
Flash Report

Results of FY2022 2Q & Outlook for FY2022

Teijin Limited
November 7, 2022

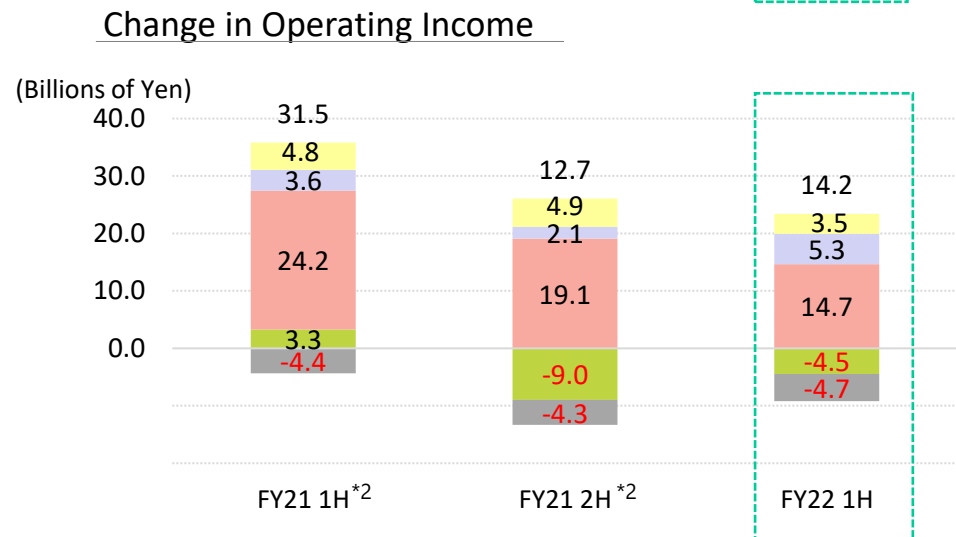
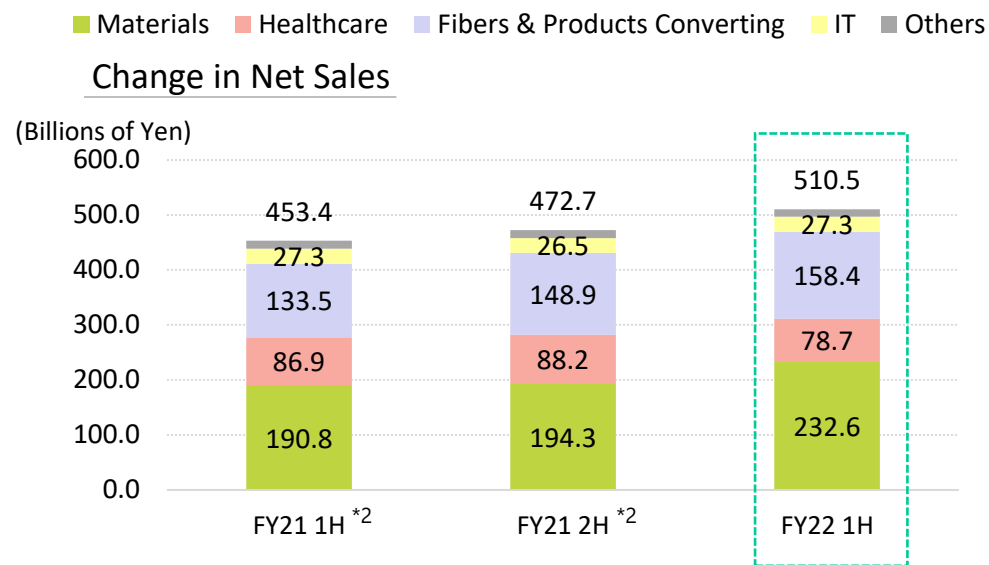
Points of Financial Results of FY2022 2Q & Outlook for FY2022

■ First half results for FY2022 (Compared with FY2021 1H)

- Net sales increased by 12.6% to 510.5 billion yen mainly due to a sales increase against the backdrop of strong demand, selling price revisions made in response to the rises in material and fuel prices, and gains on the foreign exchange rate. However, operating income decreased by 54.8% to 14.2 billion yen
 - Materials: An operating loss of 4.5 billion yen was recorded, primarily due to a decline in productivity caused by the labor shortage in the US and Europe, lockdowns in China, and rises in material and fuel prices and logistics costs, despite the contribution to earnings of an increase in the sales volume of products mainly for automotive and aircraft applications, gains on the foreign exchange rate, and other factors
 - Healthcare: Operating income decreased year on year mainly due to the market entry of generic alternatives to *FEBURIC* from June and drug price revisions, etc.
- Profit attributable to owners of parent decreased by 64.9% to 7.6 billion yen, due to a rise in the tax burden rate triggered by an increased deficit of overseas subsidiaries

■ Outlook for FY2022 (Compared with the previous outlook*1)

- The net sales forecast has been revised from 1.0 trillion yen to 1.05 trillion yen, and that of operating income from 50.0 billion yen to 25.0 billion yen
 - Materials: Operating income is forecast to decrease significantly mainly due to a further rise in the natural gas price in Europe and a decline in productivity at US and European bases because of the labor shortage
 - Healthcare: Operating income is forecast to decrease due to the market entry of generic alternatives to *FEBURIC*, which will have a greater impact than expected
- The forecast of profit attributable to owners of parent has been revised from 28.0 billion yen to 16.0 billion yen
- The forecast of year-end dividend has been revised from 27.5 yen per share to 12.5 yen per share, which will result in an annual dividend of 40 yen per share (despite a previously announced forecast value of 55 yen per share)



*1 Announced on August 8, 2022

*2 From FY2022, the orthopedic implantable devices business, which was formerly part of the Healthcare segment, is part of "Others" segment. Therefore, the figures for FY2021 are those recalculated in accordance with the new segment categorization for comparison purposes

Key Assumptions regarding the Company's Main Target Markets (FY2022)

Demand will remain firm generally

Main businesses		Markets	Main Areas	FY2022 1H	Outlook in FY2022 2H
Materials	Aramid	Automotive	Europe US	<ul style="list-style-type: none"> • Demand for tires for luxury cars and EVs grew especially in Europe • Demand remained firm in the US too 	• Demand will remain firm
		Industrial materials	Europe US	<ul style="list-style-type: none"> • Demand for products for optical fiber applications remained high 	• Demand will remain firm
		Ballistic /Protective apparel	Europe US	<ul style="list-style-type: none"> • Demand for products for bulletproof and protective apparel applications remained firm 	• Demand will remain firm
	Resin	Office machine	China Asia	<ul style="list-style-type: none"> • Customers' manufacturing operations declined due to difficulty in procuring parts caused by lockdowns in China and decreased demand 	• Week demand will remain
		Automotive	Japan China Asia	<ul style="list-style-type: none"> • Customers' manufacturing operations declined due to a shortage of semiconductors and electronic parts and lockdowns in China 	• Demand will recover due to the end of the impact of lockdowns in China
	Carbon fibers	Aircraft	Europe US	<ul style="list-style-type: none"> • The number of air passengers continued to recover gradually in Europe and the US 	• Demand for passenger flights will continue to recover, mainly in Europe and the US
	Composites	Automotive	US Europe China	<ul style="list-style-type: none"> • OEM production was still constrained due to the semiconductor shortage and the disruption of supply chains 	• Amid firm demand, restrictions on OEM production due to the semiconductor shortage will be gradually eliminated

- Factor already incorporated in the outlook: Natural gas and raw material prices retaining at the same level as at the end of FY2022 2Q throughout the fiscal year
- Factors not incorporated in the outlook: Risks of the global economic recession, further lockdowns in China due to COVID-19 waves, etc.

Key Assumptions regarding the Company's Main Target Markets (FY2022)

Main businesses	Markets	Main Areas	FY2022 1H	Outlook from FY2022 2H
Healthcare	Pharmaceuticals	Japan	<ul style="list-style-type: none"> Market size of hyperuricemia and gout treatments will shrink due to the market entry of generic drugs despite an ongoing increase in the number of patients suffering from these diseases The market for diabetes treatments grows slightly, but competition in the market remains fierce Since medical institutions continues to impose restrictions on in-person visits to them amid the COVID-19 pandemic, e-promotion is continuously enhanced 	
	Home healthcare		<ul style="list-style-type: none"> In the home oxygen therapy (HOT) market, restrictions on hospitalization cause a continued shift to home healthcare The market for continuous positive airway pressure (CPAP) continue to grow, and the number of examinations gradually recover 	
Fibers & Products Converting	Fiber materials and apparel	Europe US China Japan	<ul style="list-style-type: none"> Consumption recovered in Europe and the US, while the Chinese market remained firm despite the impact of lockdowns The Japanese consumer market was recovering due to relaxation of restrictions on people's activities 	<ul style="list-style-type: none"> There will be uncertainties regarding European and US markets due to inflation and the rises in the interest rates, and also regarding the Chinese market due to the zero-COVID policy In Japan, the price hike caused by the weak yen will decrease the public appetite for consumption
	Industrial materials	Japan China	<ul style="list-style-type: none"> Sales of automotive applications are on a recovery trend, but were affected by semiconductor shortages 	<ul style="list-style-type: none"> Customers' operations, which have declined due to the semiconductor shortage, will gradually return to normal
IT	E-comic	Japan	<ul style="list-style-type: none"> Impact of piracy websites on e-comic decreased, and the market grew continuously 	<ul style="list-style-type: none"> The impact of piracy websites will last, but the market will grow continuously

- Factor already incorporated in the outlook: Natural gas and raw material prices retaining at the same level as at the end of FY2022 2Q throughout the fiscal year
- Factors not incorporated in the outlook: Risks of the global economic recession, further lockdowns in China due to COVID-19 waves, etc.

