



FIBERS & PRODUCTS CONVERTING BUSINESS/IT BUSINESS

▶▶ Profitable Growth Business

FIBERS & PRODUCTS CONVERTING BUSINESS

Strengths

- Diversified customer base through various application development
- Strategic product allocation between parent factory (development and production of cutting-edge materials) and OEMs (optimized cost and production efficiency) for realizing a speedy and efficient supply system
- Active development of eco-friendly businesses

Weaknesses

- Basic profitability and prompt contribution to profits by new businesses

Opportunities

- Expanding automotive market, mainly in emerging countries
- Growing needs for fuel efficiency, compactness, and safety in mobility
- Increasing seriousness of environmental issues, disaster response, and infrastructure degradation

Threats

- Greater uncertainty regarding world affairs due to COVID-19 and the deteriorating relationship between the United States and China
- Decline in automobile demand
- Stagnation in the clothing market due to unfavorable weather

Business Introduction

Teijin Frontier Co., Ltd., the Teijin Group's core company for the Fibers & Products Converting Business, is a one-of-a-kind hybrid company in the industry, possessing the functions of both a manufacturer and a general trading company. Teijin Frontier possesses an extensive supply chain, involving itself in everything from the analysis of market needs and R&D activities on materials to production, processing, and sales. In addition, the company rolls out an extensive lineup of products and services, spanning from clothing to industrial materials, on a global basis.

Fiscal 2019 Performance

In fiber materials and apparel, domestic production of sports textiles and sales of men's heavy clothing struggled due to market stagnation both inside and outside Japan following the trade friction between the United States and China as well as unfavorable weather. In the industrial textiles and materials field, sales of automotive materials were adversely impacted by sluggish automobile sales in Europe and China. On the other hand, sales remained favorable of infrastructure reinforcement materials and polyester staple fiber for water treatment filter applications and synthetic leather.

Major Initiatives under the Medium-Term Management Plan

In the Fibers & Products Converting Business, we will step up efforts toward business expansion in growth fields, such as mobility, the environment, infrastructure, and healthcare, as well as the cultivation of new businesses, including the development of wearable materials centered on sensing technologies. Meanwhile, we will strive to enhance the business's basic profitability, which has become an issue, with a focus on unprofitable business areas.

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IT BUSINESS

Business Introduction

Our IT Business centers on Infocom Corporation and comprises two business fields: business solution and digital entertainment. For business solution, Infocom possesses know-how and developmental technologies cultivated in the medical industry and leverages these strengths to provide high-value-added services, such as system and packaged products for corporate, medical, and public institutions. With digital entertainment, Infocom provides customers with such services as the *Mecha Comic* e-comics distribution service, leveraging its know-how and track record built from the early days of the mobile phone business. In the e-comics market, *Mecha Comic* has grown to become one of Japan's largest stores for digital comics.

Fiscal 2019 Performance

In the IT Business, we actively pursued M&As centered on the core businesses of e-comics and healthcare. At the same time, we worked to expand the IT Business through the utilization of AI and IoT. For business solution, the performance of services for hospitals and corporations was solid following the response to the changing of the era name in Japan, the consumption tax hike, and workstyle reforms. Also, in digital entertainment, we achieved significant growth with its e-comics distribution service through not only the optimization of advertisements based on data analysis but also the contributions of free serial publications and original comics.

Major Initiatives under the Medium-Term Management Plan

For business solution, we will roll out new services in the nursing care and health domains and expand its system services for hospitals in Southeast Asia. By doing so, we will strengthen its services in the healthcare business. For digital entertainment, we will aim to secure an even more robust position as an e-comics brand by promoting the use of AI, data, and other technologies.