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Flash Report

*Results of FY2021 & Outlook for FY2022*

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Teijin Limited

May 12, 2022

# Points of Financial Results of FY2021 & Outlook for FY2022

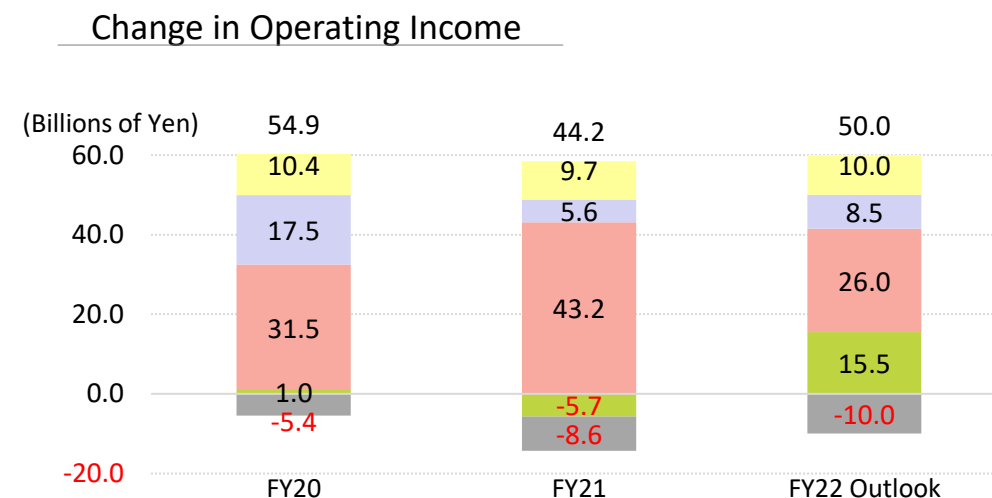
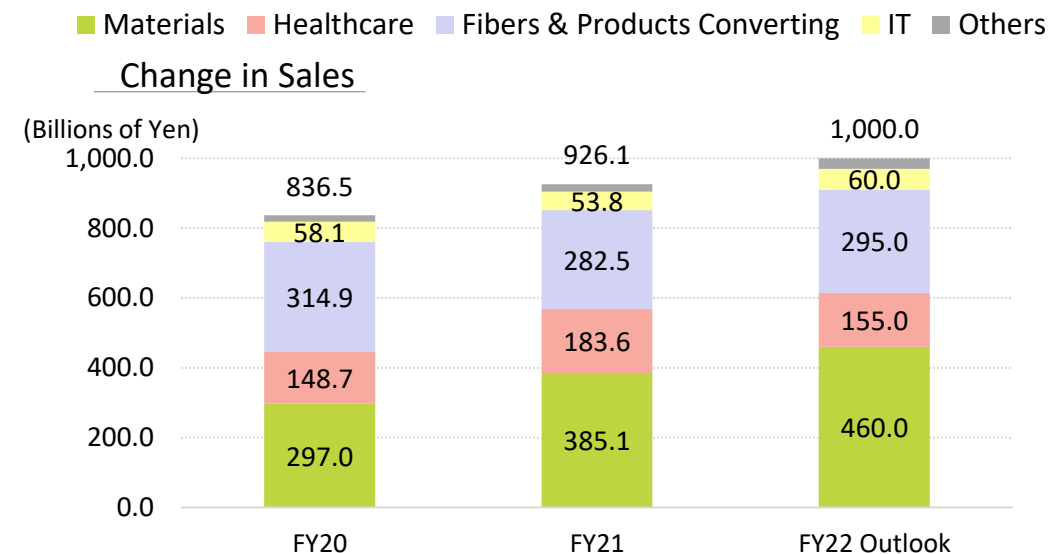
## Results for FY2021(Compared with FY2020)

- While net sales amounted to 926.1 billion yen, a 10.7% increase year on year, due to an increase in sales driven by economic recovery, operating income dropped to 44.2 billion yen, a 19.5% decrease year on year
  - Strong sales in the Healthcare Business Field resulted in record an all-time high operating income for the segment and almost offset the impact of the end of governmental demand for medical gowns in the Fibers & Products Converting Field
  - The Materials Business Field was affected mainly by the sharp rise in raw material and fuel prices in the composites business and the aramid business and production suspension caused by plant power outages in the aramid business, resulting in an operating loss despite efforts to revise selling prices
- Profit attributable to owners of parent was 23.2 billion yen, recovering from the previous fiscal year's deficit

## Outlook for FY2022(Compared with FY2021)

- We forecast net sales of 1.0 trillion yen, an increase of 8.0% year on year, and operating income of 50.0 billion yen, an increase of 13.1% year on year
  - While the market entry of generic drugs as alternatives to *FEBURIC*, the main pharmaceutical product of the Healthcare Business Field, will have an impact on the segment, the Materials Business Field will experience continuously strong demand for its products and the positive effects of investments in increasing production capacity
- Profit attributable to owners of parent is forecast to be 28.0 billion yen, an increase of 20.9% year on year
- The annual dividend is forecast to be 55 yen per share, the same level as in the previous fiscal year

\* If the Russian invasion of Ukraine and lockdown in China is prolonged, they will likely affect our business results



# Key Assumptions regarding the Company's Main Target Markets(FY2021 & Outlook for FY2022)

Demand will remain firm generally

Main businesses	Markets	Main Areas	FY2021	Outlook for FY2022	
Materials	Aramid	Automotive	Europe US	• Demand for tires, brakes, and hoses increased significantly despite the negative impact of the semiconductor shortage on automotive production	• Demand will remain firm
		Industrial materials	Europe US	• Sales of products for optical-fiber and other applications recovered to the 2019 level; demand remained high	• Demand will remain firm
		Ballistic /Protective apparel	Europe US	• Demand remained strong though there was movement shifting to high modulus strength polyethylene fiber	• Demand will remain firm
	Resin	Office machine	Asia	• Office machine manufacturers' operations decreased due to the semiconductor shortage, in addition to the COVID-19 pandemic	• Customers' operations, which have declined due to the semiconductor shortage, will gradually return to normal
		Automotive	Japan China Asia	• The semiconductor shortage caused a decline in customers' operations	• Customers' operations, which have declined due to the semiconductor shortage, will gradually return to normal
	Carbon fibers	Aircraft	Europe US	• Demand for air travel, especially for domestic flights, recovered mainly in Europe and North America, where the vaccination rate was higher than other regions • Demand for international flights recovered only at a limited level, compared with that for domestic flights • Demand for freight transportation remained strong	• Recovery trend in domestic flight demand will continue • Demand for international passenger flights will recover only at a limited level
	Composites	Automotive	US Europe China	• OEM production was constrained due to the semiconductor shortage	• Amid strong demand, production constraints on OEMs due to the semiconductor shortage will gradually dissipate

- Factor already incorporated in the outlook: Continuation of the current rise in natural gas and material prices throughout the fiscal year
- Factors not yet incorporated in the outlook: Further rise in natural gas and material prices and continued semiconductor shortage in the event that the conflict in Ukraine is prolonged  
Further supply chain disruption and the suspension of operation of Teijin's and customers' production bases in the event that lockdown in China will continue

## Key Assumptions regarding the Company's Main Target Markets(FY2021 & Outlook for FY2022)

Main businesses	Markets	Main Areas	FY2021	Outlook for FY2022
Healthcare	Pharmaceuticals	Japan	<ul style="list-style-type: none"> <li>The market for gout and hyperuricemia treatments continued to grow</li> </ul>	<ul style="list-style-type: none"> <li>The number of patients suffering from gout and hyperuricemia will increase, but the entry of generic drugs will shrink the size of the market for these treatments.</li> </ul>
			<ul style="list-style-type: none"> <li>The market for diabetes treatments grows slightly, but competition in the market remains fierce</li> <li>Since medical institutions continues to impose restrictions on in-person visits to them amid the COVID-19 pandemic, e-promotion is continuously enhanced</li> </ul>	
	Home healthcare		<ul style="list-style-type: none"> <li>In the home oxygen therapy (HOT) market, restrictions on hospitalization caused a continued shift to home healthcare</li> <li>The market for continuous positive airway pressure (CPAP) continued to grow, and the number of examinations gradually recovered</li> </ul>	
Fibers & Products Converting	Fiber materials and apparel	Europe US China Japan	<ul style="list-style-type: none"> <li>Consumption recovered in Europe, North America and China</li> <li>The Japanese market remained sluggish due to the COVID-19 pandemic, with the recovery trend halted by the COVID-19 variant</li> </ul>	<ul style="list-style-type: none"> <li>Close attention should be paid to the spread of the COVID-19 variant</li> </ul>
	Industrial materials	Japan China	<ul style="list-style-type: none"> <li>Sales of automotive applications are on a recovery trend, but were affected by semiconductor shortages</li> </ul>	<ul style="list-style-type: none"> <li>Customers' operations, which have declined due to the semiconductor shortage, will gradually return to normal</li> </ul>
	Medical protective Equipment (gowns, etc.)	Japan	<ul style="list-style-type: none"> <li>Governmental demand for supplies fell</li> </ul>	—
IT	IT	Japan	<ul style="list-style-type: none"> <li>Piracy websites continued to affect e-comic services throughout the period from FY2020 4Q to the end of FY2021, but the market grew continuously</li> </ul>	<ul style="list-style-type: none"> <li>The impact of piracy websites will last, but the market will grow continuously</li> </ul>

• Factor already incorporated in the outlook: Continuation of the current rise in natural gas and material prices throughout the fiscal year

• Factors not yet incorporated in the outlook: Further rise in natural gas and material prices and continued semiconductor shortage in the event that the conflict in Ukraine is prolonged

Further supply chain disruption and the suspension of operation of Teijin's and customers' production bases in the event that lockdown in China will continue

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Disclaimer Regarding Forward-Looking Statements

Any statements in this document, other than those of historical facts, are forward-looking statements about the future performance of Teijin and its Group companies, which are based on management's assumptions and beliefs in light of information currently available and involve risks and uncertainties. Actual results may differ materially from these forecasts.

Note

Information about pharmaceuticals, medical devices, and regenerative medical products (including pipeline products) included in this material is not provided for the purposes of advertising or medical advice.

This material is based on the consolidated results for FY2021 announced at 11:30 A.M. on May 12, 2022 (local time in Japan).

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# 1. Results of FY2021

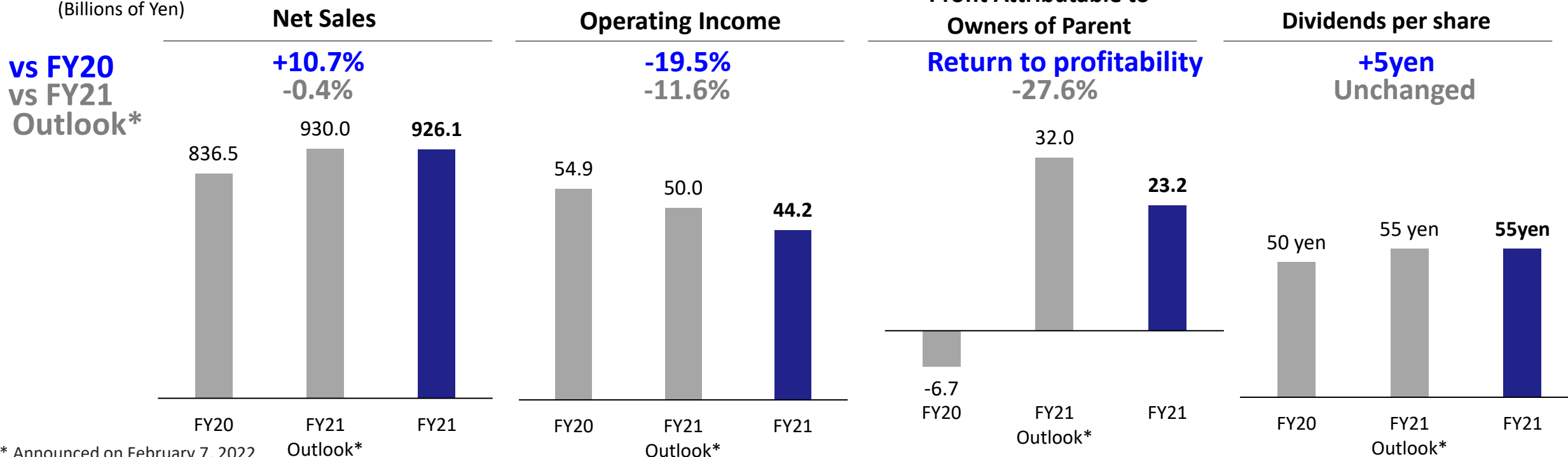
◆ FY2021 actual highlights [\[Compared with FY2020\]](#)

