
Flash Report

Results of FY2023 2Q & Outlook for FY2023

Teijin Limited
November 6, 2023

Points of Financial Results of FY2023 2Q & FY2023 outlook

■ Results for FY2023 2Q (Compared with FY2023 1Q)

- Operating income increased by 1.5 billion yen from 4.2 to 5.7 billion yen mainly due to sales growth in the aramid business and the Fibers & Products Converting Business

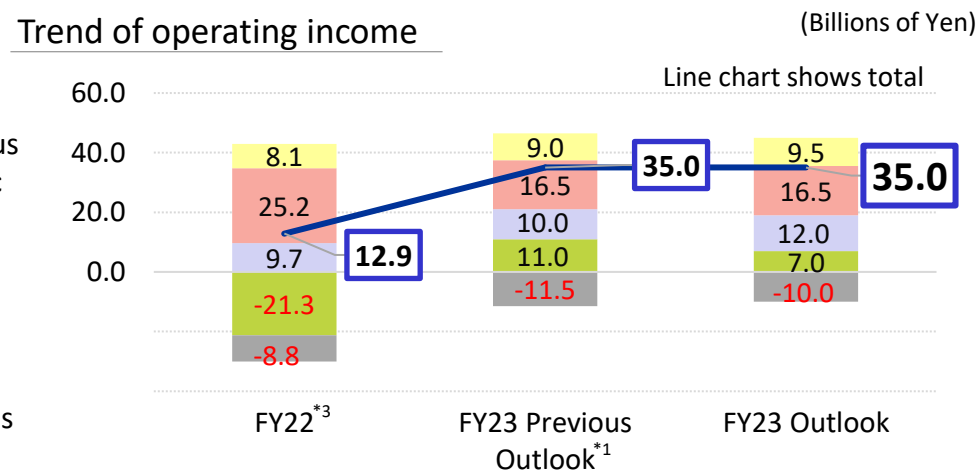
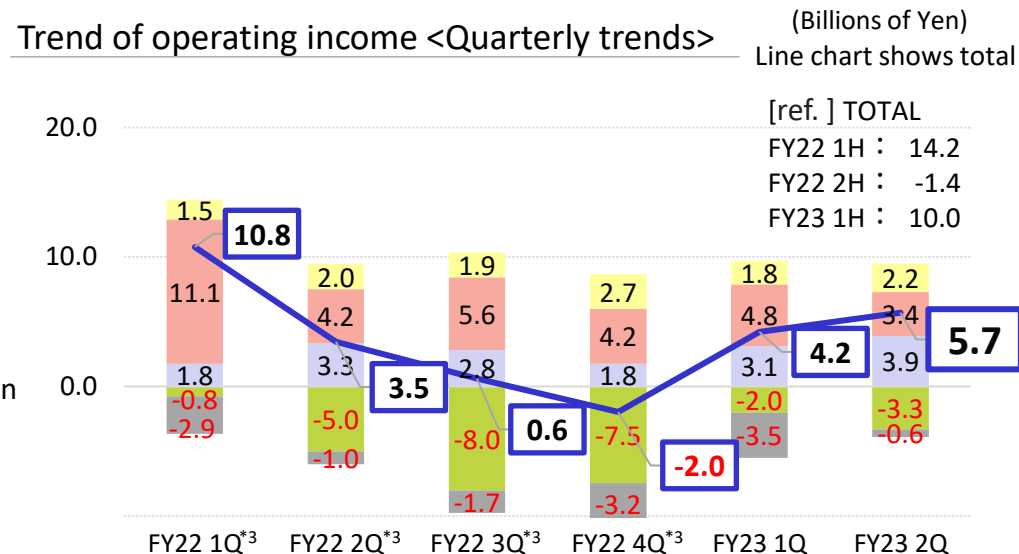
■ Results for FY2023 1H (Compared with FY2022 1H)

- Compared with FY2022 1H, operating income decreased by 4.3 billion yen from 14.2 billion yen to 10.0 billion yen
 - Operating income decreased due to the market entry of generic alternatives to *FEBURIC*
 - Operating income increased mainly due to strong sales in the Fibers & Products Converting Business and appearance of the desired effects of profitability improvement measures, including selling price revisions in the composites business

■ Outlook for FY2023 (Compared with FY2022 and FY2023 previous outlook*1)

- Reforms for Profitability Improvement will be implemented in three underperforming businesses (aramid, composites, and Healthcare Business) as announced in February
- We forecast that net sales will be 1,030.0 billion yen, while operating income will be 35.0 billion yen
- Compared with FY2022, net sales will increase by 1.1%, while operating income will increase by 2.7 times; Operating income is forecast to increase due to the appearance of the effects of the abovementioned improvement measures and the elimination of the impact of temporary production problems in the previous fiscal year in the Materials Business, despite the expected year-round impact of the market entry of generic alternatives to *FEBURIC* on the Healthcare Business
- We have revised our sales forecast downward by 1.9% from the previously announced figure, while there has been no change to our operating income forecast; We forecast that the Materials Business Field will experience a decrease in operating income due to a strike by the UAW*2 in the US and sluggish demand for products for some applications, but we have made no change to our forecast for consolidated operating income mainly due to an expected increase in operating income of the Fibers & Product Converting Business against a backdrop of firm sales, etc.
- Profit attributable to owners of parent is forecast to be 13.0 billion yen (previous fiscal year : -17.7 billion yen, FY2023 previous outlook : 13.0 billion yen)
- The annual dividend is forecast to be 30 yen per share (previous fiscal year : 40 yen per share, FY2023 previous outlook : 30 yen per share)

■ Materials ■ Fibers & Products ■ Healthcare ■ IT ■ Others



*1. Announced on August 7, 2023

*2. United Auto Workers

*3. From FY2023, organizations for new businesses in the "Materials" and "Healthcare" segments were transferred to the Group-wide "Others" segment. Therefore, the figures for FY2022 are those recalculated in accordance with the new segment categorization for comparison purposes

Key Assumptions regarding the Company's Main Target Markets (FY2023)

Demand will remain firm overall

Main businesses		Markets	Main Areas	FY2023 1H	Outlook for FY2023 2H
Materials	Aramid	Automotive	Europe US	<ul style="list-style-type: none"> Demand was strong in Europe for tires for luxury cars and EVs 	<ul style="list-style-type: none"> Demand will remain firm mainly for products for tire applications
		Industrial materials	Europe US China	<ul style="list-style-type: none"> Demand was slow down for products for optical fiber applications but remained firm overall 	<ul style="list-style-type: none"> Demand will remain firm although inventory adjustment in the U.S. and Asia will have a certain impact
		Ballistic /Protective apparel	Europe US	<ul style="list-style-type: none"> Demand for products for ballistics and protective apparel applications remained firm 	<ul style="list-style-type: none"> Demand will remain firm
	Resin	Electrical and electronic equipment	China Asia Europe US	<ul style="list-style-type: none"> Demand remained low due to the delayed recovery of the Chinese economy and a slowdown in the European economy 	<ul style="list-style-type: none"> Demand will remain low
		Automotive	Japan China Asia	<ul style="list-style-type: none"> Demand recovered due to shortages of semiconductors and other parts resolved mostly 	<ul style="list-style-type: none"> Demand will remain firm
	Carbon fibers	Aircraft	Europe US	<ul style="list-style-type: none"> Demand for passenger aircraft was strong due to recovery in passenger numbers (although growth in build rate was stagnated due to restrictions on parts procurement by aircraft manufacturers) 	<ul style="list-style-type: none"> Demand will remain firm
	Composites	Automotive	US	<ul style="list-style-type: none"> U.S. automotive demand remained firm (although demand for some models declined), but the UAW strike caused some production stoppages 	<ul style="list-style-type: none"> U.S. automotive demand will remain firm, but the UAW strike will still cause production stoppages
Fibers & Products Converting	Fiber materials and apparel	Europe US China Japan	<ul style="list-style-type: none"> Demand remained steady in the U.S. and China but low in Europe Consumption in Japan was high 	<ul style="list-style-type: none"> The European, U.S. and Chinese markets will be sluggish due to concerns of economic slow down The Japanese market will remain strong 	
	Industrial materials	Japan China	<ul style="list-style-type: none"> Inventory adjustment was under way in automotive supply chains 	<ul style="list-style-type: none"> Inventory adjustment will gradually be mitigated 	

Key Assumptions regarding the Company's Main Target Markets (FY2023)

Main businesses	Markets	Main Areas	FY2023 1H	Outlook for FY2023 2H
Healthcare	Pharmaceuticals	Japan	<ul style="list-style-type: none"> Market size of gout and hyperuricemia treatments are shrinking 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 	<ul style="list-style-type: none"> We will conduct hybrid promotion activities using both in-person visits and e-promotion in anticipation of continued restrictions on in-person visits to hospitals, despite increased in-person interview activities
			<ul style="list-style-type: none"> Since medical institutions continue to impose restrictions on in-person visits to them amid the COVID-19 pandemic, e-promotion was continuously enhanced 	
	Home healthcare		<ul style="list-style-type: none"> The home oxygen therapy (HOT) market will stay flat, despite newly HOT distribution due to COVID-19 will decrease It will continue to grow, and the number of continuous positive airway pressure (CPAP) - related examinations will gradually recover 	
IT	E-comic	Japan	<ul style="list-style-type: none"> Demand for e-comic remained firm 	<ul style="list-style-type: none"> The market will remain firm

1.	Results of FY2023 2Q	P.5
2.	Outlook for FY2023	P.14
3.	Progress of the Teijin Group Reforms for Profitability Improvement	P.22
4.	Supplementary information	P.27

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 FY2023 2Q announced at 3:00 P.M. on November 6, 2023 (local time in Japan).