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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 FY2022 2Q announced at 11:30 A.M. on November 7, 2022 (local time in Japan).

1. Results of FY2022 2Q

◆ FY2022 1H actual highlights [Compared with FY2021 1H]

[Net sales] Consolidated net sales increased by 12.6% year on year mainly due to an increase in the sales volume of products for automotive and aircraft applications against a backdrop of continuously strong demand in the Materials Business Field, selling price revisions made in response to the rises in raw material and fuel prices, and favorable foreign exchange rates

[Operating income] In the Materials Business Field, there was an operating loss mainly due to a decline in productivity at bases in the US and Europe caused by the labor shortage, a sales decline caused by lockdowns in China, rises in raw material and fuel prices, and the increase in logistics costs, although an improvement in the level of operations after large-scale periodic maintenance in the 1H of FY2021, the full implementation of new large-scale composites programs, favorable foreign exchange rates and other factors contributed to earnings. The Healthcare Business Field also experienced a year-on-year decrease in operating income mainly due to the market entry of generic alternatives to *FEBURIC* and drug price revisions. Consolidated operating income decreased by 54.8%

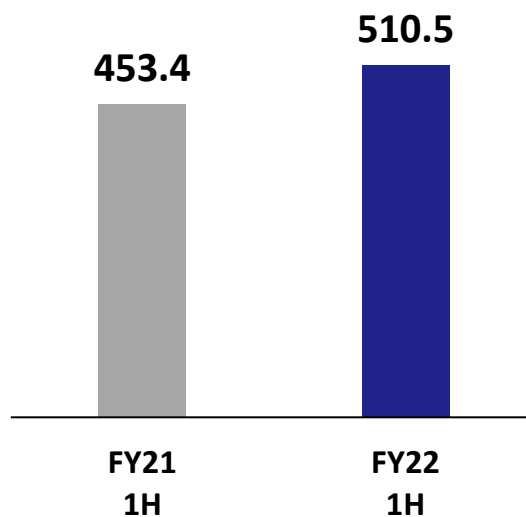
[Profit attributable to owners of parent] Profit attributable to owners of parent decreased by 64.9% due to the decline in operating income and a rise in the tax burden rate triggered by increased deficit at overseas subsidiaries

(Billions of Yen)

vs FY21 1H

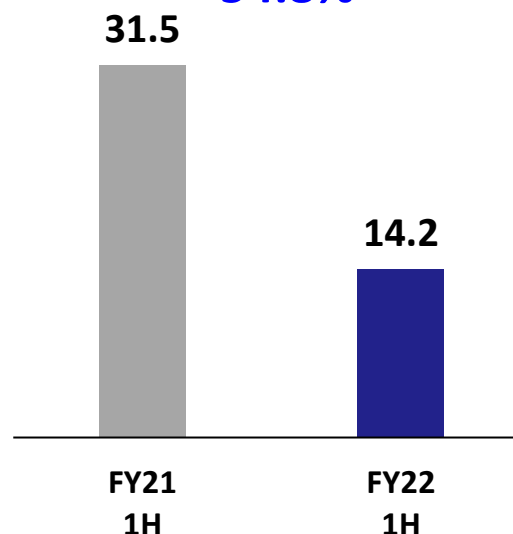
Net Sales

+12.6%



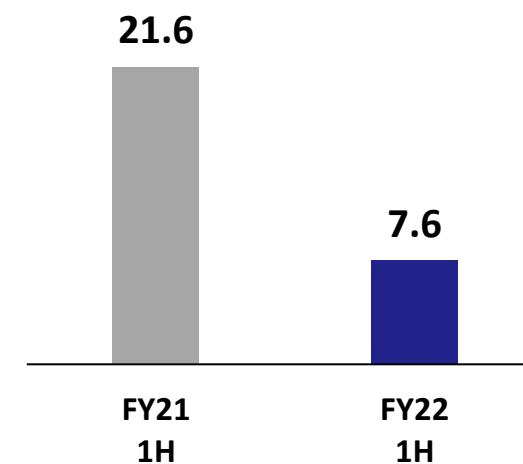
Operating Income

-54.8%



Profit Attributable to Owners of Parent

-64.9%



◆ Operating results [Compared with FY2021 1H]

(Billions of Yen)

	FY21 1H	FY22 1H	Difference	% Change
Net Sales	453.4	510.5	+57.1	+12.6%
Operating Income	31.5	14.2	-17.2	-54.8%
Non-operating Items (Net)	1.2	5.8	+4.6	+396.4%
Ordinary Income	32.6	20.0	-12.6	-38.7%
Extraordinary Items (Net)	1.4	(0.2)	-1.7	-
Income Before Income Taxes	34.1	19.8	-14.3	-42.0%
Profit Attributable to Owners of Parent	21.6	7.6	-14.0	-64.9%

ROE ^{*1}	10.4%	3.4%	-7.0%	-
ROIC ^{*2}	7.9% ^{*3}	3.4%	-4.6%	-
EBITDA ^{*4}	65.1	51.5	-13.6	-20.9%

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)

*1,2 are annualized numbers based on 3 months results

*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

(Billions of Yen)

	FY21 1H	FY22 1H	Difference	% Change
CAPEX ^{*5}	166.0 ^{*6}	26.4	-139.6	-84.1%
(CAPEX after adjustment※)	33.6 ^{*6}			
Depreciation & Amortization	33.6	37.2	+3.6	+10.8%
R&D Expenses	14.1	15.6	+1.5	+10.6%

※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

It has been determined to pay an interim dividend of 27.5 yen per share as planned

◇ Exchange rate & Oil price

		FY21 1H	FY22 1H
PL exchange rate	Yen/US\$	110	134
	Yen/Euro	131	139
An average Dubai crude oil price (US\$/barrel)		69	102
An average Europe natural gas price (Euro/MWh)		36	156

*4 EBITDA = Operating income + Depreciation & amortization

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

*6 There were errors in the values of CAPEX ("166.4 billion yen") and CAPEX after adjustment ("34.0 billion yen") in the "Flash Report: Results of FY2021 2Q & Outlook for FY2021" issued on November 8, 2021. The values shown here are correct ones

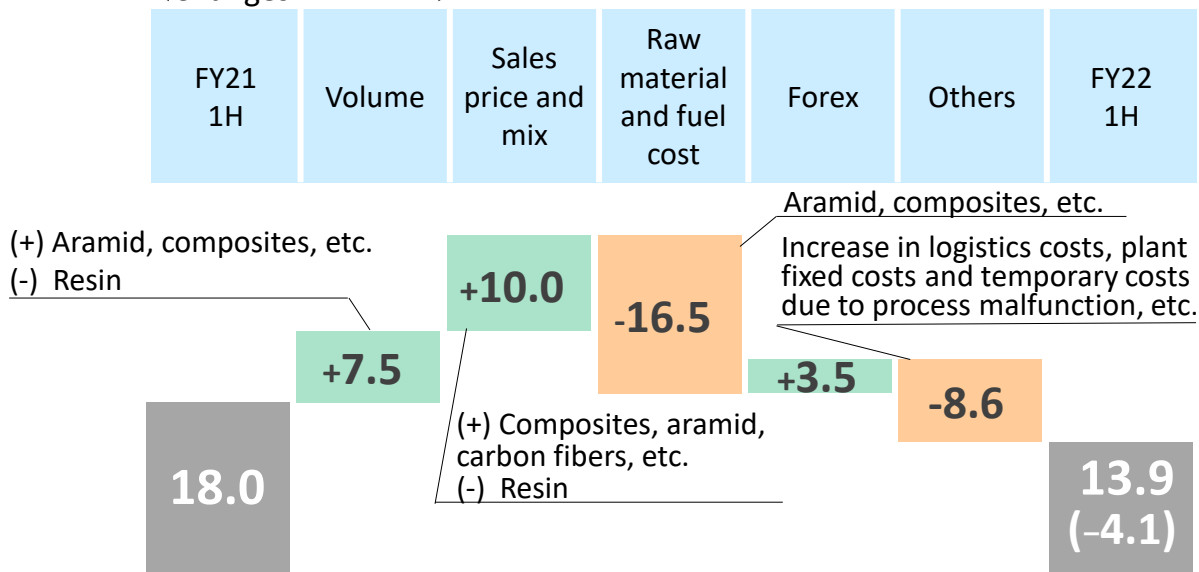
◆ Materials Segment [Compared with FY2021 1H]

(Billions of Yen)

	FY21 1H	FY22 1H	Difference	% change
Net sales	190.8	232.6	+41.7	+21.9%
EBITDA	18.0	13.9	-4.1	-22.9%
Depreciation & Amortization	14.7	18.3	+3.6	+24.5%
Operating income	3.3	(4.5)	-7.7	-
ROIC	2%	(2%)	-4%	-

<Changes in EBITDA>

(Billions of Yen)



Sales volume increased especially in products for automotive and aircraft applications due to strong demand. Operating income was affected mainly by a decline in productivity at US and European bases due to the labor shortage, a decreased plant operating rate due to lockdowns in China, rises in raw material and fuel prices, and the increase in logistics costs, despite the income-boosting effect of favorable foreign exchange rates

