

Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2024 [IFRS]

February 6, 2025

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 Scheduled date for dividends payment: —
 Availability of supplementary information
 for the quarterly financial results: Yes
 Organization of briefing on the quarterly
 financial results: Yes (for analysts and institutional investors)

(Amounts rounded to the nearest million yen)

1. Highlight of the Third Quarter of FY2024 (April 1, 2024 through December 31, 2024)

(1) Consolidated financial results

(Percentages are year-on-year changes)

	Revenue		Adjusted operating income		Operating income		Profit before tax	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
For the nine months ended December 31, 2024	756,112	6.7	25,632	46.7	(43,727)	—	(45,367)	—
For the nine months ended December 31, 2023	708,810	—	17,475	—	10,017	—	13,169	—

	Profit		Profit attributable to owners of parent		Comprehensive income	
	Million yen	%	Million yen	%	Million yen	%
For the nine months ended December 31, 2024	52,628	320.2	50,980	376.6	57,260	66.1
For the nine months ended December 31, 2023	12,525	—	10,697	—	34,472	—

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.

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
For the nine months ended December 31, 2024	264.66	264.43
For the nine months ended December 31, 2023	55.59	55.52

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent
	Million yen	Million yen	Million yen	%
As of December 31, 2024	1,219,326	466,725	459,867	37.7
As of March 31, 2024	1,226,616	436,759	409,507	33.4

2. Dividends

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

Note: Revision of outlook for dividends in the third quarter: None

3. Forecast for Operating Results in the Fiscal Year Ending March 31, 2025 (FY 2024)

(Percentages are year-on-year changes)

	Revenue		Adjusted operating income		Operating income		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY2024 annual	1,010,000	5.2	28,000	27.5	(80,000)	—	25,000	—	129.78

Note: Revision of outlook for FY2024 consolidated operating results in the third quarter: None

■ Notes

(1) Significant changes in the scope of consolidation for the nine months ended December 31, 2024: Yes

Newly included: -

Excluded: 1 company (INFOCOM CORPORATION)

(2) Changes in accounting policies or changes in accounting estimates

a. Changes in accounting policies required by International Financial Reporting Standards (hereinafter, "IFRS"):

None

b. Changes in accounting policies other than the above a:

None

c. Changes in accounting estimates:

None

(3) Shares issued (common shares)

a. Number of shares issued and outstanding (including treasury shares)

As of December 31, 2024:

197,953,707 shares

As of March 31, 2024:

197,953,707 shares

b. Number of treasury shares

As of December 31, 2024:

5,265,138 shares

As of March 31, 2024:

5,400,915 shares

c. Average number of issued and outstanding shares during the period

The nine months ended December 31, 2024:

192,625,507 shares

The nine months ended December 31, 2023:

192,436,185 shares

■ 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 quarter and fiscal year are also presented by applying IFRS. Please refer to "2. Condensed Quarterly Consolidated Financial Statements and Notes Thereto (5) Notes to the Condensed Quarterly 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. Moreover, the Company does not guarantee the achievement of these forecasts and actual results could differ materially from these forecasts.

(Quarterly supplementary financial information and contents of quarterly business results presentation)

(1) Quarterly supplementary financial information is disclosed on TDnet (Timely Disclosure network) and on our company's website on the same day.

(2) Quarterly business results presentation will be disclosed on our company's website.

Supplementary Information

Table of Contents

1. The Overview of Results of Operations, etc.	2
2. Condensed Quarterly Consolidated Financial Statements and Notes Thereto	3
(1) Condensed Quarterly Consolidated Statements of Financial Position	3
(2) Condensed Quarterly Consolidated Statements of Profit or Loss and Condensed Quarterly Consolidated Statements of Comprehensive Income	5
(3) Condensed Quarterly Consolidated Statements of Changes in Equity	7
(4) Condensed Quarterly Consolidated Statements of Cash Flows	11
(5) Notes to the Condensed Quarterly Consolidated Financial Statements	13
(Note on Going Concern Assumptions)	13
(Segment Information)	13
(Assets Held for Sale and Discontinued Operations)	15
(Impairment of non-financial assets)	17
(Loss of control)	18
(Earnings Per Share)	20
(Significant Subsequent Events)	20
(First-Time Adoption)	21

1. The Overview of Results of Operations, etc.

The overview of consolidated results of operations, etc., for the third quarter of the fiscal year ending March 31, 2025, is disclosed on our company's website and on TDnet (Timely Disclosure network) today through Flash Report Results of FY2024 3Q & Outlook for FY2024.