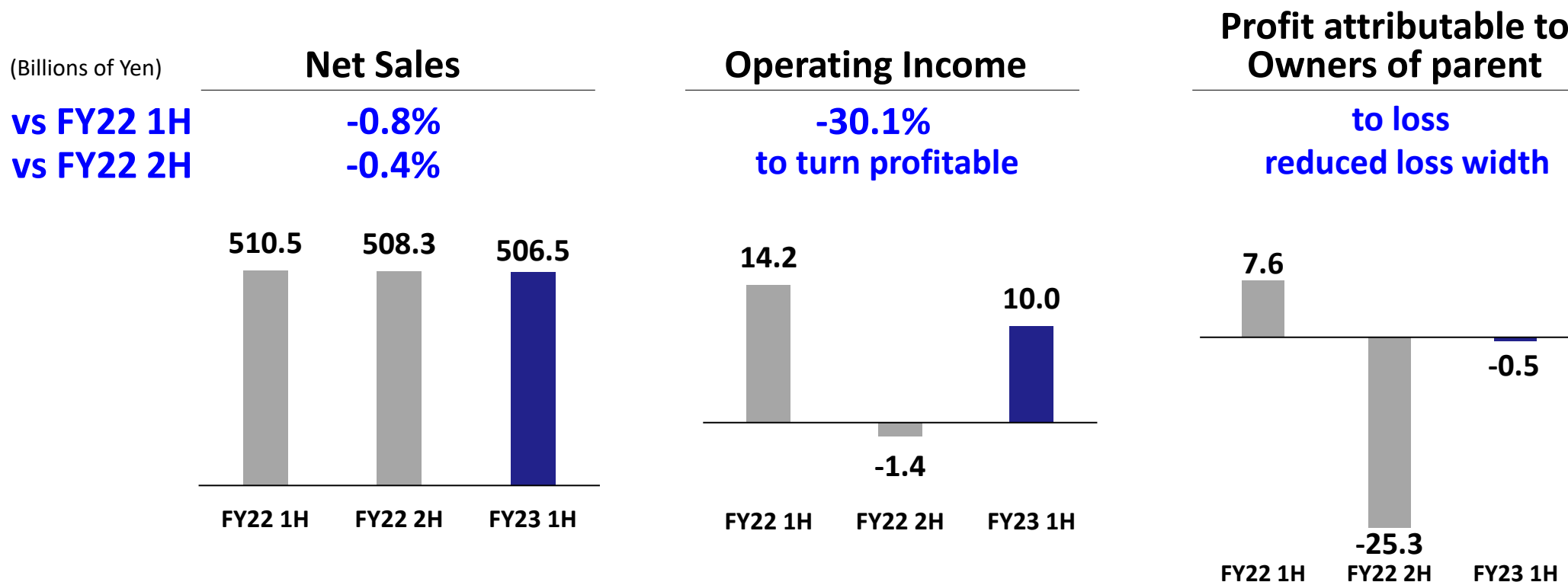
1. Results of FY2023 2Q

◆ FY2023 1H actual highlights [Compared with FY2022 1H]

[Net sales] Consolidated net sales decreased by 0.8% year on year due to low demand in the resin and plastic processing business and the market entry of generic alternatives to *FEBURIC*, despite the appearance of the desired effects of profitability improvement measures, including selling price revisions, in the composites business and strong sales in the IT Business

[Operating income] Consolidated operating income decreased by 30.1% year on year due to the market entry of generic alternatives to *FEBURIC*, despite strong sales in the Fibers & Products Converting Business and the appearance of the desired effects of profitability improvement measures, including selling price revisions, in the composites business

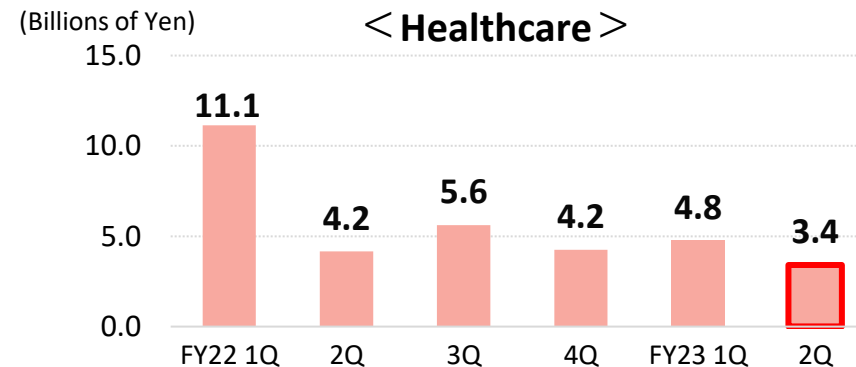
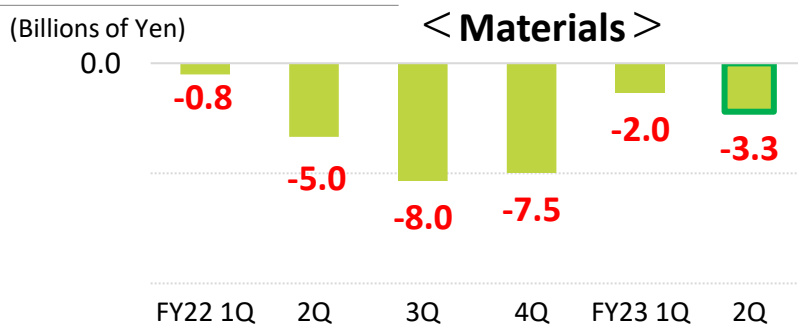
[Profit attributable to owners of parent] A loss of 0.5 billion yen was made mainly due to the recording of losses related to withdrawal from the China composites business and an increased tax burden rate caused mainly by the growing deficit of overseas subsidiaries whose tax effect is unrecognizable



◆ FY2023 2Q actual highlights [Compared with FY2023 1Q]

Segment	Trends and factors behind the operating income (FY2023 1Q→FY2023 2Q)	
Consolidated		• Operating income increased mainly due to sales growth in the aramid business and the Fibers & Products Converting Business
-Materials		• The composites business experienced a decline in demand for products for some automotive models, and demand in the resin and plastic processing business remained low • Sales increased due to recovery from the impact of the fire at an aramid plant
-Fibers & Products		• Sales in the fiber materials and apparel field were good both in Japan and abroad, while the industrial materials field also achieved firm sales
-Healthcare		• Decrease in sales of pharmaceuticals rebounding from positive sales due to drug price revisions
-IT		• E-comics services achieved good sales, while seasonal factors had an impact on the business solution field

Trend of quarterly operating income*1



(-) Aramid: Rise in the natural gas price
(-) Composites: Equipment breakdowns

(-) Aramid: Plant fire in Dec.
(-) Composites: Sales volume decline due to parts shortages in OEM and the lasting impact of the equipment breakdowns

(-) Aramid: Decline in the natural gas price and recovery from the impact of plant fire
(+) Composites: Effects of profitability improvement measures

(-) Market entry of generic alternatives to FEBURIC in June

(+) License income
(-) Restrained purchase of pharmaceuticals and concentrated expenses

(+) Rebounding from restrained purchase of pharmaceuticals and concentrated expenses