[Net sales] Increased by 10.7% year on year, mainly due to an increase in sales in each segment driven by economic recovery and the revision of selling prices in response to a sharp rise in raw material prices in the Materials Business Field. The results exceeded the pre-COVID-19 level of FY2019(853.7 billion yen)

[Operating income] Governmental demand for medical gowns in the Fibers & Products Converting Business decreased, but strong sales of the diabetes treatments and other products in the Healthcare Business Field. Operating income decreased by 19.5% due to unfavorable circumstances in the Materials Business Field, including the semiconductor shortage, which became obvious in 2Q, the sharp rise in raw material and fuel prices and logistics costs, and production suspension in some subsegments, despite efforts to revise selling prices

[Profit attributable to owners of parent] Turned into positive, recovering from a loss due to the recording of a large amount of impairment losses mainly in the carbon fibers business in the previous fiscal year

(Billions of Yen)



\* Announced on February 7, 2022

## ◆ Operating results [Compared with FY2020]

	(Billions of Yen)				
	FY19	FY20	FY21	Difference (vs FY20)	% Change
Net Sales	853.7	836.5	926.1	+89.5	+10.7%
Operating Income	56.2	54.9	44.2	-10.7	-19.5%
Non-operating Items (Net)	(1.9)	(1.3)	5.5	+6.8	-
Ordinary Income	54.3	53.7	49.7	-4.0	-7.4%
Extraordinary Items (Net)	(12.8)	(44.3)	(5.6)	+38.7	-
Income Before Income Taxes	41.6	9.4	44.1	+34.7	+371.2%
Profit Attributable to Owners of Parent	25.3	(6.7)	23.2	+29.8	-
ROE <sup>*1</sup>	6.3%	-1.7%	5.5%	+7.1%	-
ROIC <sup>*2</sup>	8.7%	8.6%	5.5% <sup>*3</sup>	-3.1%	-
EBITDA <sup>*4</sup>	107.2	106.8	113.0	+6.3	+5.9%

\*1 ROE= Profit attributable to owners of parent / Average\* total shareholders' equity

\*2 ROIC based on operating income = Operating income / Average\* invested capital  
(Invested capital = Net assets + Interest-bearing debt - Cash and deposits)

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

\*3 The calculated beginning balance of invested capital includes an increase due to the takeover of the sales rights for diabetes treatments and other related assets

\*4 EBITDA = Operating income + Depreciation & amortization

\*5 CAPEX includes investments in intangible assets (excludes M&A)

\*6 Announced on February 7, 2022

	(Billions of Yen)				
	FY19	FY20	FY21	Difference (vs FY20)	% Change
CAPEX <sup>*5</sup>	68.6	60.3	200.8	+140.5	+232.9%
(CAPEX after adjustment*)			68.4		
Depreciation & Amortization	51.0	51.8	68.8	+17.0	+32.7%
R&D Expenses	34.5	32.7	33.3	+0.6	+1.9%

\*Excluding an increase in intangible assets (132.4 billion yen) due to the takeover of the sales rights for diabetes treatments and other related assets

Dividend for FY2021 : No changes from the outlook <sup>\*6</sup>

Interim 27.5 yen/share Year-end 27.5 yen/share Annual 55 yen/share  
(FY2020: Interim 25 yen/share Year-end 25 yen/share Annual 50 yen/share)

## ◇ Exchange rate &amp; Market fuel price

		FY20	FY21
PL exchange rate	Yen/US\$	106	112
	Yen/Euro	124	131
An average Dubai crude oil price (US\$/barrel)		44	78
An average Europe natural gas price (Euro/MWh)		11	69



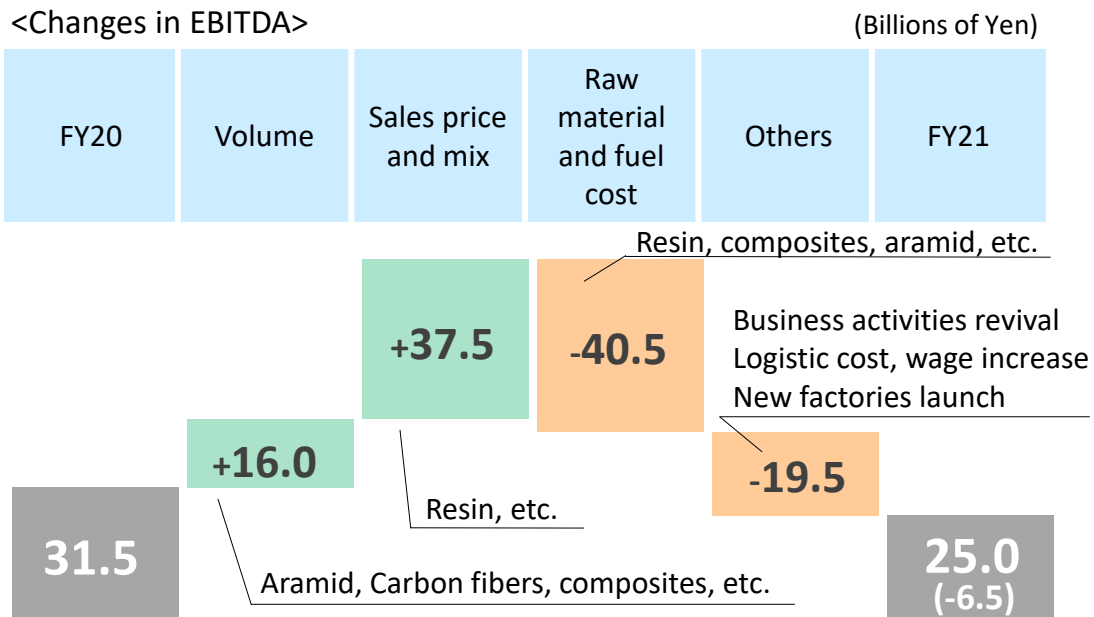
## ◆ Materials Segment [Compared with FY2020]

(Billions of Yen)

	FY19	FY20	FY21	Difference (vs FY20)	(reference) FY21 Outlook*
Net sales	327.5	297.0	385.1	+88.1	390.0
EBITDA	44.9	31.5	25.0	-6.5	30.5
Depreciation & Amortization	29.0	30.6	30.7	+0.2	32.5
Operating income	15.8	1.0	(5.7)	-6.7	(2.0)
ROIC	5%	0%	(2%)	-2%	(1%)

\* Announced on February 7, 2022

### <Changes in EBITDA>



Sales volume increased especially in products for automotive and aircraft applications due to demand recovery from the impact of the COVID-19 pandemic. Meanwhile, the semiconductor shortage, the sharp rise in material and fuel prices and logistics costs, and production suspension in some subsegments affected operating income, in response to which each subsegment revised selling prices.

- Aramid(Net sales increased but operating income decreased)
  - Sales volume grew due to a recovery in demand mainly for automotive applications
  - Production output declined due to large-scale periodic maintenance and its extension, as well as power outages at raw material plants
  - Accelerated efforts were made to revise selling prices in response to the impact of the increased natural gas price on costs
- Resin(Both net sales and operating income increased)
  - Sales volume slightly decreased year on year due to the semiconductor shortage and the decline in customers' operations due to the COVID-19 pandemic
  - Under the impact of a sharp rise of main raw material of BPA prices, selling prices were revised
- Carbon fibers(Both net sales and operating income increased)
  - Sales increased for all applications, including aircraft, wind power generation, and recreation
  - Selling prices have been revised in response to the sharp rise of main raw material of AN
  - The new carbon fibers plant in North America was put into operation, and efforts were continuously made to develop intermediate materials for aircraft
- Composites(Net sales increased but operating income decreased)
  - In the U.S. automotive market, the semiconductor shortage affected the production of SUVs and pickup trucks, forcing some OEMs to suspend production
  - In response to the rise in raw material prices, the subsegment reached agreements on selling price revisions with some customers
  - Staff retention was still a challenge despite a gradual improvement in the labor shortage
- Battery Materials (Both net sales and operating income increased)
  - The sales volume of separators grew mainly due to the customer acquisition for smartphone market and the use of the separators in new models of smartphones
  - Licensing income began to flow from sales at companies to which Teijin has licensed its separator coating technology

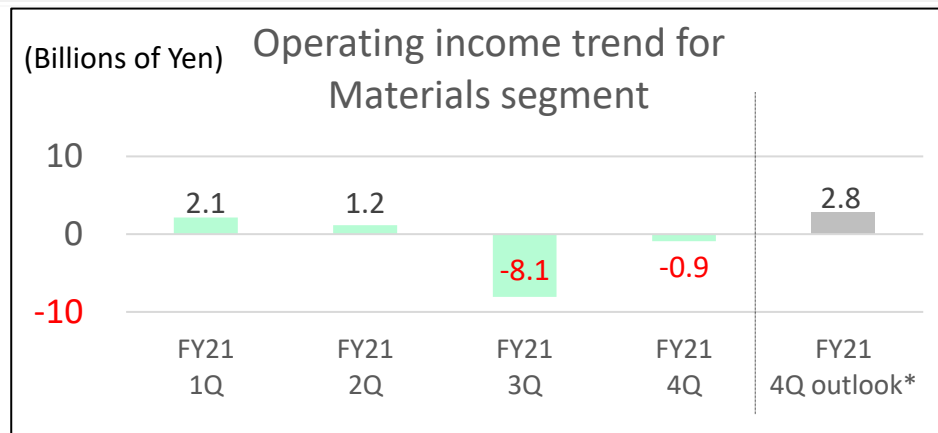
## ◆ Changes in operating income by Materials segment

[3Q vs 4Q]

- The operating loss was reduced from 3Q to 4Q because profit improvement measures and selling price revisions, began to produce obvious effects and temporary factors behind the loss, including power outages at plants in 3Q, were eliminated

[4Q outlook\* vs 4Q]

- The composites business failed to reach the forecast of operating income for 4Q due to the unforeseeably sharp rise in material prices and a decline in operations caused by OEMs' production suspension amid the semiconductor shortage



### change in operating income

Subsegment	3Q vs 4Q	4Q outlook* vs 4Q
Aramid	<ul style="list-style-type: none"> <li>• The impact of power outages at raw material plants in 3Q was eliminated</li> <li>• The effects of selling price revisions appeared despite a further rise in fuel prices</li> </ul>	<ul style="list-style-type: none"> <li>• The levels of fuel prices were as forecast in the outlook</li> <li>• Selling prices were revised as forecast in the outlook</li> </ul>
Resin	<ul style="list-style-type: none"> <li>• A decrease in raw material prices caused a selling price decline (while the spread was maintained better than forecast)</li> <li>• The impact of the gap in carry-over stock at the beginning of the year was mitigated</li> </ul>	<ul style="list-style-type: none"> <li>• The business remained strong as forecast</li> </ul>
Carbon fibers	<ul style="list-style-type: none"> <li>• Sales increased due to strong demand</li> <li>• The new plant in North America started mass-production</li> </ul>	<ul style="list-style-type: none"> <li>• The business remained strong as forecast</li> </ul>
Composites	<ul style="list-style-type: none"> <li>• The effects of selling price revisions and profit improvement measures appeared</li> <li>• The semiconductor shortage continued to have an adverse impact despite subtle signs of improvement</li> <li>• Raw material prices continued to rise</li> </ul>	<ul style="list-style-type: none"> <li>• OEMs' production suspension due to the semiconductor shortage caused a decline in operations</li> <li>• Raw material prices rose more sharply than forecast</li> <li>• The effects of selling price revisions appeared almost as forecast</li> </ul>

\* Announced on February 7, 2022

## ◆ Healthcare Segment [Compared with FY2020]

(Billions of Yen)

