

Consolidated Financial Statements Summary

(For the six months ended September 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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(Amounts rounded to the nearest million yen)

1. Highlight of the Second quarter of FY2023 (April 1, 2023 through September 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 six months ended September 30, 2023	506,504	-0.8	9,951	-30.1	10,028	-49.8	(541)	-
For the six months ended September 30, 2022	510,453	12.6	14,231	-54.8	19,986	-38.7	7,575	-64.9

cf. Comprehensive income for the six months ended September 30, 2023 : 23,930 million yen (For the six months ended September 30, 2022 : 23,956 million yen)

	E.P.S. *	Diluted E.P.S.
	Yen	Yen
For the six months ended September 30, 2023	(2.81)	-
For the six months ended September 30, 2022	39.41	39.34

* E.P.S.: Earnings per share

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of September 30, 2023	1,320,658	472,287	33.7
As of March 31, 2023	1,242,433	451,084	34.2

cf. Shareholders' equity as of September 30, 2023 : 445,664 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	—	15.00	—	—	—
FY2023 (Outlook)	—	—	—	15.00	30.00

Note: Revision of outlook for dividends in the Second 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	1,030,000	1.1	35,000	172.1	31,000	240.7	13,000	—	67.55

Note: Revision of outlook for FY2023 consolidated operating results in the Second quarter: Yes

* For the forecast for operating results in the year ending March 31, 2024 (FY2023), please refer to the "Flash Report - Results of FY2023 2Q & Outlook for FY2023 -" announced today.

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 six months ended September 30, 2023)

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
< Assets >		
Current assets		
Cash and deposits	142,780	155,447
Notes and accounts receivable - trade, and contract assets	186,460	198,019
Merchandise and finished goods	125,878	146,365
Work in process	15,596	17,139
Raw materials and supplies	55,252	64,216
Other current assets	87,837	90,183
Allowance for doubtful accounts	(462)	(721)
Total	613,341	670,648
Noncurrent assets		
Tangible assets		
Buildings and structures, net	76,961	79,329
Machinery and equipment, net	145,266	144,337
Other, net	125,629	146,234
Total	347,857	369,900
Intangible assets		
Goodwill	13,987	14,041
Other	146,563	138,372
Total	160,550	152,414
Investments and other assets		
Investment securities	82,139	87,549
Other	39,732	41,420
Allowance for doubtful accounts	(1,185)	(1,273)
Total	120,686	127,697
Total noncurrent assets	629,093	650,010
Total assets	1,242,433	1,320,658

(For the six months ended September 30, 2023)

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
< Liabilities >		
Current liabilities		
Notes and accounts payable-trade	103,041	104,813
Short-term loans payable	132,619	166,819
Current portion of long-term loans payable	75,278	100,481
Current portion of bonds	—	20,060
Income taxes payable	5,332	4,973
Provision for business structure improvement	—	6,504
Other	98,565	102,537
Total	414,836	506,186
Noncurrent liabilities		
Bonds payable	105,000	85,060
Long-term loans payable	194,332	174,652
Net defined benefit liability	36,124	36,751
Asset retirement obligations	1,278	1,282
Other	39,779	44,440
Total	376,513	342,185
Total liabilities	791,349	848,371
<Net assets>		
Shareholders' equity		
Capital stock	71,833	71,833
Capital surplus	103,160	103,224
Retained earnings	213,923	210,835
Treasury stock	(12,299)	(11,872)
Total	376,617	374,019
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	20,640	21,567
Deferred gains or losses on hedges	527	1,151
Foreign currency translation adjustment	25,724	46,338
Remeasurements of defined benefit plans	1,474	2,588
Total	48,365	71,645
Subscription rights to shares	682	568
Non-controlling interests	25,420	26,055
Total net assets	451,084	472,287
Total liabilities and net assets	1,242,433	1,320,658

(For the six months ended September 30, 2023)

(2) Consolidated Statements of Income

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Net sales	510,453	506,504
Cost of sales	378,910	374,763
Gross profit	131,542	131,742
Selling, general and administrative expenses	117,312	121,791
Operating income	14,231	9,951
Non-operating income		
Interest income	453	1,155
Dividends income	771	642
Equity in earnings of affiliates	2,555	315
Gain on valuation of derivatives	11,414	7,195
Miscellaneous income	1,007	992
Total	16,200	10,299
Non-operating expenses		
Interest expenses	2,736	4,944
Foreign exchange losses	6,642	4,105
Loss on valuation of derivatives	457	558
Miscellaneous loss	610	617
Total	10,445	10,223
Ordinary income	19,986	10,028
Extraordinary income		
Gain on sales of noncurrent assets	14	18
Gain on sales of investment securities	1,249	5,582
Insurance claim income	—	1,636
Other	0	115
Total	1,263	7,351
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	650	376
Loss on valuation of investment securities	282	183
Impairment loss	140	104
Business structure improvement expenses	24	6,515
Loss related to COVID-19	319	—
Other	72	1,483
Total	1,487	8,662
Income before income taxes	19,762	8,716
Income taxes	11,015	7,975
Profit	8,747	742
Profit attributable to non-controlling interests	1,172	1,282
Profit (loss) attributable to owners of parent	7,575	(541)