- Aramid (Both net sales and operating income increased)
 - An improved level of operations after large-scale periodic maintenance in FY2021 1H and favorable foreign exchange rates contributed to earnings, despite a sales volume decrease mainly due to a decline in productivity caused by the labor shortage and a constraint on the supply of major consumables by suppliers, etc.
 - 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 decreased)
 - Lockdowns in China and the subsequent slowdown of the Chinese economy lowered the plant operating rate, resulting in a decline in sales volume
- Carbon fibers (Both net sales and operating income increased)
 - Demand for products for most applications remained firm
 - The sales volume of products for aircraft applications grew, helping improve the sales mix
 - Selling prices were revised in response to a rise in the price of AN, a major raw material for the segment
- Composites (Net sales increased but operating income decreased)
 - Sales volume increased mainly due ramping up sales for a new large-scale program, although OEM production was not fully resumed after suspension primarily due to a shortage of materials including semiconductors and parts
 - In response to the continuing rise in raw material prices, negotiations for selling price revisions were conducted and concluded with multiple OEMs
 - Productivity continues to decline due to the labor shortage
 - The breakdown of machines at a plant in the US, caused temporary a decline in productivity and additional costs
- Battery Materials (Both net sales and operating income increased)
 - Demand for separators for smartphones were strong, and Teijin's separators were selected for new smartphone models

◆ Healthcare Segment [Compared with FY2021 1H]

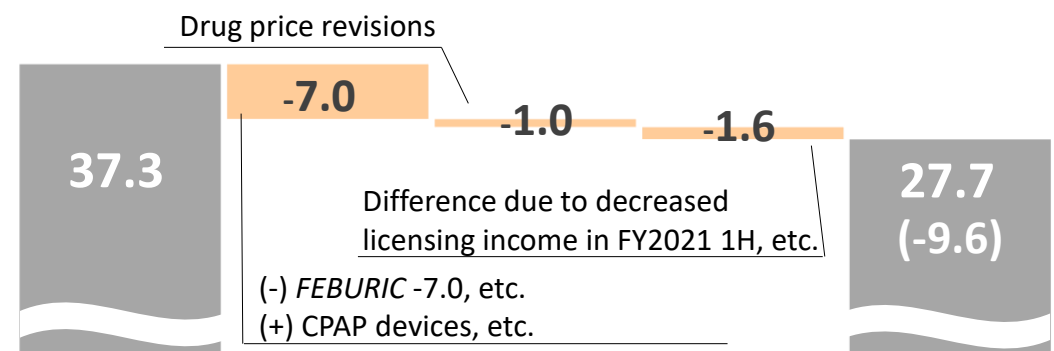
(Billions of Yen)

	FY21 1H*	FY22 1H	Difference	% change
Net sales	86.9	78.7	-8.2	-9.4%
EBITDA	37.3	27.7	-9.6	-25.7%
Depreciation & Amortization	13.1	13.0	-0.0	-0.2%
Operating income	24.2	14.7	-9.5	-39.4%
ROIC	22%	16%	-6%	-

<Changes in EBITDA>

(Billions of Yen)

FY21 1H*	Volume	Sales price and mix	Others	FY22 1H
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* From FY2022, the orthopedic implantable devices business, which was formerly part of the Healthcare segment, is part of "Others" segment. Therefore, the figures for FY2021 are those recalculated in accordance with the new segment categorization for comparison purposes

Sales of diabetes treatments and home healthcare devices rental remained strong, while the sales volume of *FEBURIC*, the pharmaceutical product, declined due to the market entry of generic alternatives from June

■ Pharmaceuticals

- The sales volume of *FEBURIC**¹ declined due to the market entry of generic alternatives in June 2022
- Sales of the diabetes treatments remained firm
- Sales of *Somatuline**² and *Xeomin**³ grew steadily
- Income was affected by drug price revisions and the absence of licensing income recorded for FY2021 1H
- In August 2022, *OSTABALO* 1.5 mg, an osteoporosis treatment, was approved for the manufacture and sales in Japan

■ Home healthcare

- HOT: The number of rented HOT equipment units remained high against a backdrop of restrictions on hospitalization for securing beds for COVID-19 patients and the resulting continued shift to home healthcare
- CPAP: The number of rented CPAP devices continued to grow, since the number of patients undergoing examinations recovered gradually

*1 Hyperuricemia and gout treatment drug

*2 Acromegaly and pituitary gigantism, thyroid-stimulating hormonesecreting pituitary adenoma, and gastroenteropancreatic neuroendocrine tumours treatment drug
Somatuline[®] is the registered trademark of Ipsen Pharma, France

*3 Upper limb spasm and lower limb spasm treatment drug
Xeomin[®] is the registered trademark of Merz Pharma GmbH & Co. KGaA, Germany

◆ Fibers & Products Converting Segment [Compared with FY2021 1H]

(Billions of Yen)

	FY21 1H	FY22 1H	Difference	% change
Net sales	133.5	158.4	+24.9	+18.7%
EBITDA	6.7	8.7	+2.0	+29.8%
Depreciation & Amortization	3.1	3.4	+0.3	+9.4%
Operating income	3.6	5.3	+1.7	+47.8%
ROIC	6%	7%	+2%	-

◆ IT Segment [Compared with FY2021 1H]

(Billions of Yen)

	FY21 1H	FY22 1H	Difference	% change
Net sales	27.3	27.3	-0.0	-0.1%
EBITDA	5.3	3.8	-1.5	-28.0%
Depreciation & Amortization	0.6	0.4	-0.2	-33.7%
Operating income	4.8	3.5	-1.3	-27.3%
ROIC	63%	44%	-20%	-

■ Fibers & Products Converting Segment

- Industrial materials: Sales of polyester staple fibers for water treatment filters, automotive parts, infrastructure reinforcement materials, and artificial leathers were strong
- Fiber materials and apparel: Sales of textile and apparel products for European, US and Chinese markets remained strong
- Conducting the raise of selling prices for fiber materials and textiles although the business results were affected by the sharp rise in raw material and fuel prices and logistics costs and an increase in purchase costs due to the depreciation of the yen

■ IT Segment

- In the Internet business field, enhanced advertising and promotion efforts were continuously devoted to e-comics services
- In the business solution field, performance remained strong in B2B services, but healthcare services were affected by the COVID-19 pandemic

■ Others: Engineering business, orthopedic implantable devices business, regenerative medicine business, and others

- The orthopedic implantable device business, for which the main products include artificial joints and absorbable osteosynthesis materials, recorded strong sales mainly due to its acquisition of the spine and trauma business from KiSCO Co., Ltd., in February 2022
- Japan Tissue Engineering Co., Ltd. ("J-TEC"), regenerative medicine business, achieved an increase in sales of the autologous cultured cartilage *JACC*, the autologous cultured oral mucosal epithelium *OCURAL*, and the contract development and manufacturing organization (CDMO) business but experienced a decline in sales of the autologous cultured epidermis *JACE*, resulting in a decrease in net sales and operating income year on year

◆ Non-operating items [Compared with FY2021 1H]

	(Billions of Yen)		
	FY21 1H	FY22 1H	Difference
Interest income	0.2	0.5	+0.2
Dividends income	0.6	0.8	+0.1
Equity in earnings of affiliates	2.9	2.6	-0.4
Gain on valuation of derivatives	0.8	11.4	+10.6
Gain on investments in partnerships	-	0.6	+0.6
Others	0.5	0.4	-0.1
Non-operating income, total	5.1	16.2	+11.1
Interest expenses	1.5	2.7	+1.2
Foreign exchange losses	0.4	6.6	+6.3
Loss on valuation of derivatives	0.2	0.5	+0.2
Loss on investments in partnerships	0.4	-	-0.4
Others	1.3	0.6	-0.7
Non-operating expenses, total	3.9	10.4	+6.5
Non-operating items, total	1.2	5.8	+4.6

◆ Extraordinary items [Compared with FY2021 1H]

	(Billions of Yen)		
	FY21 1H	FY22 1H	Difference
Gain on sales of investment securities	4.0	1.2	-2.7
Others	0.2	0.0	-0.2
Extraordinary income, total	4.2	1.3	-2.9
Loss on sales and retirement of noncurrent assets	0.9	0.7	-0.3
Loss on valuation of investment securities	-	0.3	+0.3
Impairment loss	1.6	0.1	-1.5
Others	0.2	0.4	+0.2
Extraordinary loss, total	2.7	1.5	-1.3
Extraordinary items, total	1.4	(0.2)	-1.7

◆ Financial position [Compared with the end of FY2021]

				(Billions of Yen)	
	Mar. 31, 2022	Sep. 30, 2022	Difference	(Impact of foreign exchange rate)	
Total assets	1,207.6	1,305.1	+97.5	+49.3	
Liabilities	742.8	822.2	+79.5	+30.1	
[Interest-bearing debt]	485.2	544.7	+59.5	+22.4	
Net assets	464.8	482.9	+18.0	+19.2	
D/E ratio *1	1.10	1.19	+0.09	-	
D/E ratio (capital adjustment) *2	0.97	1.06	+0.09	-	

◇ Changes in total assets

	(Billions of Yen)		
	Mar. 31, 2022	Sep. 30, 2022	Difference
Cash and deposits	134.5	159.1	+24.6
Trade receivables *4	196.8	197.9	+1.0
Inventory assets	164.6	202.7	+38.1
Tangible and intangible assets	506.3	526.5	+20.2
Investment securities	85.0	87.1	+2.1
Others	120.4	131.9	+11.5
Total assets	1,207.6	1,305.1	+97.5

◆ Cash flows [Compared with FY2021 1H]

	(Billions of Yen)		
	FY21 1H	FY22 1H	Difference
Operating activities	33.9	32.1	-1.7
Investing activities	(163.6) *3	(29.8)	+133.7
Free cash flow	(129.7)	2.3	+132.0
Financing activities	95.0	22.3	-72.8
Net inc/dec in Cash & cash equivalents	(34.7)	24.6	+59.2

◇ BS exchange rate

	Mar. 31, 2022	Sep. 30, 2022
Yen/US\$	122	145
Yen/Euro	137	142

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

*2 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.)