2. Condensed Quarterly Consolidated Financial Statements and Notes Thereto

(1) Condensed Quarterly Consolidated Statements of Financial Position

(Millions of yen)

	Transition Date (as of April 1, 2023)	As of March 31, 2024	As of December 31, 2024
Assets			
Current assets			
Cash and cash equivalents	140,307	123,212	209,631
Trade and other receivables	201,399	222,629	178,063
Inventories	199,315	233,974	242,265
Other financial assets	26,434	14,542	12,353
Other current assets	46,221	30,438	26,676
Subtotal	613,675	624,796	668,988
Assets held for sale	—	826	46,538
Total current assets	613,675	625,622	715,526
Non-current assets			
Property, plant and equipment	295,355	302,860	255,090
Right-of-use assets	40,187	32,932	25,108
Goodwill	9,659	10,662	10,108
Intangible assets	144,524	138,940	119,345
Investment property	11,535	12,644	12,665
Investments accounted for using the equity method	45,937	47,927	46,452
Other financial assets	57,189	42,348	26,670
Retirement benefit asset	701	1,403	750
Deferred tax assets	5,431	7,999	3,490
Other non-current assets	4,037	3,278	4,120
Total non-current assets	614,554	600,994	503,800
Total assets	1,228,229	1,226,616	1,219,326

	Transition Date (as of April 1, 2023)	As of March 31, 2024	As of December 31, 2024
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	148,975	150,778	106,075
Bonds and borrowings	207,897	211,787	226,795
Lease liabilities	10,067	9,765	8,263
Other financial liabilities	9,485	8,379	8,712
Income taxes payable	4,798	12,874	4,397
Provisions	1,315	1,705	3,233
Other current liabilities	43,843	45,061	35,613
Subtotal	426,381	440,348	393,087
Liabilities directly associated with assets held for sale	—	350	26,797
Total current liabilities	426,381	440,698	419,884
Non-current liabilities			
Bonds and borrowings	298,539	270,378	263,260
Lease liabilities	30,543	25,007	18,112
Other financial liabilities	3,402	4,921	5,701
Retirement benefit liability	35,075	34,531	33,966
Provisions	1,888	3,219	1,333
Deferred tax liabilities	8,655	3,785	3,845
Other non-current liabilities	7,398	7,319	6,501
Total non-current liabilities	385,499	349,159	332,716
Total liabilities	811,880	789,857	752,600
Equity			
Share capital	71,833	71,833	71,833
Capital surplus	103,153	103,133	105,681
Retained earnings	205,913	204,174	253,651
Treasury shares	(12,299)	(11,772)	(11,473)
Other components of equity	22,299	42,139	48,360
Other comprehensive income associated with assets held for sale	—	—	(8,184)
Total equity attributable to owners of parent	390,898	409,507	459,867
Non-controlling interests	25,451	27,252	6,858
Total equity	416,350	436,759	466,725
Total liabilities and equity	1,228,229	1,226,616	1,219,326

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

(Millions of yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Continuing operations		
Revenue	708,810	756,112
Cost of sales	(545,575)	(618,768)
Gross profit	163,235	137,343
Selling, general and administrative expenses	(161,468)	(180,689)
Other income	12,304	1,530
Other expenses	(4,054)	(1,911)
Operating income (loss)	10,017	(43,727)
Finance income	8,946	4,278
Finance costs	(13,989)	(8,794)
Share of profit of investments accounted for using the equity method	8,196	2,876
Profit(loss) before tax	13,169	(45,367)
Income tax expense	(5,258)	(8,063)
Profit(loss) from continuing operations	7,911	(53,430)
Discontinued operations		
Profit from discontinued operations	4,614	106,058
Profit	12,525	52,628
Profit attributable to:		
Owners of parent	10,697	50,980
Non-controlling interests	1,828	1,648
Profit	12,525	52,628
Earnings(loss) per share		
Basic earnings(loss) per share		
Continuing operations	39.31	(276.94)
Discontinued operations	16.28	541.60
Total	55.59	264.66
Diluted earnings(loss) per share		
Continuing operations	39.26	(276.70)
Discontinued operations	16.26	541.14
Total	55.52	264.43

(Condensed Quarterly Consolidated Statements of Comprehensive Income)

For the nine months ended December 31, 2023 and 2024

(Millions of yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Profit	12,525	52,628
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	5,313	1,043
Remeasurements of defined benefit plans	803	(0)
Share of other comprehensive income of investments accounted for using the equity method	5	(61)
Total of items that will not be reclassified to profit or loss	6,120	982
Items that may be reclassified to profit or loss		
Effective portion of cash flow hedges	1,463	446
Exchange differences on translation of foreign operations	14,205	1,276
Share of other comprehensive income of investments accounted for using the equity method	158	1,927
Total of items that may be reclassified to profit or loss	15,826	3,650
Total other comprehensive income, net of tax	21,946	4,632
Comprehensive income	34,472	57,260
Comprehensive income attributable to:		
Owners of parent	32,793	55,624
Non-controlling interests	1,679	1,636
Comprehensive income	34,472	57,260

