

# Consolidated Financial Statements Summary

(For the three months ended June 30, 2020)

English translation from the original Japanese-language document

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



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

<https://www.teijin.com>

Contact person : Tomoko Torii General Manager,

TEL: +81-(0)3-3506-4395

Investor Relations Department

(Amounts rounded to the nearest million yen)

## 1. Highlight of the First quarter of FY2020 (April 1, 2020 through June 30, 2020)

### (1) Consolidated financial results

(Percentages are year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
For the three months ended June 30, 2020	179,113	-16.5	12,588	-25.8	12,447	-26.2	5,696	-47.1
For the three months ended June 30, 2019	214,621	-0.8	16,958	-7.1	16,861	-20.4	10,777	-44.7

cf. Comprehensive income for the three months ended June 30, 2020 : 11,779 million yen (For the three months ended June 30, 2019 : -2,760 million yen)

	E.P.S. *	Diluted E.P.S.
	Yen	Yen
For the three months ended June 30, 2020	29.68	28.05
For the three months ended June 30, 2019	56.18	53.14

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

### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of June 30, 2020	1,004,937	416,900	39.7
As of March 31, 2020	1,004,223	411,409	39.3

cf. Shareholders' equity as of June 30, 2020 : 399,375 million yen (As of March 31, 2020 : 394,162 million yen)

## 2. Dividends

Period	Dividends per share				
	1Q	2Q	3Q	4Q	Annual
	Yen	Yen	Yen	Yen	Yen
FY2019	—	30.00	—	30.00	60.00
FY2020	—	—	—	—	—
FY2020 (Outlook)	—	—	—	—	—

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

\* The retained earnings dividend for FY2020 (Outlook) is still undecided.

## 3. Forecast for operating results in the year ending March 31, 2021 (FY2020)

(Percentages are year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	E.P.S.
	Million yen	%	Million yen	%	Million yen	%	Million yen	Yen
FY2020 annual	750,000	-12.2	40,000	-28.8	40,000	-26.4	20,000	-20.8
								104.19

Note: Revision of outlook for FY2020 consolidated operating results in the first quarter: Yes

\* For the forecast for operating results in the year ending March 31, 2021 (FY2020), please refer to the "Notice Regarding the Revision of Financial Forecasts" and "Flash Report - Results of FY2020 1Q & Outlook for FY2020 -" both announced today.

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

(1) Cautionary statement on forward-looking statements

All forecasts in this document are based on management's assumptions in light of information currently available and involve certain risks and uncertainties. Actual results could differ materially from these forecasts.

# 1. Financial Statements

## ( 1 ) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2020	As of June 30, 2020
<b>&lt; Assets &gt;</b>		
<b>Current assets</b>		
Cash and deposits	113,500	161,313
Notes and accounts receivable-trade	167,194	149,133
Securities	36,000	—
Merchandise and finished goods	96,935	107,159
Work in process	11,735	11,416
Raw materials and supplies	34,429	34,520
Other current assets	46,053	39,500
Allowance for doubtful accounts	(523)	(480)
<b>Total</b>	<b>505,323</b>	<b>502,561</b>
<b>Noncurrent assets</b>		
<b>Tangible assets</b>		
Buildings and structures, net	65,037	64,727
Machinery and equipment, net	110,956	109,491
Other, net	120,089	125,846
<b>Total</b>	<b>296,081</b>	<b>300,063</b>
<b>Intangible assets</b>		
Goodwill	23,813	22,348
Other	36,574	35,513
<b>Total</b>	<b>60,387</b>	<b>57,861</b>
<b>Investments and other assets</b>		
Investment securities	76,633	83,395
Other	67,402	62,761
Allowance for doubtful accounts	(1,604)	(1,703)
<b>Total</b>	<b>142,432</b>	<b>144,453</b>
<b>Total noncurrent assets</b>	<b>498,900</b>	<b>502,377</b>
<b>Total assets</b>	<b>1,004,223</b>	<b>1,004,937</b>

(Millions of yen)