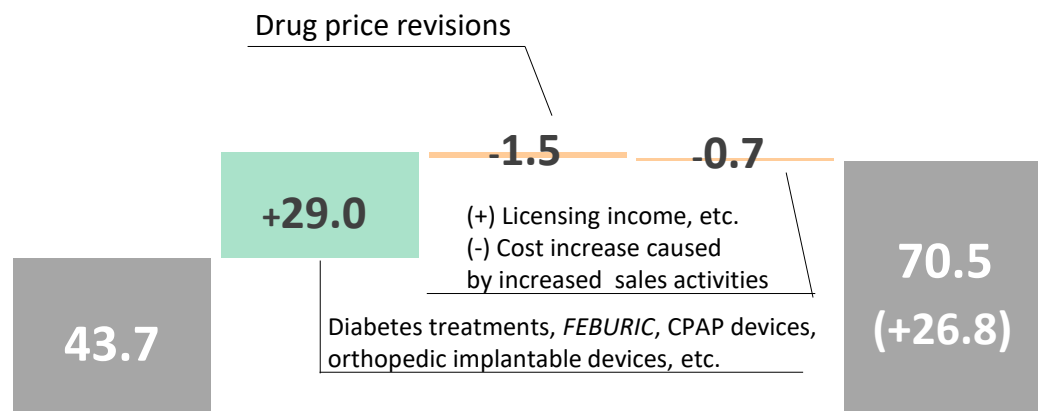
	FY19	FY20	FY21	Difference (vs FY20)	(reference) FY21 Outlook*
Net sales	153.9	148.7	183.6	+34.9	185.0
EBITDA	44.6	43.7	70.5	+26.8	72.0
Depreciation & Amortization	12.0	12.2	27.3	+15.2	27.5
Operating income	32.6	31.5	43.2	+11.6	44.5
ROIC	41%	41%	20%	-21%	20%

\* Announced on February 7, 2022

### <Changes in EBITDA>

(Billions of Yen)

FY20	Volume	Sales price and mix	Others	FY21
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Sales of *FEBURIC*<sup>®</sup>, the main product, and the home healthcare device rental remained strong, while sales of diabetes treatments, for which we had taken over the sales rights, also remained robust. There was licensing income. These factors contributed to the segment setting an all-time record in its operating income

#### ■ Pharmaceuticals

- Sales of the four type-2 diabetes treatments remained robust
- Sales of *FEBURIC*<sup>®\*1</sup> and *Somatuline*<sup>®\*2</sup> grew steadily
- The sales volume of *XEOMIN*<sup>®\*3</sup>, for which an additional indication of lower limb spasticity was approved in June 2021, increased steadily
- Licensing income came from Merck & Co., Inc.(U.S.) in December 2021 with the start of clinical trials of Alzheimer's disease drug candidates

#### ■ Home healthcare

- HOT: Restrictions on hospitalization for securing beds for COVID-19 patients resulted in a continued shift to home healthcare and an increase in the number of rented HOT equipment units(an increase of about 3% from the end of the previous fiscal year)
- CPAP: The number of rented CPAP devices continued to grow, since the number of patients undergoing examinations recovered gradually even amid COVID-19 waves(an increase of about 8% from the end of the previous fiscal year)

#### ■ New healthcare

- In the orthopedic implantable device business, which encompasses artificial joints and absorbable osteosynthesis materials, the number of surgical operations was recovering, and sales of new and other products consistently increased. however, net sales increased and operating income decreased year on year mainly due to the upfront costs of new businesses, including the comprehensive community-based healthcare business

\*1 Hyperuricemia and gout treatment drug

\*2 Acromegaly and pituitary gigantism, gastroenteropancreatic neuroendocrine tumors treatment drug  
*Somatuline*<sup>®</sup> is the registered trademark of Ipsen Pharma, France

\*3 Upper and lower limb spasticity treatment drug

## ◆ Fibers & Products Converting Segment [Compared with FY2020]

	(Billions of Yen)				(reference) FY21 Outlook*1
	FY19	FY20	FY21	Difference (vs FY20)	
Net sales	306.3	314.9	282.5	-32.5	280.0*2
EBITDA	12.4	23.9	12.1	-11.8	12.5
Depreciation & Amortization	7.0	6.4	6.5	+0.1	6.5
Operating income	5.4	17.5	5.6	-11.9	6.0
ROIC	4%	14%	4%	-9%	5%

## ◆ IT Segment [Compared with with FY2020]

	(Billions of Yen)				(reference) FY21 Outlook*1
	FY19	FY20	FY21	Difference (vs FY20)	
Net sales	48.6	58.1	53.8	-4.3	55.0
EBITDA	8.7	11.3	10.8	-0.5	11.0
Depreciation & Amortization	0.8	0.9	1.1	+0.2	1.5
Operating income	7.8	10.4	9.7	-0.7	9.5
ROIC	49%	66%	61%	-5%	65%

\*1 Announced on February 7, 2022

\*2 Includes a decrease due to the application of the new standards for revenue recognition under Japan GAAP

### ■ Fibers & Products Converting Segment

- Industrial textiles and materials: Sales of films and plastics for automotive parts and electronic parts, and short polyester fibers for water treatment filters were strong, but the semiconductor shortage had an impact from 2Q
- Fiber materials and apparel: Despite a recovery in sales of materials and products for the European, North American, and Chinese markets and sales of heavy clothing in the Japanese market, the business was affected by the sluggish Japanese market, overseas plant shutdowns, and the sharp rise in raw material and fuel prices and logistics costs. There was generally a difficult business environment even with progress in selling price revisions
- Governmental demand for medical gowns fell
- SG&A expenses were reduced mainly by increasing basic profitability through the concentration on certain selected businesses and utilizing digital tools suitable for the COVID-19 situation

### ■ IT Segment

- In the IT service field, sales remained strong despite the lasting impact of the COVID-19 pandemic. In the Internet business field, profit was secured by optimizing advertising costs despite the decrease of specially high demand for e-comics services amid the stay-at-home trend in the previous fiscal year and the continuous impact of piracy websites on e-comics services. The decrease in operating income for the entire IT Segment was caused mainly by an increase in SG&A expenses due to main office relocation

### ■ Others: Japan Tissue Engineering Co., Ltd. ("J-TEC"), and others

- Although sales in J-TEC's regenerative medicine business and R&D support business grew, sales in its custom development & manufacturing business declined due to the end of its custom-development deal with Fujifilm Corporation, its former parent company. As a result, J-TEC experienced a decrease in net sales year on year.
- The autologous cultured oral mucosal epithelium *Ocural*,\*1 for which J-TEC obtained manufacturing and marketing approval in June 2021, was newly included in health insurance coverage in Japan in December 2021 and launched for sale
- Clinical trials of allogeneic cultured epidermis(*Allo-JaCE03*)\*2 started in November 2021

\*1 The world's first regenerative medical product that uses oral mucosal epithelial cells to treat limbal stem cell deficiency

\*2 In patients with deep dermal burn

## ◆ Non-operating items [Compared with FY2020]

	(Billions of Yen)		
	FY20	FY21	Difference
Interest income	0.7	0.5	-0.2
Dividends income	1.3	1.2	-0.1
Equity in earnings of affiliates	2.5	5.6	+3.0 *1
Gain on valuation of derivatives	2.3	6.5	+4.2
Gain on investments in partnerships	-	0.1	+0.1
Others	1.5	1.3	-0.2
<b>Non-operating income, total</b>	<b>8.3</b>	<b>15.1</b>	<b>+6.8</b>
Interest expenses	2.8	3.3	+0.4
Foreign exchange losses	3.6	3.8	+0.2
Loss on valuation of derivatives	-	0.3	+0.3
Loss on investments in partnerships	1.0	0.0	-1.0
Others	2.1	2.2	+0.1
<b>Non-operating expenses, total</b>	<b>9.6</b>	<b>9.6</b>	<b>+0.1</b>
<b>Non-operating items, total</b>	<b>(1.3)</b>	<b>5.5</b>	<b>+6.8</b>

## ◆ Extraordinary items [Compared with with FY2020]

	(Billions of Yen)		
	FY20	FY21	Difference
Gain on sales of noncurrent assets	1.8	0.1	-1.8
Gain on sales of investment securities	2.6	5.7	+3.1
Gain on step acquisitions	2.0	-	-2.0
Reversal of impairment losses	-	1.1	+1.1
Others	0.0	0.8	+0.8
<b>Extraordinary income, total</b>	<b>6.5</b>	<b>7.7</b>	<b>+1.2</b>
Loss on sales and retirement of noncurrent assets	2.2	2.1	-0.1
Loss on valuation of investment securities	1.0	0.5	-0.5
Impairment loss	44.1 *2	8.9 *3	-35.2
Others	3.5	1.8	-1.7
<b>Extraordinary loss, total</b>	<b>50.8</b>	<b>13.3</b>	<b>-37.4</b>
<b>Extraordinary items, total</b>	<b>(44.3)</b>	<b>(5.6)</b>	<b>+38.7</b>

\*1 The equity in earnings of affiliates increased due to the strong performance of joint venture of aramid-paper

\*2 Mainly including an impairment loss of 39.2 billion yen on fixed assets of the carbon fibers business

\*3 Mainly including an impairment loss of 5.0 billion yen on fixed assets of the composites business (in China)

## ◆ Financial position [Compared with the end of FY2020]

				(Billions of Yen)
	Mar. 31, 2021	Mar. 31, 2022	Difference	(Impact of foreign exchange rate)
Total assets	1,041.1	1,207.6	+166.5	+36.8
Liabilities	610.8	742.8	+132.0	+16.8
[Interest-bearing debt]	380.0	485.2	+105.1	+11.1
Net assets	430.4	464.8	+34.4	+20.0
D/E ratio	0.94	1.10	+0.17	-
D/E ratio (capital adjustment) *1	-	0.97	-	-

## ◆ Cash flows [Compared with FY2020]

				(Billions of Yen)
	FY20	FY21	Difference	
Operating activities	107.7	89.7	-18.1	
Investing activities	(79.6)	(198.4)	-118.8 *2	
Free cash flow	28.1	(108.7)	-136.9	
Financing activities	(18.0)	73.0	+90.9	
Net inc/dec in Cash & cash equivalents	10.2	(35.8)	-45.9	

## ◇ Changes in total assets

				(Billions of Yen)
	Mar. 31, 2021	Mar. 31, 2022	Difference	
Cash and deposits, etc.	170.2	134.5	-35.7	
Trade receivables	181.0	191.3	+10.3	
Inventory assets	141.0	164.6	+23.6	
Tangible and intangible assets	361.3	506.3	+144.9 *2	
Investment securities	84.8	85.0	+0.2	
Others	102.7	125.9	+23.2	
Total assets	1,041.1	1,207.6	+166.5	

## ◇ BS exchange rate

	Mar. 31, 2021	Mar. 31, 2022
Yen/US\$	111	122
Yen/Euro	130	137

\*1 D/E ratio taking into account the equity credit of the subordinated bonds  
(The Company issued subordinated bonds of 60.0 billion yen on July 21, 2021.)

\*2 Including an increase in intangible fixed assets (132.4 billion yen) due to the takeover of the sales rights for diabetes treatments and other related assets

## 2. Outlook for FY2022

## ◆ Outlook highlights [Compared with 2021]

[Net sales]

- Net sales are forecast to amount to 1.0 trillion yen, an increase of 8.0% year on year, due to the Materials Business Field's recovery from the impact of the COVID-19 pandemic, the increased production capacity of its subsegments, and an increase in sales volume brought by the start of operation of its new plants, all of which will offset a decrease in net sales in the Healthcare Business Field that is predicted as a result of the market entry of generic drugs as alternatives to *FEBURIC*, the segment's main pharmaceutical product

[Operating income]

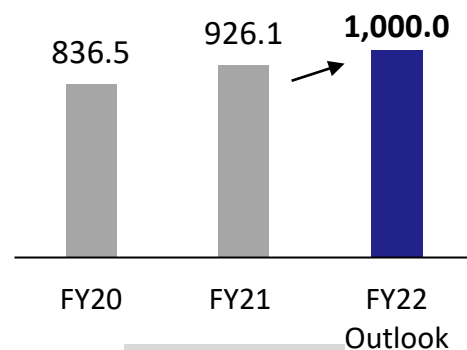
- Operating income is forecast to increase mainly due to a sales increase in the Materials Business Field and the positive effects of selling price revisions and cost reduction measures, all of which will offset a decrease in operating income in the Healthcare Business Field due to the market entry of generic drugs as alternatives to *FEBURIC*
- Factor already incorporated in the outlook: Continuation of the current rise in natural gas and material prices throughout the fiscal year
- Factors not yet incorporated in the outlook: Further rise in natural gas and material prices and continued semiconductor shortage in the event that the conflict in Ukraine is prolonged  
Further supply chain disruption and the suspension of operation of Teijin's and customers' production bases in the event that lockdown in China will continue