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

*4 Including contract assets

2. Outlook for FY2022

◆ Outlook highlights [Compared with FY2021 and FY2022 Previous Outlook*]

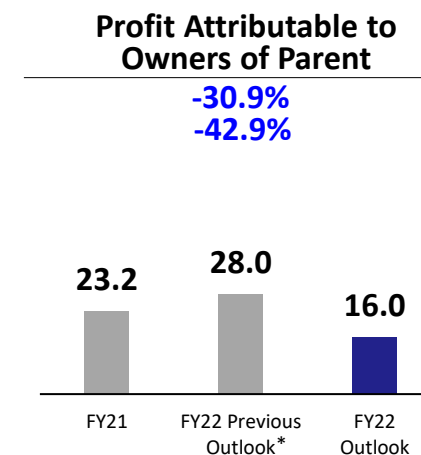
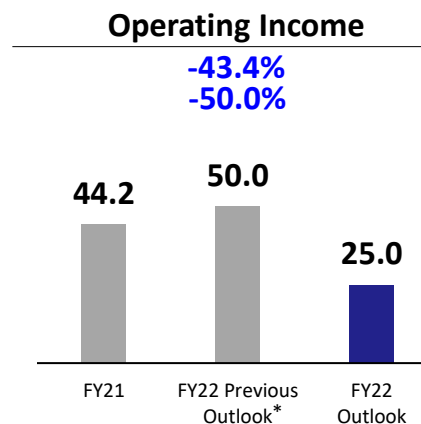
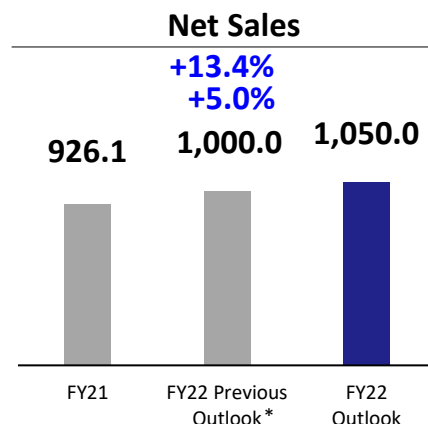
[Year on year]

- Net sales is forecast to increase mainly due to the enhancement of production capacity against the backdrop of strong demand in the Materials Business Field, a sales volume increase as a result of the operation of new plants, selling price revisions made in response to rises in raw material and fuel prices, and favorable foreign exchange rates
- Operating income is forecast to decrease mainly due to a rise in the natural gas price in Europe and a decline in productivity at US and European bases caused by the labor shortage in the Materials Business Field, and a sales volume decline caused by the market entry of generic alternatives to *FEBURIC*, a pharmaceutical product, in the Healthcare Business Field

[Compared with the previous outlook*]

- Net sales is forecast to slightly increase mainly due to the progress of the depreciation of the yen and selling price revisions made in response to rises in raw material and fuel prices
 - Operating income is forecast to decrease mainly due to a decline in productivity at US and European bases caused by the labor shortage and a further rise in the natural gas price in Europe in the Materials Business Field, and the replacement of *FEBURIC*, a pharmaceutical product, with generic alternatives, in which progress will be faster than expected, in the Healthcare Business Field
- Factor already incorporated in the outlook: Natural gas and raw material prices retaining at the same level as at the end of FY2022 2Q throughout the fiscal year
- Factors not incorporated in the outlook: Risks of the global economic recession, further lockdowns in China due to COVID-19 waves, etc.

(Billions of Yen)
vs FY2021
vs FY2022
Previous Outlook*



Assumptions

		FY21	FY22 Previous Outlook*	FY22 Outlook
Full-term average exchange rate	Yen/US\$	112	134	137
	Yen/Euro	131	138	139
An average Dubai crude oil price (US\$/barrel)		78	100	97
An average Europe natural gas price (Euro/MWh)		69	122	166

Dividend forecast for FY2022 :

(with a change made to the amount of year-end dividend from the previous outlook*)

Interim 27.5 yen/share(Decided) Year-end 12.5 yen/share Annual 40 yen/share

(FY2022 previous outlook* : Interim 27.5 yen/share Year-end 27.5 yen/share Annual 55 yen/share)

(FY2021: Interim 27.5 yen/share Year-end 27.5 yen/share Annual 55 yen/share)

◆ Summary of outlook for FY2022 highlights [Compared with FY2021 and FY2022 Previous Outlook*¹]

(Billions of Yen)

	FY21	FY22 Outlook	Difference	% Change	FY22 Previous Outlook* ¹	Difference	% Change
Net sales	926.1	1,050.0	+123.9	+13.4%	1,000.0	+50.0	+5.0%
Operating income	44.2	25.0	-19.2	-43.4%	50.0	-25.0	-50.0%
Ordinary income	49.7	29.0	-20.7	-41.6%	52.0	-23.0	-44.2%
Profit attributable to owners of parent	23.2	16.0	-7.2	-30.9%	28.0	-12.0	-42.9%
ROE* ²	5.5%	4%	-2%		6%	-2%	
ROIC* ³	5.5%* ⁸	3%	-3%		6%	-3%	
EBITDA* ⁴	113.0	100.0	-13.0		125.0	-25.0	
Free cash flow	(108.7)* ⁹	15.0	+123.7		30.0	-15.0	
CAPEX* ⁵	200.8* ⁹	70.0	-130.8		70.0	0.0	
Depreciation & Amortization	68.8	75.0	+6.2		75.0	0.0	
R&D Expenses	33.3	34.0	+0.7		34.0	0.0	
D/E ratio* ⁶	1.10	1.1	+0.0		1.0	+0.1	
D/E ratio (capital adjustment)* ⁷	0.97	1.0	+0.0		0.9	+0.1	

*1 Announced on August 8, 2022

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)

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

*4 EBITDA = Operating income + Depreciation & amortization

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

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

*7 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.)

*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 treatments and other related assets

◆ Net sales and operating income by segment [Compared with FY2021 and FY2022 Previous Outlook*¹]











(Billions of Yen)

	FY21 ^{*2}	FY22 Outlook	Difference	% Change	FY22 Previous Outlook ^{*1}	Difference
Net sales						
Materials	385.1	485.0	+99.9	+25.9%	460.0	+25.0
Healthcare	175.1	155.0	-20.1	-11.5%	155.0	0.0
Fibers & Products Converting	282.5	320.0	+37.5	+13.3%	295.0	+25.0
IT	53.8	60.0	+6.2	+11.6%	60.0	0.0
Others	29.6	30.0	+0.4	+1.3%	30.0	0.0
Total	926.1	1,050.0	+123.9	+13.4%	1,000.0	+50.0

(Billions of Yen)

	FY21 ^{*2}	FY22 Outlook	Difference	% Change	FY22 Previous Outlook ^{*1}	Difference
Operating income (loss)						
Materials	(5.7)	(8.5)	-2.8	-	15.5	-24.0
Healthcare	43.3	23.5	-19.8	-45.7%	26.0	-2.5
Fibers & Products Converting	5.6	9.5	+3.9	+68.4%	8.5	+1.0
IT	9.7	10.0	+0.3	+3.1%	10.0	0.0
Others	(2.3)	(3.0)	-0.7	-	(3.0)	0.0
Elimination and Corporate	(6.4)	(6.5)	-0.1	-	(7.0)	+0.5
Total	44.2	25.0	-19.2	-43.4%	50.0	-25.0

Trends behind the operating income forecast

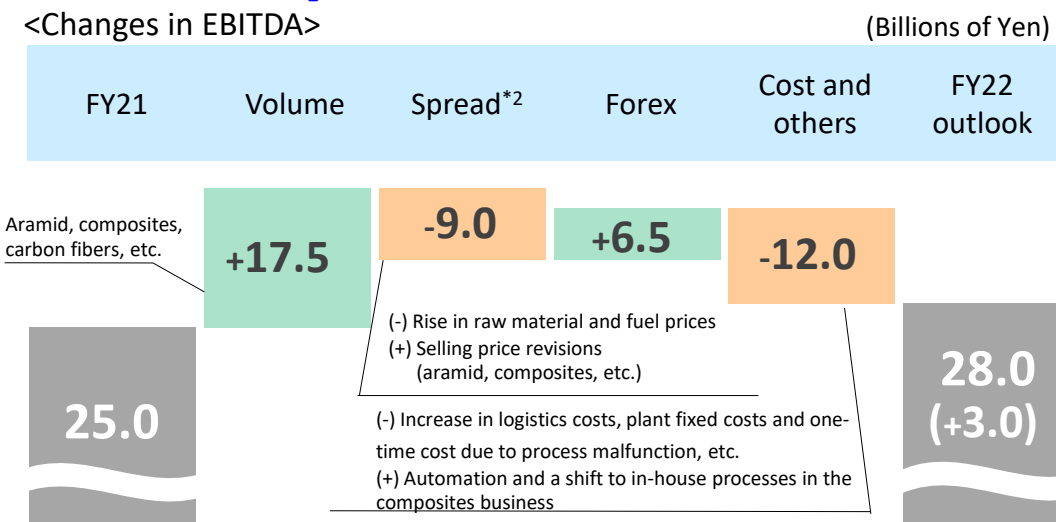
	Compared with FY2021	Compared with FY2022 Previous Outlook* ¹
Consolidated	 <ul style="list-style-type: none"> Operating income will decrease 	 <ul style="list-style-type: none"> The forecast for operating income has been revised downward
Materials	 <ul style="list-style-type: none"> Operating income will be affected by a decline in productivity at US and European bases because of the labor shortage Operating income will be affected by a further rise in raw material and fuel prices 	 <ul style="list-style-type: none"> Operating income will be affected by a decline in productivity at US and European bases because of the labor shortage Operating income will be affected by a further rise in the natural gas price in Europe
Healthcare	 <ul style="list-style-type: none"> 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 pharmaceutical product 	 <ul style="list-style-type: none"> <i>FEBURIC</i> has been replaced with generic alternatives faster than expected
Fibers & Products Converting	 <ul style="list-style-type: none"> 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 	 <ul style="list-style-type: none"> The sales mix and spread have improved
IT	 <ul style="list-style-type: none"> Costs will increase due to the enhancement of marketing despite a sales increase and a decrease in the temporary cost of head office relocation 	 <ul style="list-style-type: none"> No change from the previous outlook

