

Summary of Consolidated Financial Results for the Year Ended March 31, 2025 [IFRS]

May 12, 2025

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 Scheduled date for dividends payment: June 4, 2025
 Availability of supplementary information for the financial results: Yes
 Organization of briefing on the financial results: Yes (for analysts and institutional investors)

(Amounts rounded to the nearest Millions of yen)

1. Highlight of FY2024 (April 1, 2024 through March 31, 2025)

(1) Consolidated financial results

(Percentages are year-on-year changes)

	Revenue		Adjusted operating income		Operating income (loss)		Profit (Loss) before tax	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2024	1,005,471	4.7	27,594	25.7	(71,828)	—	(78,038)	—
FY2023	960,459	—	21,956	—	(4,912)	—	(5,138)	—

	Profit		Profit attributable to owners of parent		Comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2024	30,310	—	28,347	—	29,055	7.9
FY2023	(8,635)	—	(11,712)	—	26,933	—

Note: Share of profit of investments accounted for using the equity method FY2024: 1,052 million yen (FY2023: 5,259 million yen)

※ Adjusted operating income is calculated by adding share of profit (loss) of investments accounted for using the equity method to operating income and excluding gains and losses due to nonrecurring factors, which include nonrecurring gains and losses such as financial gains and losses and impairment losses in share of profit (loss) of investments accounted for using the equity method.

	Basic earnings per share		Diluted earnings per share		Return on equity
	Yen		Yen		%
FY2024	147.15		147.15		6.7
FY2023	(60.86)		(60.86)		(2.9)

	Return on assets	Adjusted operating income ratio
	%	Yen
FY2024	(6.8)	2.7
FY2023	(0.4)	2.3

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent	Equity attributable to owners of parent per share
	Millions of yen	Millions of yen	Millions of yen	%	Yen
As of March 31, 2025	1,061,272	438,541	431,378	40.6	2,238.40
As of March 31, 2024	1,226,616	436,759	409,507	33.4	2,126.72

(3) Consolidated cash flows

	From operating activities	From investing activities	From financing activities	Cash & cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2024	69,843	52,517	(134,459)	107,538
FY2023	80,595	(56,561)	(43,793)	123,212

2. Dividends

	Dividends per share				
Period	1Q	2Q	3Q	4Q	Annual
	Yen	Yen	Yen	Yen	Yen
FY2023	—	15.00	—	15.00	30.00
FY2024	—	25.00	—	25.00	50.00
FY2025 (outlook)	—	25.00	—	25.00	50.00

Period	Total dividends paid (Annual)	Payout ratio (Consolidated)	Ratio of dividends to equity attributable to owners of parent (Consolidated)
	Millions of yen	%	%
FY2023	5,776	—	1.4
FY2024	9,635	34.0	2.3
FY2025 (outlook)		80.3	

3. Forecast for Operating Results in the Fiscal Year Ending March 31, 2026 (FY 2025)

(Percentages are year-on-year changes)

	Revenue		Adjusted operating income		Operating income		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
FY2025	860,000	(14.5)	35,000	26.8	20,000	—	12,000	(57.7)	62.27

■ Notes

- (1) Significant changes in the scope of consolidation: Yes
 Newly included: None
 Excluded: 1 company (INFOCOM CORPORATION)
- (2) Changes in accounting policies or changes in accounting estimates
 a. Changes in accounting policies required by IFRS: None
 b. Changes in accounting policies due to other reasons: None
 c. Changes in accounting estimates: None
- (3) Number of shares issued (common shares)
 a. Shares issued (including treasury shares) at the end of period
 As of March 31, 2025: 197,953,707 shares
 As of March 31, 2024: 197,953,707 shares
 b. Treasury shares at the end of period
 As of March 31, 2025: 5,236,834 shares
 As of March 31, 2024: 5,400,915 shares
 c. Average shares outstanding during the period
 FY2024: 192,644,994 shares
 FY2023: 192,460,760 shares

Reference: Non-consolidated Financial Results of FY2024 (April 1, 2024 through March 31, 2025)

(1) Non-consolidated financial results (Percentages are year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2024	114,455	(13.4)	(10,924)	—	6,718	(91.0)	(56)	—
FY2023	132,221	(6.1)	4,186	(43.8)	75,058	(34.8)	67,431	—

	E.P.S.	Diluted E.P.S.
	Yen	Yen
FY2024	(0.29)	—
FY2023	350.36	349.93

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity Ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2025	599,697	283,919	47.3	1,472.40
As of March 31, 2024	663,199	293,195	44.2	1,521.24

'cf. Shareholders' equity as of March 31, 2025 : 283,757 million yen (As of March 31, 2024 : 292,919 million yen)

■ Review by certified public accountants or an audit firm for the attached quarterly consolidated financial statements: None

■ Appropriate use of forecast and other information and other matters
 (Adoption of IFRS)

The Teijin Group has adopted IFRS from the current fiscal year, with the transition date being April 1, 2023. Additionally, the consolidated financial statements of the previous fiscal year are also presented by applying IFRS. Please refer to "3. Consolidated Financial Statements (5) Notes to the Consolidated Financial Statements (First-Time Adoption) (Supplementary Information P.21) for the differences of the consolidated financial figures between Japanese Generally Accepted Accounting Principles (hereinafter, "Japanese GAAP") and IFRS.

(Caution regarding all forecasts in this document)

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 FY2025", beginning on page 4.

Supplementary Information

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1. Overview of business results, etc.

(1) Overview of the business results for the period under review

1) Overview

In FY2024, as the global situation became unstable due to the prolonged situation in Ukraine and the outbreak of conflicts in Israel and its surrounding nations, the global economy remained sluggish except for the U.S., where consumer spending remained solid. The future of the global economy remained uncertain primarily due to a slowdown in China's economy resulting from its sluggish real estate market, inflation and high interest rates, and a downturn of European manufacturing industry due to sluggish external demand, in addition to the implications of a shift in the U.S. trade policy following the change of its administration in January 2025.

The Teijin Group announced its Medium-Term Management Plan 2024-2025 in May 2024, and it has been implementing various initiatives under the main goals of the Plan, "Recovering fundamental profitability by completing the profitability improvement measures" and "achieving business portfolio transformation." In FY2024, the Group completed its profitability improvement initiatives mostly in line with the Plan, and narrowed down businesses by executing strategic options. Meanwhile, the Group also faced new issues such as sluggish demand in the Materials Business Field, affected by a slowdown in the economy. While there has been no change in the medium- to long-term policy described in the Medium-Term Management Plan, the Group has been moving swiftly to get back on a growth track and adapt to the current harsh market environment in the short-term, by working on cost reduction, including review of its production system, and taking other necessary measures.

For FY2024, the Teijin Group's revenue amounted to 1,005.5 billion yen, an increase of 4.7% year on year, and adjusted operating income (Note) was 27.6 billion yen, an increase of 25.7% year on year. Operating loss was 71.8 billion yen (ref.: operating loss of 4.9 billion yen for the previous fiscal year) mainly due to the recording of impairment losses for the composites business in North America, while the profit attributable to owners of parent was 28.3 billion yen (ref.: loss of 11.7 billion yen for the previous fiscal year). Adjusted operating income of the Materials Business Field increased due to the realization of additional effects of profitability improvement measures and an increase in sales volume for multiple applications mainly in the aramid business and resin and plastic processing business. Adjusted operating income of the Fibers & Products Converting Business also increased due to robust sales. The Healthcare Business experienced a decrease in adjusted operating income mainly due to the effects of drug price revisions and increased cost attributable to the launch of new home medical devices.

As a result, ROE, an indicator of profitability, was 6.7%, and ROIC was 2.6%. EBITDA, an indicator of the ability to generate cash, was 98.2 billion yen.

Note: Adjusted operating income is calculated by adding share of profit (loss) of investments accounted for using the equity method to operating income and excluding gains and losses due to nonrecurring factors, which include nonrecurring gains and losses such as financial gains and losses and impairment losses in share of profit (loss) of investments accounted for using the equity method.

Please see below for the FY2024 business results by segment. In addition, starting from FY2024, the IT Business, which provides system operation, development and maintenance services, and e-comics distribution services, etc., is classified as discontinued operations.

2) Overview of each business segment

① **Materials Business Field: Factors that contributed to income included the realization of the effects of profitability improvement measures in the composites business, reduced depreciation and amortization as a result of the recording of impairment losses, etc., and an increase in sales volume in the aramid business and the resin and plastic processing business. On the other hand, it was adversely affected by a decrease in selling prices due to fierce competition in the aramid business and carbon fibers business as well as lack of insurance proceeds that had been recorded in the previous year in the aramid business.**

Revenue was 459.3 billion yen, an increase of 20.1 billion yen (4.6%) year on year, while adjusted operating income was 6.0 billion yen, an increase of 7.8 billion yen year on year. EBITDA was 32.5 billion yen, a decrease of 0.4 billion yen year on year, while ROIC was 1%.

In the aramid business, factors behind the decrease in income included a decrease in selling prices in some applications, which had been affected by lower raw material prices and intensifying competition, and lack of insurance proceeds associated with the fire accident that had been recorded in the previous year. While the decrease was partially offset by an increase in sales volume for automotive applications and ballistics and protective applications, as well as cost reduction due to a decline in raw material and fuel prices, revenue and adjusted operating income decreased year on year.

In the resin and plastic processing business, the overall demand for polycarbonate resin, which is one of the Group's major products, remained weak mainly due to the ongoing sluggish economy in China, however,

inventory adjustments for some applications have slowed down in the supply chain, resulting in an increase in sales volume. On the other hand, selling prices fell due to intensifying competition, and the spread also decreased slightly. As a result of these factors, the resin and plastic processing business achieved an increase year on year in both revenue and adjusted operating income.

In the carbon fibers business, the sales volume decreased in industrial applications, etc., mainly due to the intensification of competition for general purpose products. As a result, selling prices also fell. On the other hand, for aircraft applications, the build rate increased against the backdrop of strong passenger demand, despite the adverse effect of procurement constraints in the supply chain, achieving an increase in sales volume. As a result, revenue and adjusted operating income decreased year on year.

In the composites business, revenue and adjusted operating income increased year on year mainly due to the realization of the effects of profitability improvement measures such as revisions of selling prices and cost reduction, as well as reduced depreciation and amortization resulting from the recording of impairment losses for fixed assets.

② Fibers & Products Converting Business: Robust sales in both field of fiber materials and apparel, and industrial materials

Revenue was 351.9 billion yen, an increase of 30.2 billion yen (9.4%) year on year, while adjusted operating income was 17.8 billion yen, an increase of 4.9 billion yen (37.5%) year on year. EBITDA was 25.5 billion yen, an increase of 4.7 billion yen year on year, while ROIC was 8%.

In the field of fiber materials and apparel, sales of textiles and apparel items for the North American and Chinese markets remained robust, and apparel sales in Japan also remained robust as well. In the field of industrial materials, sales of polyester staple fibers for water treatment filters, high-grade artificial leather, and household merchandise sold through TV shopping programs remained strong. While expenses increased due to the expansion of sales and purchase costs increased due to weaker yen, the Group implemented measures to improve production efficiency and revised selling prices.