*1. From FY2023, organizations for new businesses in the “Materials” and “Healthcare” segments were transferred to the Group-wide “Others” segment. Therefore, the figures for FY2022 are those recalculated in accordance with the new segment categorization for comparison purposes

◆ Operating results [Compared with FY2022 1H]

	(Billions of Yen)			
	FY22 1H	FY23 1H	Difference	% Change
Net Sales	510.5	506.5	-3.9	-0.8%
Operating Income	14.2	10.0	-4.3	-30.1%
Non-operating Items (Net)	5.8	0.1	-5.7	-98.7%
Ordinary Income	20.0	10.0	-10.0	-49.8%
Extraordinary Items (Net)	(0.2)	(1.3)	-1.1	-
Income Before Income Taxes	19.8	8.7	-11.0	-55.9%
Profit Attributable to Owners of Parent	7.6	(0.5)	-8.1	-
ROE ^{*1}	3.4%	(0.2%)	-3.6%	-
ROIC ^{*2}	3.4%	2.3%	-1.1%	-
EBITDA ^{*3}	51.5	49.1	-2.4	-4.6%

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 6 months results

	(Billions of Yen)			
	FY22 1H	FY23 1H	Difference	% Change
CAPEX ^{*4}	26.4	27.6	+1.2	+4.6%
Depreciation & Amortization	37.2	39.1	+1.9	+5.1%
R&D Expenses	15.6	15.2	-0.4	-2.4%

It has been determined to pay an interim dividend of 15 yen per share as planned

◇ Exchange rate, Oil & Gas price

		FY22 1H	FY23 1H
PL exchange rate	Yen/US\$	134	141
	Yen/Euro	139	153
An average Dubai crude oil price (US\$/barrel)		102	81
An average Europe natural gas price (Euro/MWh)		156	34

*3. EBITDA = Operating income + Depreciation & amortization

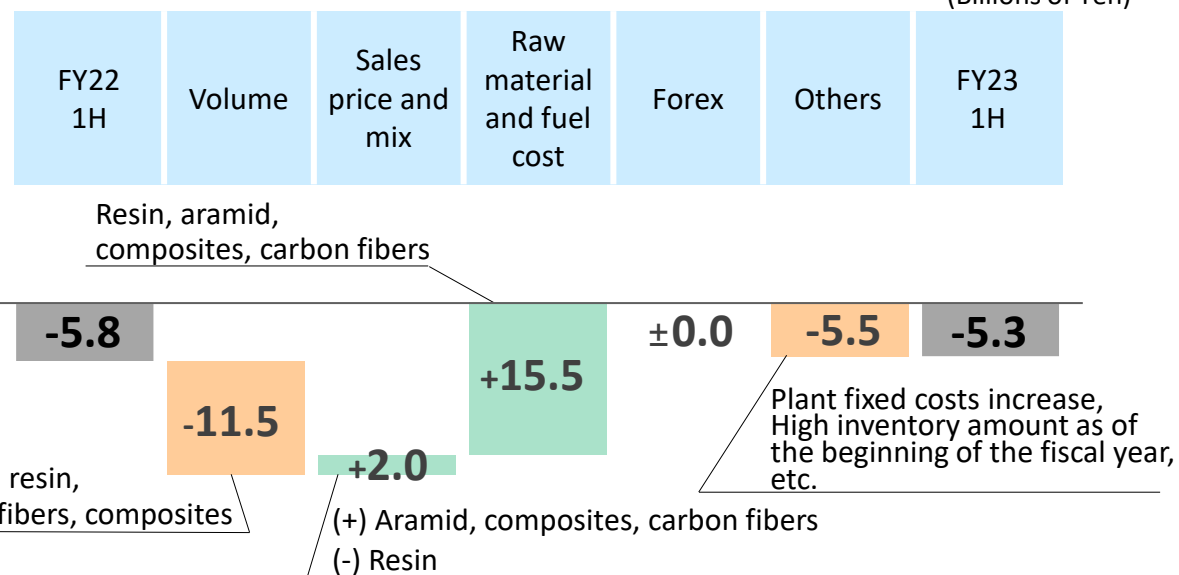
*4. CAPEX includes investments in intangible assets (excludes M&A)

◆ Materials Segment [Compared with FY2022 1H]

(Billions of Yen)

	FY22 1H*1	FY23 1H	Difference	% change
Net sales	222.6	215.5	-7.0	-3.2%
EBITDA	12.1	13.8	+1.7	+14.2%
Depreciation & Amortization	17.9	19.1	+1.3	+7.1%
Operating income	(5.8)	(5.3)	+0.4	-
ROIC	(3%)	(3%)	+1%	-

<Changes in operating income> *From the FY2023, operating income is used as a metric for comparison in place of EBITDA (Billions of Yen)



- Aramid (Net sales decreased, operating income increased)
 - Selling price revisions and the decreased natural gas price contributed to higher net sales and operating income
 - Sales volume decreased due to the lasting impact of the fire at a raw material plant in December 2022 until the early of FY2023 1H and a delay in the procurement of special repair parts for some production equipment
- Resin (Both net sales and operating income decreased)
 - Sales volume decreased due to continued low demand due to delays in economic recovery in China and economic slowdown in Europe
 - The spread remained almost the same despite a drop in selling prices due to the fall in material and fuel prices
- Carbon fibers (Net sales decreased and operating income slightly decreased)
 - Despite ongoing recovery in passenger demand, the sales volume of aircraft products did not increase against a backdrop of restrictions on parts procurement by aircraft manufacturers
 - The sales volume of products for recreation and other applications decreased mainly due to inventory adjustment in the supply chain
 - Decline in raw material and fuel prices contributed to higher operating income
- Composites (Both net sales and operating income increased)
 - Profitability improvement measures in the U.S., including selling price revisions made in response to the rises in raw material prices last fiscal year, as well as cost reduction measures, produced the desired effects
 - Sales volume decreased due to reduced demand in some programs, although the number of automobiles sold in the U.S. remained firm

*1. From FY2023, organizations for new businesses in the "Materials" segment were transferred to the Group-wide "Others" segment. Therefore, the figures for FY2022 are those recalculated in accordance with the new segment categorization for comparison purposes

◆ Fibers & Products Converting Segment [Compared with FY2022 1H]

(Billions of Yen)

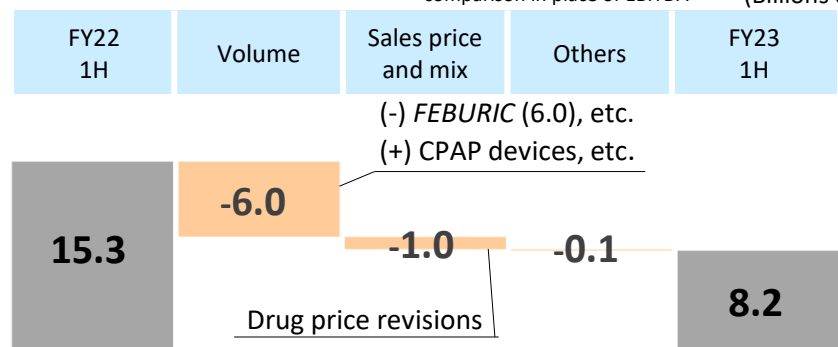
	FY22 1H	FY23 1H	Difference	% change
Net sales	158.5	158.5	+0.0	+0.0%
EBITDA	8.6	10.8	+2.2	+25.8%
Depreciation & Amortization	3.5	3.7	+0.3	+7.9%
Operating income	5.1	7.0	+1.9	+38.0%
ROIC	7%	10%	+2%	-

◆ Healthcare Segment [Compared with FY2022 1H]

(Billions of Yen)

	FY22 1H*1	FY23 1H	Difference	% change
Net sales	77.9	70.7	-7.2	-9.3%
EBITDA	28.3	21.0	-7.2	-25.6%
Depreciation & Amortization	13.0	12.8	-0.1	-1.0%
Operating income	15.3	8.2	-7.1	-46.4%
ROIC	17%	10%	-7%	-

<Changes in operating income> *From the FY2023, operating income is used as a metric for comparison in place of EBITDA (Billions of Yen)