(Billions of Yen)

vs FY2021  
vs FY2020

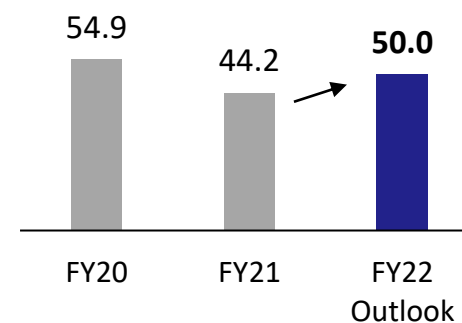
### Net Sales

+8.0%  
+19.5%



### Operating Income

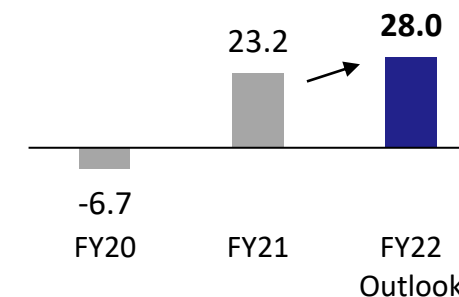
+13.1%  
-9.0%



### Profit Attributable to Owners of Parent

+20.9%

Return to positive



### Assumptions

		FY21 Actual	FY22 Outlook
Full-term average exchange rate	Yen/US\$	112	125
	Yen/Euro	131	135
An average Dubai crude oil price (US\$/barrel)		78	100
An average Europe natural gas price (Euro/MWh)		69	105



## ◆ Summary of outlook for FY2022 highlights [Compared with FY2021 and FY2020]

					(Billions of Yen)		
	FY21	FY22 Outlook	Difference	% Change	FY20	Difference	% Change
Net sales	926.1	<sup>*7</sup> 1,000.0	+73.9	+8.0%	836.5	+163.5	+19.5%
Operating income	44.2	50.0	+5.8	+13.1%	54.9	-4.9	-9.0%
Ordinary income	49.7	52.0	+2.3	+4.6%	53.7	-1.7	-3.1%
Profit attributable to owners of parent	23.2	28.0	+4.8	+20.9%	(6.7)	+34.7	-
ROE <sup>*1</sup>	5.5%	6%	+1%		-1.7%	+8%	
ROIC <sup>*2</sup>	5.5%	<sup>*8</sup> 6%	+1%		8.6%	-2%	
EBITDA <sup>*3</sup>	113.0	125.0	+12.0		106.8	+18.2	
Free cash flow	(108.7) <sup>*9</sup>	30.0	+138.7		28.1	+1.9	
CAPEX <sup>*4</sup>	200.8 <sup>*9</sup>	70.0	-130.8		60.3	+9.7	
Depreciation & Amortization	68.8	75.0	+6.2		51.8	+23.2	
R&D Expenses	33.3	34.0	+0.7		32.7	+1.3	
D/E ratio <sup>*5</sup>	1.10	1.0	-0.1		0.94	+0.1	
D/E ratio (capital adjustment) <sup>*6</sup>	0.97	0.9	-0.1		-	-	

\*1 ROE= Profit attributable to owners of parent / Average\* total shareholders' equity

\*2 ROIC based on operating income = Operating income / Average\* invested capital  
(Invested capital = Net assets + Interest-bearing debt – Cash and deposits)

\*Average: ((Beginning balance + Ending balance) / 2)

\*3 EBITDA = Operating income + Depreciation & amortization

\*4 CAPEX includes investments in intangible assets (excludes M&A)

\*5 D/E ratio = Interest-bearing debt / Total shareholders' equity (Gross)

\*6 D/E ratio taking into account the equity credit of the subordinated bonds

(The Company issued subordinated bonds of 60.0 billion yen on July 21, 2021.)

\*7 Includes a decrease due to the application of the new standards for revenue recognition under Japan GAAP

\*8 The calculated beginning balance of invested capital includes an increase due to the takeover of the sales rights for diabetes treatments and other related assets

\*9 Including an increase in intangible assets (132.4 billion yen) due to the takeover of the sales rights for diabetes treatment drugs and other related assets

## ◆ Net sales and operating income by segment [Compared with FY2021]

(Billions of Yen)






	FY21	FY22 Outlook	Difference	% Change
Net sales				
Materials	385.1	460.0	+74.9	+19.4%
Healthcare	183.6	155.0	-28.6 *	-15.6%
Fibers & Products Converting	282.5	295.0	+12.5	+4.4%
IT	53.8	60.0	+6.2	+11.6%
Others	21.2	30.0	+8.8 *	+41.8%
<b>Total</b>	<b>926.1</b>	<b>1,000.0</b>	<b>+73.9</b>	<b>+8.0%</b>

(Billions of Yen)

	FY21	FY22 Outlook	Difference	% Change
Operating income (loss)				
Materials	(5.7)	15.5	+21.2	-
Healthcare	43.2	26.0	-17.2	-39.8%
Fibers & Products Converting	5.6	8.5	+2.9	+50.7%
IT	9.7	10.0	+0.3	+3.1%
Others	(2.1)	(3.0)	-0.9	-
Elimination and Corporate	(6.4)	(7.0)	-0.6	-
<b>Total</b>	<b>44.2</b>	<b>50.0</b>	<b>+5.8</b>	<b>+13.1%</b>

## Trends behind the operating income forecast

## Compared with FY2021

Consolidated		Operating income will increase
-Materials		A sales volume will increase due to the increased production capacity of each subsegment, and brought by the start of operation of the new plants Operating income will improve due to selling price revisions
-Healthcare		Operating income will be affected by a sales volume decrease due to the market entry of generic drugs as alternatives to <i>FEBURIC</i> , the segment's main pharmaceutical product
-Fibers & Products Converting		The sales volume of industrial materials for automotive applications, and textiles and apparel products, will increase due to a recovery from the impacts of the COVID-19 pandemic and overseas plant shutdowns Operating income will improve due to selling price revisions
-IT		A sales will increase and expenses for head office relocation will decrease, but costs will increase due to the enhancement of marketing

\*From FY2022, the orthopedic implantable device business, which was formerly part of the "Healthcare" Segment, is part of "Others," which is a Group-wide common segment. This segment transfer is reflected in the FY2022 outlook. Its impact on net sales is approximately 10.0 billion yen, while that on operating income is slight (Please refer to P30)

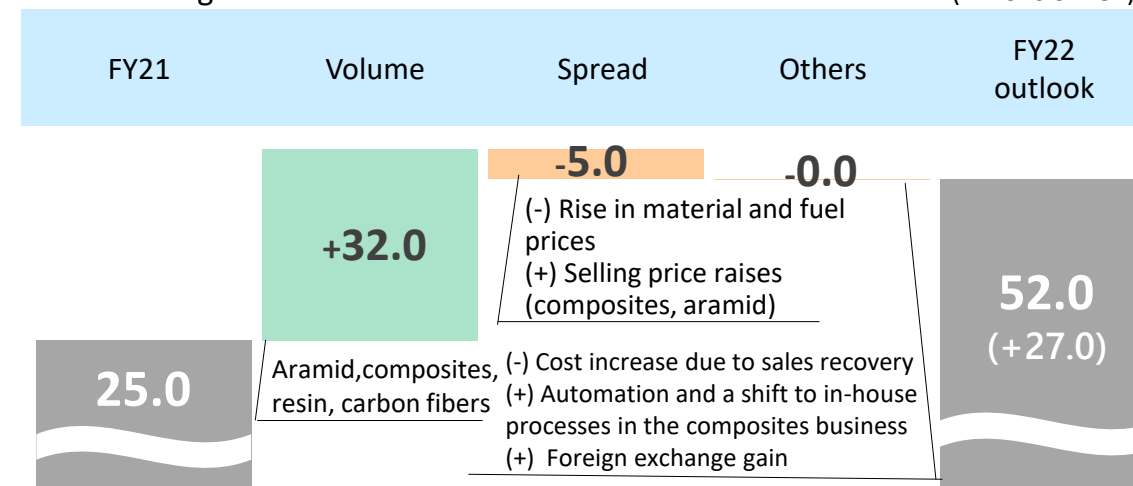
## ◆ Materials Segment [Compared with FY2021]

(Billions of Yen)

	FY21	FY22 Outlook	Difference
Net sales			
High-performance materials	273.5	300.0	+26.5
Composites	111.6	160.0	+48.4
Total	385.1	460.0	+74.9
EBITDA	25.0	52.0	+27.0
Depreciation & Amortization	30.7	36.5	+5.8
Operating income	(5.7)	15.5	+21.2
ROIC	-2%	4%	+6%

&lt;Changes in EBITDA&gt;

(Billions of Yen)



## Trends behind the operating income forecast

## Subsegment

## Compared with FY2021

Aramid	➡	<ul style="list-style-type: none"> <li>Large-scale periodic maintenance and its extension along with power outage at raw material plant in FY2021 had an adverse impact</li> <li>Selling prices were revised in response to continued hike of natural gas and raw materials</li> <li>Sales volume will increase due to increased production capacity in the Netherlands</li> </ul>
Resin	➡	<ul style="list-style-type: none"> <li>Sales volume will increase due to the decreased impacts of the global COVID-19 pandemic, the semiconductor shortage, and the power shortage in China as well as progress of shifting to higher profitable sales mix.</li> <li>Impact of the gap in carry-over stock at the beginning of FY2022 and the rise in logistics costs</li> </ul>
Carbon fibers	➡	<ul style="list-style-type: none"> <li>Sales volume will increase due to a strong recovery in aircraft demand</li> <li>Sales of products for general industrial and recreational applications will increase due to the start of operation of the new plant in North America</li> </ul>
Composites	➡	<ul style="list-style-type: none"> <li>Sales volume will increase due to the full-scale operation of large-scale programs (new plant in Texas, etc.), while demand from OEMs will increase due to the alleviation of the semiconductor shortage</li> <li>Selling prices will be revised with the agreements of a wider range of OEMs in response to a continued rise in raw material prices</li> <li>The automation of molding processes and the shift of the coating processes to in-house lines will make a significant contribution to cost reduction even more</li> </ul>

◆ Teijin Automotive Technologies (US) External trends and progress of profit improvement measures

External trends	FY2021	FY2022 outlook
Rise in raw material prices	Raw material prices continued to rise throughout FY2021	Raw material prices will remain high until the end of FY2022
Semiconductor shortage	The semiconductor shortage continued to have an impact from FY2021 2Q to the end of the fiscal year	The situation will gradually return to normal toward the end of FY2022
Labor shortage in the United States	A labor shortage continued throughout FY2021	The labor shortage will improve gradually, and the necessary plant labor force will be secured in the first half of FY2022

Profit improvement measure	FY2021	FY2022 outlook
Price raises (passing on the raw material cost rise to selling prices)	Revised selling prices were agreed mainly with middle-ranking OEMs from FY2021 4Q	Revised selling prices will be agreed with major OEMs
Establishment of new programs	A new large-scale program was established at the new Texas plant in FY2021 4Q (with a limited contribution to business results due to establishment costs)	Higher utilization is planned at Texas new plant in entire fiscal year A new large-scale program is planned to be established
Automation of molding processes (reduction of necessary personnel*, and productivity improvement)	Automated molding processes were installed in the Texas plant and other major plants in FY2021 4Q	Accelerated efforts will be made to install automated molding processes in many more plants (Annual cost reduction effects are forecast to be worth about one billion yen)
Shift to in-house coating processes (lower cost than outsourcing, and improvement of quality and productivity)	The project was delayed for several months, producing none of the desired effects	The main plants will complete the shift to in-house coating processes in FY2022 1Q (Annual cost reduction effects are forecast to be worth about one billion yen)

● Timing of breakeven for TAT US's operating income after goodwill and intangible assets amortization

\* This measure is expected to help reduce the number of necessary press operators by up to 50%

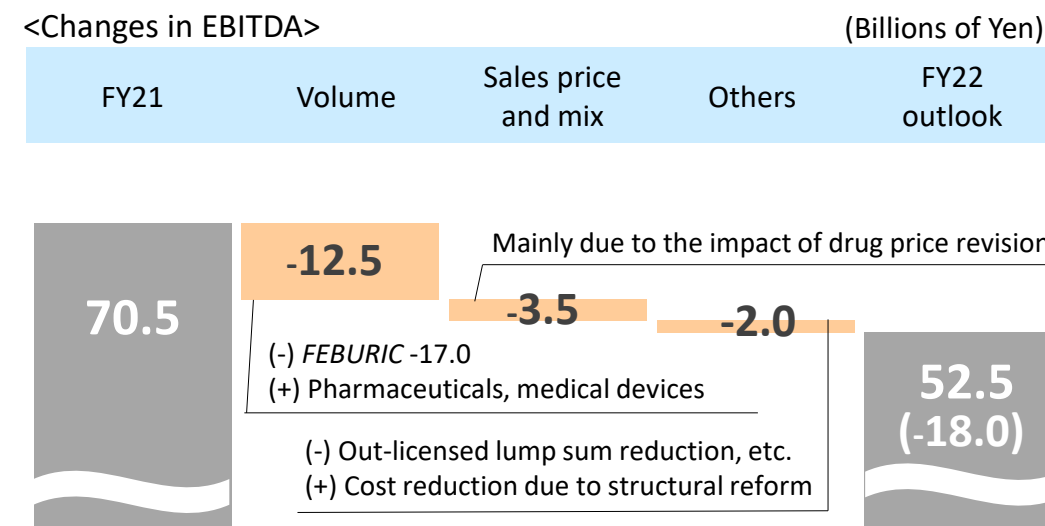
It is difficult to achieve MTP operating income breakeven target in FY2022 due to impact of semiconductor shortage, raw material price surge and consistent high labor cost that are more than we expected.