③ Healthcare Business: Income was affected by price revisions of pharmaceuticals and increased costs arising from new home healthcare devices put to the market. On the other hand, the home healthcare equipment rental business remained strong, and the sales volume of Somatuline, Xeomin, and OSTABALO steadily increased.

Revenue was 137.0 billion yen, a decrease of 7.7 billion yen (-5.3%) year on year, while adjusted operating income was 5.7 billion yen, a decrease of 12.5 billion yen (-68.7%) year on year. EBITDA was 34.7 billion yen, a decrease of 10.7 billion yen year on year, while ROIC was 2%.

In the field of pharmaceutical, income was affected by the revision of drug prices in April 2024, mainly for drugs that remained on the National Health Insurance drug price list long after the expiration of patents as well as the accelerated widespread use of generic drugs. Meanwhile, the sales volume of OSTABALO, Somatuline*1, and Xeomin*2 increased steadily.

*1 Somatuline®, a treatment for acromegaly, pituitary gigantism, neuroendocrine tumors, thyroid-stimulating hormone secreting pituitary tumors, and gastrointestinal and pancreatic neuroendocrine tumors, is the registered trademark of Ipsen Pharma, France.

*2 Xeomin®, a treatment for upper and lower limb spasticity, is the registered trademark of Merz Pharma GmbH & Co. KGaA, Germany.

In the home healthcare equipment field, as the number of examinations increased in the market for continuous positive airway pressure (CPAP) therapy, the number of new prescriptions continued to grow, and the number of rented CPAP devices steadily increased (by approximately 7% from the end of the previous fiscal year). On the other hand, the costs increased due to an increase in the number of new devices put to the market and increased usage of supplies. In the home oxygen therapy (HOT) market, while the number of rented devices decreased as a whole, the number of rented Hi-Sanso Portable α III, a new model of portable oxygen concentrators launched in July 2023, steadily increased.

④ Other (including the battery materials & membrane field, the regenerative medicine & implantable medical device field, etc.)

Revenue was 57.3 billion yen, an increase of 2.4 billion yen (4.4%) year on year, while adjusted operating income was 7.1 billion yen, an increase of 6.0 billion yen (554.0%) year on year.

Revenue increased in the battery materials & membrane field due to robust sales.

In the implantable medical device field, which encompasses artificial joints and absorbable osteosynthesis materials, the use of SYNFOLIUM, a cardiovascular and vascular repair patch launched by TEIJIN MEDICAL TECHNOLOGIES CO., LTD. in June 2024, has steadily increased.

In the regenerative medicine field, the launch of CDMO* business progressed steadily, as Iwakuni Factory of TEIJIN REGENET CO., LTD. obtained a license for manufacturing of regenerative medicine products, and its Kashiwanoha Facility obtained a license of manufacturing specific processed cells.

* Contract Development and Manufacturing Organization, which is engaged in outsourced product development and manufacture

(2) Analysis of Assets, Liabilities and Equity

Total assets at the end of the current consolidated fiscal year decreased by 165.3 billion yen from the end of the previous consolidated fiscal year to 1,061.3 billion yen. This decrease was primarily due to a decline in cash and cash equivalents, trade and other receivables, as well as reductions in property, plant and equipment, and intangible assets resulting from depreciation and impairment losses.

Total liabilities decreased by 167.1 billion yen from the end of the previous consolidated fiscal year to 622.7 billion yen, mainly due to the repayments of borrowings.

Total equity (including non-controlling interests) increased by 1.8 billion yen from the end of the previous consolidated fiscal year to 438.5 billion yen. This increase was primarily attributable to the recognition of a gain on the sale of equity shares of affiliates resulting from the transfer of INFOCOM shares, despite the recording of significant impairment losses.

As a result, the debt-to-equity ratio was 0.9 and the equity ratio was 40.6%. (As of end of the previous consolidated fiscal year, the debt-to-equity ratio was 1.26 and the equity ratio was 33.4%.)

The conversion rates of balance sheets at the end of the current consolidated fiscal year are 150 yen / US dollar, 162 yen / euro, and 1.08 US dollars / euro (151 yen / US dollar, 163 yen / euro, and 1.08 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 resulted in a total income of 69.8 billion yen (versus a total income of 80.6 billion yen for the previous consolidated fiscal year). Major factors behind this included profit adjusted for non-cash expenses such as impairment losses, depreciation, and amortization expenses.

Cash flows from investing activities resulted in an income of 52.5 billion yen (versus an expenditure of 56.6 billion yen in the previous consolidated fiscal year). Major factors behind this included proceeds from the sale of equity shares in affiliates, despite expenditures for capital investment and other activities.

Accordingly, free cash flows, which comprise cash flows from both operating and investing activities, resulted in an income of 122.4 billion yen (versus an income of 24.0 billion yen in the previous consolidated fiscal year).

Cash flows from financing activities resulted in an expenditure of 134.5 billion yen (versus an expenditure of 43.8 billion yen in the previous consolidated fiscal year), primarily due to the expenditures for the repayments of long-term borrowings, redemption of bonds, and the payment of dividends.

As a result, with the conversion difference for cash and cash equivalents counted as well, cash and cash equivalents decreased by 15.7 billion yen in the current consolidated fiscal year.

(4) Outlook for FY2025

Under the Medium-Term Management Plan 2024-2025, the Group has set forth a policy of improving its financial soundness and making investments in growth and additional shareholder returns in a balanced manner by using operating cash flows generated as a result of completing the profitability improvement measures and reducing fixed costs including the head office cost as planned, as well as cash generated from the execution of strategic options for underperforming and less-focused businesses, while also focusing on developing a new business portfolio. In addition, the Group is strengthening its intangible global management base, such as its governance and human capital, to enhance its ability to achieve the goals. In FY2025, the Group will build a revenue base with a business portfolio that has been streamlined through the execution of strategic options, and proceed with materializing and executing the strategy for growth. The consolidated earnings forecast for the full year of FY2025 is 860.0 billion yen in revenue, 35.0 billion yen in adjusted operating income, and 12.0 billion yen in profit attributable to owners of parent.

The forecasts of ROE and ROIC, which are key management indicators, are 3% and 3%, respectively.

The annual average exchange rates used as the basis of the earnings forecasts are 145 yen to the U.S. dollar and 155 yen to the euro, and the crude oil price (Dubai) used is US\$73 per barrel.

(Unit: Billions of yen)

	Revenue	Adjusted operating income	Operating income	Profit attributable to owners of parent
FY2025 (Forecasts) (A)	860.0	35.0	20.0	12.0
FY2024 (B)	1,005.5	27.6	(71.8)	28.3
Change in amount (A-B)	(145.5)	7.4	91.8	(16.3)
Change (%)	(14.5)	26.8	-	(57.7)

Note: Adjusted operating income is calculated by adding share of profit (loss) of investments accounted for using the equity method to operating income and excluding gains and losses due to nonrecurring factors, which include nonrecurring gains and losses such as financial gains and losses and impairment losses in share of profit (loss) of investments accounted for using the equity method.

(For reference) Forecast for Segment Results

(Unit: Billions of yen)

	FY2024		FY2025 (Forecasts)	
	Revenue	Adjusted operating income	Revenue	Adjusted operating income
M a t e r i a l s	459.3	6.0	320.0	8.0
Fibers & Products Converting	351.9	17.8	350.0	18.0
H e a l t h c a r e	137.0	5.7	135.0	12.5
O t h e r s	57.3	7.1	55.0	4.5
Elimination and corporate	-	(9.0)	-	(8.0)
Total	1,005.5	27.6	860.0	35.0

(For reference) Key management indicators

	FY2024	FY2025 (Forecasts)
ROE	6.7%	3%
ROIC	2.6%	3%
Adjusted operating income (Billions of yen)	27.6	35.0

Note: ROE = Profit attributable to owners of parent / Average* of equity attributable to owners of parent

ROIC = Adjusted operating income after tax / Average* of invested capital

(Invested capital: Equity + interest-bearing liabilities)

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

2. Basic Policy on Selection of Financial Reporting Standards

As we accelerate our global business development, we have adopted 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. Consolidated Financial Statements and Notes Thereto
(1) Consolidated Statements of Financial Position

(Millions of yen)

	Transition Date (as of April 1, 2023)	As of March 31, 2024	As of March 31, 2025
Assets			
Current assets			
Cash and cash equivalents	140,307	123,212	107,538
Trade and other receivables	201,399	222,629	166,741
Inventories	199,315	233,974	227,032
Other financial assets	26,434	14,542	8,499
Other current assets	46,221	30,438	22,685
Subtotal	613,675	624,796	532,496
Assets held for sale	—	826	55,388
Total current assets	613,675	625,622	587,883
Non-current assets			
Property, plant and equipment	295,355	302,860	250,945
Right-of-use assets	40,187	32,932	23,333
Goodwill	9,659	10,662	8,334
Intangible assets	144,524	138,940	85,511
Investment property	11,535	12,644	11,888
Investments accounted for using the equity method	45,937	47,927	45,602
Other financial assets	57,189	42,348	26,481
Retirement benefit asset	701	1,403	728
Deferred tax assets	5,431	7,999	16,977
Other non-current assets	4,037	3,278	3,589
Total non-current assets	614,554	600,994	473,389
Total assets	1,228,229	1,226,616	1,061,272

	Transition Date (as of April 1, 2023)	As of March 31, 2024	As of March 31, 2025
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	148,975	150,778	105,296
Bonds and borrowings	207,897	211,787	124,985
Lease liabilities	10,067	9,765	7,954
Other financial liabilities	9,485	8,379	5,473
Income taxes payable	4,798	12,874	3,693
Provisions	1,315	1,705	1,798
Other current liabilities	43,843	45,061	38,147
Subtotal	426,381	440,348	287,347
Liabilities directly associated with assets held for sale	—	350	31,616
Total current liabilities	426,381	440,698	318,962
Non-current liabilities			
Bonds and borrowings	298,539	270,378	237,494
Lease liabilities	30,543	25,007	16,694
Other financial liabilities	3,402	4,921	4,729
Retirement benefit liability	35,075	34,531	32,375
Provisions	1,888	3,219	992
Deferred tax liabilities	8,655	3,785	3,268
Other non-current liabilities	7,398	7,319	8,215
Total non-current liabilities	385,499	349,159	303,768
Total liabilities	811,880	789,857	622,731
Equity			
Share capital	71,833	71,833	71,833
Capital surplus	103,153	103,133	105,708
Retained earnings	205,913	204,174	231,726
Treasury shares	(12,299)	(11,772)	(11,411)
Other components of equity	22,299	42,139	34,655
Other comprehensive income associated with assets held for sale	—	—	(1,134)
Total equity attributable to owners of parent	390,898	409,507	431,378
Non-controlling interests	25,451	27,252	7,164
Total equity	416,350	436,759	438,541
Total liabilities and equity	1,228,229	1,226,616	1,061,272

(2) Consolidated Statements of Profit or Loss and Consolidated Statements of Comprehensive Income
(Consolidated Statements of Profit or Loss)