*1 Announced on August 8, 2022

*2 From FY2022, the orthopedic implantable devices business, which was formerly part of the Healthcare segment, is part of "Others" segment. Therefore, the figures for FY2021 are those recalculated in accordance with the new segment categorization for comparison purposes

◆ Materials Segment [Compared with FY2021 and FY2022 Previous Outlook*1]

	FY21	FY22 Outlook			Difference	FY22	
		1H	2H	Total		Previous Outlook*1	Difference
Net sales							
High-performance materials	273.5	151.1	158.9	310.0	+36.5	300.0	+10.0
Composites	111.6	81.4	93.6	175.0	+63.4	160.0	+15.0
Total	385.1	232.6	252.4	485.0	+99.9	460.0	+25.0
EBITDA	25.0	13.9	14.1	28.0	+3.0	52.0	-24.0
Depreciation & Amortization	30.7	18.3	18.2	36.5	+5.8	36.5	0.0
Operating income	(5.7)	(4.5)	(4.0)	(8.5)	-2.8	15.5	-24.0
ROIC	(2%)	(2%)	(2%)	(2%)	-0%	4%	-6%



Trends behind the operating income forecast

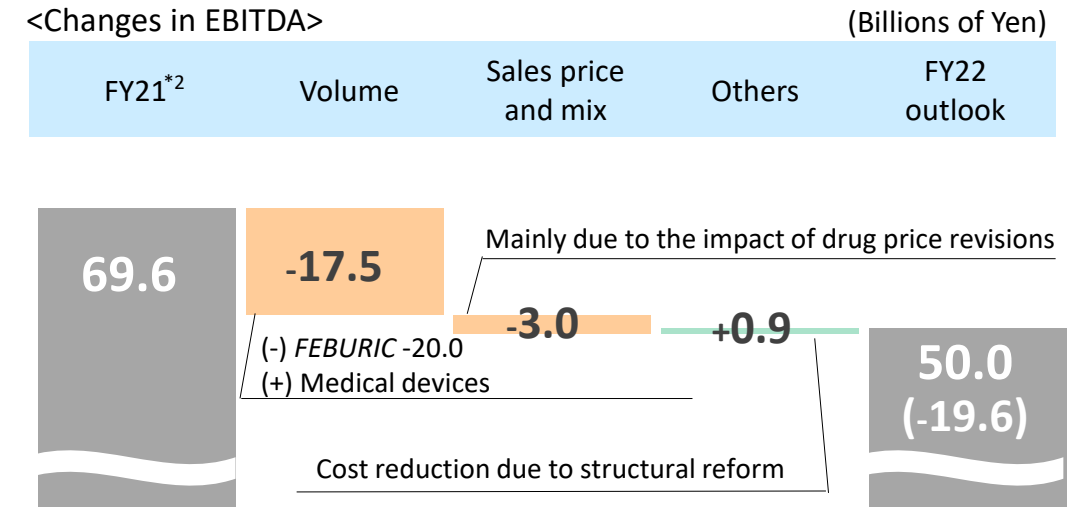
Subsegment	Compared with FY2021	Compared with FY2022 Previous Outlook*1
Aramid	<p>Profitability will worsen due to further rises in material and fuel prices, although those increases will be revised selling prices</p> <p>Stock-out has occurred due to a decline in productivity caused by the labor shortage in Europe and the deterioration of productivity due to supply constraints of major consumables by suppliers, etc.</p> <p>Large-scale periodic maintenance and its extension along with power outage at raw material plant in FY2021 have an adverse impact</p>	<p>Profitability will worsen due to higher rises than expected in material and fuel prices, although those increases will be revised selling prices</p> <p>Stock-out has occurred due to a decline in productivity caused by the labor shortage in Europe and the deterioration of productivity due to supply constraints of major consumables by suppliers, etc.</p>
Resin	<p>Operating income had been affected by the gap in carry-over stock at the beginning of FY2021, lockdowns in China and the country's subsequent economic slowdown, and the rise in logistics costs</p>	<p>Operating income will be affected by China's post-lockdown economic slowdown and the rise in logistics costs</p>
Carbon fibers	<p>Sales volume will increase due to a strong recovery in aircraft demand</p> <p>Sales volume will increase due to the start of operation of the new plant in the US</p>	<p>The sales mix improved due to an increase in sales of products for aircraft applications</p> <p>The depreciation of the yen has made a greater impact than expected</p>
Composites	<p>Operating income will be affected by temporary production inefficiency and additional costs that were caused by the breakdown of machines at a US plant</p> <p>Operating income will be affected by an ongoing decline in productivity due to an unhealthy demand-supply balance in US labor market</p> <p>Sales volume will increase due to the new large-scale programs, and demand from OEMs will increase due to the alleviation of the semiconductor shortage</p> <p>In response to the continuing rises in material prices, negotiations for selling price revisions have been concluded with multiple OEMs.</p>	<p>Operating income will be affected by temporary production inefficiency and additional costs that were caused by the breakdown of machines at a US plant</p> <p>A decline in productivity caused by a tight labor supply in the United States has been hardly alleviated</p> <p>Relief of OEMs' production constraints for several programs will be delay</p>

*1 Announced on August 8, 2022

*2 Sales price and mix + raw material and fuel cost

◆ Healthcare Segment [Compared with FY2021 and FY2022 Previous Outlook*¹]

	FY21* ²	FY22Outlook			Difference	(Billions of Yen)	
		1H	2H	Total		FY22 Previous Outlook* ¹	Difference
Net sales	175.1	78.7	76.3	155.0	-20.1	155.0	0.0
EBITDA	69.6	27.7	22.3	50.0	-19.6	52.5	-2.5
Depreciation & Amortization	26.3	13.0	13.5	26.5	+0.2	26.5	0.0
Operating income	43.3	14.7	8.8	23.5	-19.8	26.0	-2.5
ROIC	21%	16%	10%	12%	-9%	13%	-1%



Trends behind the operating income forecast

Subsegment	Compared with FY2021	Compared with FY2022 Previous Outlook* ¹
Pharmaceuticals Home healthcare	<ul style="list-style-type: none"> Operating income will be affected by a sales volume decrease of <i>FEBURIC</i>, the pharmaceutical product, due to the market entry of generic drugs, and drug price revisions Sales volume and the number of rented medical devices will increase Integration between the pharmaceuticals field and the home healthcare field will be promoted 	<ul style="list-style-type: none"> <i>FEBURIC</i> has been replaced with generic alternatives faster than expected
New healthcare	<ul style="list-style-type: none"> Sustained efforts will be made to establish a foundation for the comprehensive community-based healthcare business Expanding the product lineup of functional foods 	<ul style="list-style-type: none"> No change from the previous outlook

*1 Announced on August 8, 2022

*2 From FY2022, the orthopedic implantable devices business, which was formerly part of the Healthcare segment, is part of "Others" segment. Therefore, the figures for FY2021 are those recalculated in accordance with the new segment categorization for comparison purposes

Factors of changes in EBITDA outlook in FY2022 [Compared with FY2021]

- EBITDA is forecast to decrease mainly due to the market entry of generic alternatives to *FEBURIC* in the Healthcare Business Field and a decline in productivity because of the labor shortage in the Materials Business Field, as well as the rises in material and fuel prices, despite a sales increase in the Materials Business Field, the positive effects of cost reduction measures, and the income-boosting effect of the current foreign exchange rates.