We will launch large scale new programs, raise selling price, automate molding processes and insource painting processes going forward. We have set new target that we achieve breakeven point by FY2024. 19

## ◆ Healthcare Segment [Compared with FY2021]

	(Billions of Yen)		
	FY21	FY22 Outlook	Difference
Net sales	183.6	155.0	-28.6*
EBITDA	70.5	52.5	-18.0
Depreciation & Amortization	27.3	26.5	-0.8
Operating income	43.2	26.0	-17.2
ROIC	20%	13%	-7%

\*From FY2022, the orthopedic implantable device business, which was formerly part of the "Healthcare" Segment, is part of "Others," which is a Group-wide common segment. This segment transfer is reflected in the FY2022 outlook. Its impact on net sales is approximately 10.0 billion yen, while that on operating income is slight



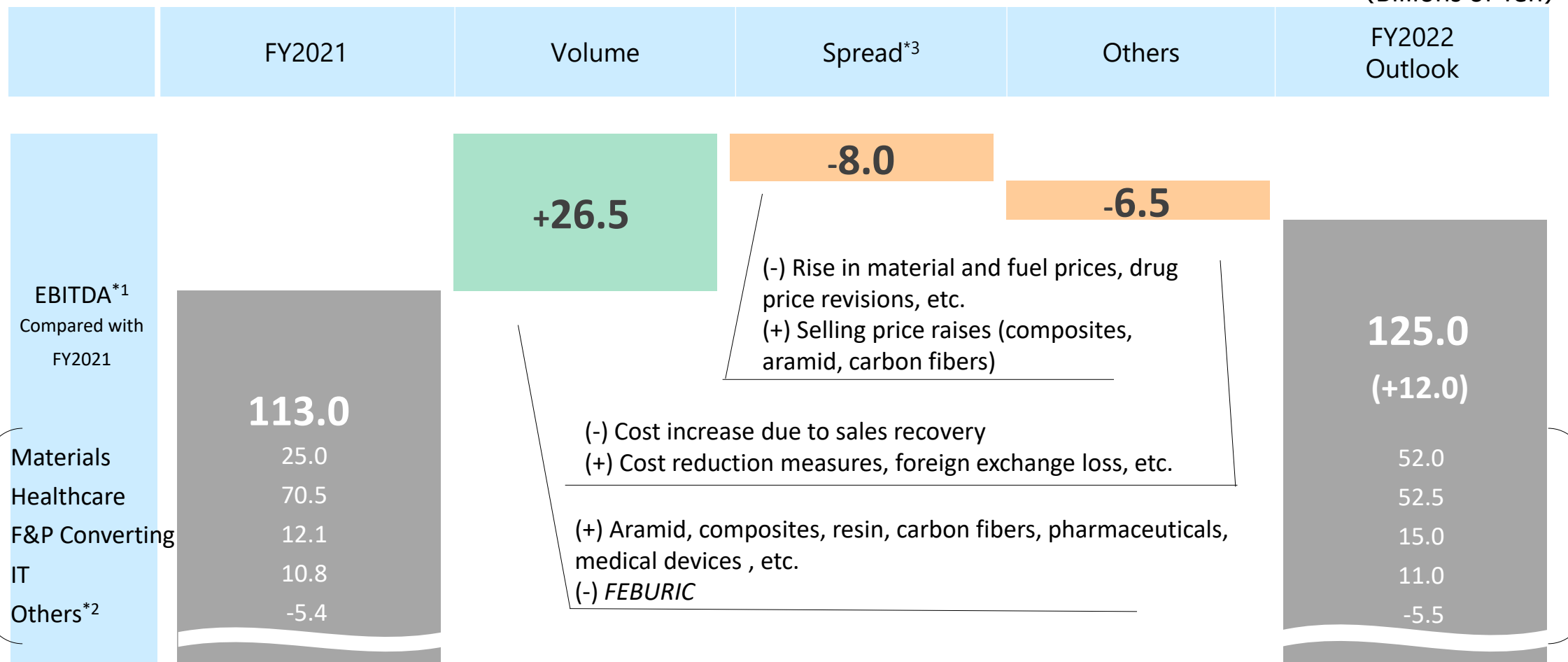
## Trends behind the operating income forecast

Subsegment	Compared with FY2021	
Pharmaceuticals Home healthcare	➔	<ul style="list-style-type: none"> <li>Operating income will be affected by a sales volume decrease of <i>FEBURIC</i>, the main pharmaceutical product, due to the market entry of generic drugs, and drug price revisions</li> <li>Sales of existing pharmaceuticals and the number of rented medical devices will increase</li> <li>Integration between the pharmaceuticals field and the home healthcare field will be promoted</li> </ul>
New healthcare	➔	<ul style="list-style-type: none"> <li>Sustained efforts will be made to establish a foundation for the comprehensive community-based healthcare business</li> <li>Expanding the product lineup of functional food materials</li> </ul>

## Factors of changes in EBITDA forecast in FY2022 [Compared with FY2021]

- EBITDA is forecast to increase mainly due to a sales increase in the Materials Business Field and the positive effects of selling price revisions and cost reduction measures even in the face of the impact of the market entry of generic drugs as alternatives to *FEBURIC* in the Healthcare Business Field

(Billions of Yen)



\*1 EBITDA = Operating income + Depreciation & amortization

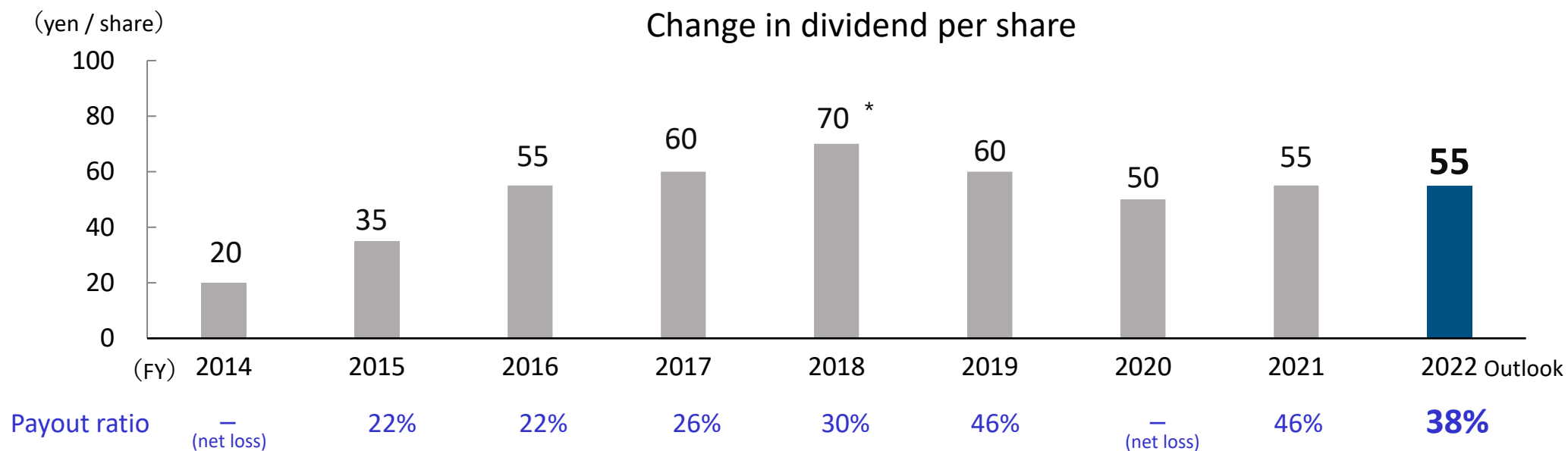
\*2 "Others" denotes the total of "Others" and "Elimination and Corporate"

\*3 Sales price and mix + raw material and fuel cost

## ◆ Shareholder Return Policy

- Created cash flows will be given prioritized allocation to “Strategic Investment for Future Growth”, while maintaining a healthy financial structure (aiming for a debt-to-equity ratio of 0.9 times)
- Stable and sustainable dividends will be considered, and own share repurchasing will be flexibly conducted as well
- Dividends are in line with consolidated operating results, aiming to raise the dividend along with profits growth, and targeting a consolidated payout ratio of 30% of profit attributable to owners of parent for the medium term

**Valuing the continuous stable distribution of dividends, we plan to pay an annual dividend of 55 yen per share in FY2022, the same amount as that for the previous fiscal year**



\*Including a commemorative dividend of 10 yen/share for our founding centennial

Note) The Company consolidated its common shares at a ratio of five shares to one share effective on October 1, 2016. Dividend amounts per share are converted based on this reverse stock split

### 3. FY2022 Initiative toward the Formulation of the Next Medium-Term Management Plan



# FY2022 Initiative toward the Formulation of the Next Medium-Term Management Plan

「Medium-Term Management Plan 2020-2022」

Positioning the current Medium-Term Management Plan as the “Creating growth platform period” for sustainable growth toward 2030



# FY2020 and FY2021 Initiatives

## FY2020 (first year of MTP)

- Profit targets in the Materials Business, mainly in the carbon fibers business, were revised under the severe impact of the COVID-19 pandemic especially in the first half of the term
- Maintaining the direction of the Medium-Term Management Plan, the Group made investments suitable in the period for creating growth platforms

### Main achievements during the two years (establishment of growth platforms)

- Expansion of aramid fiber production capacity and the start of operation of the new carbon fibers plant in North America
- Acquisition of a new program in the composites business
- Transition to functional headquarters system and promotion of comprehensive community-based healthcare business in the Healthcare Business Field
- Takeover of the sales rights for diabetes treatments in the Healthcare Business Field
- Entry into the regenerative medicine business as a field for technological collaboration (through the partial acquisition of J-TEC as a subsidiary)

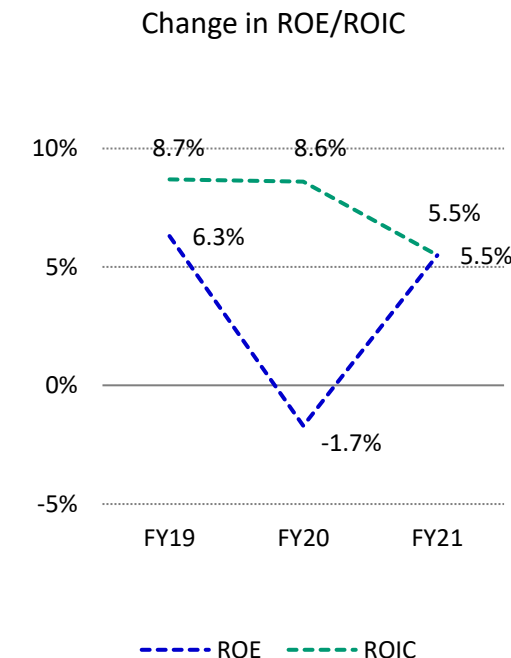
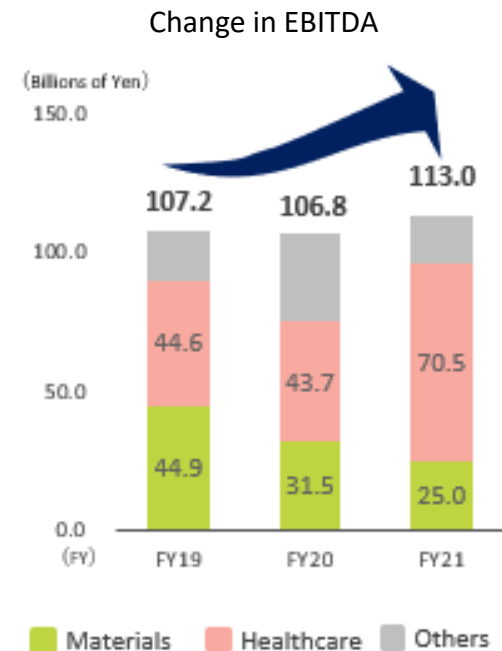
### Revealed risks