(Millions of yen)

	FY2023 (Apr. 2023-Mar. 2024)	FY2024 (Apr. 2024-Mar. 2025)
Continuing operations		
Revenue	960,459	1,005,471
Cost of sales	(749,815)	(814,020)
Gross profit	210,644	191,452
Selling, general and administrative expenses	(224,669)	(270,330)
Other income	14,825	12,595
Other expenses	(5,712)	(5,545)
Operating income (loss)	(4,912)	(71,828)
Finance income	12,929	4,115
Finance costs	(18,414)	(11,378)
Share of profit of investments accounted for using the equity method	5,259	1,052
Profit (loss) before tax	(5,138)	(78,038)
Income tax expense	(10,230)	2,291
Profit (loss) from continuing operations	(15,368)	(75,747)
Discontinued operations		
Profit from discontinued operations	6,733	106,058
Profit (loss)	(8,635)	30,310
Profit (loss) attributable to:		
Owners of parent	(11,712)	28,347
Non-controlling interests	3,077	1,963
Profit (loss)	(8,635)	30,310
Earnings(loss) per share		
Basic earnings (loss) per share		
Continuing operations	(82.64)	(394.39)
Discontinued operations	21.78	541.54
Total	(60.86)	147.15
Diluted earnings (loss) per share		
Continuing operations	(82.64)	(394.08)
Discontinued operations	21.78	541.11
Total	(60.86)	147.03

(Consolidated Statements of Comprehensive Income)
For FY2023 and FY2024

	(Millions of yen)	
	FY2023 (Apr. 2023-Mar. 2024)	FY2024 (Apr. 2024-Mar. 2025)
Profit (loss)	(8,635)	30,310
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	6,406	638
Remeasurements of defined benefit plans	2,148	743
Share of other comprehensive income of investments accounted for using the equity method	2	(20)
Total of items that will not be reclassified to profit or loss	8,555	1,362
Items that may be reclassified to profit or loss		
Effective portion of cash flow hedges	233	628
Exchange differences on translation of foreign operations	25,985	(3,732)
Share of other comprehensive income of investments accounted for using the equity method	796	487
Total of items that may be reclassified to profit or loss	27,013	(2,617)
Total other comprehensive income (loss), net of tax	35,569	(1,256)
Comprehensive income	26,933	29,055
Comprehensive income attributable to:		
Owners of parent	24,150	27,099
Non-controlling interests	2,784	1,956
Comprehensive income	26,933	29,055

(3) Consolidated Statements of Changes in Equity
FY2023

	(Millions of yen)						
	Equity attributable to owners of parent				Other components of equity		
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity		
					Share acquisition rights	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans
Balance as of April 1, 2023	71,833	103,153	205,913	(12,299)	682	21,137	—
Profit (Loss)	—	—	(11,712)	—	—	—	—
Other comprehensive income	—	—	—	—	—	6,690	2,148
Total comprehensive income	—	—	(11,712)	—	—	6,690	2,148
Purchase of treasury shares	—	—	—	(15)	—	—	—
Disposal of treasury shares	—	(64)	—	257	(207)	—	—
Transfer of loss on disposal of treasury shares	—	168	(168)	—	—	—	—
Share-based payment expenses	—	(224)	—	285	—	—	—
Dividends	—	—	(5,292)	—	—	—	—
Change in treasury shares of parent arising from transactions with non-controlling interests	—	101	—	—	—	—	—
Transfer to non-financial assets	—	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	15,433	—	—	(13,285)	(2,148)
Other	—	—	—	—	—	—	—
Total transactions with owners	—	(20)	9,973	527	(207)	(13,285)	(2,148)
Balance as of March 31, 2024	71,833	103,133	204,174	(11,772)	474	14,541	—

(Millions of yen)

	Equity attributable to owners of parent					
	Other components of equity			Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Effective portion of cash flow hedges	Exchange differences on translation of foreign operations	Other			
Balance as of April 1, 2023	481	—	22,299	390,898	25,451	416,350
Profit (Loss)	—	—	—	(11,712)	3,077	(8,635)
Other comprehensive income	233	26,792	35,862	35,862	(293)	35,569
Total comprehensive income	233	26,792	35,862	24,150	2,784	26,933
Purchase of treasury shares	—	—	—	(15)	—	(15)
Disposal of treasury shares	—	—	(207)	(15)	—	(15)
Transfer of loss on disposal of treasury shares	—	—	—	—	—	—
Share-based payment expenses	—	—	—	61	—	61
Dividends	—	—	—	(5,292)	(981)	(6,273)
Change in treasury shares of parent arising from transactions with non-controlling interests	—	—	—	101	—	101
Transfer to non-financial assets	(381)	—	(381)	(381)	—	(381)
Transfer from other components of equity to retained earnings	—	—	(15,433)	—	—	—
Other	—	—	—	—	(1)	(1)
Total transactions with owners	(381)	—	(16,021)	(5,541)	(983)	(6,524)
Balance as of March 31, 2024	332	26,792	42,139	409,507	27,252	436,759

	Equity attributable to owners of parent						
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity		
					Share acquisition rights	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans
Balance as of April 1, 2024	71,833	103,133	204,174	(11,772)	474	14,541	—
Profit (Loss)	—	—	28,347	—	—	—	—
Other comprehensive income	—	—	—	—	—	634	743
Total comprehensive income	—	—	28,347	—	—	634	743
Purchase of treasury shares	—	—	—	(6)	—	—	—
Disposal of treasury shares	—	(39)	—	155	(312)	—	—
Transfer of loss on disposal of treasury shares	—	117	(117)	—	—	—	—
Share-based payment expenses	—	150	—	213	—	—	—
Dividends	—	—	(7,705)	—	—	—	—
Change in treasury shares of parent arising from transactions with non-controlling interests	—	2,347	—	—	—	—	—
Transfer to non-financial assets	—	—	—	—	—	—	—
Transfer to other comprehensive income associated with assets held for sale	—	—	—	—	—	—	—
Change in scope of consolidation	—	—	(408)	—	—	408	—
Transfer from other components of equity to retained earnings	—	—	7,434	—	—	(6,692)	(743)
Other	—	(0)	0	0	—	(0)	—
Total transactions with owners	—	2,575	(795)	361	(312)	(6,284)	(743)
Balance as of March 31, 2025	71,833	105,708	231,726	(11,411)	162	8,891	—

(Millions of yen)

	Equity attributable to owners of parent						
	Other components of equity			Other comprehensive income associated with assets held for sale	Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Effective portion of cash flow hedges	Exchange differences on translation of foreign operations	Other				
Balance as of April 1, 2024	332	26,792	42,139	—	409,507	27,252	436,759
Profit (Loss)	—	—	—	—	28,347	1,963	30,310
Other comprehensive income	628	(3,254)	(1,248)	—	(1,248)	(7)	(1,256)
Total comprehensive income	628	(3,254)	(1,248)	—	27,099	1,956	29,055
Purchase of treasury shares	—	—	—	—	(6)	—	(6)
Disposal of treasury shares	—	—	(312)	—	(197)	—	(197)
Transfer of loss on disposal of treasury shares	—	—	—	—	—	—	—
Share-based payment expenses	—	—	—	—	363	—	363
Dividends	—	—	—	—	(7,705)	(515)	(8,220)
Change in treasury shares of parent arising from transactions with non-controlling interests	—	—	—	—	2,347	(2,341)	6
Transfer to non-financial assets	(30)	—	(30)	—	(30)	—	(30)
Transfer to other comprehensive income associated with assets held for sale	—	1,134	1,134	(1,134)	—	—	—
Change in scope of consolidation	—	—	408	—	—	(19,190)	(19,190)
Transfer from other components of equity to retained earnings	—	—	(7,434)	—	—	—	—
Other	—	—	(0)	—	0	2	2
Total transactions with owners	(30)	1,134	(6,236)	(1,134)	(5,228)	(22,044)	(27,272)
Balance as of March 31, 2025	930	24,672	34,655	(1,134)	431,378	7,164	438,541

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY2023 (Apr. 2023-Mar. 2024)	FY2024 (Apr. 2024-Mar. 2025)
Cash flows from operating activities		
Profit (loss) before tax	(5,138)	(78,038)
Profit before tax from discontinued operations	9,596	106,601
Depreciation and amortization	78,032	71,026
Impairment losses	27,309	95,215
Share of loss (profit) of investments accounted for using the equity method	(5,341)	(1,011)
Increase or decrease in retirement benefit asset or liability	1,141	(1,012)
Interest and dividend income	(3,728)	(3,555)
Interest expenses	11,170	10,427
Loss (gain) on sale or disposal of fixed assets	1,616	(8,137)
Loss (gain) on sale of shares of affiliates	984	(102,059)
Decrease (increase) in trade and other receivables	(9,538)	19,998
Decrease (increase) in inventories	(21,806)	(10,107)
Increase (decrease) in trade and other payables	(10,385)	(12,504)
Other	(11,051)	3,907
Subtotal	62,862	90,751
Interest and dividends received	16,772	10,608
Proceeds from insurance income	12,544	517
Interest paid	(11,020)	(10,285)
Income taxes paid	(562)	(21,748)
Net cash provided by (used in) operating activities	80,595	69,843
Cash flows from investing activities		
Purchase of property, plant and equipment	(58,112)	(57,397)
Proceeds from sale of property, plant and equipment	1,229	12,155
Purchase of intangible assets	(17,438)	(4,029)
Purchase of investment securities	(5,432)	(3,731)
Proceeds from sale of investment securities	27,325	12,058
Net decrease (increase) in short-term loans receivable	(2,210)	(1,433)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,332)	—
Proceeds from (payments for) sale of shares of subsidiaries resulting in change in scope of consolidation	550	96,071
Other	(1,141)	(1,178)
Cash flows from investing activities	(56,561)	52,517

	(Millions of yen)	
	FY2023 (Apr. 2023-Mar. 2024)	FY2024 (Apr. 2024-Mar. 2025)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term borrowings	9,007	(56,391)
Proceeds from long-term borrowings	25,000	5,984
Repayments of long-term borrowings	(62,936)	(48,543)
Redemption of bonds	(30)	(20,090)
Repayments of lease liabilities	(8,310)	(7,030)
Purchase of treasury shares	(15)	(6)
Dividends paid to owners of parent	(5,292)	(7,705)
Dividends paid to non-controlling interests	(1,208)	(678)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(10)	—
Net cash provided by (used in) financing activities	(43,793)	(134,459)
Effect of exchange rate changes on cash and cash equivalents	3,015	(1,776)
Net increase (decrease) in cash and cash equivalents	(16,745)	(13,875)
Cash and cash equivalents at beginning of period	140,307	123,212
Net increase (decrease) in cash and cash equivalents included in assets held for sale	(350)	(1,798)
Cash and cash equivalents at end of period	123,212	107,538

(5) Notes to the Consolidated Financial Statements

(Note on Going Concern Assumptions)

Not applicable.

(Segment Information)

(1) Overview of reportable segments

The Teijin Group's reportable operating segments are the components of the Teijin Group for which separate financial information is available and evaluated regularly by its Board of Directors in determining the allocation of management resources and in assessing performance.

