrease (increase) in notes and accounts receivable-trade	(5,794)	16,528
Decrease (increase) in inventories	(16,935)	(26,548)
Increase (decrease) in notes and accounts payable-trade	2,129	(3,055)
Other, net	(5,935)	7,696
Subtotal	103,346	79,712
Interest and dividends income received	6,507	9,409
Interest expenses paid	(3,158)	(6,836)
Extra retirement payments	(2,417)	—
Income taxes paid	(14,622)	(27,199)
Net cash and cash equivalents provided by operating activities	89,656	55,086
Cash flows from investing activities		
Purchase of property, plant and equipment	(60,593)	(51,512)
Proceeds from sales of property, plant and equipment	135	5,908
Purchase of intangible assets	(139,883)	(6,224)
Purchase of investment securities	(4,554)	(4,462)
Proceeds from sales of investment securities	9,596	7,491
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(675)
Decrease (increase) in short-term loans receivable	(2,263)	(1,643)
Other, net	(813)	(1,309)
Net cash and cash equivalents used in investing activities	(198,375)	(52,427)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	9,423	16,223
Proceeds from issuance of bonds	90,000	—
Redemption of bonds	(20,000)	—
Proceeds from long-term loans payable	23,529	41,500
Repayment of long-term loans payable	(16,439)	(37,150)
Purchase of treasury shares	(18)	(5)
Cash dividends paid	(10,082)	(10,571)
Cash dividends paid to non-controlling interests	(953)	(1,315)
Other, net	(4,346)	(1,501)
Net cash and cash equivalents provided by financing activities	71,113	7,180
Effect of exchange rate changes on cash and cash equivalents	1,841	(658)
Net increase (decrease) in cash and cash equivalents	(35,764)	9,182
Cash and cash equivalents at beginning of period	166,455	130,696
Increase in cash and cash equivalents resulting from change of scope of consolidation	—	428
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	5	—
Cash and cash equivalents at end of period	130,696	140,307

4. Segment and Other Information

Notes Pertaining to Going Concern Assumption:

None

Changes in Accounting Policies:

(Application of the Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Company has adopted the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021) from the beginning of the current consolidated fiscal year and will apply the new accounting policies stipulated in the Implementation Guidance on Accounting Standard for Fair Value Measurement in accordance with the transitional treatment stipulated in Paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement in the future.

This change in accounting policy has no impact on the consolidated financial statements.

(Application of ASC No. 842 "Leases")

Starting from the end of current consolidated fiscal year, affiliated companies overseas that apply U.S. GAAP have adopted "Leases" (ASC No. 842). In principle, all operating leases (as lessee) under the previous ASC No. 840 are recognized as assets and liabilities on the consolidated balance sheet. In adopting this accounting standard, the cumulative effect is recognized at the date of adoption in accordance with the provisions regarding transitional treatment.

As a result, "Other, net" under tangible assets increased by 6,964 million yen, "Other" under current liabilities increased by 1,302 million yen, and "Lease obligations" under non-current liabilities increased by 5,662 million yen.

Change in Presentation:

(Consolidated Statements of Income)

In the "Non-operating income" and "Non-operating expenses" sections, "Gain on investments in partnerships" and "Loss on investments in partnerships" which were presented separately in the previous consolidated fiscal year are now included as "Miscellaneous income" and "Miscellaneous loss" respectively from the current consolidated fiscal year due to a decrease in financial materiality.

As a result, in the "Non-operating income" section, 117 million yen that was presented as "Gain on investments in partnerships" in the previous consolidated fiscal year is now presented as "Miscellaneous income", and in the "Non-operating expenses" section, 24 million yen that was presented as "Loss on investments in partnerships" in the previous consolidated fiscal year is now presented as "Miscellaneous loss".

Additional Information:

(Application of Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System)

Starting from the beginning of the current consolidated fiscal year, the Company and some of its consolidated subsidiaries in Japan have shifted from the consolidated taxation system to the group tax-sharing system. As a result of this change, the Company accounts for and discloses corporate and local income taxes and tax-effect accounting according to the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (PITF No. 42, August 12, 2021, hereinafter referred to as "PITF No. 42"). In accordance with paragraph 32 (1) of PITF No. 42, the Company deems that the change in the accounting policy by adopting PITF No. 42 has no impact on the consolidated financial statements.