- Further spread and infestation of the COVID-19 pandemic
- Global material shortage and high fuel prices
- Russian invasion of Ukraine

These affect our business performance, too

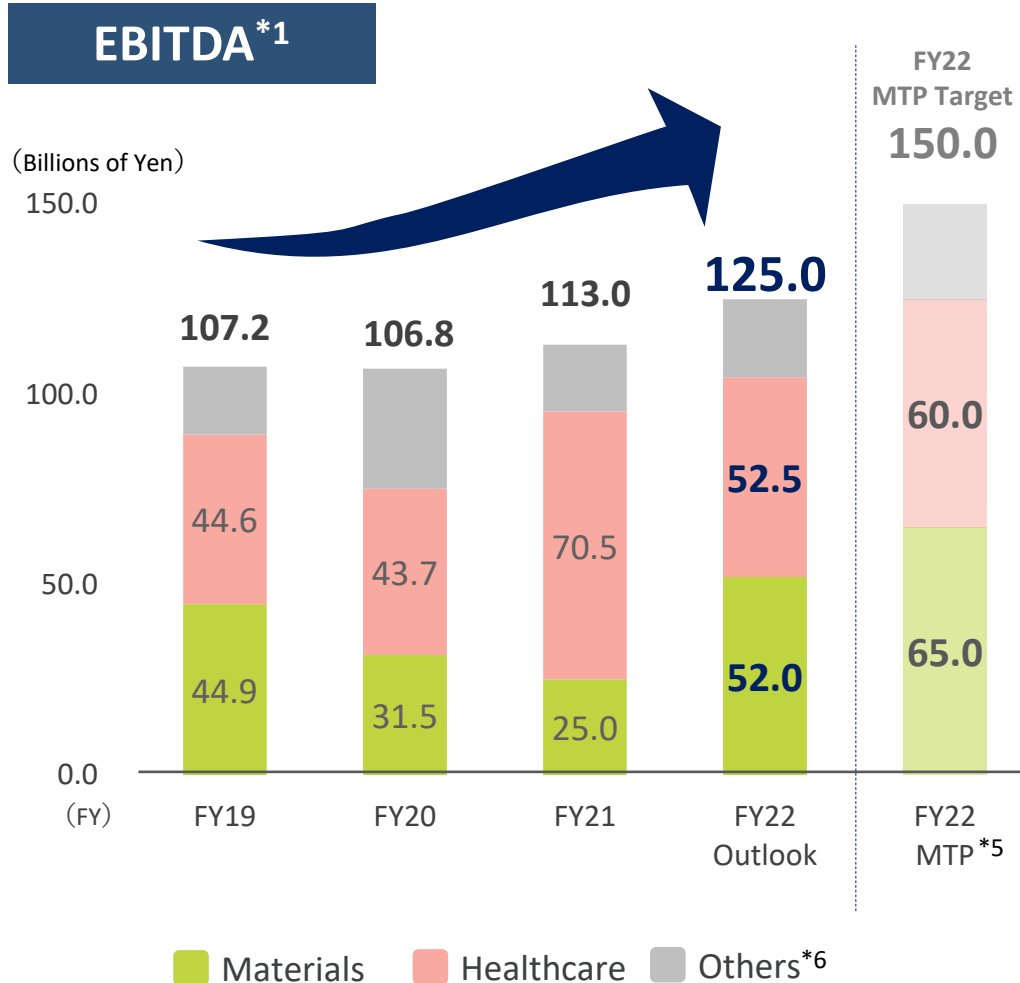
## FY2021 (second year of MTP)

- The sharp rise in raw material and fuel prices and logistics costs and the semiconductor shortage had a impact on the Materials Business Field and the Fibers & Products Converting Business Field despite the market's recovery from the impact of the COVID-19 pandemic
- The Healthcare Business Field recorded an all-time high operating income, while the IT Business Field remained strong
- The Group continued to make growth investment, aiming to fulfill its long-term vision



# KPI for FY2022 Outlook vs. Mid-term Plan

**Realized gap from target due to deterioration of profitability due to change of outside circumstances**



**Healthcare FY2022 Outlook 52.5 billion yen (MTP\*5: 60.0 billion yen)**

GAP from MTP : New businesses development including M&A implementation delay while large contribution of smooth transition of Takeda's diabetes drugs, etc.

**Materials FY2022 outlook 52.0 billion yen (MTP\*5: 65.0 billion yen)**

GAP from MTP : Delay of profitability improvement for Composites business and the impact of shortage of inventory at the beginning of the fiscal year and natural gas price surge for Aramid business, etc.

	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Outlook	FY22 MTP
<b>ROE*2</b>	6.3%	-1.7%	5.5%	6%	<b>10% or more</b>
<b>ROIC*3</b>	8.7%	8.6%	5.5%*4	6%	<b>8% or more</b>

\*1 EBITDA = Operating income + Depreciation & amortization  
 \*2 ROE= Profit attributable to owners of parent / Average\* total shareholders' equity  
 \*3 ROIC based on operating income = Operating income / Average\* invested capital (Invested capital = Net assets + Interest-bearing debt - Cash and deposits)  
 \*4 The calculated beginning balance of invested capital includes an increase due to the takeover of the sales rights for diabetes treatments and other related assets  
 \*5 Revised segment breakdown in May 2021  
 \*6 Sum of Fiber & Product Conversion, IT, others and consolidation adjustment

# FY2022 Measures

**We will devote all-out efforts to establishing growth platforms.**

**At the same time, we will focus on profitability enhancement measures which is placed the highest priority and tackle each of the revealed challenges and risks.**

- Making strategic investments in carefully selected targets in the Strategic Focus fields (fields for the creation of future profit sources)
- Continuing to strengthen the foundation for profit in the Profitable Growth fields
- Planning and implementing structural reforms
  - Adopting relevant measures and reviewing the area strategy in the composites business  
: Allocating resources to carefully selected targets based on regional priorities
  - Pursuing more effective operational systems in the pharmaceuticals and home healthcare businesses
- Further enhancing and promoting sustainability management

## Toward the Formulation of the Next Medium-Term Management Plan

**We will execute the following three measures in order to build up fundamentals for evolvement**

### **1. Review the results based on facts**

We will review and verify achievements and results based on facts

### **2. Clearly determine priorities in the business portfolio**

We will clarify the position of each business in the portfolio and formulate a clear resource allocation policy

### **3. Build a system for innovation creation**

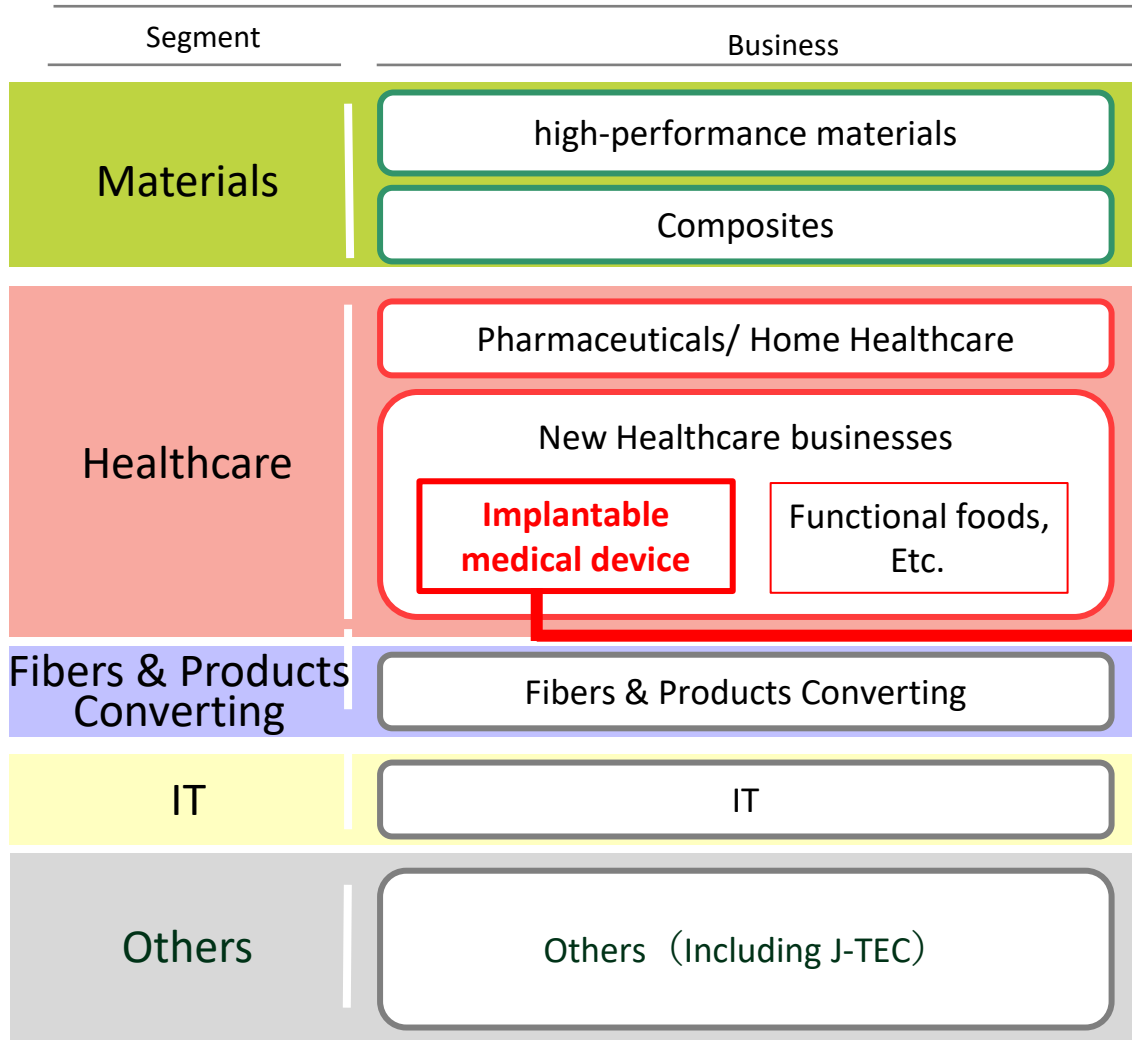
Positioning innovation creation as an important challenge, we will facilitate organizational reforms and the creation of a favorable corporate culture

## 4. Supplementary information

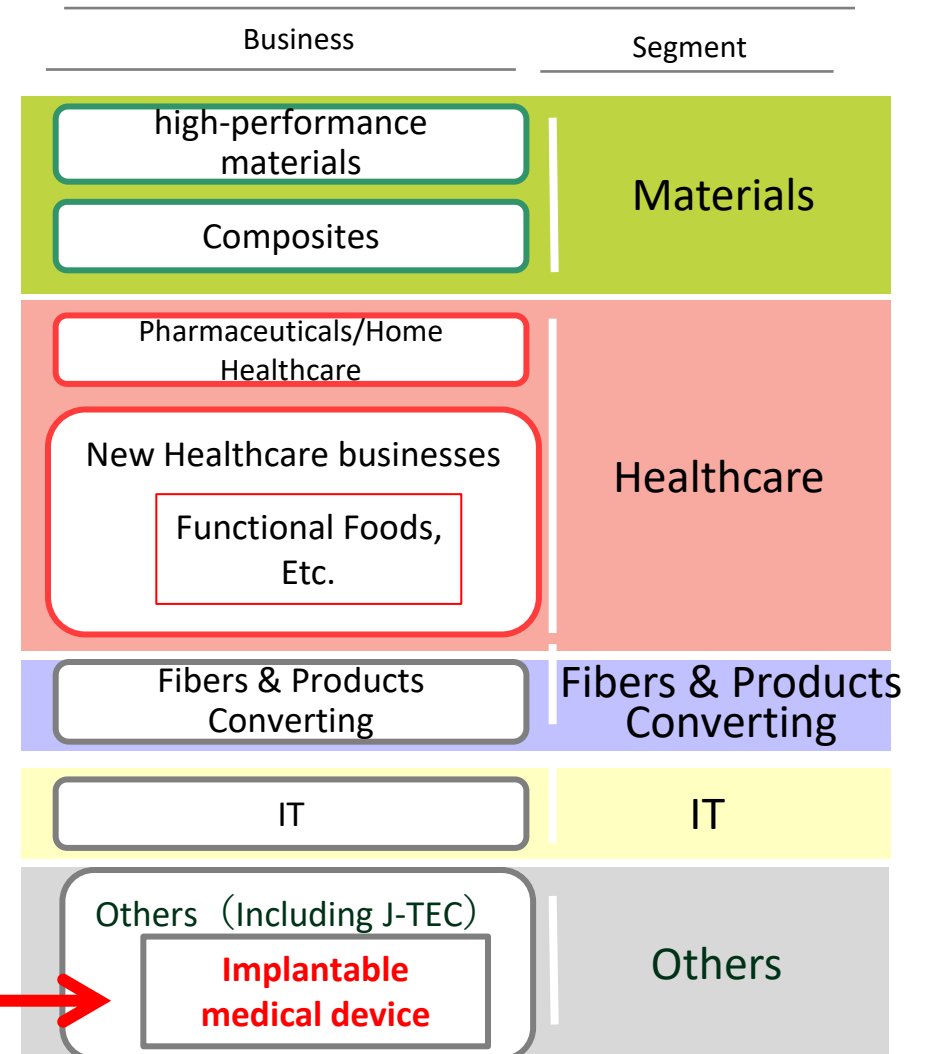
# Change of disclosure segment

We have defined implantable medical device business operated by Nakashima medical Co., LTD. and Teijin Medical Technologies Co., LTD. as an innovative new business from company-wide and long-term point of view. We have changed business segment to grow and enhance the business as follows.