(3) Condensed Quarterly Consolidated Statements of Changes in Equity

For the nine months ended December 31, 2023

(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	—	—	10,697	—	—	—	—
Other comprehensive income	—	—	—	—	—	5,463	803
Total comprehensive income	—	—	10,697	—	—	5,463	803
Purchase of treasury shares	—	—	—	(10)	—	—	—
Disposal of treasury shares	—	(45)	—	180	(142)	—	—
Transfer of loss on disposal of treasury shares	—	150	(150)	—	—	—	—
Share-based payment expenses	—	(270)	—	286	—	—	—
Dividends	—	—	(5,292)	—	—	—	—
Change in treasury shares of parent arising from transactions with non-controlling interests	—	121	—	—	—	—	—
Transfer to non-financial assets	—	—	—	—	—	—	—
Transfer to other comprehensive income associated with assets held for sale	—	—	—	—	—	—	—
Change in scope of consolidation	—	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	5,545	—	—	(4,743)	(803)
Other	—	—	(0)	(0)	—	—	—
Total transactions with owners	—	(45)	104	456	(142)	(4,743)	(803)
Balance as of December 31, 2023	71,833	103,108	216,714	(11,843)	540	21,857	—

(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	—	—	—	10,697	1,828	12,525
Other comprehensive income	1,463	14,366	22,096	22,096	(149)	21,946
Total comprehensive income	1,463	14,366	22,096	32,793	1,679	34,472
Purchase of treasury shares	—	—	—	(10)	—	(10)
Disposal of treasury shares	—	—	(142)	(7)	—	(7)
Transfer of loss on disposal of treasury shares	—	—	—	—	—	—
Share-based payment expenses	—	—	—	17	—	17
Dividends	—	—	—	(5,292)	(1,107)	(6,399)
Change in treasury shares of parent arising from transactions with non-controlling interests	—	—	—	121	—	121
Transfer to non-financial assets	(308)	—	(308)	(308)	—	(308)
Transfer to other comprehensive income associated with assets held for sale	—	—	—	—	—	—
Change in scope of consolidation	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	(5,545)	—	—	—
Other	—	—	—	(0)	69	69
Total transactions with owners	(308)	—	(5,995)	(5,480)	(1,038)	(6,518)
Balance as of December 31, 2023	1,636	14,366	38,399	418,211	26,092	444,303

For the nine months ended December 31, 2024

(Millions of yen)

	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	—	—	50,980	—	—	—	—
Other comprehensive income	—	—	—	—	—	998	(0)
Total comprehensive income	—	—	50,980	—	—	998	(0)
Purchase of treasury shares	—	—	—	(5)	—	—	—
Disposal of treasury shares	—	(24)	—	91	(264)	—	—
Transfer of loss on disposal of treasury shares	—	101	(101)	—	—	—	—
Share-based payment expenses	—	123	—	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	—	—	6,711	—	—	(6,711)	0
Other	—	(0)	0	0	—	—	—
Total transactions with owners	—	2,548	(1,503)	299	(264)	(6,303)	0
Balance as of December 31, 2024	71,833	105,681	253,651	(11,473)	210	9,236	—

(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	—	—	—	—	50,980	1,648	52,628
Other comprehensive income	446	3,200	4,644	—	4,644	(12)	4,632
Total comprehensive income	446	3,200	4,644	—	55,624	1,636	57,260
Purchase of treasury shares	—	—	—	—	(5)	—	(5)
Disposal of treasury shares	—	—	(264)	—	(197)	—	(197)
Transfer of loss on disposal of treasury shares	—	—	—	—	—	—	—
Share-based payment expenses	—	—	—	—	336	—	336
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	(39)	—	(39)	—	(39)	—	(39)
Transfer to other comprehensive income associated with assets held for sale	—	8,184	8,184	(8,184)	—	—	—
Change in scope of consolidation	—	—	408	—	—	(19,190)	(19,190)
Transfer from other components of equity to retained earnings	—	—	(6,711)	—	—	—	—
Other	—	—	(0)	—	0	16	17
Total transactions with owners	(39)	8,184	1,577	(8,184)	(5,263)	(22,030)	(27,293)
Balance as of December 31, 2024	739	38,176	48,360	(8,184)	459,867	6,858	466,725