	As of March 31, 2020	As of June 30, 2020
<b>&lt; Liabilities &gt;</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	80,068	72,705
Short-term loans payable	98,372	106,110
Current portion of long-term loans payable	34,268	14,563
Income taxes payable	5,464	4,208
Provision for business structure improvement	1,089	1,089
Other	68,379	61,148
<b>Total</b>	<b>287,640</b>	<b>259,823</b>
<b>Noncurrent liabilities</b>		
Bonds payable	35,024	35,021
Long-term loans payable	202,013	223,770
Provision for business structure improvement	2,325	2,325
Net defined benefit liability	39,464	39,798
Asset retirement obligations	2,228	2,230
Other	24,120	25,071
<b>Total</b>	<b>305,174</b>	<b>328,214</b>
<b>Total liabilities</b>	<b>592,814</b>	<b>588,037</b>
<b>&lt;Net assets&gt;</b>		
<b>Shareholders' equity</b>		
Capital stock	71,833	71,833
Capital surplus	103,692	103,692
Retained earnings	247,055	246,995
Treasury stock	(13,131)	(13,106)
<b>Total</b>	<b>409,449</b>	<b>409,414</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	12,403	16,355
Deferred gains or losses on hedges	(1,020)	(533)
Foreign currency translation adjustment	(23,217)	(22,483)
Remeasurements of defined benefit plans	(3,452)	(3,378)
<b>Total</b>	<b>(15,286)</b>	<b>(10,039)</b>
<b>Subscription rights to shares</b>	<b>772</b>	<b>801</b>
<b>Non-controlling interests</b>	<b>16,475</b>	<b>16,724</b>
<b>Total net assets</b>	<b>411,409</b>	<b>416,900</b>
<b>Total liabilities and net assets</b>	<b>1,004,223</b>	<b>1,004,937</b>

## ( 2 ) Consolidated Statements of Income

(Millions of yen)

	For the three months ended June 30, 2019	For the three months ended June 30, 2020
<b>Net sales</b>	<b>214,621</b>	<b>179,113</b>
Cost of sales	146,957	119,438
<b>Gross profit</b>	<b>67,664</b>	<b>59,675</b>
Selling, general and administrative expenses	50,706	47,087
<b>Operating income</b>	<b>16,958</b>	<b>12,588</b>
Non-operating income		
Interest income	256	204
Dividends income	564	462
Equity in earnings of affiliates	390	180
Gain on investments in partnerships	—	238
Foreign exchange gains	1,477	—
Miscellaneous income	212	185
Total	2,899	1,268
Non-operating expenses		
Interest expenses	899	764
Foreign exchange losses	—	21
Loss on valuation of derivatives	1,680	232
Miscellaneous loss	417	393
Total	2,996	1,409
<b>Ordinary income</b>	<b>16,861</b>	<b>12,447</b>
Extraordinary income		
Gain on sales of noncurrent assets	21	37
Gain on sales of investment securities	3,704	15
Other	15	0
Total	3,740	53
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	159	200
Loss on valuation of investment securities	—	863
Impairment loss	1,698	—
Business structure improvement expenses	3,411	—
Loss related to COVID-19	—	249
Other	275	165
Total	5,542	1,478
<b>Income before income taxes</b>	<b>15,059</b>	<b>11,022</b>
Income taxes	4,000	4,801
<b>Profit</b>	<b>11,059</b>	<b>6,221</b>
Profit attributable to non-controlling interests	282	525
<b>Profit attributable to owners of parent</b>	<b>10,777</b>	<b>5,696</b>

### (3) Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the three months ended June 30, 2019	For the three months ended June 30, 2020
<b>Profit</b>	<b>11,059</b>	<b>6,221</b>
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	(6,900)	4,221
Deferred gains or losses on hedges	(60)	487
Foreign currency translation adjustment	(7,093)	1,104
Remeasurements of defined benefit plans, net of tax	322	85
Share of other comprehensive income of associates accounted for using equity method	(88)	(339)
<b>Total</b>	<b>(13,819)</b>	<b>5,558</b>
<b>Comprehensive income</b>	<b>(2,760)</b>	<b>11,779</b>
Comprehensive income attributable to :		
Owners of parent	(2,727)	10,944
Non-controlling interests	(34)	835

## 2. Segment and Other Information

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

None

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

None

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

Certain of the consolidated subsidiaries of the Company have adopted a method for estimating in practical terms the effective tax rate for the fiscal year, including for the three months ended June 30, 2020, following the application of tax effect accounting to income before income taxes, and multiplying this by quarterly income before income taxes to estimate quarterly tax expense.