The Teijin Group currently divides its operations into business fields, based on type of product, nature of business, and services provided. For the products and services of each business field, the Teijin Group formulates comprehensive strategies, in Japan and overseas, to drive its business activities forward.

Accordingly, the Teijin Group divides its operations into reportable operating segments on the same basis as it uses internally so the Teijin Group sets the three reportable segments, which are "Materials," "Fibers & Products Converting," and "Healthcare."

"Materials" involves the production and sale of aramid fibers, polycarbonate resin, carbon fibers, and composites, while "Fibers & Products Converting" involves the production and sale of polyester fibers and fiber products, etc. "Healthcare" includes the production and sale of pharmaceuticals and medical devices, etc. and the provision of home healthcare services.

Additionally, from the current fiscal year, "IT," which provides operation, development, and maintenance of systems and E-comics distribution services, has been reclassified to discontinued operations. Thus, segment information only includes amounts from continuing operations excluding "IT."

(2) Segment revenue and performance

Results of FY2023 (April 1, 2023, through March31, 2024)

(Millions of yen)

	Reportable operating segments				Others (Note 1)	Total	Adjustments (Note 2,3)	Amount on condensed quarterly consolidated financial statements
	Materials	Fibers & Products Converting	Healthcare	Subtotal				
Revenue								
External	439,215	321,695	144,700	905,610	54,849	960,459	—	960,459
Intersegment	10,323	2,082	64	12,469	4,644	17,113	(17,113)	—
Total	449,538	323,777	144,763	918,078	59,494	977,572	(17,113)	960,459
Adjusted operating income (Note 4)	(1,729)	12,980	18,190	29,442	1,083	30,525	(8,568)	21,956
Segment asset	546,569	228,156	235,929	1,010,654	131,853	1,142,508	84,108	1,226,616
Other items								
Depreciation and Amortization of goodwill	34,644	7,753	27,218	69,615	4,499	74,114	2,379	76,493
Impairment losses	25,114	875	176	26,165	64	26,228	1,080	27,309
Equity method investments	457	6,284	12,881	19,622	22,684	42,306	5,622	47,927
Capital expenditure	37,716	5,593	23,690	66,998	7,634	74,633	1,451	76,084

Note 1. "Others," which includes battery materials & membrane business and regenerative medicine & implantable medical device business, does not qualify.

Note 2. Adjustments of the adjusted operating income of -8,568 million yen include the elimination of intersegment transactions of 37 million yen and corporate expenses of -8,605 million yen. Corporate expenses are mainly expenses related to administrative divisions of the head office that are not attributable to the reportable segments.

Note 3. Adjustments of the segment asset of 84,108 million yen include the elimination of intersegment receivables etc of -58,861 million yen, assets of discontinued operations of 68,257 million yen and corporate assets of 74,712 million yen. Corporate

assets are mainly surplus funds managed by the parent company (cash and deposit etc) and long-term investment assets (investment securities etc) that are not attributable to the reportable segments.

Note 4. Adjusted operating income is calculated by adding share of profit (loss) of investments accounted for using the equity method to operating income and excluding gains and losses due to nonrecurring factors, which include nonrecurring gains and losses such as financial gains and losses and impairment losses in share of profit (loss) of investments accounted for using the equity method.

Results of FY2024 (April 1, 2024 through March31, 2025)

(Millions of yen)

	Reportable operating segments				Others (Note 1)	Total	Adjustments (Note 2,3)	Amount on condensed quarterly consolidated financial statements
	Materials	Fibers & Products Converting	Healthcare	Subtotal				
Revenue								
External	459,317	351,923	136,973	948,213	57,259	1,005,471	—	1,005,471
Intersegment	10,735	2,264	4	13,003	4,695	17,698	(17,698)	—
Total	470,052	354,187	136,977	961,216	61,954	1,023,169	(17,698)	1,005,471
Adjusted operating income (Note 4)	6,026	17,842	5,690	29,558	7,082	36,640	(9,046)	27,594
Segment asset	467,531	223,458	198,029	889,018	130,581	1,019,599	41,673	1,061,272
Other items								
Depreciation and Amortization of goodwill	26,506	7,635	29,006	63,147	4,738	67,885	2,751	70,636
Impairment losses	64,017	348	28,804	93,170	1,642	94,812	403	95,215
Equity method investments	563	6,627	13,653	20,843	24,758	45,602	—	45,602
Capital expenditure	23,686	7,219	17,626	48,531	8,671	57,202	2,196	59,398

Note 1. "Others," which includes battery materials & membrane business and regenerative medicine & implantable medical device business, does not qualify.

Note 2. Adjustments of the adjusted operating income of -9,046 million yen include the elimination of intersegment transactions of 81 million yen and corporate expenses of -9,127 million yen. Corporate expenses are mainly expenses related to administrative divisions of the head office that are not attributable to the reportable segments.

Note 3. Adjustments of the segment asset of 41,673 million yen include the elimination of intersegment receivables etc of -49,858 million yen and corporate assets of 91,531 million yen. Corporate assets are mainly surplus funds managed by the parent company (cash and deposit etc) and long-term investment assets (investment securities etc) that are not attributable to the reportable segments.

Note 4. Adjusted operating income is calculated by adding share of profit (loss) of investments accounted for using the equity method to operating income and excluding gains and losses due to nonrecurring factors, which include nonrecurring gains and losses such as financial gains and losses and impairment losses in share of profit (loss) of investments accounted for using the equity method.

The adjustment from adjusted operating income to profit before tax is as follows:

(Millions of yen)

	FY2023	FY2024
Adjusted operating income	21,956	27,594
Gain on sale of fixed assets	335	10,622
Loss on disposal of fixed assets	(1,937)	(2,508)
Impairment losses	(27,309)	(95,215)
Insurance claim income(Note 1)	7,075	—
Loss on disaster(Note 2)	(1,680)	—
Special retirement benefits(Note 3)	(319)	(4,665)
Share of loss(profit) of investments accounted for using the equity method(Note 4)	(1,493)	(4,729)
Others	(1,540)	(2,926)
Operating income (loss)	(4,912)	(71,828)
Finance income	12,929	4,115
Finance costs	(18,414)	(11,378)
Share of profit (loss) of investments accounted for using the equity method	5,259	1,052
Profit (loss) before tax	(5,138)	(78,038)

Note 1. "Insurance claim income" for FY2023, mainly related to insurance income that will almost certainly be received for direct losses such as damage to assets, and for opportunity losses regarding the fire accident which occurred in December 2022 at Teijin Aramid B.V.

Note 2. "Loss on disaster" for FY2023, mainly related to direct losses such as damage to assets, regarding the fire accident which occurred in December 2022 at Teijin Aramid B.V.

Note 3. "Special retirement benefits" for FY2024, mainly relate to Early Retirement Incentive Program.

Note 4. Adjusted operating income is calculated by adding share of profit (loss) of investments accounted for using the equity method to operating income and excluding gains and losses due to nonrecurring factors, which include nonrecurring gains and losses such as financial gains and losses and impairment losses in share of profit (loss) of investments accounted for using the equity method.

- (3) Information by product/service
Revenue from external customers

(Millions of yen)

	FY2023	FY2024
High-performance materials (Note)	262,348	270,930
Composites	176,867	188,387
Fibers & Products Converting	321,695	351,923
Healthcare	144,700	136,973
Others	54,849	57,259
Total	960,459	1,005,471

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

(4) Information by geographical segment
a. Revenue from external customers

(Millions of yen)

	FY2023	FY2024
Japan	404,450	409,141
PRC	148,442	174,754
U.S.	178,487	182,659
Asia	84,953	89,185
Americas(ex-U.S.) (Note 2)	34,393	37,542
Europe others (Note 3)	109,735	112,190
Total	960,459	1,005,471

Note 1. Geographical segments are determined based on the country/region of domicile of customers.

Note 2. "Americas" are North American and Latin American countries excluding the United States.

Note 3. "Europe, others" includes the Middle East, Africa and Oceania.

b. Non-current assets (excluding financial assets, deferred tax assets and retirement benefit asset)

(Millions of yen)

	Transition Date as of Apr 1st, 2023	As of March 31, 2024	As of Mar 31, 2025
Japan	271,354	267,970	215,679
U.S.	73,596	69,208	13,496
Netherlands	76,451	83,488	78,453
PRC	28,473	21,667	21,290
Asia	28,314	28,722	28,579
Europe	20,272	24,359	26,041
Americas (ex-U.S.) (Note 1)	6,836	5,903	61
Total	505,297	501,316	383,600

Note 1. "Americas" are North American and Latin American countries excluding the United States.

(5) Information by major customer

Omitted as no single customer accounts for more than 10% of consolidated revenue as reported in the Consolidated Statements of Profit or Loss.

(Impairment of non-financial assets)

In the fiscal year ended March 31, 2025, the Company recorded an impairment loss of 95,215 million yen, and the impairment loss was mainly due to the following reasons

(1) Fixed assets of Teijin Automotive Technologies NA Holdings Corp. (hereinafter, "TAT")

- ① With regard to the manufacturing equipment of TAT, a consolidated subsidiary within the Materials Segment which engages in composites business for automotives in the North America, in November 2024, following the decision to finalize the specific approach for negotiations with potential buyers regarding the sale of all shares in TAT, the assets and liabilities held by TAT were classified as assets held for sale and directly associated liabilities in accordance with IFRS 5, Non-current Assets Held for Sale and Discontinued Operations. As a result of an impairment test in accordance with IAS 36, Impairment of Assets, the recoverable amounts of the manufacturing equipment of TAT were determined to be lower than their carrying amounts; therefore, the full carrying amounts of non-financial assets such as equipment of TAT were impaired and the Company recognized the impairment loss of 57,849 million yen. The Company recorded the impairment loss as "Cost of sales" of 44,923 million yen and "Selling, general and administrative expenses" of 12,926 million yen, respectively.
- ② In November 2024, following the decision to finalize the specific approach for negotiations with potential buyers regarding the sale of all shares in TAT, the assets and liabilities held by TAT were classified as assets held for sale and directly associated liabilities in accordance with IFRS 5, Non-current Assets Held for Sale and Discontinued

Operations. The disposal group classified as held for sale was measured at fair value less costs to sell, because fair value less costs to sell was determined to be lower than its carrying amount. As a result, the impairment loss of 2,379 million yen was included in "Other expenses."

(2) Sales rights of the type 2 diabetes treatments

With regard to the sales rights in Japan for the type 2 diabetes treatments acquired by Teijin Pharma Limited, a consolidated subsidiary within the Healthcare Segment, from Takeda Pharmaceutical Company Limited in April 2021, as a result of continued declines in sales prices, market shares and other factors of the target products, the anticipated revenue was no longer expected and the Company conducted an impairment test in the fiscal year ended March 31, 2025. As a result of a revision of the revenue forecast, the recoverable amount was determined to be lower than its carrying amount, and the carrying amount was reduced to the recoverable amount of 45,089 million yen and the Company recorded the impairment loss of 28,000 million yen in accordance with IAS 36, Impairment of Assets. The recoverable amount is measured by the value in use, which is determined by discounting future cash flows at a rate of 6.5% (before tax). The impairment loss was included in "Selling, general and administrative expenses."