(4) Condensed Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Cash flows from operating activities		
Profit (loss) before tax	13,169	(45,367)
Profit before tax from discontinued operations	6,675	106,601
Depreciation and amortization	58,893	54,393
Impairment losses	8,565	59,126
Share of loss (profit) of investments accounted for using the equity method	(8,357)	(2,834)
Increase or decrease in retirement benefit asset or liability	2,047	(124)
Interest and dividend income	(2,706)	(2,709)
Interest expenses	9,627	8,119
Loss (gain) on sale or disposal of fixed assets	429	1,163
Loss (gain) on sale of shares of subsidiaries	1,008	(102,060)
Decrease (increase) in trade and other receivables	567	17,726
Decrease (increase) in inventories	(22,373)	(18,586)
Increase (decrease) in trade and other payables	(19,382)	(15,240)
Other	(18,549)	1,048
Subtotal	29,612	61,255
Interest and dividends received	8,739	7,352
Proceeds from insurance income	7,765	520
Interest paid	(7,675)	(7,456)
Income taxes paid	(1,747)	(20,842)
Net cash provided by (used in) operating activities	36,694	40,829
Cash flows from investing activities		
Purchase of property, plant and equipment	(39,715)	(41,809)
Proceeds from sale of property, plant and equipment	1,142	624
Purchase of intangible assets	(14,245)	(2,482)
Purchase of investment securities	(4,516)	(3,519)
Proceeds from sale of investment securities	11,875	11,997
Net decrease (increase) in short-term loans receivable	(1,625)	(707)
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	(37)	96,071
Other	(1,607)	(992)
Cash flows from investing activities	(50,060)	59,183

(Millions of yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term borrowings	47,136	53,974
Proceeds from long-term borrowings	—	1,000
Repayments of long-term borrowings	(7,826)	(34,516)
Redemption of bonds	(30)	(20,090)
Repayments of lease liabilities	(5,230)	(5,276)
Purchase of treasury shares	(10)	(5)
Dividends paid to owners of parent	(5,292)	(7,705)
Dividends paid to non-controlling interests	(1,208)	(678)
Net cash provided by (used in) financing activities	27,540	(13,296)
Effect of exchange rate changes on cash and cash equivalents	511	1,511
Net increase (decrease) in cash and cash equivalents	14,685	88,227
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	(314)	(1,808)
Cash and cash equivalents at end of period	154,678	209,631

(5) Notes to the Condensed Quarterly 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 first quarter of 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 the Third Quarter of FY2023 (April 1, 2023, through December 31, 2023)

(Millions of yen)

	Reportable operating segments				Others (Note 1)	Total	Adjustments (Note 2)	Amount on condensed quarterly consolidated financial statements
	Materials	Fibers & Products Converting	Healthcare	Subtotal				
Revenue								
External	321,292	239,759	107,098	668,149	40,660	708,810	—	708,810
Intersegment	7,621	1,585	64	9,270	3,561	12,831	(12,831)	—
Total	328,914	241,344	107,162	677,419	44,221	721,641	(12,831)	708,810
Adjusted operating income (Note 3)	(1,288)	9,966	12,750	21,428	856	22,284	(4,809)	17,475

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 -4,809 million yen include the elimination of intersegment transactions of -76 million yen and corporate expenses of -4,733 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. 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 non-recurring factors.

Results of the Third Quarter of FY2024 (April 1, 2024 through December 31, 2024)

(Millions of yen)

	Reportable operating segments				Others (Note 1)	Total	Adjustments (Note 2)	Amount on condensed quarterly consolidated financial statements
	Materials	Fibers & Products Converting	Healthcare	Subtotal				
Revenue								
External	342,359	266,178	104,231	712,768	43,345	756,112	—	756,112
Intersegment	8,324	1,734	4	10,061	3,687	13,749	(13,749)	—
Total	350,682	267,912	104,234	722,828	47,032	769,860	(13,749)	756,112
Adjusted operating income (Note 3)	1,865	15,143	8,049	25,057	6,707	31,764	(6,132)	25,632

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 -6,132 million yen include the elimination of intersegment transactions of -77 million yen and corporate expenses of -6,055 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. 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 non-recurring factors.

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

(Millions of yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Adjusted operating income	17,475	25,632
Gain on sale of fixed assets	243	405
Loss on disposal of fixed assets	(645)	(1,567)
Impairment losses	(8,565)	(59,126)
Insurance claim income(Note 1)	5,813	—
Loss on disaster(Note 2)	(1,799)	—
Special retirement benefits(Note 3)	(319)	(4,593)
Share of loss(profit) of investments accounted for using the equity method	(1,264)	(4,230)
Other	(923)	(248)
Operating income (loss)	10,017	(43,727)
Finance income	8,946	4,278
Finance costs	(13,989)	(8,794)
Share of profit (loss) of investments accounted for using the equity method	8,196	2,876
Profit (loss) before tax	13,169	(45,367)

Note 1. "Insurance claim income" for the nine months ended December 31, 2023, 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 the nine months ended December 31, 2023, 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 the nine months ended December 31, 2024, mainly relate to Early Retirement Incentive Program.