(Fire)

On December 3, 2022, a fire occurred at the raw material plant of Teijin Aramid B.V. Due to the damage, the sales volume and the plant operating rate decreased, which impacted the current consolidated fiscal year's results of the

Materials Segment. The restoration costs and other expenses related to the fire of 980 million yen incurred in the current consolidated fiscal year are recorded as an extraordinary loss on the consolidated income statement.

The Group has insurance against damage caused by fire. However, the impact of the fire is still under investigation, and the amount and payment timing of insurance proceeds have not been determined at this time. Accordingly, insurance proceeds are not recognized in the current consolidated fiscal year.

Segment Information, etc.

(1) Segment Information

1) Outline of segments

The Company's reportable operating segments are components of an entity for which separate financial information is available and evaluated regularly by its chief decision-making authority in determining the allocation of management resources and in assessing performance.

The Company currently divides its operations into business fields, based on type of product, nature of business and services provided.

The business fields formulate product and service strategies in a comprehensive manner in Japan and overseas. Accordingly, the Company divides its operations into reportable operating segments on the same basis as it uses internally, so the Company sets the four reportable segments, which is "Materials", "Healthcare", "Fibers & Products Converting" and "IT".

"Materials" involves the production and sale of aramid fibers, polycarbonate resin, carbon fibers, and composites, while "Healthcare" includes the production and sale of pharmaceuticals and the provision of home healthcare services. "Fibers & Products Converting" involves the production and sale of polyester fibers, textiles apparel, industrial textiles, etc., while "IT" includes the provision of operating, developing, and maintaining information systems and E-comics distribution services.

In current consolidated fiscal year, the orthopedic implantable devices business, in which Teijin Nakashima Medical Co., Ltd. and Teijin Medical Technologies Co., Ltd. are mainly engaged, was transferred from the "Healthcare" segment to the "Others" segment. This business is positioned as a new business that will be fostered and enhanced from a Group-wide and long-term perspective. In these financial statements, the figures concerning the relevant segments for the previous fiscal year are those recalculated in accordance with the new segment categorization for comparison purposes.

2) Accounting methods used to calculate segment income (loss), segment assets and other items for reportable segments

Segment income (loss) for reportable segments is based on operating income (loss).

Amounts for intersegment transactions or transfers are calculated based on market prices or on prices determined using the cost-plus method.

3) Segment income (loss), segment assets and other items for reportable segments

FY2021 results (Apr. 2021 - Mar. 2022)

(Millions of yen)

	Reportable operating segments					Others ¹	Total
	Materials	Healthcare	Fibers & Products Converting	IT	Subtotal		
Sales							
1) External customers	385,106	175,095	282,460	53,772	896,434	29,620	926,054
2) Intersegment transactions or transfers	12,430	15	2,260	6,856	21,561	3,699	25,259
Net sales	397,536	175,110	284,720	60,628	917,994	33,319	951,313
Segment income(loss)	(5,708)	43,280	5,641	9,703	52,916	(2,271)	50,645
Segment asset	522,182	260,054	204,173	58,471	1,044,881	88,507	1,133,388
Other items							
Depreciation ²	27,071	26,309	6,458	1,111	60,950	2,318	63,268
Amortization of goodwill	3,669	—	—	—	3,669	969	4,638
Investments in affiliates accounted for using equity method	1,712	2,016	5,260	7,997	16,985	22,016	39,001
Increase in tangible and intangible fixed assets ²	44,737	145,702	5,493	1,616	197,548	2,157	199,705

(Notes)

- "Others," which includes the engineering business, the orthopedic implantable devices business and the regenerative medicine business, does not qualify as a reportable operating segment.
- Depreciation and Increase in tangible and intangible fixed assets included long-term prepaid expenses and their amortization.

