

# Consolidated Financial Statements Summary

(For the three months ended June 30, 2023)

English translation from the original Japanese-language document

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



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Company name : **TEIJIN LIMITED** (Stock code 3401)

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(Amounts rounded to the nearest million yen)

## 1. Highlight of the First quarter of FY2023 (April 1, 2023 through June 30, 2023)

### (1) Consolidated financial results

(Percentages are year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
For the three months ended June 30, 2023	244,841	0.4	4,219	-60.8	4,998	-65.0	1,857	-74.5
For the three months ended June 30, 2022	243,834	7.9	10,771	-37.6	14,287	-22.6	7,270	-25.8

cf. Comprehensive income for the three months ended June 30, 2023 : 23,265 million yen (For the three months ended June 30, 2022 : 21,134 million yen)

	E.P.S. *	Diluted E.P.S.
	Yen	Yen
For the three months ended June 30, 2023	9.65	9.64
For the three months ended June 30, 2022	37.84	37.77

\* E.P.S.: Earnings per share

### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of June 30, 2023	1,302,789	471,287	34.2
As of March 31, 2023	1,242,433	451,084	34.2

cf. Shareholders' equity as of June 30, 2023 : 445,282 million yen (As of March 31, 2023 : 424,983 million yen)

## 2. Dividends

Period	Dividends per share				
	1Q	2Q	3Q	4Q	Annual
	Yen	Yen	Yen	Yen	Yen
FY2022	—	27.50	—	12.50	40.00
FY2023	—	—	—	—	—
FY2023 (Outlook)	—	15.00	—	15.00	30.00

Note: Revision of outlook for dividends in the First quarter: No

## 3. Forecast for operating results in the year ending March 31, 2024 (FY2023)

(Percentages are year-on-year changes)

	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 annual	1,050,000	3.1	35,000	172.1	31,000	240.7	13,000	—	67.62

Note: Revision of outlook for FY2023 consolidated operating results in the First quarter: No

## 4. Appropriate Use of Forecasts and Other Information and Other Matters

### (1) Cautionary statement on forward-looking statements

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.

# 1. Financial Statements

(For the three months ended June 30, 2023)

## ( 1 ) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
<b>&lt; Assets &gt;</b>		
<b>Current assets</b>		
Cash and deposits	142,780	152,216
Notes and accounts receivable - trade, and contract assets	186,460	181,754
Merchandise and finished goods	125,878	137,909
Work in process	15,596	17,717
Raw materials and supplies	55,252	59,688
Other current assets	87,837	105,561
Allowance for doubtful accounts	(462)	(617)
<b>Total</b>	<b>613,341</b>	<b>654,226</b>
<b>Noncurrent assets</b>		
<b>Tangible assets</b>		
Buildings and structures, net	76,961	79,165
Machinery and equipment, net	145,266	147,632
Other, net	125,629	136,889
<b>Total</b>	<b>347,857</b>	<b>363,687</b>
<b>Intangible assets</b>		
Goodwill	13,987	14,425
Other	146,563	144,278
<b>Total</b>	<b>160,550</b>	<b>158,703</b>
<b>Investments and other assets</b>		
Investment securities	82,139	85,209
Other	39,732	42,279
Allowance for doubtful accounts	(1,185)	(1,314)
<b>Total</b>	<b>120,686</b>	<b>126,173</b>
<b>Total noncurrent assets</b>	<b>629,093</b>	<b>648,563</b>
<b>Total assets</b>	<b>1,242,433</b>	<b>1,302,789</b>

(For the three months ended June 30, 2023)

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
<b>&lt; Liabilities &gt;</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	103,041	100,499
Short-term loans payable	132,619	168,945
Current portion of long-term loans payable	75,278	80,925
Income taxes payable	5,332	3,683
Other	98,565	90,787
<b>Total</b>	<b>414,836</b>	<b>444,839</b>
<b>Noncurrent liabilities</b>		
Bonds payable	105,000	105,060
Long-term loans payable	194,332	198,238
Net defined benefit liability	36,124	36,553
Asset retirement obligations	1,278	1,280
Other	39,779	45,533
<b>Total</b>	<b>376,513</b>	<b>386,664</b>
<b>Total liabilities</b>	<b>791,349</b>	<b>831,502</b>
<b>&lt;Net assets&gt;</b>		
<b>Shareholders' equity</b>		
Capital stock	71,833	71,833
Capital surplus	103,160	103,157
Retained earnings	213,923	213,373
Treasury stock	(12,299)	(12,286)
<b>Total</b>	<b>376,617</b>	<b>376,076</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	20,640	21,913
Deferred gains or losses on hedges	527	2,316
Foreign currency translation adjustment	25,724	42,532
Remeasurements of defined benefit plans	1,474	2,444
<b>Total</b>	<b>48,365</b>	<b>69,205</b>
<b>Subscription rights to shares</b>	<b>682</b>	<b>664</b>
<b>Non-controlling interests</b>	<b>25,420</b>	<b>25,341</b>
<b>Total net assets</b>	<b>451,084</b>	<b>471,287</b>
<b>Total liabilities and net assets</b>	<b>1,242,433</b>	<b>1,302,789</b>