(Assets Held for Sale and Discontinued Operations)

(1) Assets held for sale and liabilities directly associated with assets held for sale

A. Assets held for sale and liabilities directly associated with assets held for sale are comprised of the following:

(Millions of yen)

	Transition Date (as of April 1, 2023)	As of March 31, 2024	As of December 31, 2024
Assets held for sale			
Cash and cash equivalents	—	350	1,808
Trade and other receivables	—	—	20,683
Inventories	—	24	14,330
Other current assets	—	—	4,333
Property, plant and equipment	—	443	1,328
Intangible assets	—	9	—
Investments accounted for using the equity method	—	—	2,916
Retirement benefit asset	—	—	705
Deferred tax assets	—	—	434
Total	—	826	46,538
Liabilities directly associated with assets held for sale			
Trade and other payables	—	10	19,107
Lease liabilities (current liabilities)	—	—	491
Other financial liabilities (current liabilities)	—	—	415
Provisions (current liabilities)	—	0	278
Other current liabilities	—	84	1,780
Bonds and borrowings (non-current liabilities)	—	—	327
Lease liabilities (non-current liabilities)	—	—	3,502
Retirement benefit liability	—	255	436
Provisions (non-current liabilities)	—	—	251
Other non-current liabilities	—	—	210
Total	—	350	26,797

B. Overview of assets held for sale

The main items of assets held for sale and directly associated liabilities for the three months ended December 31, 2024, are as follows.

The Company determined its specific policy in November 2024, on negotiation with a potential buyer for the sale of all the shares it owns in its consolidated subsidiary, Teijin Automotive Technologies NA Holdings Corp. (hereinafter, "TAT"), which mainly engages in composites business for automotives (the Materials Business) in the North America. As a result, the Company classified the assets and liabilities held by TAT as assets held for sale and directly associated liabilities. Due to the reclassification to assets held for sale, an impairment loss was recognized on the difference between the fair value less selling costs and the carrying amounts. Please refer to "2. Condensed Quarterly Consolidated Financial Statements and Notes Thereto (5) Notes to the Condensed Quarterly Consolidated Financial Statements (Impairment of non-financial assets P.17)".

Additionally, in December 2024, a share transfer agreement was concluded to transfer all shares of the joint venture Esteve Teijin Healthcare, S.L., which is owned by the Company and Corporacion Quimico Farmaceutica Esteve S.A., to Oximesa S.L.U. As a result, the equity method of accounting will no longer be applied to the shares intended for transfer, and these assets were classified as assets held for sale. Since the fair value less selling costs (planned sale price) exceeded the carrying amounts, the assets were measured at their carrying amounts.

The share transfer is expected to be completed during the three months ending March 31, 2025.

(2) Discontinued operations

A. Overview of discontinued operations

At the Board of Directors' meeting held on June 18, 2024, the Company resolved to conclude a basic agreement on transferring all INFOCOM Shares (hereinafter, "INFOCOM Shares") that it owns to INFOCOM CORPORATION (hereinafter, "INFOCOM").

As a result, the Company has classified the profit and loss, and cash flows of the "IT" Business including INFOCOM and its consolidated subsidiaries to discontinued operations for the nine months ended December 31, 2024. The related figures for the nine months ended December 31, 2023, have been restated and presented separately as discontinued operations.

The transfer of the INFOCOM Shares was completed on October 22, 2024.

B. Profit or loss related to discontinued operations

(Millions of yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Discontinued operations		
Revenue (Note)	51,984	146,354
Expenses	(45,310)	(39,753)
Profit before tax from discontinued operations	6,675	106,601
Income tax expense (Note)	(2,061)	(543)
Profit (loss) from discontinued operations	4,614	106,058

Note: A gain on the sale of the IT business amounting to 102,060 million yen is included during the nine months ended December 31, 2024. The income tax related to the gain is 684 million yen on the profit side.

C. Cash flows from discontinued operations

(Millions of yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Cash flows from discontinued operations		
Cash flows from operating activities	6,059	4,015
Cash flows from investing activities (Note)	(4,146)	93,685
Cash flows from financing activities	(3,326)	(1,813)
Net cash flow from discontinued operations	(1,414)	95,887

Note: A cash inflow of 96,071 million yen resulting from the sale of the IT business is included during the nine months ended December 31, 2024.