FY2022 results (Apr. 2022 - Mar. 2023)

(Millions of yen)

	Reportable operating segments					Others ¹	Total
	Materials	Healthcare	Fibers & Products Converting	IT	Subtotal		
Sales							
1) External customers	456,032	152,377	321,783	58,027	988,219	30,532	1,018,751
2) Intersegment transactions or transfers	10,767	16	2,064	6,930	19,778	4,177	23,955
Net sales	466,799	152,393	323,847	64,957	1,007,997	34,709	1,042,706
Segment income(loss)	(20,409)	23,490	9,972	8,091	21,144	(2,392)	18,752
Segment asset	575,635	228,959	215,213	60,645	1,080,453	90,429	1,170,882
Other items							
Depreciation ²	34,012	26,047	6,899	714	67,672	2,599	70,271
Amortization of goodwill	2,931	59	—	—	2,990	858	3,849
Investments in affiliates accounted for using equity method	1,946	4,105	5,665	7,203	18,919	21,743	40,662
Increase in tangible and intangible fixed assets ²	43,159	8,683	6,195	855	58,893	2,723	61,615

(Notes)

- "Others," which includes the engineering business, the orthopedic implantable devices business and the regenerative medicine business, does not qualify as a reportable operating segment.
- Depreciation and Increase in tangible and intangible fixed assets included long-term prepaid expenses and their amortization.

4) Reconciliation of published figures and aggregates of reportable operating segments

(Millions of yen)

Net sales	FY2021	FY2022
Reportable operating segments	917,994	1,007,997
Others segment	33,319	34,709
Elimination of intersegment transactions	(25,259)	(23,955)
Net sales	926,054	1,018,751

(Millions of yen)

Operating income	FY2021	FY2022
Reportable operating segments	52,916	21,144
Others segment(loss)	(2,271)	(2,392)
Elimination of intersegment transactions	(354)	22
Corporate expenses*	(6,082)	(5,912)
Operating income	44,208	12,863

(Notes)

Corporate expenses are expenses that cannot be allocated to individual reportable operating segments and are primarily related to head office administration.

(Millions of yen)

Assets	FY2021	FY2022
Reportable operating segments	1,044,881	1,080,453
Others segment	88,507	90,429
Corporate assets not allocated to segments*	144,443	139,826
Other	(70,248)	(68,274)
Total assets	1,207,583	1,242,433

(Notes)

Corporate assets are assets that cannot be allocated to individual reportable operating segments and are primarily related to investments of the parent company in "Cash and time deposits" and "Investments in securities" etc.

(Millions of yen)

Other items	Total for reportable operating segments		Others		Adjustment		Consolidated total	
	FY2021	FY2022	FY2021	FY2022	FY2021	FY2022	FY2021	FY2022
Depreciation	60,950	67,672	2,318	2,599	909	798	64,178	71,069
Amortization of goodwill	3,669	2,990	969	858	—	—	4,638	3,849
Investments in affiliates accounted for using equity method	16,985	18,919	22,016	21,743	—	—	39,001	40,662
Increase in tangible fixed assets and intangible fixed assets	197,548	58,893	2,157	2,723	1,096	885	200,801	62,501

(2) Related Information**1) FY2021 results (Apr. 2021 - Mar. 2022)****Information by product/service**

Sales to external customers (Millions of yen)

High-performance materials	Composites	Healthcare	Fibers & Products Converting	IT	Others	Total
273,525	111,581	175,095	282,460	53,772	29,620	926,054

Note: The High-performance materials category involves the production and sale of aramid fibers, polycarbonate resin, carbon fibers.

Information by geographical segment

I. Sales

(Millions of yen)

	Reporting Segment					Others ²	Total
	Materials	Healthcare	Fibers & Products Converting	IT	Subtotal		
Japan	52,747	168,104	171,833	52,102	444,785	27,694	472,479
PRC	89,249	1,018	50,427	4	140,698	931	141,629
U.S.	113,481	3,206	7,625	1,517	125,829	1	125,830
Asia	49,608	1,267	34,011	127	85,013	929	85,942
Americas ³ (ex-U.S.)	21,429	98	945	—	22,472	21	22,493
Europe, others ⁴	58,592	1,402	17,620	23	77,637	45	77,681
Total	385,106	175,095	282,460	53,772	896,434	29,620	926,054

(Notes)

- Geographical segments are determined based on the country/region of domicile of customers.
- "Others," which includes the engineering business, the orthopedic implantable devices business and the regenerative medicine business, does not qualify as a reportable operating segment.
- "Americas" are North American and Latin American countries excluding the United States.
- "Europe, others" includes the Middle East, Africa and Oceania.
- We do not separate the revenue recognized from the contract with the customer from the revenue generated from other sources because the amount of revenue generated from other sources is insignificant.