- Fibers & Products Converting Segment (Net sales remained at the same level as in FY2022 1H, and operating income increased)
 - Fiber materials and apparel: Both sales of textile and apparel products for the U.S. and Chinese markets and apparel in Japan remained strong
 - Industrial materials: Sales of polyester staple fibers for water treatment filters, artificial leather, and infrastructure reinforcement materials remained strong
- Healthcare (Both net sales and operating income decreased)
 - The sales volume of *FEBURIC**2 declined due to the market entry of generic alternatives last year (June 2022)
 - Income was affected by drug price revisions
 - Sales of *Somatuline**3 and *Xeomin**4 grew steadily
 - The number of rented CPAP devices continued to grow against the backdrop of a recovery in the number of examinations
 - The number of rented HOT machines remained as high as in FY2022 1H
 - Sales activities were conducted to promote the use of *OSTABALO*, an osteoporosis treatment launched in January 2023
 - Hi-Sanso™ Portable α III*, a new portable oxygen concentrator model, was launched in July 2023

*1. From FY2023, organizations for new businesses in the “Healthcare” segment were transferred to the Group-wide “Others” segment. Therefore, the figures for FY2022 are those recalculated in accordance with the new segment categorization for comparison purposes

*2. Gout and hyperuricemia treatment drug

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

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

◆ IT Segment [Compared with FY2022 1H]

(Billions of Yen)

	FY22 1H	FY23 1H	Difference	% change
Net sales	27.3	34.2	+7.0	+25.6%
EBITDA	3.8	4.6	+0.7	+18.4%
Depreciation & Amortization	0.4	0.5	+0.1	+25.1%
Operating income	3.5	4.1	+0.6	+17.7%
ROIC	44%	56%	+12%	-

◆ Others [Compared with FY2022 1H]

(Billions of Yen)

	FY22 1H*1	FY23 1H	Difference	% change
Net sales	24.2	27.5	+3.3	+13.8%
EBITDA	1.4	2.1	+0.6	+44.9%
Depreciation & Amortization	2.1	2.6	+0.5	+22.7%
Operating income	(0.7)	(0.5)	+0.2	-

■ IT Segment (Both net sales and operating income increased)

-In the Internet business field, sales of e-comics services remained strong due to the favorable effects of advertisements

-In the business solution field, performance remained generally firm mainly in corporate services

■ Others:(Both net sales and operating income increased)

<Battery materials, implantable medical device, and regenerative medicine, etc.>

-In the battery materials field, sales of separators for lithium-ion battery and high-performance membrane remained strong

-In the implantable medical device field, sales volume remained firm against the backdrop of a recovery in the number of surgeries after the reclassification of COVID-19 as a Class V Infectious Disease. In addition, we obtained approval for the manufacturing and marketing of SYNFOLIUM®, novel cardiovascular surgical patches, in Japan in July 2023

-In the regenerative medicine field, the performance of J-TEC*2 remained firm. There has been good progress in the launch of a CDMO*3 business

*1. From FY2023, organizations for new businesses in the “Materials” and “Healthcare” segments were transferred to the Group-wide “Others” segment. Therefore, the figures for FY2022 are those recalculated in accordance with the new segment categorization for comparison purposes

*2. Japan Tissue Engineering Co., Ltd.

*3. Contract Development and Manufacturing Organization, which is engaged in outsourced product development and manufacture

◆ Non-operating items [Compared with FY2022 1H]

	(Billions of Yen)		
	FY22 1H	FY23 1H	Difference
Interest income	0.5	1.2	+0.7
Dividends income	0.8	0.6	-0.1
Equity in earnings of affiliates	2.6	0.3	-2.2
Gain on valuation of derivatives	11.4	7.2	-4.2
Others	1.0	1.0	-0.0
Non-operating income, total	16.2	10.3	-5.9
Interest expenses	2.7	4.9	+2.2
Foreign exchange losses	6.6	4.1	-2.5
Loss on valuation of derivatives	0.5	0.6	+0.1
Others	0.6	0.6	+0.0
Non-operating expenses, total	10.4	10.2	-0.2
Non-operating items, total	5.8	0.1	-5.7

◆ Extraordinary items [Compared with FY2022 1H]

	(Billions of Yen)		
	FY22 1H	FY23 1H	Difference
Gain on sales of investment securities	1.2	5.6	+4.3
Insurance claim income	-	1.6	+1.6
Others	0.0	0.1	+0.1
Extraordinary income, total	1.3	7.4	+6.1
Loss on sales and retirement of noncurrent assets	0.7	0.4	-0.3
Loss on valuation of investment securities	0.3	0.2	-0.1
Business structure improvement expenses	0.0	6.5 ^{*1}	+6.5
Others	0.5	1.6	+1.1
Extraordinary loss, total	1.5	8.7	+7.2
Extraordinary items, total	(0.2)	(1.3)	-1.1

*1. Loss related to withdrawal from the China composites business

◆ Financial position [Compared with the end of FY2022]

				(Billions of Yen)
	Mar. 31, 2023	Sep. 30, 2023	Difference	(Impact of foreign exchange rate)
Total assets	1,242.4	1,320.7	+78.2	+47.9
Liabilities	791.3	848.4	+57.0	+23.1
[Interest-bearing debt]	529.4	569.8	+40.4	+16.1
Net assets	451.1	472.3	+21.2	+24.8
D/E ratio ^{*1}	1.25	1.28	+0.03	-
D/E ratio (Capital adjustment) ^{*2}	1.10	1.13	+0.04	-

◆ Cash flows [Compared with FY2022 1H]

				(Billions of Yen)
	FY22 1H	FY23 1H	Difference	
Operating activities	32.1	23.6	-8.5	
Investing activities	(29.8)	(27.6)	+2.2	
Free cash flow	2.3	(4.0)	-6.3	
Financing activities	22.3	16.5	-5.8	
Net inc/dec in Cash & cash equivalents	24.6	12.5	-12.1	

◇ Changes in total assets

				(Billions of Yen)
	Mar. 31, 2023	Sep. 30, 2023	Difference	
Cash and deposits	142.8	155.4	+12.7	
Trade receivables ^{*3}	186.5	198.0	+11.6	
Inventory assets	196.7	227.7	+31.0	
Tangible and intangible assets	508.4	522.3	+13.9	
Investment securities	82.1	87.5	+5.4	
Others	125.9	129.6	+3.7	
Total assets	1,242.4	1,320.7	+78.2	

◇ BS exchange rate

	Mar. 31, 2023	Sep. 30, 2023
Yen/US\$	134	150
Yen/Euro	146	158

*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 contract assets

2. Outlook for FY2023

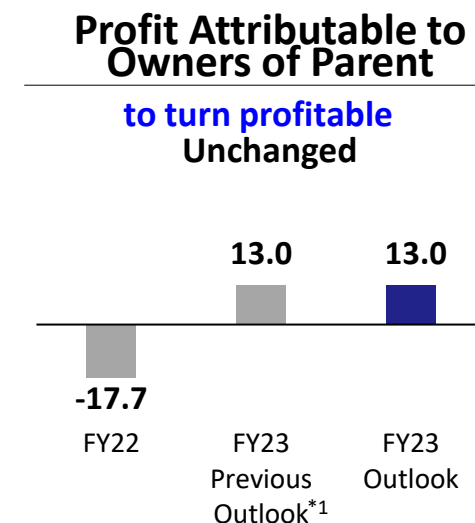
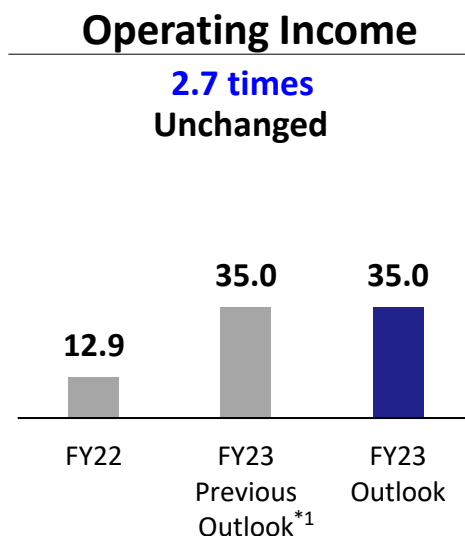
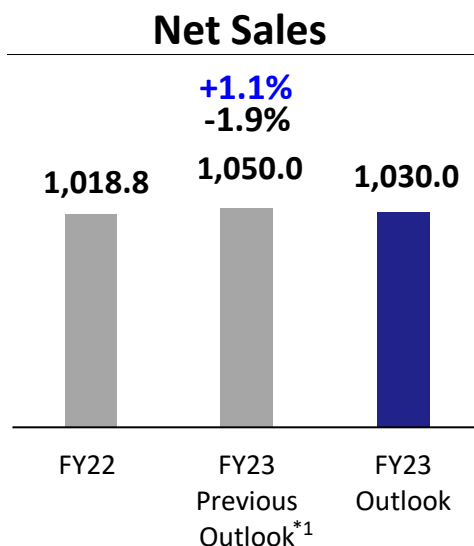
◆ Outlook highlights [Compared with FY2022 and FY2023 previous outlook*¹]