(For the three months ended June 30, 2023)

**( 2 ) Consolidated Statements of Income**

(Millions of yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
<b>Net sales</b>	<b>243,834</b>	<b>244,841</b>
Cost of sales	174,922	179,757
<b>Gross profit</b>	<b>68,911</b>	<b>65,083</b>
Selling, general and administrative expenses	58,140	60,864
<b>Operating income</b>	<b>10,771</b>	<b>4,219</b>
Non-operating income		
Interest income	170	570
Dividends income	548	493
Equity in earnings of affiliates	1,233	—
Gain on valuation of derivatives	7,135	6,360
Miscellaneous income	674	808
Total	9,759	8,231
Non-operating expenses		
Interest expenses	1,093	3,577
Foreign exchange losses	4,440	2,598
Loss on valuation of derivatives	390	386
Equity in losses of affiliates	—	511
Miscellaneous loss	321	379
Total	6,243	7,452
<b>Ordinary income</b>	<b>14,287</b>	<b>4,998</b>
Extraordinary income		
Gain on sales of noncurrent assets	8	7
Gain on sales of investment securities	1,093	2,352
Other	—	404
Total	1,102	2,763
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	372	111
Loss on valuation of investment securities	163	184
Impairment loss	2	—
Loss related to COVID-19	315	—
Other	48	215
Total	900	509
<b>Income before income taxes</b>	<b>14,489</b>	<b>7,252</b>
Income taxes	6,742	4,813
<b>Profit</b>	<b>7,747</b>	<b>2,439</b>
Profit attributable to non-controlling interests	477	583
<b>Profit attributable to owners of parent</b>	<b>7,270</b>	<b>1,857</b>

(For the three months ended June 30, 2023)

**(Consolidated Statements of Comprehensive Income)**

(Millions of yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
<b>Profit</b>	<b>7,747</b>	<b>2,439</b>
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	(1,983)	1,306
Deferred gains or losses on hedges	(871)	1,789
Foreign currency translation adjustment	15,249	16,115
Remeasurements of defined benefit plans, net of tax	149	982
Share of other comprehensive income of associates accounted for using equity method	843	634
<b>Total</b>	<b>13,387</b>	<b>20,826</b>
<b>Comprehensive income</b>	<b>21,134</b>	<b>23,265</b>
Comprehensive income attributable to :		
Owners of parent	20,954	22,646
Non-controlling interests	179	619

## **2. Segment and Other Information**

### **Notes Pertaining to Going Concern Assumption:**

None

### **Notes on Significant Changes in Shareholders' Equity:**

None

### **Adoption of special quarterly accounting methods:**

Certain of the consolidated subsidiaries of the Company have adopted a method for estimating in practical terms the effective tax rate for the fiscal year, including for the three months ended June 30, 2023, following the application of tax effect accounting to income before income taxes, and multiplying this by quarterly income before income taxes to estimate quarterly tax expense.

## Segment information

( 1 ) Results of the First quarter of FY2022 (April 1, 2022 through June 30, 2022)

1 ) Segment sales and operating income (loss)

(Millions of yen)

	Reportable operating segments					Others*	Total
	Materials	Fibers & Products Converting	Healthcare	IT	Subtotal		
Sales							
1) External customers	103,917	73,651	43,144	12,891	233,604	10,230	243,834
2) Intersegment transactions or transfers	2,817	528	0	1,426	4,771	1,146	5,918
Net sales	106,734	74,179	43,144	14,317	238,375	11,377	249,752
Segment income (loss)	(750)	1,758	11,140	1,523	13,671	(1,194)	12,477

\* "Others", which includes battery & membrane business and regenerative medicine & implantable medical devices business, does not qualify as a reportable operating segment.

2 ) Difference between operating income and sum of operating income (loss) in reportable operating segments

(Adjustment)	(Millions of yen)
Operating income (loss)	Amount
Total reportable operating segments	13,671
Others segment	(1,194)
Elimination of intersegment transactions	(51)
Corporate expenses*	(1,655)
Operating income	10,771

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

3 ) Loss on impairment and goodwill by reportable segments

This item has been omitted because of the low significance.