(Billions of Yen)

	FY2021* ³	Volume	Spread* ⁴	Forex	Others	FY2022 Outlook
EBITDA*¹ Compared with FY2021	113.0	+8.0	-8.5	+7.5	-20.0	100.0 (-13.0)
Materials	25.0					28.0
Healthcare	69.6					50.0
F&P Converting	12.1					16.0
IT	10.8					11.0
Others* ²	-4.5					-5.0
			(-) Rise in raw material and fuel prices, drug price revisions, etc. (+) Selling price raises (aramid, composites, etc.)			
			(-) Increase in logistics costs, plant fixed costs and one-time cost due to process malfunction, etc. (+) Cost reduction measures			
		(+) Aramid, composites, carbon fibers, medical devices , etc. (-) <i>FEBURIC</i>				

*1 EBITDA = Operating income + Depreciation & amortization *2 "Others" denotes the total of "Others" and "Elimination and Corporate"

*3 From FY2022, the orthopedic implantable devices business, which was formerly part of the Healthcare segment, is part of "Others" segment.
Therefore, the figures for FY2021 are those recalculated in accordance with the new segment categorization for comparison purposes

*4 Sales price and mix + raw material and fuel cost

Major Factors behind the Downward Revision of the Operating Income Forecast

Business	FY2022 previous outlook*		FY2022 outlook	
	Actual factors in 1Q	Outlook for 2Q and later	Actual factors in 2Q and outlook for 3Q and later	Direction of revision
Aramid	<ul style="list-style-type: none"> Malfunction of production processes 	<ul style="list-style-type: none"> Production will normalize from 2Q Gains on the foreign exchange rate and the improved spread will lead to quarter-by-quarter recovery 	<ul style="list-style-type: none"> Stock-out has occurred mainly due to a decline in productivity caused by the labor shortage and supplier's constraints issue of major consumables Profitability has worsened because the natural gas price rose more sharply than expected 	Downward
Resin and plastic processing	<ul style="list-style-type: none"> Lockdowns in China 	<ul style="list-style-type: none"> Recovery from 1Q will be difficult, and slow even if it is made 	<ul style="list-style-type: none"> Demand has been sluggish due to the slowdown of the Chinese economy 	Downward
Carbon fibers	<ul style="list-style-type: none"> Satisfactory sales volume 	<ul style="list-style-type: none"> Sales volume will recover further 	<ul style="list-style-type: none"> Sales of products for aircraft applications will achieve higher growth than forecast in the previous outlook The current foreign exchange rates are forecast to have a greater impact than forecast in the previous outlook 	Upward
Composites	<ul style="list-style-type: none"> Conclusion of price negotiations with middle-ranking OEMs from FY2021 4Q onward 	<ul style="list-style-type: none"> During 2Q, selling prices for wider OEM's will be revised retroactively to April OEMs' production recovery will offset 1Q's sales decline The labor shortage will be gradually alleviated 	<ul style="list-style-type: none"> Selling price revisions will be made appropriately as the previous forecast (passing on about 80% of increases in material and fuel prices) Relief of OEMs' production constraints for several programs will be delay. Malfunction of machines at a plant in 2Q has caused a drastic decline in productivity (It is forecast that there will be an improvement in 3Q and later as a result of machine repairs) Low productivity will continue due to labor shortage 	Downward
Battery Materials	<ul style="list-style-type: none"> Good sales 	<ul style="list-style-type: none"> Sales will remain good 	<ul style="list-style-type: none"> Sales of lithium-ion separators for smartphone applications have remained good 	Upward
Healthcare		<ul style="list-style-type: none"> There will be progress in the replacement of <i>FEBURIC</i> with generic alternatives 	<ul style="list-style-type: none"> <i>FEBURIC</i> has been replaced with generic alternatives faster than expected 	Downward

* Announced on August 8, 2022

■ The forecast of operating income has been revised downward drastically in response to limited progress in improvement measures and the realization of certain risks, despite positive trends found in some businesses

Countermeasures for profitability improvement for each business

Business	Countermeasures for profitability improvement
Aramid	<ul style="list-style-type: none"> • Responses to the labor shortage (including hiring temporary employees) • Stable procurement of consumables causing the malfunction of production processes • Continuing to pass on any increase in the natural gas price to selling prices if it continues to rise • Decentralizing raw materials procurement and production site
Composites	<ul style="list-style-type: none"> • Early recovery and stable operation of malfunctioned machines • Promoting and expanding cost saving with insourcing and automation • Considering the possibilities of adopting a “selection and concentration” approach to the bases around the world, including selling some of them • Withdrawing from low-profit programs • Reshuffling management personnel in headquarter within the business to enhance collaboration with local managements
Healthcare	<ul style="list-style-type: none"> • Earning profits by launching and selling new pharmaceuticals in the orthopedic field, where the Teijin Group has an advantage • Increasing the share of the diabetes treatments in the field of DDP-inhibitors • Expanding healthcare services by leveraging the Teijin Group’s own business foundation

- **The medium- to long-term solutions that each business will adopt to the major factors behind the downward revision will be announced as more specific profitability improvement measures in February**

Review of the Current Medium-Term Management Plan, and the Next Medium-Term Management Plan (to Be Announced in February 2023)

- We have not made adequate progress in “creating growth platforms,” the goal that we have pursued under Medium-Term Management Plan 2020–2022
 - Strategic Focus
 - ✓ We have made a certain level of achievements in increasing our presence by acquiring new programs for automotive composites, developing carbon fiber intermediate materials for aircraft, establishing a carbon fibers production base in North America, and proactively investing in the expansion of the comprehensive community healthcare service business. Nevertheless, **those achievements have not made a significant contribution to profits, resulting in a wide gap between our initial forecast and reality**
 - Profitable Growth
 - ✓ The aramid business has been slow in establishing a production system that can meet strong demand, while the Healthcare Business Field has delayed in launching new pharmaceuticals and others although it has increased earnings and strengthened its business foundation by introducing diabetes treatments. **Here also is a gap between your expectations and reality, so those businesses also urgently need the reconstruction of their profit structure**
- During the next Medium-Term Management Plan period, we will have to substantially revise our strategies, including changing course in the Strategic Focus areas
- Therefore, since we recognize that our top priority is stopping the ongoing deterioration in profitability, in February 2023 we will explain our subsequent plan including drastic measures

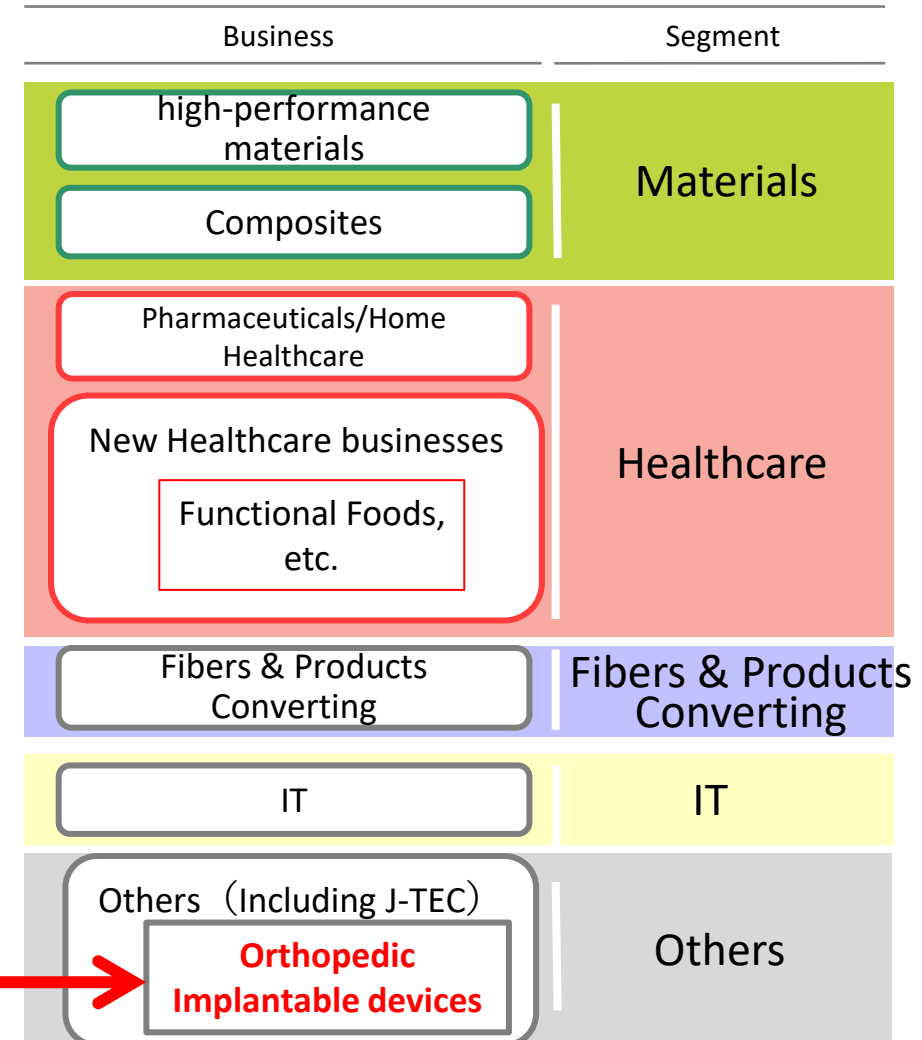
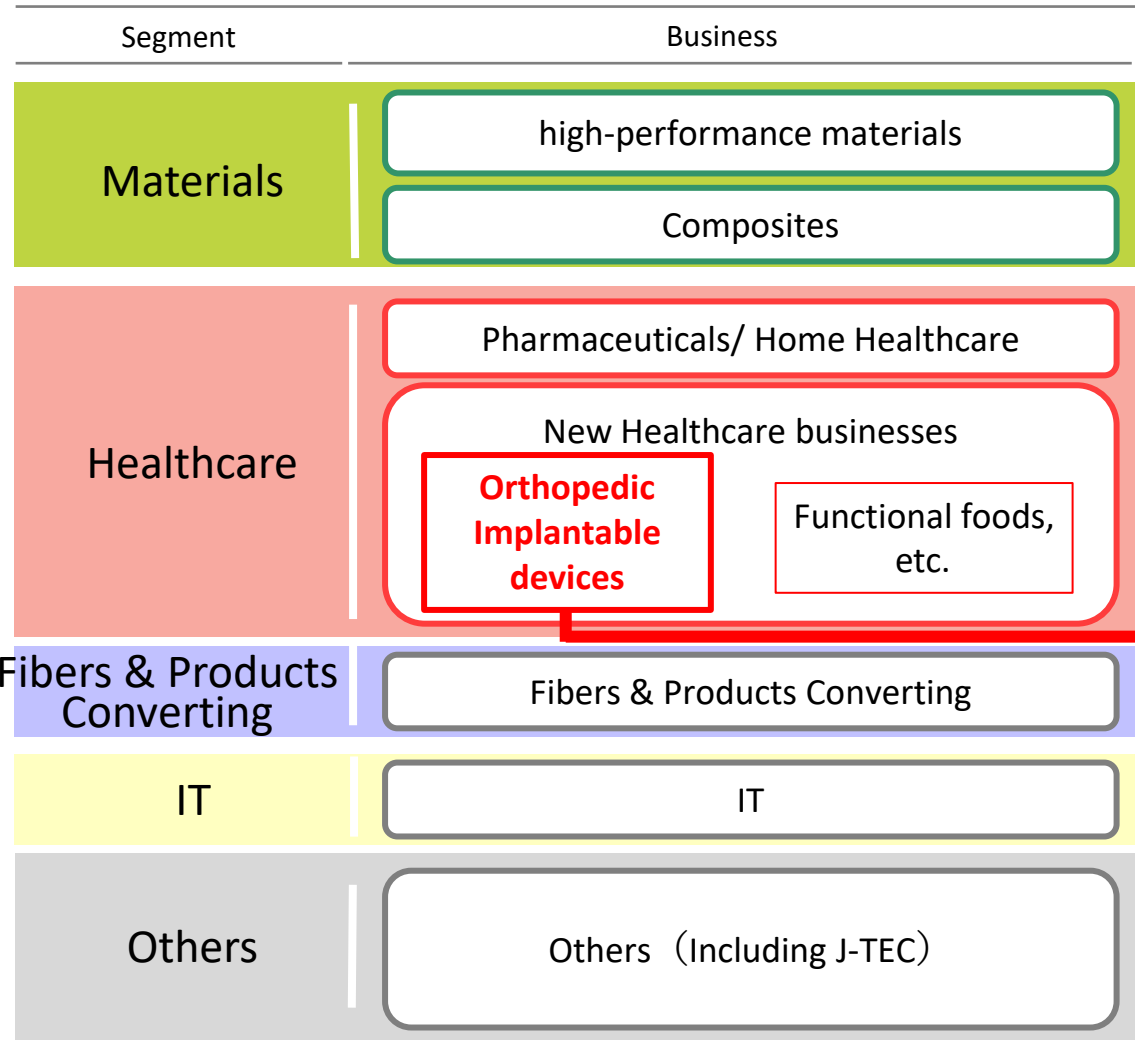
3. Supplementary information