[Operating income]

<Compared with FY2022> Operating income is forecast to increase due to favorable factors in the Materials Business Field, including the appearance of the effects of profitability improvement measures in such forms as improved productivity, additional selling price revisions, a production increase and sales growth, and the settlement of the previous year's temporary production problems, all of which will more than offset the impact of the market entry of generic alternatives on the Healthcare Business Field

<Compared with previous FY2023 outlook*¹> We forecast that the Materials Business Field will experience a decrease in operating income due to the UAW strike in the U.S. and sluggish demand for products for some applications, but we have made no change to our forecast mainly due to an expected increase in operating income in the Fibers & Product Converting Business and other businesses against a backdrop of firm sales

(Billions of Yen)
vs FY2022
vs FY2023
Previous Outlook*¹



Assumptions

		FY22	FY23 Previous Outlook* ¹	FY23 Outlook
Full-term average exchange rate	Yen/US\$	135	136	143
	Yen/Euro	141	150	154
An average Dubai crude oil price (US\$/barrel)		92	79	81
An average Europe natural gas price (Euro/MWh)		116	57	46

Dividend forecast for FY2023 (No changes made to the previous outlook*¹)
Interim 15 yen/share(Decided), Year-end 15 yen/share, Annual 30 yen/share

*1. Announced on August 7, 2023

◆ Summary of outlook for FY2023 highlights [Compared with FY2022 and FY2023 previous outlook*¹]

(Billions of Yen)

	FY22	FY23 Outlook	Difference	% Change	FY23 Previous Outlook* ¹	Difference	% Change
Net sales	1,018.8	1,030.0	+11.2	+1.1%	1,050.0	-20.0	-1.9%
Operating income	12.9	35.0	+22.1	+172.1%	35.0	0.0	0.0%
Ordinary income	9.1	31.0	+21.9	+240.7%	31.0	0.0	0.0%
Profit attributable to owners of parent	(17.7)	13.0	+30.7	-	13.0	0.0	0.0%
ROE* ²	(4.1%)	3%	+7%		3%	0%	
ROIC* ³	1.6%	4%	+3%		4%	0%	
EBITDA* ⁴	87.8	113.0	+25.2		113.0	0.0	
Free cash flow	2.7	0.0	-2.7		0.0	0.0	
CAPEX* ⁵	62.5	85.0	+22.5		85.0	0.0	
Depreciation & Amortization	74.9	78.0	+3.1		78.0	0.0	
R&D Expenses	31.9	33.0	+1.1		33.0	0.0	
D/E ratio* ⁶	1.25	1.2	-0.0		1.2	0.0	
D/E ratio (capital adjustment)* ⁷	1.10	1.1	-0.0		1.1	0.0	

*1. Announced on August 7, 2023

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.)

◆ Net sales and operating income by segment [Compared with FY2022 and FY2023 previous outlook*1]

	(Billions of Yen)				(Billions of Yen)	
	FY22*2	FY23 Outlook	Difference	% Change	FY23 Previous Outlook*1	Difference
Net sales						
Materials	438.7	445.0	+6.3	+1.4%	470.0	-25.0
Fibers & Products Converting	322.1	320.0	-2.1	-0.6%	315.0	+5.0
Healthcare	150.6	140.0	-10.6	-7.1%	140.0	0.0
IT	58.0	70.0	+12.0	+20.6%	65.0	+5.0
Others	49.4	55.0	+5.6	+11.4%	60.0	-5.0
Total	1,018.8	1,030.0	+11.2	+1.1%	1,050.0	-20.0

	(Billions of Yen)				(Billions of Yen)	
	FY22*2	FY23 Outlook	Difference	% Change	FY23 Previous Outlook*1	Difference
Operating income (loss)						
Materials	(21.3)	7.0	+28.3	-	11.0	-4.0
Fibers & Products Converting	9.7	12.0	+2.3	+24.0%	10.0	+2.0
Healthcare	25.2	16.5	-8.7	-34.4%	16.5	0.0
IT	8.1	9.5	+1.4	+17.4%	9.0	+0.5
Others	(1.5)	(3.0)	-1.5	-	(3.5)	+0.5
Elimination and Corporate	(7.3)	(7.0)	+0.3	-	(8.0)	+1.0
Total	12.9	35.0	+22.1	+172.1%	35.0	0.0

Segment	Trends and factors behind the operating income forecast			
	Compared with FY2022		Compared with previous FY2023 forecast*1	
Consolidated		<ul style="list-style-type: none"> Recovery of the Materials Business Field will make a significant contribution 		<ul style="list-style-type: none"> No change has been made to the previous forecast in anticipation that robust sales in the Fibers & Products Converting Business and other businesses will offset a downward revision to the forecast for the Materials Business Field
Materials		<ul style="list-style-type: none"> The effects of profitability improvement measures will appear Recovery will be realized from some temporary negative factors, including the fire and the equipment breakdown 		<ul style="list-style-type: none"> Sales volume will decrease mainly due to the UAW strike, reduced demand for products for some applications, and inventory adjustment
Fibers & Products Converting		<ul style="list-style-type: none"> Japanese and overseas demand will remain firm in both the field of fiber materials and apparel and the field of industrial materials 		<ul style="list-style-type: none"> Sales will remain strong due to firm demand both in Japan and abroad
Healthcare		<ul style="list-style-type: none"> Sales volume will decrease due to the market entry of generic drugs as alternatives to <i>FEBURIC</i> 		<ul style="list-style-type: none"> No changes made to the previous outlook
IT		<ul style="list-style-type: none"> Operating income is forecast to increase due to firm sales in the Internet business field 		<ul style="list-style-type: none"> Operating income is forecast to increase due to firm sales in the internet business field
Others		<ul style="list-style-type: none"> The launch of a CDMO business will require upfront costs 		<ul style="list-style-type: none"> Cost reduction efforts and other factors will be realized

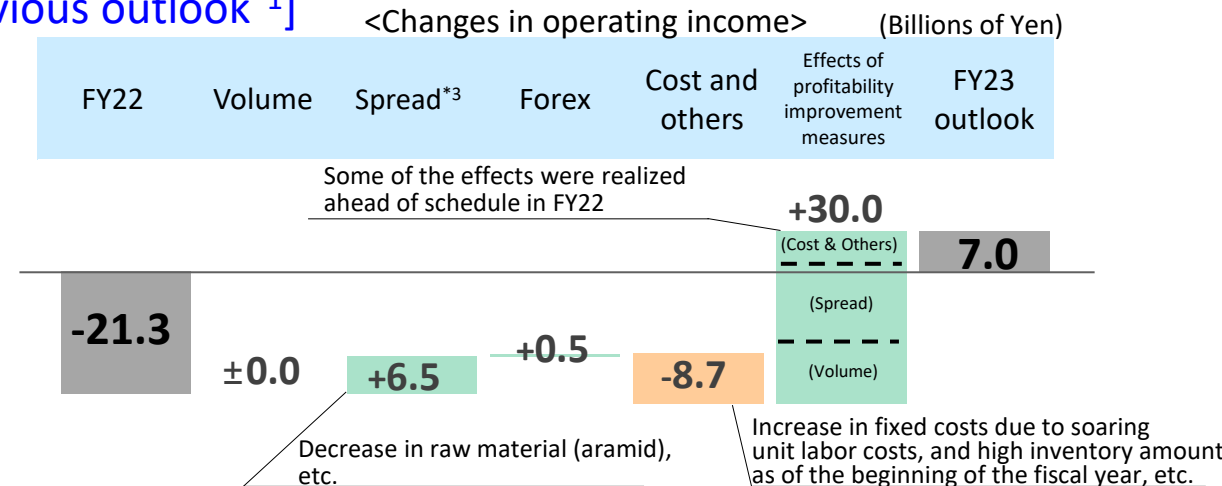
*1. Announced on August 7, 2023

*2. From FY2023, organizations for new businesses in the "Materials" and "Healthcare" segments were transferred to the Group-wide "Others" segment. Therefore, the figures for FY2022 are those recalculated in accordance with the new segment categorization for comparison purposes

◆ Materials Segment [Compared with FY2022 and FY2023 previous outlook*1]

*From the FY2023, operating income is used as a metric for comparison in place of EBITDA