(Earnings Per Share)

(1) Basic earnings per share and diluted earnings per share

(Yen)

	FY2023 (Apr. 2023-Mar. 2024)	FY2024 (Apr. 2024-Mar. 2025)
Basic earnings per share	(60.86)	147.15
Continuing operations	(82.64)	(394.39)
Discontinued operations	21.78	541.54
Diluted earnings per share	(60.86)	147.15
Continuing operations	(82.64)	(394.39)
Discontinued operations	21.78	541.54

(2) Basis of calculating basic earnings per share and diluted earnings per share

(Millions of yen)

	FY2023 (Apr. 2023-Mar. 2024)	FY2024 (Apr. 2024-Mar. 2025)
Profit attributable to common shareholders of parent	(11,712)	28,347
Continuing operations	(15,905)	(75,978)
Discontinued operations	4,193	104,325
Profit attributable to common shareholders of parent after adjustment for the effects of dilutive potential shares	(11,712)	28,347
Continuing operations	(15,905)	(75,978)
Discontinued operations	4,193	104,325

(Thousands of shares)

	FY2023 (Apr. 2023-Mar. 2024)	FY2024 (Apr. 2024-Mar. 2025)
Weighted-average number of common shares	192,461	192,645
Increase in number of common shares by share subscription rights	—	—
Weighted-average number of common shares (diluted)	192,461	192,645

Note. In the previous fiscal year 2023, 238 thousand potentially dilutive common shares were excluded from the calculation of diluted earnings per share due to their anti-dilutive effect.

In the current fiscal year 2024, 153 thousand potentially dilutive common shares were excluded from the calculation of diluted earnings per share due to their anti-dilutive effect.

(Significant Subsequent Events)

Not applicable

(First-Time Adoption)

The Teijin Group has disclosed its consolidated financial statements applying IFRS from the current fiscal year 2024. The consolidated financial statements for the fiscal year ended March 31, 2024, were the most recent financial statements prepared in accordance with Japanese GAAP, and the transition date is April 1, 2023.

(1) Exemptions under IFRS 1

In principle, IFRS requires companies adopting IFRS for the first time (hereinafter, “first-time adopter”) to apply the standards required by IFRS retrospectively. However, IFRS 1, *First-time Adoption of International Financial Reporting Standards* (hereinafter, “IFRS 1”), specifies standards for which application of the exemption is required and those for which the application of the exemption is voluntary.

The exemptions that the Teijin Group applies in connection with the transition from Japanese GAAP to IFRS were as follows:

A. Business combinations

IFRS 1 permits the first-time adopter to elect not to apply IFRS 3, *Business Combinations* (hereinafter, “IFRS 3”) retrospectively to business combinations that took place before the transition date. The Teijin Group applied this exemption and elected not to apply IFRS 3 retrospectively to business combinations that took place before the transition date. However, goodwill was tested for impairment as of the transition date, irrespective of whether there was any indication of impairment.

B. Exchange differences on translation of foreign operations

IFRS 1 permits the first-time adopter to elect to reset the accumulated translation reserve of foreign operations to zero as of the transition date. The Teijin Group elected to reset the accumulated translation reserve of foreign operations to zero as of the transition date, and all of the accumulated translation reserve of foreign operations are reclassified directly into retained earnings.

C. Designation of financial instruments recognized prior to the transition date

IFRS 1 allows a first-time adopter to designate changes in fair value of equity instruments recognized before the transition date as financial assets measured through other comprehensive income on the basis of facts and circumstances existing at the transition date. The Teijin Group determined the classification based on the facts and circumstances that existed the transition date and designated equity instruments (with exceptions) as financial assets measured through other comprehensive income.

D. Leases

IFRS 1 allows a first-time adopter to determine whether or not an arrangement contains a lease on the basis of facts and circumstances existing at the transition date. In addition, IFRS 1 permits a first-time adopter to measure a lease liability at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate at the transition date, and to measure a right-of-use asset at an amount equal to the lease liability. The Teijin Group applies these exemptions to recognize and measure leases.

(2) Mandatory exceptions under IFRS 1

IFRS 1 prohibits retrospective application of IFRS for estimates, derecognition of financial assets and financial liabilities, hedge accounting, and non-controlling interest.

The Teijin Group adopted these items prospectively from the transition date.

(3) Reconciliations

Reconciliations required to be disclosed in the first-time adoption of IFRS were as follows:

In the reconciliations below, “Reclassification” includes items that do not affect retained earnings or comprehensive income, while “Differences in recognition and measurement” includes items that affect retained earnings and comprehensive income.

Reconciliations of equity as of April 1, 2023 (The transition date)

(Millions of yen)

Line items under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Line items under IFRS
Assets						Assets
Current assets						Current assets
Cash and deposits	142,780	(2,473)	—	140,307	(a)	Cash and cash equivalents
Notes	13,880	190,172	(2,653)	201,399	(b)	Trade and other receivables
Accounts receivable-trade	169,668	(169,668)	—	—		
Merchandise and finished goods	125,878	70,848	2,589	199,315	(c)	Inventories
Work in process	15,596	(15,596)	—	—		
Raw materials and supplies	55,252	(55,252)	—	—		
Short-term loans receivable	11,298	15,136	—	26,434	(d)	Other financial assets
Other current assets	79,451	(33,629)	399	46,221	(e)	Other current assets
Allowance for doubtful accounts	(462)	462	—	—		
Total current assets	613,341	—	336	613,675		Total current assets
Noncurrent assets						Non-current assets
Tangible assets	347,857	(32,772)	(19,730)	295,355	(f)	Property, plant and equipment
	—	22,103	18,084	40,187	(g)	Right-of-use assets
	—	11,535	—	11,535	(h)	Investment property
Intangible assets						
Goodwill	13,987	—	(4,328)	9,659	(i)	Goodwill
Other	146,563	434	(2,473)	144,524	(j)	Intangible assets
Investment and other assets						
Investment securities	82,139	(82,139)	—	—		
Long-term loans receivable	2,453	(2,453)	—	—		
	—	45,948	(11)	45,937	(k)	Investments accounted for using the equity method
	—	56,683	506	57,189	(l)	Other financial assets
Net defined benefit asset	7,967	—	(7,266)	701	(m)	Retirement benefit asset
Deferred tax assets	4,700	—	731	5,431	(n)	Deferred tax assets
Other	24,613	(20,524)	(52)	4,037	(l)	Other non-current assets
Allowance for doubtful accounts	(1,185)	1,185	—	—		
Total noncurrent assets	629,093	—	(14,539)	614,554		Total non-current assets
Total assets	1,242,433	—	(14,204)	1,228,229		Total assets

(Millions of yen)

Line items under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Line items under IFRS
Liabilities						Liabilities and equity
Current liabilities						Liabilities
Notes and accounts payable—trade	103,041	43,902	2,032	148,975	(o)	Current liabilities
Short-term loans payable	132,619	75,278	—	207,897	(p)	Trade and other payables
Current portion of long-term loans payable	75,278	(75,278)	—	—		Bonds and borrowings
	—	3,256	6,811	10,067	(g)	Lease liabilities
	—	7,970	1,515	9,485	(q)	Other financial liabilities
Income taxes payable	5,332	(534)	—	4,798		Income taxes payable
	—	1,487	(172)	1,315	(r)	Provisions
Accrued expenses	25,100	(25,100)	—	—		
Other	73,466	(30,981)	1,358	43,843	(s)	Other current liabilities
Total current liabilities	414,836	—	11,545	426,381		Total current liabilities
Noncurrent liabilities						Non-current liabilities
Bonds payable	105,000	194,332	(793)	298,539	(p)	Bonds and borrowings
Long-term loans payable	194,332	(194,332)	—	—		
	—	1,888	—	1,888	(r)	Provisions
Net defined benefit liability	36,124	—	(1,048)	35,075	(m)	Retirement benefit liability
Asset retirement obligations	1,278	(1,278)	—	—		
Lease obligations	18,933	—	11,609	30,543	(g)	Lease liabilities
	—	3,326	76	3,402	(q)	Other financial liabilities
Deferred tax liabilities	11,101	—	(2,446)	8,655	(n)	Deferred tax liabilities
Other	9,745	(3,936)	1,589	7,398	(t)	Other non-current liabilities
Total noncurrent liabilities	376,513	—	8,986	385,499		Total non-current liabilities
Total liabilities	791,349	—	20,531	811,880		Total liabilities
Net assets						Equity
Shareholders' equity						Total equity attributable to owners of parent
Capital stock	71,833	—	—	71,833		Share capital
Capital surplus	103,160	—	(7)	103,153		Capital surplus
Retained earnings	213,923	—	(8,010)	205,913	(u)	Retained earnings
Treasury stock	(12,299)	—	—	(12,299)		Treasury shares
Accumulated other comprehensive income	48,366	682	(26,749)	22,299	(v)	Other components of equity
Subscription rights to shares	682	(682)	—	—		
Non-controlling interests	25,420	—	31	25,451		Non-controlling interests
Total net assets	451,084	—	(34,735)	416,350		Total equity
Total liabilities and net assets	1,242,433	—	(14,204)	1,228,229		Total liabilities and equity

Notes on reconciliation of equity

Major items of reconciliation of equity are as follows:

- (a) Cash and cash equivalents
(Reclassification)
Time deposits with maturities of more than three months included in cash and deposits under Japanese GAAP are reclassified to "Other financial assets" (current assets) under IFRS.
- (b) Trade and other receivables
(Reclassification)
Notes, accounts receivable-trade, and allowance for doubtful accounts (current assets), which were separately presented under Japanese GAAP are reclassified to "Trade and other receivables" under IFRS.
Accounts receivable-other, etc., included in other current assets under Japanese GAAP are reclassified to "Trade and other receivables" under IFRS.
(Difference in recognition and measurement)
Under Japanese GAAP, revenue was recognized at the time of shipment for some transactions, whereas under IFRS, revenue is recognized at the time of delivery of the product, resulting in a decrease in "Trade and other receivables."
- (c) Inventories
(Reclassification)
Merchandise and finished goods, work in process, and raw materials and supplies, which were separately presented under Japanese GAAP are reclassified to "Inventories" under IFRS.
(Difference in recognition and measurement)
Under Japanese GAAP, revenue was recognized at the time of shipment for some transactions, whereas under IFRS, revenue is recognized at the time of delivery of the product, resulting in an increase in "Inventories."
- (d) Other financial assets (current assets)
(Reclassification)
Time deposits with maturities of more than three months included in cash and deposits under Japanese GAAP are reclassified to "Other financial assets" (current assets) under IFRS.
Foreign exchange forward contracts, etc., included in other current assets under Japanese GAAP are reclassified to "Other financial assets" (current assets) under IFRS.
- (e) Other current assets
(Reclassification)
Accounts receivable-other, etc., included in other current assets under Japanese GAAP are reclassified to "Trade and other receivables" under IFRS.
Foreign exchange forward contracts, etc., included in other current assets under Japanese GAAP are reclassified to "Other financial assets" (current assets) under IFRS.
- (f) Property, plant and equipment
(Reclassification)
Investment property included in buildings and structures, net and land under Japanese GAAP is reclassified to "Investment property" under IFRS.
Leased assets included in tangible assets under Japanese GAAP are reclassified to "Right-of-use assets" under IFRS.
(Difference in recognition and measurement)
Impairment of fixed assets measured in two steps under Japanese GAAP, i.e., the recognition using undiscounted future cash flows and then the measurement using the recoverable amount, is measured in one step using the recoverable amount under IFRS.
As a result of an impairment test, the carrying amount was reduced to the recoverable amount, resulting in a decrease of "Property, plant and equipment."
In addition, fixed assets that indicate a reversal of an impairment loss under IFRS are measured using the recoverable amount.
As a result of a reversal of an impairment test, the carrying amount was reversed to the recoverable amount, resulting in an increase of "Property, plant and equipment."
- (g) Right-of-use assets and Lease liabilities (current liabilities and non-current liabilities)
(Reclassification)
Leased assets included in tangible assets under Japanese GAAP are reclassified to "Right-of-use assets" under IFRS.
Lease liabilities included in other current liabilities under Japanese GAAP are reclassified to "Lease liabilities"

(current liabilities) under IFRS.