Change of disclosure segment

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

~FY2021

FY2022~



Factors that affect income statement regularly

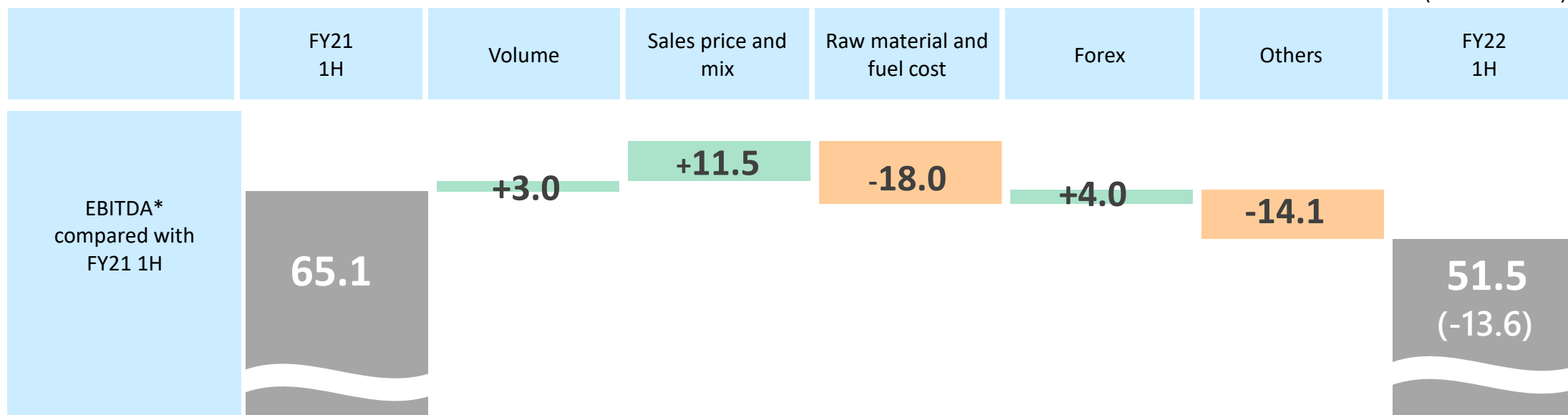
Segment	Major factor
Materials	<ul style="list-style-type: none">• Aramid: large-scale periodic maintenance performed every three years (The next maintenance of this kind is scheduled for FY2024 1Q)• Polycarbonate resin: periodic maintenance in 2Q & 3Q every year
Healthcare	<ul style="list-style-type: none">• Cost increase in 4Q
Fibers & Products Converting	<ul style="list-style-type: none">• Fiber materials and apparel: 3Q is a season for sales of autumn/winter closing, and 4Q for spring closing
IT	<ul style="list-style-type: none">• Delivery increase in 2Q and 4Q due to system acceptance period

◆ Changes in EBITDA* (consolidated total) [Compared with FY2021 1H]

(Billions of Yen)

	FY21 1H	FY22 1H	Difference	% change
Net sales	453.4	510.5	+57.1	+12.6%
EBITDA*	65.1	51.5	-13.6	-20.9%
Depreciation & Amortization	33.6	37.2	+3.6	+10.8%
Operating income	31.5	14.2	-17.2	-54.8%
ROIC	7.9%	3.4%	-4.6%	-

(Billions of Yen)



* EBITDA = Operating income + Depreciation & amortization

◆ Changes in net sales and operating income by segment [Compared with FY2021 2Q and FY2022 1Q]

(Billions of Yen)

	FY21*					FY22		Difference 22/2Q -21/2Q	Difference 22/2Q -22/1Q
	1Q Apr.-Jun.	2Q Jul.-Sep.	3Q Oct.-Dec.	4Q Jan.-Mar.	Total	1Q Apr.-Jun.	2Q Jul.-Sep.		
Net sales									
High-performance materials	69.3	70.3	66.3	67.5	273.5	69.9	81.2	+10.9	+11.3
Composites	26.4	24.8	27.4	33.0	111.6	37.5	44.0	+19.2	+6.5
Materials Total	95.8	95.0	93.7	100.6	385.1	107.4	125.2	+30.1	+17.8
Healthcare	44.0	43.0	46.6	41.5	175.1	43.6	35.1	-7.9	-8.5
Fibers & Products Converting	65.5	68.0	73.4	75.6	282.5	73.6	84.8	+16.8	+11.2
IT	13.5	13.7	12.6	13.9	53.8	12.9	14.4	+0.6	+1.5
Others	7.1	7.7	7.3	7.5	29.6	6.3	7.2	-0.6	+0.8
Total	225.9	227.5	233.6	239.0	926.1	243.8	266.6	+39.1	+22.8
Operating income (loss)									
Materials	2.1	1.2	(8.1)	(0.9)	(5.7)	(0.7)	(3.7)	-4.9	-3.0
Healthcare	13.3	10.9	13.4	5.7	43.3	10.8	3.9	-7.0	-6.9
Fibers & Products Converting	2.0	1.6	0.9	1.1	5.6	1.9	3.4	+1.9	+1.6
IT	2.1	2.7	2.1	2.9	9.7	1.5	2.0	-0.7	+0.4
Others	(0.4)	(0.7)	(0.2)	(0.9)	(2.3)	(1.1)	(0.8)	-0.1	+0.3
Elimination and Corporate	(1.9)	(1.3)	(1.4)	(1.9)	(6.4)	(1.5)	(1.2)	+0.1	+0.3
Total	17.3	14.2	6.7	6.0	44.2	10.8	3.5	-10.7	-7.3

*From FY2022, the orthopedic implantable devices business, which was formerly part of the Healthcare segment, is part of "Others" segment.

Therefore, the figures for FY2021 are those recalculated in accordance with the new segment categorization for comparison purposes

◆ Consolidated statements of income

	(Billions of Yen)							
	FY21				FY22			
	1Q Apr.-Jun.	2Q Jul.-Sep.	3Q Oct.-Dec.	4Q Jan.-Mar.	1Q Apr.-Jun.	2Q Jul.-Sep.		
Net Sales	225.9	227.5	233.6	239.0	243.8	266.6		
Cost of sales	155.0	158.7	169.9	171.4	174.9	204.0		
Gross profit	70.9	68.8	63.8	67.6	68.9	62.6		
SG&A	53.6	54.6	57.1	61.6	58.1	59.2		
Operating income	17.3	14.2	6.7	6.0	10.8	3.5		
Non-operating items, net	1.2	(0.0)	2.0	2.3	3.5	2.2		
(Balance of financial expenses)	(0.2)	(0.5)	(0.4)	(0.5)	(0.4)	(1.1)		
(Equity in earnings and losses of affiliates)	1.5	1.4	1.4	1.2	1.2	1.3		
Ordinary income	18.4	14.2	8.7	8.4	14.3	5.7		
Extraordinary items (net)	(1.9)	3.4	0.8	(7.8)	0.2	(0.4)		
Income before income taxes	16.5	17.6	9.4	0.6	14.5	5.3		
Income taxes	6.1	5.1	4.5	2.4	6.7	4.3		
Profit attributable to non-controlling interests	0.7	0.7	0.7	0.8	0.5	0.7		
Profit attributable to owners of parent	9.8	11.8	4.3	(2.7)	7.3	0.3		