(For the six months ended September 30, 2023)

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Profit	8,747	742
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,041)	872
Deferred gains or losses on hedges	(3,195)	624
Foreign currency translation adjustment	17,874	20,044
Remeasurements of defined benefit plans, net of tax	319	1,069
Share of other comprehensive income of associates accounted for using equity method	1,253	580
Total	15,210	23,188
Comprehensive income	23,956	23,930
Comprehensive income attributable to :		
Owners of parent	23,008	22,699
Non-controlling interests	948	1,230

(For the six months ended September 30, 2023)

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Cash flows from operating activities		
Income before income taxes	19,762	8,716
Depreciation and amortization	37,229	39,127
Impairment loss	140	104
Increase (decrease) in net defined benefit liability	485	1,205
Decrease (increase) in net defined benefit asset	(27)	(367)
Increase (decrease) in accounts payable-other	(2,622)	(3,757)
Increase (decrease) in provision for business structure improvement	—	6,504
Interest and dividends income	(1,224)	(1,797)
Interest expenses	2,736	4,944
Equity in (earnings) losses of affiliates	(2,555)	(315)
Loss (gain) on sales of investment securities	(1,247)	(5,549)
Loss (gain) on valuation of investment securities	282	183
Insurance claim income	—	(1,636)
Decrease (increase) in notes and accounts receivable-trade	9,872	(1,765)
Decrease (increase) in inventories	(29,475)	(20,130)
Increase (decrease) in notes and accounts payable-trade	2,435	(5,138)
Other, net	5,817	(862)
Subtotal	41,609	19,468
Interest and dividends income received	3,906	4,999
Interest expenses paid	(2,717)	(4,954)
Income taxes (paid) refund	(10,665)	2,441
Proceeds from insurance income	—	1,636
Net cash and cash equivalents provided by operating activities	32,132	23,590
Cash flows from investing activities		
Purchase of property, plant and equipment	(26,736)	(27,839)
Proceeds from sales of property, plant and equipment	50	12
Purchase of intangible assets	(1,364)	(1,780)
Purchase of investment securities	(1,212)	(3,881)
Proceeds from sales of investment securities	1,825	8,857
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(1,332)
Net decrease (increase) in short-term loans receivable	(512)	(683)
Other, net	(1,866)	(926)
Net cash and cash equivalents used in investing activities	(29,815)	(27,573)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	26,853	25,394
Repayment of long-term loans payable	(1,643)	(6,728)
Purchase of treasury shares	(2)	(4)
Cash dividends paid	(5,283)	(2,404)
Cash dividends paid to non-controlling shareholders	(901)	(792)
Other, net	(721)	(1,498)
Net cash and cash equivalents provided by financing activities	18,303	13,969
Effect of exchange rate changes on cash and cash equivalents	3,532	2,491
Net increase (decrease) in cash and cash equivalents	24,153	12,477
Cash and cash equivalents at beginning of period	130,696	140,307
Increase in cash and cash equivalents resulting from change of scope of consolidation	428	—
Cash and cash equivalents at end of period	155,278	152,784

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 six months ended September 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 Second quarter of FY2022 (April 1, 2022 through September 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	222,555	158,525	77,946	27,254	486,280	24,172	510,453
2) Intersegment transactions or transfers	5,134	1,086	0	3,230	9,451	2,471	11,922
Net sales	227,689	159,611	77,946	30,485	495,731	26,643	522,374
Segment income (loss)	(5,768)	5,107	15,300	3,476	18,115	(693)	17,422

* "Others", which includes battery materials & membrane business and regenerative medicine & implantable medical device 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	18,115
Others segment	(693)
Elimination of intersegment transactions	(31)
Corporate expenses*	(3,160)
Operating income	14,231

* 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 Second quarter of FY2023 (April 1, 2023 through September 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	215,524	158,545	70,708	34,226	479,003	27,501	506,504
2) Intersegment transactions or transfers	4,954	1,074	–	3,262	9,290	2,444	11,735
Net sales	220,478	159,620	70,708	37,488	488,293	29,946	518,239
Segment income (loss)	(5,322)	7,045	8,198	4,090	14,011	(530)	13,481

* "Others", which includes battery materials & membrane business and regenerative medicine & implantable medical device 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	14,011
Others segment	(530)
Elimination of intersegment transactions	(37)
Corporate expenses*	(3,493)
Operating income	9,951

* 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 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 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.