(Difference in recognition and measurement)

Under Japanese GAAP, lessee leases were classified as either finance leases or operating leases, and operating leases were accounted for in accordance with the method applicable to normal rental transactions. Under IFRS, however, lessee leases are not classified as finance leases or operating leases, and in principle, "Right-of-use assets" and "Lease liabilities" are recognized for all lease transactions. As a result, "Right-of-use assets" and "Lease liabilities" increased.

In addition, under IFRS, some transactions expensed under Japanese GAAP were determined to contain leases based on the substance of the contract, and "Right-of-use assets" and "Lease liabilities" are recognized accordingly. As a result, "Right-of-use assets" and "Lease liabilities" increased.

(h) Investment property

(Reclassification)

Investment property included in buildings and structures, net and land under Japanese GAAP are reclassified to "Investment property" under IFRS.

(i) Goodwill

(Difference in recognition and measurement)

Goodwill is tested for impairment annually, regardless of whether there is an indication of impairment under IFRS.

As a result of an impairment test, the carrying amount was reduced to the recoverable amount, resulting in a decrease of "Goodwill."

In the recognition and measurement of impairment loss, the recoverable amount is measured using fair value, less costs of disposal. The estimated fair value, less costs of disposal is calculated based on the discounted cash flow method in addition to the sale price to third parties, including active markets. The level of this fair value hierarchy is Level 3.

(j) Intangible assets

(Difference in recognition and measurement)

Expenditures upon acquisition of research and development investments in progress from other companies expensed as incurred under Japanese GAAP are capitalized if they meet the definition of intangible assets under IFRS, resulting in an increase in "Intangible assets." On the other hand, as stated in (f) Property, plant and equipment, as a result of an impairment test, "Intangible assets" decreased.

(k) Investments accounted for using the equity method

(Reclassification)

Investments accounted for using the equity method, which were included in Investment securities under Japanese GAAP, are reclassified to "Investments accounted for using the equity method" under IFRS.

(l) Other financial assets (non-current assets) and Other non-current assets

(Reclassification)

Listed shares and unlisted shares, which were included in investment securities under Japanese GAAP, are reclassified to "Other financial assets" (non-current assets) under IFRS.

Investments in capital, which was included in other (investments and other assets) under Japanese GAAP, are reclassified to "Other financial assets" (non-current assets) under IFRS.

(Difference in recognition and measurement)

Under Japanese GAAP, unlisted shares (shares without market value) were stated at cost using the moving average method, whereas under IFRS, the fair value is estimated and its difference between the acquisition cost and the fair value is recorded as other comprehensive income. As a result, "Other financial assets" (non-current assets) increased.

(m) Retirement benefit asset and Retirement benefit liability

(Difference in recognition and measurement)

As a result of remeasuring defined benefit obligations based on the discount rate and other assumptions in accordance with IFRS, "Retirement benefit liability" decreased.

In addition, unlike Japanese GAAP, under IFRS, if defined benefit assets exceed obligations, net defined benefit assets are recognized up to the ceiling. As a result, "Retirement benefit asset" decreased.

(n) Deferred tax assets and Deferred tax liabilities

(Difference in recognition and measurement)

In relation to changes in temporary differences associated with the reconciliation of other accounts in the consolidated statements of financial position, "Deferred tax assets" increased and "Deferred tax liabilities" decreased under IFRS.

- (o) Trade and other payables
(Reclassification)
Accrued expenses and accounts payable-other included in other current liabilities, which were separately presented under Japanese GAAP, are reclassified to "Trades and other payables" under IFRS.

(Difference in recognition and measurement)
The Teijin Group expensed property tax qualified as levies over the fiscal year under Japanese GAAP. The Teijin Group expenses the tax and recognizes the tax as liabilities at the date of levy under IFRS. As a result, "Trade and other payables" increased.
- (p) Bonds and borrowings
(Reclassification)
Short-term loans payable and current portion of long-term loans payable, which were separately presented under Japanese GAAP, are reclassified to "Bonds and borrowings" (current liabilities) under IFRS.
In addition, bonds payable and long-term loans payable, which were separately presented under Japanese GAAP, are collectively presented as "Bonds and borrowings" (non-current liabilities) under IFRS.
- (q) Other financial liabilities (current liabilities and non-current liabilities)
(Reclassification)
Forward exchange contracts, etc., which were included in other current liabilities and other non-current liabilities under Japanese GAAP, are reclassified to "Other financial liabilities" (current liabilities) and "Other financial liabilities" (non-current liabilities) under IFRS.
- (r) Provisions
(Reclassification)
Provisions and asset retirement obligations (current liabilities), which were included in other current liabilities under Japanese GAAP, are reclassified to "Provisions" (current liabilities) under IFRS.
Asset retirement obligations (non-current liabilities), which were separately presented, and provisions, which were included in other non-current liabilities under Japanese GAAP, are reclassified to "Provisions" (non-current liabilities) under IFRS.
- (s) Other current liabilities
(Reclassification)
Accounts payable-other, which was included in other current liabilities under Japanese GAAP, is reclassified to "Trade and other payables" under IFRS.
(Difference in recognition and measurement)
Unused paid absences of employees and special absences granted on the condition of a certain number of years of service, which were not recognized as liabilities under Japanese GAAP, are recognized as liabilities under IFRS. As a result, "Other current liabilities" increased.
- (t) Other non-current liabilities
(Reclassification)
Forward exchange contracts, etc., which were included in other non-current liabilities under Japanese GAAP, are reclassified to "Other financial liabilities" (non-current liabilities) under IFRS.
(Difference in recognition and measurement)
Unused paid absences of employees and special absences granted on the condition of a certain number of years of service, which were not recognized as liabilities under Japanese GAAP, are recognized as liabilities under IFRS. As a result, "Other non-current liabilities" increased.

- (u) Retained earnings
(Difference in recognition and measurement)

The impact of the adoption of IFRS on retained earnings is as follows (minus indicates a decrease). The following amounts are adjusted for related tax effect:

(Millions of yen)

Items	Transition Date (April 1, 2023)
(i) Reconciliation of impairment of non-financial assets	(23,575)
(ii) Reconciliation of intangible assets (in-process R&D investment)	2,014
(iii) Reconciliation of employee benefits (paid leave)	(1,589)
(iv) Reconciliation of employee benefits (retirement benefit)	(2,291)
(v) Reconciliation of levies	(1,159)
(vi) Reconciliation of recoverability of deferred tax assets	(5,213)
(vii) Reconciliation of translation of foreign operations	25,725
(viii) Others	(1,922)
Total reconciliation of retained earnings	(8,010)

- (v) Other components of equity
(Difference in recognition and measurement)

Upon the first-time adoption of IFRS, the Teijin Group elected to apply exemptions provided under IFRS and reclassified all cumulative exchange to differences on translation of foreign subsidiaries as of the transition date to retained earnings. As a result, "Other components of equity" decreased.

In addition, under IFRS, remeasurements of defined benefit liabilities (assets) are recognized in other comprehensive income, with the cumulative amount being promptly reclassified from other components of equity to retained earnings.

As a result, "Other components of equity" decreased.

Reconciliations of equity as of March 31, 2024

(Millions of yen)

Line items under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Line items under IFRS
Assets						Assets
Current assets						Current assets
Cash and deposits	125,921	(2,710)	—	123,212	(a)	Cash and cash equivalents
Notes	17,427	203,181	2,021	222,629	(b)	Trade and other receivables
Accounts receivable-trade	183,252	(183,252)	—	—		
Merchandise and finished goods	151,017	80,121	2,835	233,974	(c)	Inventories
Work in process	15,372	(15,372)	—	—		
Raw materials and supplies	64,774	(64,774)	—	—		
Short-term loans receivable	14,098	3,577	(3,133)	14,542	(d)	Other financial assets
Other current assets	52,539	(22,043)	(58)	30,438	(e)	Other current assets
Allowance for doubtful accounts	(897)	897	—	—		
	—	826	—	826		Assets held for sale
Total current assets	623,504	451	1,666	625,622		Total current assets
Noncurrent assets						Non-current assets
Tangible assets	370,029	(32,205)	(34,964)	302,860	(f)	Property, plant and equipment
	—	19,239	13,693	32,932	(g)	Right-of-use assets
	—	12,644	—	12,644	(h)	Investment property
Intangible assets						
Goodwill	13,111	—	(2,449)	10,662	(i)	Goodwill
Other	132,176	672	6,092	138,940	(j)	Intangible assets
Investments and other assets						
Investment securities	68,226	(68,226)	—	—		
Long-term loans receivable	1,036	(1,036)	—	—		
	—	47,362	565	47,927	(k)	Investments accounted for using the equity method
	—	41,814	534	42,348	(l)	Other financial assets
Net defined benefit asset	9,296	—	(7,893)	1,403	(m)	Retirement benefit asset
Deferred tax assets	9,280	—	(1,281)	7,999	(n)	Deferred tax assets
Other	25,844	(22,195)	(370)	3,278	(l)	Other non-current assets
Allowance for doubtful accounts	(1,479)	1,479	—	—		
Total noncurrent assets	627,517	(451)	(26,072)	600,994		Total non-current assets
Total assets	1,251,021	—	(24,406)	1,226,616		Total assets

(Millions of yen)