◆ Consolidated balance sheets

	(Billions of Yen)					
	FY21				FY22	
	Jun. 30, 2021	Sep. 30, 2021	Dec. 31, 2021	Mar. 31, 2022	Jun. 30, 2022	Sep. 30, 2022
Total assets						
Current assets	538.9	551.7	553.7	572.0	603.0	633.1
Fixed assets	646.1	617.1	622.0	635.6	662.3	672.0
Total	1,185.0	1,168.8	1,175.7	1,207.6	1,265.3	1,305.1
Total liabilities and net assets						
Liabilities	743.9	718.2	720.9	742.8	785.4	822.2
[Interest-bearing debt]	502.9	482.8	472.9	485.2	517.8	544.7
Net assets	441.1	450.6	454.8	464.8	479.9	482.9
Total	1,185.0	1,168.8	1,175.7	1,207.6	1,265.3	1,305.1

◆ Changes in net sales and operating income by segment [Compared with FY2021]

(Billions of Yen)

	FY2021*			FY2022 Outlook			Difference		
	1H	2H	Total	1H	2H	Total	1H	2H	Total
Net sales									
High-performance materials	139.6	133.9	273.5	151.1	158.9	310.0	+11.5	+25.0	+36.5
Composites	51.2	60.4	111.6	81.4	93.6	175.0	+30.2	+33.2	+63.4
Materials Total	190.8	194.3	385.1	232.6	252.4	485.0	+41.7	+58.2	+99.9
Healthcare	86.9	88.2	175.1	78.7	76.3	155.0	-8.2	-11.9	-20.1
Fibers & Products Converting	133.5	148.9	282.5	158.4	161.6	320.0	+24.9	+12.6	+37.5
IT	27.3	26.5	53.8	27.3	32.7	60.0	-0.0	+6.3	+6.2
Others	14.8	14.8	29.6	13.5	16.5	30.0	-1.3	+1.7	+0.4
Total	453.4	472.7	926.1	510.5	539.5	1,050.0	+57.1	+66.9	+123.9
Operating income (loss)									
Materials	3.3	(9.0)	(5.7)	(4.5)	(4.0)	(8.5)	-7.7	+4.9	-2.8
Healthcare	24.2	19.1	43.3	14.7	8.8	23.5	-9.5	-10.2	-19.8
Fibers & Products Converting	3.6	2.1	5.6	5.3	4.2	9.5	+1.7	+2.2	+3.9
IT	4.8	4.9	9.7	3.5	6.5	10.0	-1.3	+1.6	+0.3
Others	(1.2)	(1.1)	(2.3)	(1.9)	(1.1)	(3.0)	-0.8	+0.1	-0.7
Elimination and Corporate	(3.2)	(3.2)	(6.4)	(2.8)	(3.7)	(6.5)	+0.4	-0.5	-0.1
Total	31.5	12.7	44.2	14.2	10.8	25.0	-17.2	-2.0	-19.2

*From FY2022, the orthopedic implantable devices business, which was formerly part of the Healthcare segment, is part of "Others" segment. Therefore, the figures for FY2021 are those recalculated in accordance with the new segment categorization for comparison purposes

◆ Key financial indicators by segment **[Compared with FY2021 and FY2022 Previous Outlook*¹]**

				(Billions of Yen)	
	FY21 ^{*2}	FY22 Outlook	Difference	FY22 Previous Outlook ^{*1}	Difference
EBITDA^{*3}					
Materials	25.0	28.0	+3.0	52.0	-24.0
Healthcare	69.6	50.0	-19.6	52.5	-2.5
Fibers & Products Converting	12.1	16.0	+3.9	15.0	+1.0
IT	10.8	11.0	+0.2	11.0	0.0
Others	1.0	0.5	-0.5	0.5	0.0
Elimination and Corporate	(5.5)	(5.5)	+0.0	(6.0)	+0.5
Total	113.0	100.0	-13.0	125.0	-25.0
ROIC^{*4}					
Materials	(2%)	(2%)	-0%	4%	-6%
Healthcare	21% ^{*5}	12%	-9%	13%	-1%
Fibers & Products Converting	4%	7%	+3%	6%	+1%
IT	61%	58%	-3%	58%	0%
Total	5.5%^{*5}	3%	-3%	6%	-3%

*1 Announced on August 8, 2022

*2 From FY2022, the orthopedic implantable devices business, which was formerly part of the Healthcare segment, is part of "Others" segment.

Therefore, the figures for FY2021 are those recalculated in accordance with the new segment categorization for comparison purposes

*3 EBITDA = Operating income + Depreciation & amortization

4 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)

*5 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 ^{*6}	Actual	Actual	Actual	Actual	Outlook
ROE ^{*1}	12.5%	11.2%	6.3%	(1.7%)	5.5%	4%
ROIC ^{*2}	11.2%	9.3%	8.7%	8.6%	5.5% ^{*7}	3%
EBITDA ^{*3} (Billions of Yen)	115.5	107.6	107.2	106.8	113.0	100.0
Earnings per share (Yen)	231.3	232.4	131.6	(34.7)	120.6	83.2
Dividends per share (Yen)	60	70 [*]	60	50	55	40
*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	1,280.0
Interest-bearing debt (Billions of Yen)	344.2	369.2	381.9	380.0	485.2	530.0
D/E ratio ^{*4}	0.88	0.90	0.97	0.94	1.10	1.1
D/E ratio (capital adjustment) ^{*5}	-	-	-	-	0.97	1.0
Shareholders' equity ratio	40.0%	40.2%	39.3%	39.0%	36.4%	36%

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

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

External trends	FY2021 result	FY2022 previous outlook* ²	FY2022 outlook
Rise in raw material prices	Raw material prices continued to rise throughout FY2021	Raw material and fuel prices, which rose in 1Q, will remain high	No change from the previous outlook
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	Relief of OEMs' production constraints for several programs will be delay
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	<ul style="list-style-type: none"> The labor shortage will continue until the end of the fiscal year Temporary profitability deterioration and additional cost due to malfunction of machines at a plant in the US
Profit improvement measure	FY2021 result	FY2022 previous outlook* ²	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	No change from the previous outlook
Launch of new programs	A new large-scale program was launched at the new Texas plant in FY2021 4Q (with a limited contribution to business results due to launch costs)	<ul style="list-style-type: none"> Higher utilization is planned at Texas new plant in entire fiscal year A new large-scale program is planned to be launched 	No change from the previous outlook
Automation of molding processes (reduction of necessary personnel* ¹ , 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 more plants (Annual cost savings are forecast to be worth about one billion yen)	No change from the previous outlook
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 2Q (Annual cost savings are forecast to be worth about one billion yen)	The completion of the insourcing process will be delayed due to labor shortage (Expect achieving full cost saving in 3Q)

*1 This measure is expected to help reduce the number of necessary molding process operators by up to 50%

*2 Announced on August 8, 2022

◆ Sales of principal pharmaceuticals in Japan

(Billions of Yen)

Product	Target disease	FY2021					FY2022		
		1Q Apr.- Jun.	2Q Jul.- Sep.	3Q Oct.- Dec.	4Q Jan.- Mar.	Total	1Q Apr.- Jun.	2Q Jul.- Sep.	1H
<i>FEBURIC</i> [®]	Hyperuricemia and gout	9.6	9.7	10.6	8.9	38.8	8.7	1.7	10.4
Total sales of four diabetes treatments		7.5	7.0	7.4	5.6	27.5	6.9	6.2	13.2
<i>Nesina</i> [®]	Type 2 Diabetes	3.6	3.3	3.5	2.7	13.1	3.4	3.1	6.4
<i>Inisync</i> [®]	Type 2 Diabetes (combination drug)	2.1	2.0	2.1	1.7	7.9	2.0	1.8	3.9
<i>Liovel</i> [®]	Type 2 Diabetes (combination drug)	1.2	1.0	1.1	0.8	4.1	1.0	0.9	1.9
<i>Zafatek</i> [®]	Type 2 Diabetes	0.7	0.6	0.7	0.5	2.5	0.5	0.5	1.0
<i>Bonalon</i> ^{®*1}	Osteoporosis	2.0	2.0	2.1	1.7	7.8	1.8	1.8	3.6
<i>Somatuline</i> ^{®*2}	Acromegaly and pituitary gigantism, thyroid stimulating hormone-secreting pituitary tumors, and gastroenteropancreatic neuroendocrine tumors	1.3	1.3	1.5	1.2	5.4	1.4	1.4	2.8
<i>Venilon</i> [®]	Severe infection	1.2	1.2	1.3	0.9	4.6	1.0	1.1	2.1
<i>LOQQA</i> [®]	osteoarthritis pain and inflammation	0.5	0.5	0.6	0.4	2.0	0.5	0.5	0.9
<i>XEOMIN</i> ^{®*3}	Upper and lower limb spasticity	0.05	0.2	0.4	0.4	1.0	0.4	0.4	0.9
<i>Mucosolvan</i> [®]	Expectorant	0.5	0.5	0.7	0.5	2.2	0.4	0.4	0.9

*1 *Bonalon*[®] is the registered trademark of Merck Sharp & Dohme Corp., U.S.A.*2 *Somatuline*[®] is the registered trademark of Ipsen Pharma, France.*3 *Xeomin*[®] is the registered trademark of Merz Pharma GmbH & Co. KGaA, Germany

◆ Non-financial Information : ESG External Evaluation

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



**FTSE Blossom
Japan Index**

2022 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

2022 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX



**FTSE Blossom
Japan Sector
Relative Index**

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