### **Additional Information (COVID-19):**

There is some uncertainty about when coronavirus disease 2019 (COVID-19) will be contained. Nonetheless, in its business fields, the Company expects a decrease in earnings in line with lower sales volume in FY2020, among other impacts, mainly based on a downturn in global consumer spending and stagnant production activity due to the spread of COVID-19.

At this time, the Company assumes that economic activity will gradually start to recover from the second quarter of FY2020. However, there could still be a significant impact on the Company's operating results for FY2020.

## Segment information

( 1 ) Results of the First quarter of FY2019 (April 1, 2019 through June 30, 2019)

1 ) Segment sales and operating income

(Millions of yen)

	Reportable operating segments					Others*	Total
	Materials	Healthcare	Fibers & Products Converting	IT	Subtotal		
Sales							
1) External customers	86,088	39,830	73,779	10,896	210,594	4,028	214,621
2) Intersegment transactions or transfers	3,406	16	1,226	1,237	5,884	983	6,868
Net sales	89,494	39,846	75,005	12,133	216,478	5,011	221,489
Segment income (loss)	5,584	10,522	972	1,310	18,388	(11)	18,376

\* "Others," which includes the Engineering business, does not qualify as a reportable operating segment.

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

(Adjustment) (Millions of yen)

Operating income (loss)	Amount
Total reportable operating segments	18,388
Others segment	(11)
Elimination of intersegment transactions	(48)
Corporate expenses*	(1,371)
Operating income	16,958

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

3 ) Loss on impairment and goodwill by reportable segments

This item has been omitted because it is of low significance.



( 2 ) Results of the First quarter of FY2020 (April 1, 2020 through June 30, 2020)

1 ) Segment sales and operating income

(Millions of yen)

	Reportable operating segments					Others*	Total
	Materials	Healthcare	Fibers & Products Converting	IT	Subtotal		
Sales							
1) External customers	53,884	36,160	71,633	13,522	175,199	3,914	179,113
2) Intersegment transactions or transfers	2,313	—	752	1,292	4,357	785	5,141
Net sales	56,197	36,160	72,385	14,815	179,556	4,699	184,254
Segment income (loss)	(1,408)	8,680	5,095	2,029	14,396	(436)	13,960

\* "Others," which includes the Engineering business, does not qualify as a reportable operating segment.

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

(Adjustment)	(Millions of yen)
Operating income (loss)	Amount
Total reportable operating segments	14,396
Others segment	(436)
Elimination of intersegment transactions	75
Corporate expenses*	(1,447)
Operating income	12,588

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

3) Changes in reportable segments

From the three months ended June 30, 2020, the Company has revised its previous two reportable segments, the Materials Business and the Healthcare Business, into four reportable segments: the Materials Business, Healthcare Business, Fibers & Products Converting Business, and IT Business. The Company has been shifting the Fibers & Products Converting Business to an independent management system. In this regard, the segment revision was undertaken to separate the Fibers & Products Converting Business from the Materials Business and make it an independent reportable segment, in order to execute further independent and agile management based on the "ALWAYS EVOLVING" Medium-Term Management Plan published in February 2020.

In addition, the Company has separated the IT Business, which has become increasingly important, from Others, and has made it an independent reportable segment.

The segment figures for the three months ended June 30, 2019 have been recalculated and disclosed in accordance with the new reportable segments after the revision.

4 ) Loss on impairment and goodwill by reportable segments

No