Line items under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Line items under IFRS
Liabilities						Liabilities and equity
Current liabilities						Liabilities
Notes and accounts payable-trade	100,439	48,630	1,709	150,778	(o)	Current liabilities
Short-term loans payable	146,767	60,302	4,718	211,787	(p)	Trade and other payables
Current portion of bonds	20,060	(20,060)	—	—		Bonds and borrowings
Current portion of long-term loans payable	40,242	(40,242)	—	—		
	—	3,152	6,613	9,765	(g)	Lease liabilities
	—	7,059	1,319	8,379	(q)	Other financial liabilities
Income taxes payable	13,704	(830)	—	12,874		Income taxes payable
	—	1,705	—	1,705	(r)	Provisions
Accrued expenses	28,801	(28,801)	—	—		
Other	74,669	(31,010)	1,402	45,061	(s)	Other current liabilities
	—	350	—	350		Liabilities directly associated with assets held for sale
Total current liabilities	424,682	255	15,760	440,698		Total current liabilities
Noncurrent liabilities						Non-current liabilities
Bonds payable	85,030	186,097	(748)	270,378	(p)	Bonds and borrowings
Long-term loans payable	186,097	(186,097)	—	—		
	—	3,219	—	3,219	(r)	Provisions
Net defined benefit liability	36,943	(255)	(2,157)	34,531	(m)	Retirement benefit liability
Asset retirement obligations	1,373	(1,373)	—	—		
Lease obligations	17,527	—	7,480	25,007	(g)	Lease liabilities
	—	4,896	25	4,921	(q)	Other financial liabilities
Deferred tax liabilities	4,714	—	(929)	3,785	(n)	Deferred tax liabilities
Other	12,722	(6,742)	1,338	7,319	(t)	Other non-current liabilities
Total noncurrent liabilities	344,406	(255)	5,008	349,159		Total non-current liabilities
Total liabilities	769,088	—	20,769	789,857		Total liabilities
Net assets						Equity
Shareholders' equity						Total equity attributable to owners of parent
Capital stock	71,833	—	—	71,833		Share capital
Capital surplus	103,211	—	(77)	103,133		Capital surplus
Retained earnings	219,062	—	(14,888)	204,174	(u)	Retained earnings
Treasury stock	(11,772)	—	—	(11,772)		Treasury shares
Accumulated other comprehensive income	71,778	474	(30,113)	42,139	(v)	Other components of equity
Subscription rights to shares	474	(474)	—	—		
Non-controlling interests	27,348	—	(96)	27,252		Non-controlling interests
Total net assets	481,933	—	(45,174)	436,759		Total equity
Total liabilities and net assets	1,251,021	—	(24,406)	1,226,616		Total liabilities and equity

Notes on reconciliation of equity

Major items of reconciliation of equity are as follows:

- (a) Cash and cash equivalents
(Reclassification)
Time deposits with maturities of more than three months included in cash and deposits under Japanese GAAP are reclassified to "Other financial assets" (current assets) under IFRS.
Cash and cash equivalents included in assets held for sale are reclassified to "Assets held for sale" under IFRS.
- (b) Trade and other receivables
(Reclassification)
Notes, accounts receivable-trade, and allowance for doubtful accounts (current assets), which were separately presented under Japanese GAAP are reclassified to "Trade and other receivables" under IFRS.
Accounts receivable-other, etc., included in other current assets under Japanese GAAP are reclassified to "Trade and other receivables" under IFRS.
(Difference in recognition and measurement)
Under Japanese GAAP, the portion of accounts receivable-trade related to liquidation transactions that met the recognition criteria of extinguishment of financial assets was derecognized upon transfer of such accounts receivable-trade. Under IFRS, such accounts receivable-trade are recognized as "Trade and other receivables" and "Bonds and borrowings" (current liabilities) because they do not qualify as transfers that meet the derecognition criteria of financial assets, resulting in an increase in "Trade and other receivables" and "Bonds and borrowings" (current liabilities).
In addition, under Japanese GAAP, revenue was recognized at the time of shipment for some transactions, whereas under IFRS, revenue is recognized at the time of delivery of the product, resulting in a decrease in "Trade and other receivables."
- (c) Inventories
(Reclassification)
Merchandise and finished goods, work in process, and raw materials and supplies, which were separately presented under Japanese GAAP are reclassified to "Inventories" under IFRS.
(Difference in recognition and measurement)
Under Japanese GAAP, revenue was recognized at the time of shipment for some transactions, whereas under IFRS, revenue is recognized at the time of delivery of the product, resulting in an increase in "Inventories."
- (d) Other financial assets (current assets)
(Reclassification)
Time deposits with maturities of more than three months included in cash and deposits under Japanese GAAP are reclassified to "Other financial assets" (current assets) under IFRS.
Foreign exchange forward contracts, etc., included in other current assets under Japanese GAAP are reclassified to "Other financial assets" (current assets) under IFRS.
(Difference in recognition and measurement)
As a result of recognizing impairment losses on investments in the U.S. accounted for using the equity method under IFRS, loans receivable were partly reduced.
- (e) Other current assets
(Reclassification)
Accounts receivable-other, etc., included in other current assets under Japanese GAAP are reclassified to "Trade and other receivables" under IFRS.
Foreign exchange forward contracts, etc., included in other current assets under Japanese GAAP are reclassified to "Other financial assets" (current assets) under IFRS.
- (f) Property, plant and equipment
(Reclassification)
Investment property included in buildings and structures, net and land under Japanese GAAP is reclassified to "Investment property" under IFRS.
Leased assets included in tangible assets under Japanese GAAP are reclassified to "Right-of-use assets" under IFRS.
(Difference in recognition and measurement)
Impairment of fixed assets measured in two steps under Japanese GAAP, i.e., the recognition using undiscounted future cash flows and then the measurement using the recoverable amount, is measured in one step using the recoverable amount under IFRS.

As a result of an impairment test, the carrying amount was reduced to the recoverable amount, resulting in a decrease of "Property, plant and equipment."

(g) Right-of-use assets and Lease liabilities (current liabilities and non-current liabilities)
(Reclassification)

Leased assets included in tangible assets under Japanese GAAP are reclassified to "Right-of-use assets" under IFRS.

Lease liabilities included in other current liabilities under Japanese GAAP are reclassified to "Lease liabilities" (current liabilities) under IFRS.

(Difference in recognition and measurement)

Under Japanese GAAP, lessee leases were classified as either finance leases or operating leases, and operating leases were accounted for in accordance with the method applicable to normal rental transactions. Under IFRS, however, lessee leases are not classified as finance leases or operating leases, and in principle, "Right-of-use assets" and "Lease liabilities" are recognized for all lease transactions. As a result, "Right-of-use assets" and "Lease liabilities" increased.

In addition, under IFRS, some transactions expensed under Japanese GAAP were determined to contain leases based on the substance of the contract, and "Right-of-use assets" and "Lease liabilities" are recognized accordingly. As a result, "Right-of-use assets" and "Lease liabilities" increased.

(h) Investment property
(Reclassification)

Investment property included in buildings and structures, net and land under Japanese GAAP are reclassified to "Investment property" under IFRS.

(i) Goodwill
(Difference in recognition and measurement)

Goodwill is tested for impairment annually, regardless of whether there is an indication of impairment under IFRS.

Goodwill was amortized over the period of investment return under Japanese GAAP; however, is not amortized under IFRS.

As a result of an impairment test performed at the transition date, the carrying amount was reduced to the recoverable amount, resulting in a decrease of "Goodwill."

(j) Intangible assets
(Difference in recognition and measurement)

As of April 1, 2023 (date of transition to IFRS) and March 31, 2024, as stated in (f) Property, plant and equipment, as a result of an impairment test, "Intangible assets" decreased.

On the other hand, expenditures upon acquisition of research and development investments in progress from other companies expensed as incurred under Japanese GAAP are capitalized if they meet the definition of intangible assets under IFRS, resulting in an increase in "Intangible assets."

(k) Investments accounted for using the equity method
(Reclassification)

Investments accounted for using the equity method, which were included in Investment securities under Japanese GAAP, are reclassified to "Investments accounted for using the equity method" under IFRS.

(l) Other financial assets (non-current assets) and Other non-current assets
(Reclassification)

Listed shares and unlisted shares, which were included in investment securities under Japanese GAAP, are reclassified to "Other financial assets" (non-current assets) under IFRS.

Investments in capital, which was included in other (investments and other assets) under Japanese GAAP, are reclassified to "Other financial assets" (non-current assets) under IFRS.

(Difference in recognition and measurement)

Under Japanese GAAP, unlisted shares (shares without market value) were stated at cost using the moving average method, whereas under IFRS, the fair value is estimated and its difference between the acquisition cost and the fair value is recorded as other comprehensive income. As a result, "Other financial assets" (non-current assets) increased.

- (m) Retirement benefit asset and Retirement benefit liability
(Difference in recognition and measurement)
As a result of remeasuring defined benefit obligations based on the discount rate and other assumptions in accordance with IFRS, "Retirement benefit liability" decreased.
In addition, unlike Japanese GAAP, under IFRS, if defined benefit assets exceed obligations, net defined benefit assets are recognized up to the ceiling. As a result, "Retirement benefit asset" decreased.
- (n) Deferred tax assets and Deferred tax liabilities
(Difference in recognition and measurement)
In relation to changes in temporary differences associated with the reconciliation of other accounts in the consolidated statements of financial position, both "Deferred tax assets" and "Deferred tax liabilities" decreased under IFRS.
- (o) Trade and other payables
(Reclassification)
Accrued expenses and accounts payable-other included in other current liabilities, which were separately presented under Japanese GAAP, are reclassified to "Trades and other payables" under IFRS.
(Difference in recognition and measurement)
The Teijin Group expensed property tax qualified as levies over the fiscal year under Japanese GAAP. The Teijin Group expenses the tax and recognizes the tax as a liability at the date of levy under IFRS. As a result, "Trade and other payables" increased.
- (p) Bonds and borrowings
(Reclassification)
Short-term loans payable, current portion of bonds, and current portion of long-term loans payable, which were separately presented under Japanese GAAP, are reclassified to "Bonds and borrowings" (current liabilities) under IFRS.
In addition, bonds payable and long-term loans payable, which were separately presented under Japanese GAAP, are collectively presented as "Bonds and borrowings" (non-current liabilities) under IFRS.
(Difference in recognition and measurement)
Under Japanese GAAP, the portion of notes that met the recognition criteria of extinguishment of financial assets was derecognized upon transfer of notes. Under IFRS, such notes are recognized as "Trade and other receivables" and "Bonds and borrowings" (current liabilities) because they do not qualify as transfers that meet the derecognition criteria of financial assets, resulting in an increase in "Trade and other receivables" and "Bonds and borrowings" (current liabilities).
- (q) Other financial liabilities (current liabilities and non-current liabilities)
(Reclassification)
Forward exchange contracts, etc., which were included in other current liabilities and other non-current liabilities under Japanese GAAP, are reclassified to "Other financial liabilities" (current liabilities) and "Other financial liabilities" (non-current liabilities) under IFRS.
- (r) Provisions
(Reclassification)
Provisions and asset retirement obligations (current liabilities), which were included in other current liabilities under Japanese GAAP, are reclassified to "Provisions" (current liabilities) under IFRS.
Asset retirement obligations (non-current liabilities), which were separately presented, and provisions, which were included in other non-current liabilities under Japanese GAAP, are reclassified to "Provisions" (non-current liabilities) under IFRS.
- (s) Other current liabilities
(Reclassification)
Accounts payable-other, which was included in other current liabilities under Japanese GAAP, is reclassified to "Trade and other payables" under IFRS.
(Difference in recognition and measurement)
Unused paid absences of employees and special absences granted on the condition of a certain number of years of service, which were not recognized as liabilities under Japanese GAAP, are recognized as liabilities under IFRS. As a result, "Other current liabilities" increased.