(Impairment of non-financial assets)

In the consolidated financial statements for the nine months ended December 31, 2024, the Company recorded an impairment loss of 59,126 million yen, which primarily relates to the impairment loss of 58,369 million yen concerning fixed assets of Teijin Automotive Technologies NA Holdings Corp. (hereinafter, "TAT") within the Materials Segment, and the impairment loss was due to the following two reasons

- (1) The Company identified indications of impairment, including a sales decrease on certain programs and a declined production efficiency at certain factories, which made it difficult for TAT to achieve the adjusted operating profit or loss projected under its short-term plan. As a result of an impairment test, the recoverable amounts of the fixed assets of TAT were determined to be lower than their carrying amounts; therefore, the Company recorded an impairment loss in accordance with IAS 36, Impairment of Assets as "cost of sales" of 44,791 million yen and "selling, general and administrative expenses" of 12,902 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 was measured at the lower of their carrying amount and fair value less costs to sell, and the carrying amount was written down to fair value less costs to sell. The impairment loss of 676 million yen was included in "Other expenses".

(Loss of control)

Results of the Third Quarter of FY2023 (April 1, 2023, through December 31, 2023)

(1) Overview of the loss of control

In December 2023, based on the share transfer agreement concluded with Qingdao Keda Times Intelligent Equipment Co., Ltd. in August 2023, the Company transferred all of its shares (100% of the total issued shares) in Teijin Automotive Technologies (Tangshan) Co., Ltd.

As a result, the Company has lost control over Teijin Automotive Technologies (Tangshan) Co., Ltd.

(2) Assets and liabilities with the loss of control

(Millions of yen)	
Account Item	Amount
Breakdown of assets at the time of losing control	
Current assets	4,548
Non-current assets	768
Breakdown of liabilities at the time of losing control	
Current liabilities	580
Non-current liabilities	2,270

(3) Income (loss) arising from the loss of control

The loss on the sale of subsidiary shares amounting to 1,008 million yen is included under "Other expenses" in the Condensed Quarterly Consolidated Statements of Profit or Loss.

(4) Changes in cash and cash equivalents with the loss of control

(Millions of yen)	
Account Item	Amount
Cash consideration received	680
Cash and cash equivalents in subsidiaries excluded from the scope of consolidation	(717)
Cash outflow arising from the sale of subsidiary shares resulting in a change in the scope of consolidation	(37)

Results of the Third Quarter of FY2024 (April 1, 2024, through December 31, 2024)

(1) Overview of the loss of control

Based on the basic agreement on transactions concluded with BXJC II Holding KK on June 18, 2024, regarding (i) the Company shall not apply to a tender offer that the Tender Offeror plans to make for the common shares of INFOCOM CORPORATION (hereinafter, "INFOCOM"), which is the Company's consolidated subsidiary, (hereinafter, "INFOCOM Shares") and stock acquisition rights (hereinafter, "Tender Offer") with regard to all INFOCOM Shares that the Company owns, (ii) procedures shall be implemented to make the Company and the Tender Offeror INFOCOM's only shareholders after the completion of the Tender Offer, and (iii) the Company shall transfer all INFOCOM Shares that it owns at the time to INFOCOM through share repurchase by INFOCOM (hereinafter, "Share Transfer"), on October 22, 2024, the Company transferred all of its shares in INFOCOM to INFOCOM through INFOCOM's repurchase of its own shares.

As a result of the share transfer, the Company's ownership interest has become zero, and the Company has lost control over INFOCOM and its subsidiaries (hereinafter, "INFOCOM group").

(2) Assets and liabilities with the loss of control over the INFOCOM group

(Millions of yen)

Account Item	Amount
Breakdown of assets at the time of losing control	
Current assets	57,202
Non-current assets	22,342
Breakdown of liabilities at the time of losing control	
Current liabilities	26,688
Non-current liabilities	2,772

(3) Income (loss) arising from the loss of control over the INFOCOM Group

(Millions of yen)

Account Item	Amount
Gain recognized with the loss of control	103,824
Transaction costs associated with the sale	(1,764)
Gain on the sale of subsidiary shares	102,060

(4) Changes in cash and cash equivalents with the loss of control over the INFOCOM group

(Millions of yen)

Account Item	Amount
Cash consideration received	132,613
Cash and cash equivalents in subsidiaries excluded from the scope of consolidation	(36,542)
Cash inflow arising from the sale of subsidiary shares resulting in a change in the scope of consolidation	96,071

(Earnings Per Share)

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

(Yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Basic earnings per share	55.59	264.66
Continuing operations	39.31	(276.94)
Discontinued operations	16.28	541.60
Diluted earnings per share	55.52	264.43
Continuing operations	39.26	(276.70)
Discontinued operations	16.26	541.14

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

(Millions of yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Profit attributable to common shareholders of parent	10,697	50,980
Continuing operations	7,564	(53,345)
Discontinued operations	3,133	104,325
Profit attributable to common shareholders of parent after adjustment for the effects of dilutive potential shares	10,697	50,980
Continuing operations	7,564	(53,345)
Discontinued operations	3,133	104,325

(Thousands of shares)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Weighted-average number of common shares	192,436	192,626
Increase in number of common shares by share subscription rights	252	163
Weighted-average number of common shares (diluted)	192,688	192,788

(Significant Subsequent Events)

Not applicable

(First-Time Adoption)

The Teijin Group has disclosed its consolidated financial statements applying IFRS from the nine months ended December 31, 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.