II. Tangible fixed assets

(Millions of yen)

Japan	U.S.	Netherlands	PRC	Asia	Europe	Americas (ex-U.S.)	Total
116,022	65,791	64,025	23,823	22,944	18,991	3,919	315,514

Information by major customer

Omitted as no single customer accounts for more than 10% of consolidated net sales as reported in the Consolidated Statements of Income.

2) FY2022 results (Apr. 2022 - Mar. 2023)

Information by product/service

Sales to external customers (Millions of yen)

High-performance materials	Composites	Healthcare	Fibers & Products Converting	IT	Others	Total
292,200	163,831	152,377	321,783	58,027	30,532	1,018,751

Note: The High-performance materials category involves the production and sale of aramid fibers, polycarbonate resin, carbon fibers.

Information by geographical segment

I. Sales

(Millions of yen)

	Reporting Segment					Others ²	Total
	Material	Healthcare	Fibers & Products Converting	IT	Subtotal		
Japan	51,352	145,001	190,013	56,193	442,559	27,357	469,916
PRC	87,015	717	53,908	0	141,641	1,216	142,857
U.S.	162,031	335	11,024	1,736	175,126	0	175,126
Asia	51,094	1,303	43,477	71	95,944	1,902	97,846
Americas ³ (ex-U.S.)	30,429	107	952	—	31,487	14	31,501
Europe, others ⁴	74,111	4,914	22,409	28	101,462	43	101,505
Total	456,032	152,377	321,783	58,027	988,219	30,532	1,018,751

(Notes)

- Geographical segments are determined based on the country/region of domicile of customers.
- "Others," which includes the engineering business, the orthopedic implantable devices business and the regenerative medicine business, does not qualify as a reportable operating segment.
- "Americas" are North American and Latin American countries excluding the United States.
- "Europe, others" includes the Middle East, Africa and Oceania.
- We do not separate the revenue recognized from the contract with the customer from the revenue generated from other sources because the amount of revenue generated from other sources is insignificant.

II. Tangible fixed assets

(Millions of yen)

Japan	U.S.	Netherlands	PRC	Asia	Europe	Americas (ex-U.S.)	Total
115,478	80,363	70,732	26,696	27,852	20,430	6,305	347,857

Information by major customer

Omitted as no single customer accounts for more than 10% of consolidated net sales as reported in the Consolidated Statements of Income.

(3) Loss on Impairment by Reportable Segment

1) FY2021 results (Apr. 2021 - Mar. 2022)

(Millions of yen)

	Materials	Healthcare	Fibers & Products Converting	IT	Others	Elimination and corporate	Total
Impairment loss	7,300	184	1,118	43	—	269	8,915

2) FY2022 results (Apr. 2022 - Mar. 2023)

(Millions of yen)

	Materials	Healthcare	Fibers & Products Converting	IT	Others	Elimination and corporate	Total
Impairment loss	15,888	140	1	80	—	771	16,879

(4) Goodwill by Reportable Segment

1) FY2021 results (Apr. 2021 - Mar. 2022)

(Millions of yen)

	Materials	Healthcare	Fibers & Products Converting	IT	Others	Elimination and corporate	Total
Amortization of goodwill in FY2021	3,669	—	—	—	969	—	4,638
Balance as of March 31, 2022	18,481	—	—	—	11,439	—	29,920

Note: "Others," relates to the orthopedic implantable devices business and the regenerative medicine business.

2) FY2022 results (Apr. 2022 - Mar. 2023)

(Millions of yen)

	Materials	Healthcare	Fibers & Products Converting	IT	Others	Elimination and corporate	Total
Amortization of goodwill in FY2022	2,931	59	—	—	858	—	3,849
Balance as of March 31, 2023	2,872	534	—	—	10,581	—	13,987

Note: "Others," relates to the orthopedic implantable devices business and the regenerative medicine business.

(5) Information on gains on negative goodwill by Reportable Segment

1) FY2021 results (Apr. 2021 - Mar. 2022)

The description is omitted because it is not important.

2) FY2022 results (Apr. 2022 - Mar. 2023)

None

Significant Subsequent Event:

Not Applicable.