~FY2021



FY2022~



## Factors that affect income statement regularly

Segment	Major factor
Materials	<ul style="list-style-type: none"><li>• Aramid: large-scale periodic maintenance in FY2021 1Q (once in three years)</li><li>• Polycarbonate resin: periodic maintenance in 2Q &amp; 3Q every year</li></ul>
Healthcare	<ul style="list-style-type: none"><li>• Cost increase in 4Q</li></ul>
Fibers & Products Converting	<ul style="list-style-type: none"><li>• Fiber materials and apparel: 3Q is a season for sales of autumn/winter closing, and 4Q for spring closing</li></ul>
IT	<ul style="list-style-type: none"><li>• Delivery increase in 2Q and 4Q due to system acceptance period</li></ul>

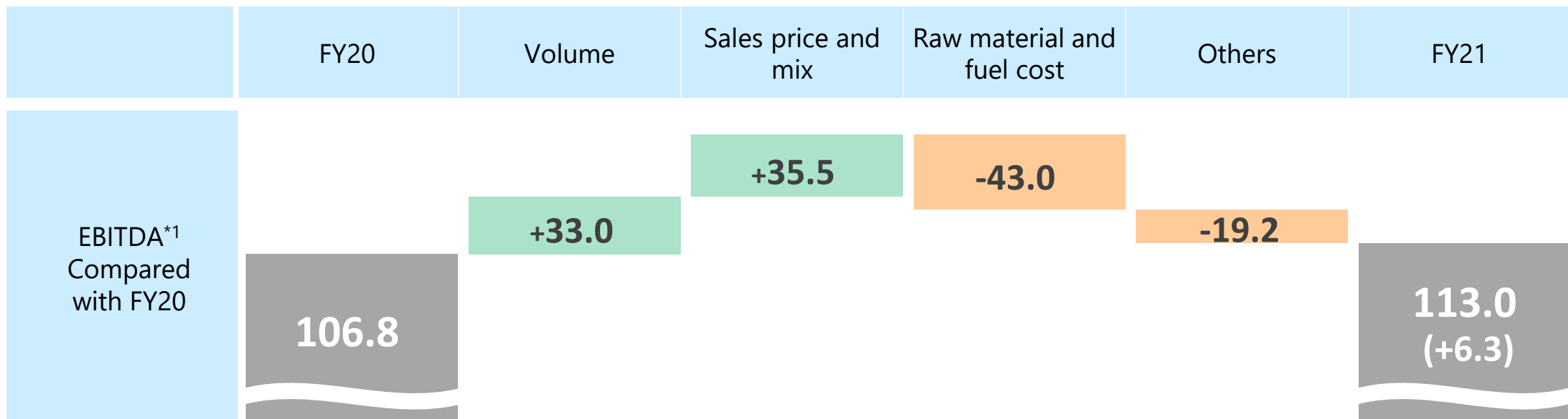


◆ Changes in EBITDA\*<sup>1</sup> (consolidated total) [Compared with FY2020]

(Billions of Yen)

	FY19	FY20	FY21	Difference (vs FY20)	(reference) FY21 Outlook* <sup>2</sup>
Net sales	853.7	836.5	926.1	+89.5	930.0
EBITDA* <sup>1</sup>	107.2	106.8	113.0	+6.3	120.0
Depreciation & Amortization	51.0	51.8	68.8	+17.0	70.0
Operating income	56.2	54.9	44.2	-10.7	50.0
ROIC	8.7%	8.6%	5.5%	-3.1%	6%

(Billions of Yen)



\*1 EBITDA = Operating income + Depreciation &amp; amortization

\*2 Announced on February 7, 2022

## ◆ Changes in net sales and operating income by segment [Compared with FY2020]

	FY19					FY20					FY21					(Billions of Yen)	
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	Difference (vs FY20)	% Change
	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.		Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.		Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.			
<b>Net sales</b>																	
High-performance materials	63.3	62.4	55.6	55.0	236.4	43.8	47.6	54.4	64.7	210.4	69.3	70.3	66.3	67.5	273.5	+63.1	+30.0%
Composites	22.8	23.1	22.9	22.4	91.2	10.1	24.8	25.2	26.4	86.6	26.4	24.8	27.4	33.0	111.6	+25.0	+28.9%
<b>Materials Total</b>	<b>86.1</b>	<b>85.4</b>	<b>78.6</b>	<b>77.4</b>	<b>327.5</b>	<b>53.9</b>	<b>72.4</b>	<b>79.6</b>	<b>91.0</b>	<b>297.0</b>	<b>95.8</b>	<b>95.0</b>	<b>93.7</b>	<b>100.6</b>	<b>385.1</b>	<b>+88.1</b>	<b>+29.7%</b>
Healthcare	39.8	39.1	40.3	34.7	153.9	36.2	36.9	38.8	36.8	148.7	45.9	44.9	48.8	44.0	183.6	+34.9	+23.5%
Fibers & Products Converting	73.8	80.4	77.2	74.9	306.3	71.6	86.5	79.0	77.8	314.9	65.5	68.0	73.4	75.6	282.5	-32.5	-10.3%
IT	10.9	12.2	11.2	14.3	48.6	13.5	15.0	13.7	15.8	58.1	13.5	13.7	12.6	13.9	53.8	-4.3	-7.5%
Others	4.0	4.2	4.1	5.0	17.4	3.9	4.2	4.5	5.3	17.8	5.2	5.8	5.1	5.0	21.2	+3.3	+18.6%
<b>Total</b>	<b>214.6</b>	<b>221.4</b>	<b>211.4</b>	<b>206.3</b>	<b>853.7</b>	<b>179.1</b>	<b>215.0</b>	<b>215.6</b>	<b>226.8</b>	<b>836.5</b>	<b>225.9</b>	<b>227.5</b>	<b>233.6</b>	<b>239.0</b>	<b>926.1</b>	<b>+89.5</b>	<b>+10.7%</b>
<b>Operating income (loss)</b>																	
Materials	5.6	4.6	2.9	2.8	15.8	(1.4)	0.9	0.2	1.3	1.0	2.1	1.2	(8.1)	(0.9)	(5.7)	-6.7	-
Healthcare	10.5	8.9	9.7	3.4	32.6	8.7	7.8	9.3	5.7	31.5	13.2	10.8	13.5	5.7	43.2	+11.6	+37.0%
Fibers & Products Converting	1.0	1.8	1.4	1.2	5.4	5.1	7.6	3.6	1.2	17.5	2.0	1.6	0.9	1.1	5.6	-11.9	-67.8%
IT	1.3	2.3	1.9	2.3	7.8	2.0	2.7	2.1	3.5	10.4	2.1	2.7	2.1	2.9	9.7	-0.7	-6.7%
Others	(0.0)	0.3	(0.1)	0.2	0.3	(0.4)	0.1	0.2	(0.1)	(0.2)	(0.3)	(0.6)	(0.3)	(0.9)	(2.1)	-1.9	-
Elimination and Corporate	(1.4)	(1.1)	(1.3)	(1.9)	(5.8)	(1.4)	(0.6)	(1.3)	(1.9)	(5.2)	(1.9)	(1.3)	(1.4)	(1.9)	(6.4)	-1.2	-
<b>Total</b>	<b>17.0</b>	<b>16.8</b>	<b>14.5</b>	<b>8.0</b>	<b>56.2</b>	<b>12.6</b>	<b>18.5</b>	<b>14.2</b>	<b>9.7</b>	<b>54.9</b>	<b>17.3</b>	<b>14.2</b>	<b>6.7</b>	<b>6.0</b>	<b>44.2</b>	<b>-10.7</b>	<b>-19.5%</b>

## ◆ Changes in net sales and operating income by segment [Compared with FY2020 4Q and FY2021 3Q]

	FY19				FY20				FY21				(Billions of Yen)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	Difference	Difference
	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	21/4Q -20/4Q	21/4Q -21/3Q
<b>Net sales</b>														
High-performance materials	63.3	62.4	55.6	55.0	43.8	47.6	54.4	64.7	69.3	70.3	66.3	67.5	+2.9	+1.2
Composites	22.8	23.1	22.9	22.4	10.1	24.8	25.2	26.4	26.4	24.8	27.4	33.0	+6.6	+5.6
Materials Total	86.1	85.4	78.6	77.4	53.9	72.4	79.6	91.0	95.8	95.0	93.7	100.6	+9.5	+6.8
Healthcare	39.8	39.1	40.3	34.7	36.2	36.9	38.8	36.8	45.9	44.9	48.8	44.0	+7.2	-4.8
Fibers & Products Converting	73.8	80.4	77.2	74.9	71.6	86.5	79.0	77.8	65.5	68.0	73.4	75.6	-2.3	+2.2
IT	10.9	12.2	11.2	14.3	13.5	15.0	13.7	15.8	13.5	13.7	12.6	13.9	-1.9	+1.3
Others	4.0	4.2	4.1	5.0	3.9	4.2	4.5	5.3	5.2	5.8	5.1	5.0	-0.3	-0.1
<b>Total</b>	<b>214.6</b>	<b>221.4</b>	<b>211.4</b>	<b>206.3</b>	<b>179.1</b>	<b>215.0</b>	<b>215.6</b>	<b>226.8</b>	<b>225.9</b>	<b>227.5</b>	<b>233.6</b>	<b>239.0</b>	<b>+12.3</b>	<b>+5.4</b>
<b>Operating income (loss)</b>														
Materials	5.6	4.6	2.9	2.8	(1.4)	0.9	0.2	1.3	2.1	1.2	(8.1)	(0.9)	-2.2	+7.2
Healthcare	10.5	8.9	9.7	3.4	8.7	7.8	9.3	5.7	13.2	10.8	13.5	5.7	+0.0	-7.7
Fibers & Products Converting	1.0	1.8	1.4	1.2	5.1	7.6	3.6	1.2	2.0	1.6	0.9	1.1	-0.1	+0.2
IT	1.3	2.3	1.9	2.3	2.0	2.7	2.1	3.5	2.1	2.7	2.1	2.9	-0.6	+0.8
Others	(0.0)	0.3	(0.1)	0.2	(0.4)	0.1	0.2	(0.1)	(0.3)	(0.6)	(0.3)	(0.9)	-0.8	-0.6
Elimination and Corporate	(1.4)	(1.1)	(1.3)	(1.9)	(1.4)	(0.6)	(1.3)	(1.9)	(1.9)	(1.3)	(1.4)	(1.9)	+0.1	-0.5
<b>Total</b>	<b>17.0</b>	<b>16.8</b>	<b>14.5</b>	<b>8.0</b>	<b>12.6</b>	<b>18.5</b>	<b>14.2</b>	<b>9.7</b>	<b>17.3</b>	<b>14.2</b>	<b>6.7</b>	<b>6.0</b>	<b>-3.6</b>	<b>-0.7</b>