Furthermore, the reconciliations of equity as of the transition date (April 1, 2023) and as of the end of the previous consolidated fiscal year (March 31, 2024), as well as the reconciliation to profits/losses and comprehensive income for the previous consolidated fiscal year (April 1, 2023 to March 31, 2024), are as described in “2. Condensed Quarterly Consolidated Financial Statements and Notes Thereto, (5) Notes to the Condensed Quarterly Consolidated Financial Statements (First-Time Adoption)” in the “Summary of Consolidated Financial Results for the Three Months Ended June 30, 2024.

Reconciliations of equity as of December 31, 2023

(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 deposit	157,593	(2,915)	—	154,678	(a)	Cash and cash equivalents
Notes, accounts receivable-trade, and contract assets	182,964	18,299	4,837	206,100	(b)	Trade and other receivables
Merchandise and finished goods	149,356	77,527	1,824	228,707	(c)	Inventories
Work in process	17,065	(17,065)	—	—		
Raw materials and supplies	60,486	(60,486)	—	—		
	—	30,731	—	30,731	(d)	Other financial assets
Other current assets	85,892	(47,229)	34	38,696	(e)	Other current assets
Allowance for doubtful accounts	(712)	712	—	—		
	—	692	—	692		Assets held for sale
Total current assets	652,644	266	6,694	659,604		Total current assets
Noncurrent assets						Non-current assets
Tangible assets	353,681	(32,309)	(19,237)	302,135	(f)	Property, plant and equipment
	—	19,022	14,594	33,617	(g)	Right-of-use assets
	—	13,454	—	13,454	(h)	Investment property
Intangible assets						
Goodwill	13,443	—	(2,951)	10,492	(i)	Goodwill
Other	133,746	363	9,193	143,302	(j)	Intangible assets
Investment and other assets						
Investment securities	90,390	(90,390)	—	—		
	—	54,206	408	54,614	(k)	Investment accounted for using the equity method
	—	56,473	1,175	57,648	(l)	Other financial assets
	—	8,389	(7,663)	726	(m)	Retirement benefit asset
	—	6,814	(1,249)	5,565	(n)	Deferred tax assets
Other	41,690	(37,570)	(381)	3,739	(l)	Other non-current assets
Allowance for doubtful accounts	(1,282)	1,282	—	—		
Total noncurrent assets	631,667	(266)	(6,110)	625,292		Total non-current assets
Total assets	1,284,311	—	584	1,284,895		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	92,210	41,938	(1,141)	133,007	(o)	Current liabilities
Short-term loans payable	179,669	116,182	6,364	302,215	(p)	Trade and other payables
current portion of long-term loans payable	96,122	(96,122)	—	—		Bonds and borrowings
Current portion of bonds	20,060	(20,060)	—	—		
	—	3,066	6,661	9,727	(g)	Lease liabilities
	—	11,300	1,500	12,800	(q)	Other financial liabilities
Income taxes payable	6,034	(427)	(97)	5,510		Income taxes payable
	—	1,306	—	1,306	(r)	Provisions
Other	95,170	(57,242)	1,302	39,229	(s)	Other current liabilities
	—	314	—	314		Liabilities directly associated with assets held for sale
Total current liabilities	489,264	255	14,588	504,108		Total current liabilities
Noncurrent liabilities						Non-current liabilities
Bonds payable	85,030	171,423	(707)	255,746	(p)	Bonds and borrowings
Long-term loans payable	171,423	(171,423)	—	—		
	—	2,305	—	2,305	(r)	Provisions
Net defined benefit liability	36,955	(255)	(1,409)	35,291	(m)	Retirement benefit liability
Asset retirement obligations	1,284	(1,284)	—	—		
	—	16,734	8,625	25,359	(g)	Lease liabilities
	—	3,831	42	3,873	(q)	Other financial liabilities
	—	5,706	(70)	5,636	(n)	Deferred tax liabilities
Other	33,979	(27,293)	1,588	8,274	(t)	Other non-current liabilities
Total noncurrent liabilities	328,671	(255)	8,069	336,485		Total non-current liabilities
Total liabilities	817,936	—	22,657	840,593		Total liabilities
Net assets						Equity
Shareholders' equity						Total equity attributable to owners of parent
Capital stock	71,833	—	—	71,833		Share capital
Capital surplus	103,224	—	(116)	103,108		Capital surplus
Retained earnings	211,934	—	4,780	216,714	(u)	Retained earnings
Treasury stock	(11,843)	—	—	(11,843)		Treasury shares
Accumulated other comprehensive income	64,626	540	(26,766)	38,399	(v)	Other components of equity
Subscription rights to shares	540	(540)	—	—		
Non-controlling interests	26,062	—	29	26,092		Non-controlling interests
Total net assets	466,376	—	(22,073)	444,303		Total equity
Total liabilities and net assets	1,284,311	—	584	1,284,895		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, contract assets, 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.
- (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 performed at the transition date, 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 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 were 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” decreased.
- (p) Bonds and borrowings
(Reclassification)
Short-term loans payable, current portion of long-term loans payable, and current portion of bonds 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 Third Quarter of the fiscal year ended December 31, 2023
(i) Reconciliation of impairment of non-financial assets	(24,149)
(ii) Reconciliation of intangible assets (in-process R&D investment)	9,224
(iii) Reconciliation of employee benefits (paid leave)	(1,589)
(iv) Reconciliation of employee benefits (retirement benefit)	(2,291)
(v) Reconciliation of recoverability of deferred tax assets	(5,560)
(vi) Reconciliation of translation of foreign operations	25,724
(vii) Others	3,421
Total reconciliation of retained earnings	4,780