(2) Results of the First quarter of FY2023 (April 1, 2023 through June 30, 2023)

1) Segment sales and operating income (loss)

(Millions of yen)

	Reportable operating segments					Others*	Total
	Materials	Fibers & Products Converting	Healthcare	IT	Subtotal		
Sales							
1) External customers	105,796	75,551	35,789	16,163	233,299	11,542	244,841
2) Intersegment transactions or transfers	2,537	539	-	1,427	4,503	1,193	5,695
Net sales	108,333	76,091	35,789	17,589	237,801	12,735	250,536
Segment income (loss)	(2,012)	3,111	4,769	1,845	7,714	(1,055)	6,659

\* "Others", which includes battery & membrane business and regenerative medicine & implantable medical devices business, does not qualify as a reportable operating segment.

2) Difference between operating income and sum of operating income (loss) in reportable operating segments

(Adjustment)	(Millions of yen)
Operating income (loss)	Amount
Total reportable operating segments	7,714
Others segment	(1,055)
Elimination of intersegment transactions	(213)
Corporate expenses*	(2,227)
Operating income	4,219

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

3) Changes in reportable segments

Until the end of FY2022, the Materials segment and the Healthcare segment each had a new business division operated under the President, Material Business of Teijin Group, and the President, Healthcare Business of Teijin Group, respectively. In the first quarter of FY2023, these two divisions were transferred to the "Others" segment. The main background to this change was the Teijin Group's ongoing efforts to review its management structure in line with the Teijin Group Reforms for Profitability Improvement, announced in February 2023. As part of these efforts, the two new business divisions were reorganized and integrated into a New Business Development Unit under corporate supervision as a measure to ensure that innovation will be created through cross-functional co-creation under corporate leadership toward the future.

In these financial statements, the figures concerning the relevant segments for the first quarter of the previous fiscal year are those recalculated in accordance with the new segment categorization for comparison purposes.

In addition, starting from the first quarter of FY2023, the reporting segments appear in the financial statements in a different order than before. Therefore, these financial statements also show data for the first quarter of the previous fiscal year in accordance with the new order of appearance of the reporting segments for comparison purposes.

4) Loss on impairment and goodwill by reportable segments

This item has been omitted because of the low significance.



## Significant Subsequent Event:

(Change in a Consolidated Subsidiary (Share Transfer))

Please refer to the timely disclosure “Notice on Change in a Consolidated Subsidiary (Share Transfer)” dated 7<sup>th</sup> August 2023.

(Disposal of Treasury Shares as “Restricted Stock”)

The Company determined in the resolution of the Board of Directors meeting on June 21, 2023 to dispose of treasury shares as “restricted stock” (hereinafter, “the Disposal of Treasury Shares” or the “Disposal”). The Disposal of Treasury Shares was conducted on July 19, 2023 as follows:

### 1. Overview of the Disposal of Treasury Shares

(1) Disposal date	July 19, 2023
(2) Class and number of shares for Disposal	134,180 ordinary shares of the Company
(3) Disposal price	¥1,387 per share
(4) Total value of Disposal	¥186,107,660
(5) Persons eligible for allotment of shares for disposal, the number thereof, and the number of shares for disposal	Directors (excluding the Chairperson of the Board, Senior Advisor and Outside Directors; hereinafter “Eligible Directors”), 4 persons, 25,235 shares Teijin Group Corporate Officers not concurrently serving as Directors, 11 persons, 39,476 shares Mission Executives, 10 persons, 29,661 shares Executive Officers of overseas Group companies, 13 persons, 39,808 shares
(6) Other	For the Disposal of Treasury Shares, the Company has submitted a securities registration statement in accordance with the Financial Instruments and Exchange Act.

### 2. Purpose and Reasons for Disposal

Based on introduction of the “Restricted Share-based Remuneration Plan” which was approved by resolution of the 155<sup>th</sup> Ordinary General Meeting of Shareholders held on June 23, 2021 and by resolution of the Board of Directors Meeting held on the same day, for the purpose of granting incentives to eligible Directors, Teijin Group Corporate Officers who do not concurrently serve as Directors of the Company, Mission Executives and Executive Officers of overseas Group companies toward achievement of the Company’s Medium-Term Management Plan and increasing corporate value over the medium to long term, as well as further aligning shared values with stakeholders, this disposal was implemented by resolution of the Board of Directors Meeting held on June 21, 2023.