(t) Other non-current liabilities

(Reclassification)

Forward exchange contracts, etc., which were included in other non-current liabilities under Japanese GAAP, are reclassified to "Other financial liabilities" (non-current liabilities) under IFRS.

(Difference in recognition and measurement)

Unused paid absences of employees and special absences granted on the condition of a certain number of years of service, which were not recognized as liabilities under Japanese GAAP, are recognized as liabilities under IFRS. As a result, "Other non-current liabilities" increased.

(u) Retained earnings

(Difference in recognition and measurement)

The impact of the adoption of IFRS on retained earnings is as follows (minus indicates a decrease). The following amounts are adjusted for related tax effect:

(Millions of yen)	
Items	The fiscal year ended March 31, 2024
(i) Reconciliation of impairment of non-financial assets	(38,171)
(ii) Reconciliation of intangible assets (in-process R&D investment)	8,843
(iii) Reconciliation of employee benefits (paid leave)	(1,576)
(iv) Reconciliation of employee benefits (retirement benefit)	(3,282)
(v) Reconciliation of levies	(1,226)
(vi) Reconciliation of recoverability of deferred tax assets	(5,305)
(vii) Reconciliation of translation of foreign operations	25,725
(viii) Others	104
Total reconciliation of retained earnings	(14,888)

(v) Other components of equity

(Difference in recognition and measurement)

Upon the first-time adoption of IFRS, the Teijin Group elected to apply exemptions provided under IFRS and reclassified all cumulative exchange to differences on translation of foreign subsidiaries as of the transition date to retained earnings. As a result, "Other components of equity" decreased.

In addition, under IFRS, remeasurements of defined benefit liabilities (assets) are recognized in other comprehensive income, with the cumulative amount being promptly reclassified from other components of equity to retained earnings.

As a result, "Other components of equity" decreased.

Reconciliation of profits/losses and comprehensive income for the fiscal year ended March 31, 2024

(Millions of yen)

Line items under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Line items under IFRS
Net sales	1,032,773	(72,065)	(250)	960,459	(1)(2)	Revenue
Cost of sales	(757,000)	20,007	(12,822)	(749,815)	(1)(3)	Cost of sales
Gross profit	275,774	(52,058)	(13,072)	210,644		Gross profit
Selling, general and administrative expenses	(262,232)	25,519	12,044	(224,669)	(1)(4)	Selling, general and administrative expenses
	—	15,572	(747)	14,825	(1)(5)	Other income
	—	(4,882)	(831)	(5,712)	(1)(5)	Other expenses
Operating Income	13,542	(15,849)	(2,606)	(4,912)		Operating income (loss)
Non-operating income	21,674	(21,674)	—	—		
Non-operating expenses	(19,652)	19,652	—	—		
Ordinary income	15,564	—	—	—		
Extraordinary income	28,153	(28,153)	—	—		
Extraordinary loss	(15,307)	15,307	—	—		
	—	31,506	(18,576)	12,929	(1)(6)	Finance income
	—	(18,341)	(73)	(18,414)	(1)(7)	Finance costs
	—	7,854	(2,594)	5,259	(1)(8)	Share of profit of investments accounted for using the equity method
Income before income taxes	28,411	(9,698)	(23,850)	(5,138)		Profit (loss) before tax
Income taxes	(14,795)	2,966	1,599	(10,230)	(1)(9)	Income tax expense
Profit	13,615	(6,733)	(22,251)	(15,368)		Profit (loss) from continuing operations
	—	6,733	—	6,733	(1)	Profit from discontinued operations
Profit	13,615	—	(22,251)	(8,635)		Profit (loss)

(Millions of yen)

Line items under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Line items under IFRS
Profit	13,615	—	(22,251)	(8,635)		Profit (loss)
Other comprehensive income						Other comprehensive income
						Items that will not be reclassified to profit or loss
Valuation difference on available-for-sale securities	(6,813)	—	13,218	6,405	(10)	Financial assets measured at fair value through other comprehensive income
Remeasurements of defined benefit plans, net of tax	1,962	—	185	2,148		Remeasurements of defined benefit plans
	—	2	—	2		Share of other comprehensive income of associates and joint ventures accounted for using the equity method
						Items that may be reclassified to profit or loss
Deferred gains or losses on hedges	(74)	—	307	233		Effective portion of cash flow hedges
Foreign currency translation adjustment	27,408	—	(1,422)	25,985		Exchange differences on translation of foreign operations
Share of other comprehensive income of affiliates accounted for using equity method	837	(2)	(39)	798		Share of other comprehensive income of investments accounted for using the equity method
Total other comprehensive income	23,320	—	12,249	35,569		Total other comprehensive income
Comprehensive income	36,936	—	(10,002)	26,933		Comprehensive income

Notes on reconciliation of profit or loss and comprehensive income

Major items of reconciliation of profit or loss and comprehensive income are as follows:

- (1) General
(Reclassification)
All profit or loss related to IT Business were transferred to profit from discontinued operations because IT Business was classified as discontinued operations.
- (2) Revenue
(Differences in recognition and measurement)
Under Japanese GAAP, revenue was recognized at the time of shipment for some transactions, whereas under IFRS, revenue is recognized at the time of delivery of the product. Therefore, "Revenue" decreased.
- (3) Cost of sales
(Reclassification)
Loss on sale and retirement of fixed assets and impairment losses, which were included in extraordinary loss under Japanese GAAP, are reclassified to "Cost of sales" and "Selling, general and administrative expenses" under IFRS.
(Differences in recognition and measurement)
Under Japanese GAAP, revenue was recognized at the time of shipment for some transactions, whereas under IFRS, revenue is recognized at the time of delivery of the product. Therefore, "Cost of sales" decreased.
Impairment of fixed assets measured in two steps under Japanese GAAP, i.e., the recognition using undiscounted future cash flows and then the measurement using the recoverable amount, is measured in one step using the recoverable amount under IFRS.
As a result of the impairment test, the carrying amount was reduced to its recoverable amount. Therefore, "Cost of sales" increased.
- (4) Selling, general and administrative expenses
(Reclassification)
Loss on sale and retirement of fixed assets and impairment losses, which were included in extraordinary loss under Japanese GAAP, are reclassified to "Cost of sales" and "Selling, general and administrative expenses" under IFRS.
(Differences in recognition and measurement)
Under Japanese GAAP, goodwill was amortized over the period of investment return, whereas under IFRS, goodwill is not amortized. Therefore, "Selling, general and administrative expenses" decreased.
Expenditures upon acquisition of research and development investments in progress from other companies expensed as incurred under Japanese GAAP are capitalized if they meet the definition of intangible assets under IFRS. Therefore, "Selling, general and administrative expenses" decreased.
- (5) Other income and Other expenses
(Reclassification)
Expenses, which were classified based on functionality and presented under Japanese GAAP, are reclassified based on nature and presented.
In addition, non-operating income, non-operating expenses, extraordinary income, or extraordinary loss were separately presented under Japanese GAAP. Under IFRS, finance-related items (such as interest income, dividends income, interest expenses, and foreign exchange gains and losses) are presented as "Finance income" or "Finance costs," and other items are presented as "Cost of sales," "Selling, general and administrative expenses," "Other income," "Other expenses," or "Share of profit (loss) of investments accounted for using the equity method."
- (6) Finance income
(Reclassification)
Non-operating income, non-operating expenses, extraordinary income, or extraordinary loss were separately presented under Japanese GAAP. Under IFRS, finance-related items (such as interest income, dividends income, interest expenses, and foreign exchange gains and losses) are presented as "Finance income" or "Finance costs," and other items are presented as "Cost of sales," "Selling, general and administrative expenses," "Other income," "Other expenses," or "Share of profit (loss) of investments accounted for using the equity method."
(Differences in recognition and measurement)
Under Japanese GAAP, gains or losses on sale or impairment losses of investment securities were recognized in profit or loss. However, under IFRS, for equity instruments designated as at fair value through other comprehensive income, changes in fair value are recognized in other comprehensive income and transferred to retained earnings when they are derecognized. Therefore, "Finance income" decreased.
- (7) Finance costs
(Reclassification)

Expenses, which were classified based on functionality and presented under Japanese GAAP, are reclassified based on nature and presented.

In addition, non-operating income, non-operating expenses, extraordinary income, or extraordinary loss were separately presented under Japanese GAAP. Under IFRS, finance-related items (such as interest income, dividends income, interest expenses, and foreign exchange gains and losses) are presented as "Finance income" or "Finance costs," and other items are presented as "Cost of sales," "Selling, general and administrative expenses," "Other income," "Other expenses," or "Share of profit (loss) of investments accounted for using the equity method."

(8) Share of profit of investments accounted for using the equity method
(Reclassification)

Non-operating income, non-operating expenses, extraordinary income, or extraordinary loss were separately presented under Japanese GAAP. Under IFRS, finance-related items (such as interest income, dividends income, interest expenses, and foreign exchange gains and losses) are presented as "Finance income" or "Finance costs," and other items are presented as "Cost of sales," "Selling, general and administrative expenses," "Other income," "Other expenses," or "Share of profit (loss) of investments accounted for using the equity method."

(Differences in recognition and measurement)

Impairment of fixed assets measured in two steps under Japanese GAAP, i.e., the recognition using undiscounted future cash flows and then the measurement using the recoverable amount, is measured in one step using the recoverable amount under IFRS.

As a result of the impairment test, the carrying amount was reduced to its recoverable amount. Therefore, "Share of profit of investments accounted for using the equity method" decreased.

(9) Income tax expense
(Differences in recognition and measurement)

The amounts of "Income tax expense" decreased due to temporary differences arising under IFRS and a reexamination of the recoverability of deferred tax assets.

(10) Financial assets measured at fair value through other comprehensive income
(Differences in recognition and measurement)

Under Japanese GAAP, unlisted shares and investments with no market value were measured using the cost method. Under IFRS, however, they are measured at fair value.

In addition, for equity instruments such as shares and investments in capital, gains and losses on sales and impairment loss, were recognized in profit or loss under Japanese GAAP. However, under IFRS, the changes in fair value are recognized as other comprehensive income when subsequent changes in the fair value are designated to be presented in other comprehensive income.

Notes on adjustment to cash flows for the previous fiscal year ended March 31, 2024 (from 4/1/2023 to 3/31/2024)

Major differences between the consolidated cash flows statements based on Japanese GAAP and the consolidated cash flows statements based on IFRS are as follows:

- The classification for receivables securitization transactions that do not meet the criteria for derecognition of financial assets under IFRS were changed from cash flows from operating activities to cash flows from financing activities.
- With the application of IFRS 16, *Leases*, the classification of lease payments under operating leases were changed from cash flows from operating activities to cash flows from financing activities as "Repayments of lease liabilities."
- The classification for expenditures of development expenses that meet the criteria for capitalization under IFRS were changed from cash flows from operating activities to cash flows from investing activities.