	(Billions of Yen)					(Billions of Yen)	
	FY22*2	FY23Outlook			Difference	FY23 Previous Outlook*1	Difference
		1H	2H	Total			
Net sales							
High-performance materials	274.8	126.1	143.9	270.0	-4.8	290.0	-20.0
Composites	163.8	89.4	85.6	175.0	+11.2	180.0	-5.0
Total	438.7	215.5	229.5	445.0	+6.3	470.0	-25.0
EBITDA	14.7	13.8	30.2	44.0	+29.3	48.0	-4.0
Depreciation & Amortization	36.0	19.1	17.9	37.0	+1.0	37.0	0.0
Operating income	(21.3)	(5.3)	12.3	7.0	+28.3	11.0	-4.0
ROIC	(6%)	(3%)	6%	2%	+8%	3%	-1%



Subsegment	Trends and factors behind the operating income forecast	
	Compared with FY2022	Compared with previous FY2023 forecast*1
Aramid	<ul style="list-style-type: none"> Both production and sales will increase due to the removal of production restrictions and the realization of the effects of production facility expansion The impacts of the fire at a raw material plant will eliminate Material and fuel prices will drop 	<ul style="list-style-type: none"> Reforms for profitability improvement will progress almost as planned (Forward contracts at lower prices than planned have been executed in response to the decline in the natural gas price, despite the negative impact of a delay in the delivery of special repair parts on production stabilization)
Resin	<ul style="list-style-type: none"> Demand will remain low mainly in China 	<ul style="list-style-type: none"> Sales volume will decrease due to a delay in demand recovery mainly in China
Carbon fibers	<ul style="list-style-type: none"> The sales mix will improve due to a further recovery in aircraft demand Productivity will improve in the new plant in North America 	<ul style="list-style-type: none"> Sales volume will decrease due to continued inventory adjustment for products for recreation and other applications
Composites	<ul style="list-style-type: none"> Profitability will improve as a result of renegotiation on prices, cost reduction measures, etc. Additional cost due to the impact of the equipment breakdown, which constituted a temporary factor behind decreased productivity, will be eliminated The impact of the labor shortage will reduce 	<ul style="list-style-type: none"> Reforms for profitability improvement will progress almost as planned Unplanned cost will arise at some plants Sales volume will decrease due to the UAW strike Sales of a new program will increase in Europe

*1. Announced on August 7, 2023

*2. From FY2023, organizations for new businesses in the "Materials" segment were transferred to the Group-wide "Others" segment. Therefore, the figures for FY2022 are those recalculated in accordance with the new segment categorization for comparison purposes

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

◆ Fibers & Products Converting Segment [Compared with FY2022 and FY2023 previous outlook*1]

	FY22	FY23Outlook			Difference	(Billions of Yen)	
		1H	2H	Total		FY23 Previous Outlook*1	Difference
Net sales	322.1	158.5	161.5	320.0	-2.1	315.0	+5.0
EBITDA	16.6	10.8	8.2	19.0	+2.4	17.0	+2.0
Depreciation & Amortization	6.9	3.7	3.3	7.0	+0.1	7.0	0.0
Operating income	9.7	7.0	5.0	12.0	+2.3	10.0	+2.0
ROIC	7%	10%	7%	8%	+1%	7%	+1%

Trends and factors behind the operating income forecast	
Compared with FY2022	Compared with previous FY2023 forecast*1
<ul style="list-style-type: none"> (+) Fiber materials and apparel : Japanese and overseas demand will remain firm (+) Industrial materials : Automotive market will recover, sales of polyester staple fibers for water treatment filters will firm 	<ul style="list-style-type: none"> Japanese and overseas demand will remain firm in both the field of fiber materials and apparel and the field of industrial materials

◆ Healthcare Segment [Compared with FY2022 and FY2023 previous outlook*1]

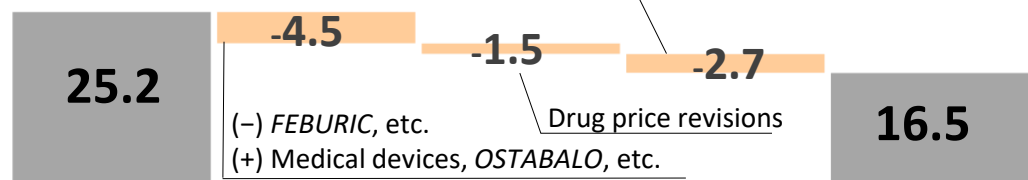
	FY22*2	FY23Outlook			Difference	(Billions of Yen)	
		1H	2H	Total		FY23 Previous Outlook*1	Difference
Net sales	150.6	70.7	69.3	140.0	-10.6	140.0	0.0
EBITDA	51.0	21.0	21.5	42.5	-8.5	42.5	0.0
Depreciation & Amortization	25.9	12.8	13.2	26.0	+0.1	26.0	0.0
Operating income	25.2	8.2	8.3	16.5	-8.7	16.5	0.0
ROIC	14%	10%	10%	10%	-4%	10%	0%

Trends and factors behind the operating income forecast	
Compared with FY2022	Compared with previous FY2023 forecast*1
<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 (-) Income will be affected by drug price revisions (-) Decrease in licensing income (+) Increase in sales of <i>OSTABALO</i>, a pharmaceutical product (+) Sales volume and the number of rented medical devices will increase 	<ul style="list-style-type: none"> No change made to the previous outlook

<Changes in operating profit> *From the FY2023, operating income is used as a metric for comparison in place of EBITDA

(Billions of Yen)				
FY22	Volume	Sales price and mix	Others	FY23 outlook

(-) Decrease in licensing income, etc.
 (+) Decrease in SG&A expenses, R&D costs, etc.



*1. Announced on August 7, 2023

*2. From FY2023, organizations for new businesses in the "Healthcare" segments were transferred to the Group-wide "Others" segment. Therefore, the figures for FY2022 are those recalculated in accordance with the new segment categorization for comparison purposes.

◆ IT Segment [Compared with FY2022 and FY2023 previous outlook*1]

(Billions of Yen)

	FY22	FY23Outlook			Difference	FY23	
		1H	2H	Total		Previous Outlook*1	Difference
Net sales	58.0	34.2	35.8	70.0	+12.0	65.0	+5.0
EBITDA	8.8	4.6	5.9	10.5	+1.7	10.0	+0.5
Depreciation & Amortization	0.7	0.5	0.5	1.0	+0.3	1.0	0.0
Operating income	8.1	4.1	5.4	9.5	+1.4	9.0	+0.5
ROIC	53%	56%	74%	70%	+17%	66%	+4%

Trends and factors behind the operating income forecast

Compared with FY2022

- (+) Internet business field: Growth in e-comics services
- (+) Business solution field: Steady for both hospitals and enterprises

Compared with previous FY2023 forecast*1

- Operating income is forecast to increase due to strong sales in the internet business field

◆ Others Segment [Compared with FY2022 and FY2023 previous outlook*1]

(Billions of Yen)

	FY22*2	FY23Outlook			Difference	FY23	
		1H	2H	Total		Previous Outlook*1	Difference
Net sales	49.4	27.5	27.5	55.0	+5.6	60.0	-5.0
EBITDA	3.0	2.1	0.9	3.0	-0.0	2.5	+0.5
Depreciation & Amortization	4.6	2.6	3.4	6.0	+1.4	6.0	0.0
Operating income	(1.5)	(0.5)	(2.5)	(3.0)	-1.5	(3.5)	+0.5

Trends and factors behind the operating income forecast

Compared with FY2022

- (+) Field of the regenerative medicine & implantable medical device business: A sales increase at J-TEC, strong sales of implantable medical device
- (±) Battery materials and membranes: Demand for separators will be firm
- (-) Field of the regenerative medicine & implantable medical device business: The launch of a CDMO business will require upfront costs

Compared with previous FY2023 forecast*1

- Battery materials and membranes: Cost reduction efforts and other factors will be realized