- (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 to profits/losses and comprehensive income For the nine months ended December 31, 2023

(Millions of yen)

Line items under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Line items under IFRS
Net sales	759,599	(51,671)	882	708,810	(1)(2)	Revenue
Cost of sales	(559,824)	14,344	(95)	(545,575)	(1)(3)	Cost of sales
Gross profit	199,776	(37,327)	787	163,235		Gross profit
Selling, general and administrative expenses	(194,919)	18,683	14,767	(161,468)	(1)(4)	Selling, general and administrative expenses
	—	12,304	—	12,304	(1)(5)	Other income
	—	(3,999)	(55)	(4,054)	(1)(5)	Other expenses
Operating income	4,857	(10,339)	15,499	10,017		Operating income
Non-operating income	17,454	(17,454)	—	—		
Non-operating expenses	(14,674)	14,674	—	—		
Ordinary income	7,637	—	—	—		
Extraordinary income	13,544	(13,544)	—	—		
Extraordinary loss	(10,476)	10,476	—	—		
	—	15,819	(6,873)	8,946	(1)(6)	Finance income
	—	(14,157)	168	(13,989)	(1)(7)	Finance costs
	—	7,774	422	8,196	(1)(8)	Share of profit of investments accounted for using the equity method
Income before income taxes	10,705	(6,751)	9,215	13,169		Profit before tax
Income taxes	(5,511)	2,137	(1,884)	(5,258)	(1)(9)	Income tax expense
Profit	5,194	(4,614)	7,331	7,911		Profit from continuing operations
	—	4,614	—	4,614	(1)	Profit from discontinued operations
Profit	5,194	—	7,331	12,525		Profit

(Millions of yen)

Line items under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Line items under IFRS
Profit	5,194	—	7,331	12,525		Profit
Other comprehensive income	—	—	—	—		Other comprehensive income
	—	—	—	—		Items that will not be reclassified to profit or loss
Valuation difference on available-for-sale securities	216	—	5,096	5,313	(10)	Financial assets measured at fair value through other comprehensive income
Remeasurements of defined benefit plans, net of tax	1,068	—	(265)	803		Remeasurements of defined benefit plans
	—	5	—	5		Items that may be reclassified to profit or loss
						Items that may be reclassified to profit or loss
Deferred gains or losses on hedges	1,155	—	308	1,463		Effective portion of cash flow hedges
Foreign currency translation adjustment	13,500	—	704	14,205		Exchange differences on translation of foreign operations
Share of other comprehensive income of affiliates accounted for using equity method	184	(5)	(20)	158		Share of other comprehensive income of investments accounted for using the equity method
Total other comprehensive income	16,123	—	5,823	21,946		Total other comprehensive income
Comprehensive income	21,317	—	13,154	34,472		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.
- (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.
Under IFRS, depreciation and amortization are not recorded for non-current assets for which impairment losses have already been recorded. Therefore, "Cost of sales" decreased.
- (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."

(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 third quarter of the fiscal year ended March 31, 2024 (from 4/1/2023 to 12/31/2023)

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.