## ◆ Consolidated statements of income

(Billions of Yen)

	FY19				FY20				FY21			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.
<b>Net Sales</b>	214.6	221.4	211.4	206.3	179.1	215.0	215.6	226.8	225.9	227.5	233.6	239.0
Cost of sales	147.0	153.4	146.1	143.8	119.4	148.4	152.2	161.4	155.0	158.7	169.9	171.4
<b>Gross profit</b>	67.7	68.0	65.3	62.4	59.7	66.6	63.4	65.3	70.9	68.8	63.8	67.6
SG&A	50.7	51.2	50.9	54.4	47.1	48.1	49.2	55.6	53.6	54.6	57.1	61.6
<b>Operating income</b>	17.0	16.8	14.5	8.0	12.6	18.5	14.2	9.7	17.3	14.2	6.7	6.0
Non-operating items, net	(0.1)	(0.6)	(0.1)	(1.1)	(0.1)	(0.7)	(1.5)	1.1	1.2	(0.0)	2.0	2.3
(Balance of financial expenses)	(0.1)	(0.5)	(0.4)	(0.4)	(0.1)	(0.3)	(0.2)	(0.2)	(0.2)	(0.5)	(0.4)	(0.5)
(Equity in earnings and losses of affiliates)	0.4	0.7	0.2	0.8	0.2	1.2	0.5	0.7	1.5	1.4	1.4	1.2
<b>Ordinary income</b>	16.9	16.2	14.4	6.9	12.4	17.8	12.6	10.8	18.4	14.2	8.7	8.4
Extraordinary items (net)	(1.8)	(2.3)	0.6	(9.3)	(1.4)	(1.1)	3.3	(45.1)	(1.9)	3.4	0.8	(7.8)
<b>Income before income taxes</b>	15.1	13.9	15.0	(2.4)	11.0	16.7	16.0	(34.3)	16.5	17.6	9.4	0.6
Income taxes	4.0	3.7	4.7	2.1	4.8	5.7	4.4	(1.3)	6.1	5.1	4.5	2.4
Profit attributable to non-controlling interests	0.3	0.5	0.5	0.4	0.5	0.7	0.7	0.5	0.7	0.7	0.7	0.8
<b>Profit attributable to owners of parent</b>	10.8	9.7	9.7	(4.9)	5.7	10.3	10.8	(33.5)	9.8	11.8	4.3	(2.7)

## ◆ Consolidated balance sheets

(Billions of Yen)

	FY19				FY20				FY21			
	Jun. 30, 2019	Sep. 30, 2019	Dec. 31, 2019	Mar. 31, 2020	Jun. 30, 2020	Sep. 30, 2020	Dec. 31, 2020	Mar. 31, 2021	Jun. 30, 2021	Sep. 30, 2021	Dec. 31, 2021	Mar. 31, 2022
<b>Total assets</b>												
Current assets	511.6	525.5	528.0	505.3	502.6	513.1	507.4	534.6	538.9	551.7	553.7	572.0
Fixed assets	491.0	505.2	513.9	498.9	502.4	505.5	513.3	506.6	646.1	617.1	622.0	635.6
<b>Total</b>	<b>1,002.6</b>	<b>1,030.7</b>	<b>1,041.9</b>	<b>1,004.2</b>	<b>1,004.9</b>	<b>1,018.5</b>	<b>1,020.7</b>	<b>1,041.1</b>	<b>1,185.0</b>	<b>1,168.8</b>	<b>1,175.7</b>	<b>1,207.6</b>
<b>Total liabilities and net assets</b>												
Liabilities	586.0	610.3	606.5	592.8	588.0	583.7	574.4	610.8	743.9	718.2	720.9	742.8
[Interest-bearing debt]	374.3	407.6	398.2	381.9	391.4	387.3	362.8	380.0	502.9	482.8	472.9	485.2
Net assets	416.6	420.4	435.4	411.4	416.9	434.8	446.3	430.4	441.1	450.6	454.8	464.8
<b>Total</b>	<b>1,002.6</b>	<b>1,030.7</b>	<b>1,041.9</b>	<b>1,004.2</b>	<b>1,004.9</b>	<b>1,018.5</b>	<b>1,020.7</b>	<b>1,041.1</b>	<b>1,185.0</b>	<b>1,168.8</b>	<b>1,175.7</b>	<b>1,207.6</b>

◆ Key financial indicators by segment **[Compared with FY2020, and FY2021]**

(Billions of Yen)

	FY21	FY22 Outlook	Difference	FY20	Difference
<b>EBITDA<sup>*1</sup></b>					
Materials	25.0	52.0	+27.0	31.5	+20.5
Healthcare	70.5	52.5	-18.0	43.7	+8.8
Fibers & Products Converting	12.1	15.0	+2.9	23.9	-8.9
IT	10.8	11.0	+0.2	11.3	-0.3
Others	0.1	0.5	+0.4	0.7	-0.2
Elimination and Corporate	(5.5)	(6.0)	-0.5	(4.3)	-1.7
<b>Total</b>	<b>113.0</b>	<b>125.0</b>	<b>+12.0</b>	<b>106.8</b>	<b>+18.2</b>
<b>ROIC<sup>*2</sup></b>					
Materials	-2%	4%	+6%	0%	+4%
Healthcare	20%	13% <sup>*3</sup>	-7%	41%	-28%
Fibers & Products Converting	4%	6%	+2%	14%	-8%
IT	61%	58%	-3%	66%	-8%
<b>Total</b>	<b>5.5%</b>	<b>6%</b> <sup>*3</sup>	<b>+0%</b>	<b>8.6%</b>	<b>-3%</b>

\*1 EBITDA = Operating income + Depreciation & amortization

\*2 ROIC based on operating income = Operating income / Average\* invested capital  
(Invested capital = Net assets + Interest-bearing debt – Cash and deposits)

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

\*3 The calculated beginning balance of invested capital includes an increase due to the takeover of the sales rights for diabetes treatments and other related assets

## ◆ Historical financial indicators

	FY17	FY18	FY19	FY20	FY21	FY22
	Actual <sup>*6</sup>	Actual	Actual	Actual	Actual	Outlook
ROE <sup>*1</sup>	12.5%	11.2%	6.3%	(1.7%)	5.5%	6%
ROIC <sup>*2</sup>	11.2%	9.3%	8.7%	8.6%	5.5% <sup>*7</sup>	6%
EBITDA <sup>*3</sup> (Billions of Yen)	115.5	107.6	107.2	106.8	113.0	125.0
Earnings per share (Yen)	231.3	232.4	131.6	(34.7)	120.6	145.7
Dividends per share (Yen)	60	70 <sup>*</sup>	60	50	55	55
*Including a commemorative dividend of 10 yen per share for our founding centennial						
Total assets (Billions of Yen)	982.0	1,020.7	1,004.2	1,041.1	1,207.6	1,240.0
Interest-bearing debt (Billions of Yen)	344.2	369.2	381.9	380.0	485.2	480.0
D/E ratio <sup>*4</sup>	0.88	0.90	0.97	0.94	1.10	1.0
D/E ratio (capital adjustment) <sup>*5</sup>	-	-	-	-	0.97	0.9
Shareholders' equity ratio	40.0%	40.2%	39.3%	39.0%	36.4%	37%

\*1 ROE= Profit attributable to owners of parent / Average\* total shareholders' equity

\*2 ROIC based on operating income = Operating income / Average\* invested capital  
( Net assets + Interest-bearing debt – Cash and deposits )

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

\*3 EBITDA = Operating income + Depreciation & amortization

\*4 D/E ratio = Interest-bearing debt / Total shareholders' equity (Gross)

\*5 D/E ratio taking into account the equity credit of the subordinated bonds

(The Company issued subordinated bonds of 60.0 billion yen on July 21, 2021.)

\*6 Teijin has adopted the "Partial Amendments to Accounting Standard for Tax Effect Accounting, etc." (ASBJ Statement No. 28, February 16, 2018) from FY2018. Results for FY2017 have been adjusted to reflect the retrospective application of the new accounting standard.

\*7 The calculated beginning balance of invested capital includes an increase due to the takeover of the sales rights for diabetes treatments and other related assets

## ◆ Sales of principal pharmaceuticals in Japan

(Billions of Yen)

Product	Target disease	FY2020					FY2021				
		1Q Apr.- Jun.	2Q Jul.- Sep.	3Q Oct.- Dec.	4Q Jan.- Mar.	Total	1Q Apr.- Jun.	2Q Jul.- Sep.	3Q Oct.- Dec.	4Q Jan.- Mar.	Total
<i>FEBURIC</i> <sup>®</sup>	Hyperuricemia and gout	<b>8.7</b>	<b>8.9</b>	<b>9.6</b>	<b>8.3</b>	<b>35.6</b>	<b>9.6</b>	<b>9.7</b>	<b>10.6</b>	<b>8.9</b>	<b>38.8</b>
<i>Nesina</i> <sup>®</sup>	Type 2 Diabetes	-	-	-	-	-	<b>3.6</b>	<b>3.3</b>	<b>3.5</b>	<b>2.7</b>	<b>13.1</b>
<i>Inisync</i> <sup>®</sup>	Type 2 Diabetes	-	-	-	-	-	<b>2.1</b>	<b>2.0</b>	<b>2.1</b>	<b>1.7</b>	<b>7.9</b>
<i>Bonalon</i> <sup>®*1</sup>	Osteoporosis	<b>2.1</b>	<b>2.1</b>	<b>2.3</b>	<b>1.8</b>	<b>8.3</b>	<b>2.0</b>	<b>2.0</b>	<b>2.1</b>	<b>1.7</b>	<b>7.8</b>
<i>Somatuline</i> <sup>®*2</sup>	Acromegaly and pituitary gigantism, gastroenteropancreatic neuroendocrine tumors	<b>1.3</b>	<b>1.3</b>	<b>1.4</b>	<b>1.2</b>	<b>5.2</b>	<b>1.3</b>	<b>1.3</b>	<b>1.5</b>	<b>1.2</b>	<b>5.4</b>
<i>Venilon</i> <sup>®</sup>	Severe infection	<b>1.4</b>	<b>1.2</b>	<b>1.4</b>	<b>1.0</b>	<b>5.0</b>	<b>1.2</b>	<b>1.2</b>	<b>1.3</b>	<b>0.9</b>	<b>4.6</b>
<i>Liovel</i> <sup>®</sup>	Type 2 Diabetes	-	-	-	-	-	<b>1.2</b>	<b>1.0</b>	<b>1.1</b>	<b>0.8</b>	<b>4.1</b>
<i>Zafatek</i> <sup>®</sup>	Type 2 Diabetes	-	-	-	-	-	<b>0.7</b>	<b>0.6</b>	<b>0.7</b>	<b>0.5</b>	<b>2.5</b>
<i>Mucosolvan</i> <sup>®</sup>	Expectorant	<b>0.6</b>	<b>0.5</b>	<b>0.7</b>	<b>0.5</b>	<b>2.2</b>	<b>0.5</b>	<b>0.5</b>	<b>0.7</b>	<b>0.5</b>	<b>2.2</b>
<i>LOQQA</i> <sup>®</sup>	osteoarthritis pain and inflammation	<b>0.5</b>	<b>0.6</b>	<b>0.5</b>	<b>0.5</b>	<b>2.1</b>	<b>0.5</b>	<b>0.5</b>	<b>0.6</b>	<b>0.4</b>	<b>2.0</b>
<i>Onealfa</i> <sup>®</sup>	Osteoporosis	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>	<b>0.2</b>	<b>1.0</b>	<b>0.2</b>	<b>0.3</b>	<b>0.4</b>	<b>0.2</b>	<b>1.1</b>
<i>XEOMIN</i> <sup>®</sup>	Upper and lower limb spasticity	-	-	<b>0.01</b>	<b>0.03</b>	<b>0.04</b>	<b>0.05</b>	<b>0.2</b>	<b>0.4</b>	<b>0.4</b>	<b>1.0</b>

\*1 *Bonalon*<sup>®</sup> is the registered trademark of NV Organon, Netherlands.\*2 *Somatuline*<sup>®</sup> is the registered trademark of Ipsen Pharma, France.



◆ Non-financial Information : ESG External Evaluation

Selected as a component stock of all five ESG indices of GPIF



2021 CONSTITUENT MSCI JAPAN  
EMPOWERING WOMEN INDEX (WIN)



2021 CONSTITUENT MSCI JAPAN  
ESG SELECT LEADERS INDEX



FTSE Blossom  
Japan Sector  
Relative Index

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