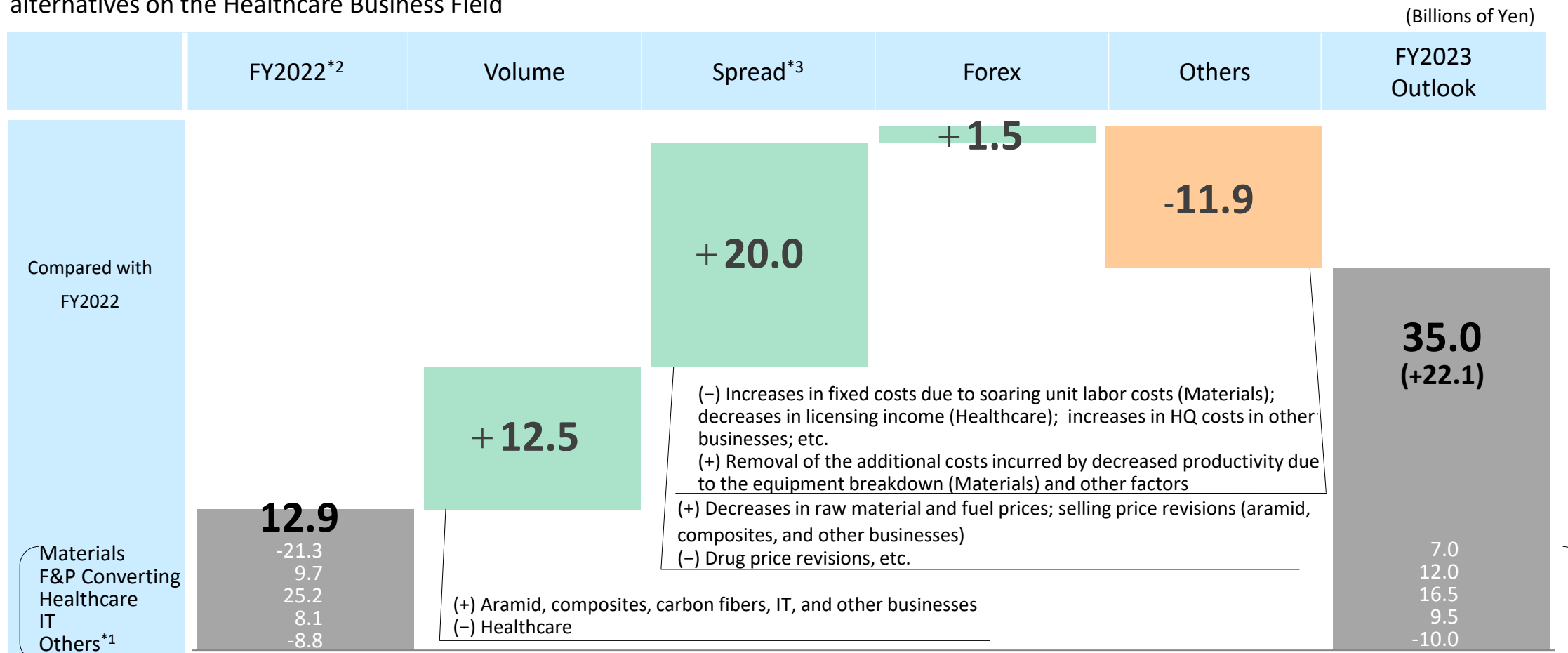
*1. Announced on August 7, 2023

*2. From FY2023, organizations for new businesses in the "Healthcare" segments were transferred to the Group-wide "Others" segment. Therefore, the figures for FY2022 are those recalculated in accordance with the new segment categorization for comparison purposes

Factors of changes in operating income outlook in FY2023 [Compared with FY2022]

* From the FY2023, operating income is used as a metric for comparison in place of EBITDA

- Operating income is forecast to increase due to favorable factors in the Materials Business Field, including the realization of the effects of profitability improvement measures in such forms as improved productivity, additional selling price revisions, a production increase and sales growth, and the settlement of the previous year's temporary production problems, all of which will more than offset the impact of the market entry of generic alternatives on the Healthcare Business Field



*1. "Others" denotes the total of "Others" and "Elimination and Corporate"

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

*2. From FY2023, organizations for new businesses in the "Materials" and "Healthcare" segments were transferred to the Group-wide "Others" segment. Therefore, the figures for FY2022 are those recalculated in accordance with the new segment categorization for comparison purposes

3. Progress of the Teijin Group Reforms for Profitability Improvement

◆ Progress of the Teijin Group Reforms for Profitability Improvement (announced in February)

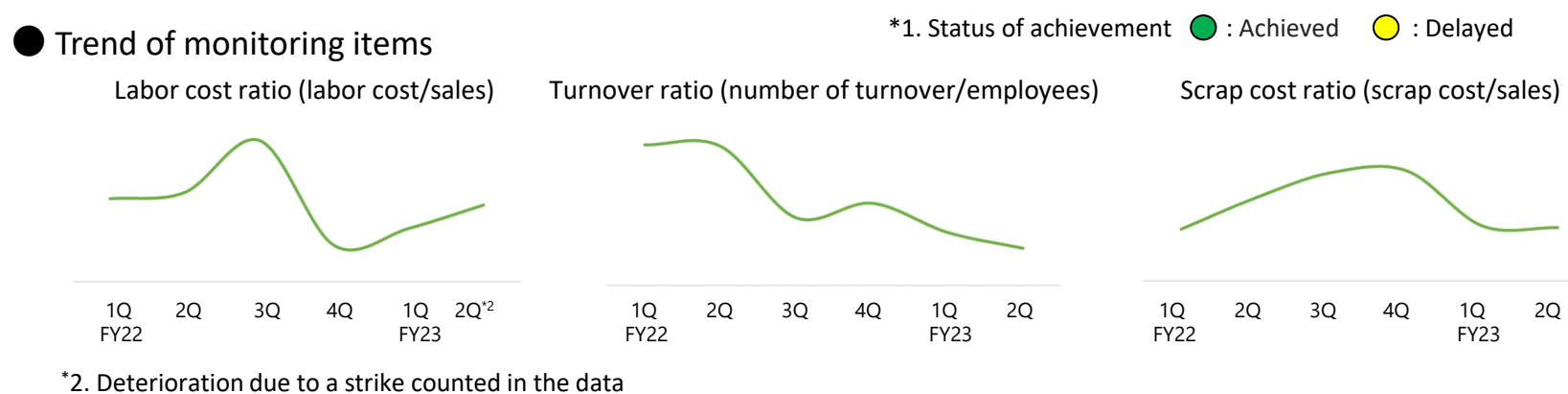
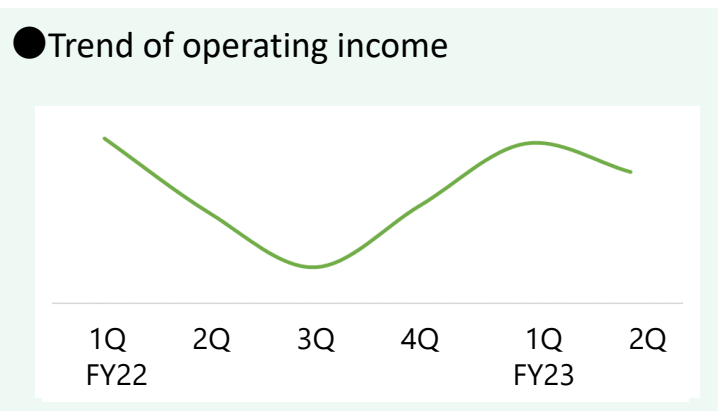
Reforms for Profitability Improvement - We will carry out structural reforms company-wide, **focusing on improving the profitability of underperforming businesses and reforming our management structure of corporate officers and HQ staff**
 - As a result of these efforts, we aim to **increase earnings by 30 billion yen or more by FY2023**

- **Composites business** : ①Recovery from temporary factors ②Reforms for Profitability Improvement [Approximately 130 profitability improvement measures and enhancement of monitoring system will be implemented] ③Selection and concentration (Europe/China/Japan)

① Recovery from temporary factors : **Operational stabilization was behind schedule despite equipment refurbishment completed**

② Reforms for Profitability Improvement : **Progressing almost as planned**

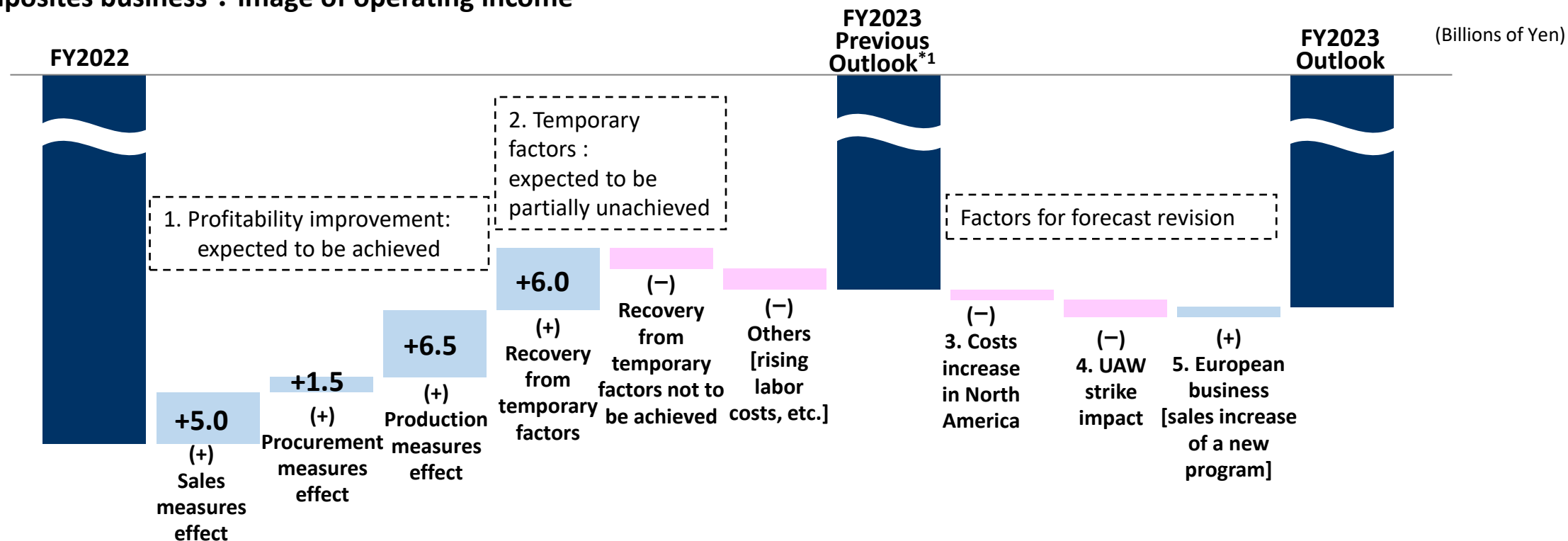
Profitability improvement in North America		Summary of improvement action	Amount resulting from improvements	Status of achievement*1	
				FY2023 1H	FY2023 outlook
①Recovery from temporary factors		<ul style="list-style-type: none"> Recovery from the equipment breakdowns and stabilizing operation 	6.0	●	●
②Profitability improvement	Sales	<ul style="list-style-type: none"> Exiting unprofitable programs Renegotiating cost pass-through other than raw material cost 	5.0	●	●
	Procurement	<ul style="list-style-type: none"> Negotiating with/switching suppliers, reviewing proposal request and bidding process Centralization of purchasing 	1.5	●	●
	Production	<ul style="list-style-type: none"> Scaling out best practices, optimizing inventory and logistics Integrating or partially closing production facilities for efficient use of capacity 	6.5	●	●
Total amount resulting improvements in FY2023(billions of yen)			13.0		



③ Selection and concentration : **Decided to transfer of a Japanese subsidiary*3, in addition to withdrawal from the China business**

*3. GH Craft Co., Ltd

- Composites business : image of operating income



- 1, 130 items of profitability improvement measures (13.0 billion yen) are expected to be generally achieved
- 2, Unachieved portion for recovery from temporary factors (6.0 billion yen) was built in previous outlook (at several plants out of 13 plants in North America)
- 3, Unplanned costs arise including compensation costs for quality issues occurred last fiscal year and outsourcing costs for engineering to stabilize production processes
- 4, Sales volume decrease due to strike of UAW (Assumption of lasting until end of October)
- 5, Sales of a new program increase due to productivity improvement and price revision effects in a European plant

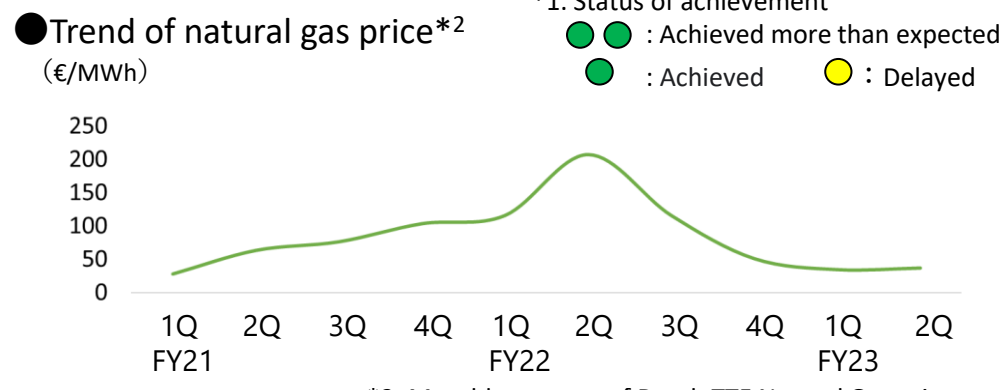
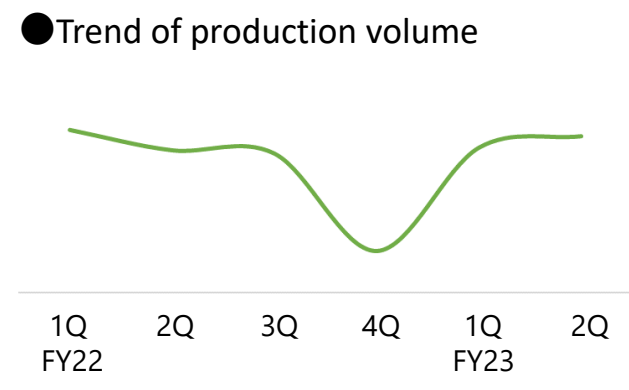
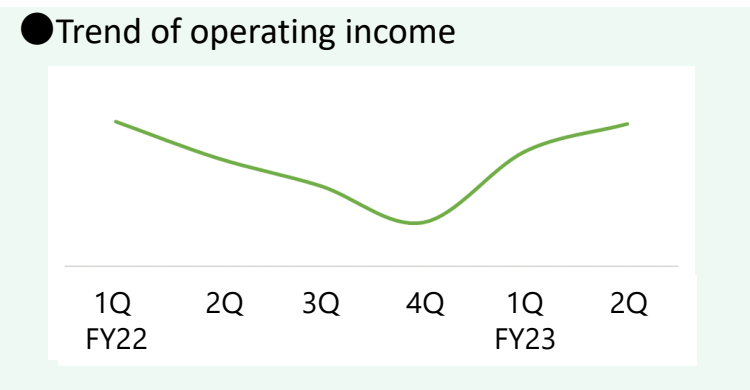
*1. Announced on August 7, 2023

◆ Progress of the Teijin Group Reforms for Profitability Improvement (announced in February)

- **Aramid business:** ① Recovery from temporary factors
- ② Reforms for Profitability Improvement [Efforts to strengthen on-site capabilities triggered by the fire, reinforce strengths such as safety and quality, and response to natural gas price hike]

- ① Recovery from temporary factors: **The raw material plant where the fire had occurred returned to its normal conditions in FY2022 earlier than planned**
- ② Reforms for Profitability Improvement : **Generally progressed almost as planned due to forward contracts executed at lower prices than planned in response to the decline in the natural gas price, despite the negative impact of a delay in the delivery of special repair parts on production stabilization**

Profitability Improvement		Summary of improvement action summary	Amount resulting from improvements	Status of achievement*1	
				FY2023 1H	FY2023 outlook
① Recovery from temporary factors		● Recovery from the impact of plant fire	7.0	●	●
② Profitability Improvement measures	Natural Gas Price Surge	● Considering sourcing raw materials from outside Europe and dispersing production facilities	7.0	● ●	●
	Productivity Improvement	● Stabilizing purchase price (e.g. executing forward contract)		●	
	Production/Sales Increase	● Driving production innovation through enhanced automation and digitalization of processes mainly in the yarn spinning process			
		● Realizing early the effects of expanded facility capacity		●	



◆ Progress of the Teijin Group Reforms for Profitability Improvement (announced in February)

- Healthcare : ①Licensing drugs for rare diseases and intractable diseases that can utilize our business platforms
②Structural reforms to an adequate resource scale ③Maximizing the existing products

① Drugs licensing : **progressed as planned**

② Structural reforms : Horizontal division of drug discovery research functions(June)
Reorganization of the marketing & sales unit(October)

■ **Reorganization of the Head Office's marketing & sales unit (from 11 departments to seven departments)**

- ✓ Reviewing the operations of the Head Office's marketing & sales unit and reorganizing those departments from a functional perspective
- ✓ Reducing burdens on sales staff by unifying lines of command leading to branches and sales offices into one and streamlining the operations of Head Office staff with the aim of cost reduction

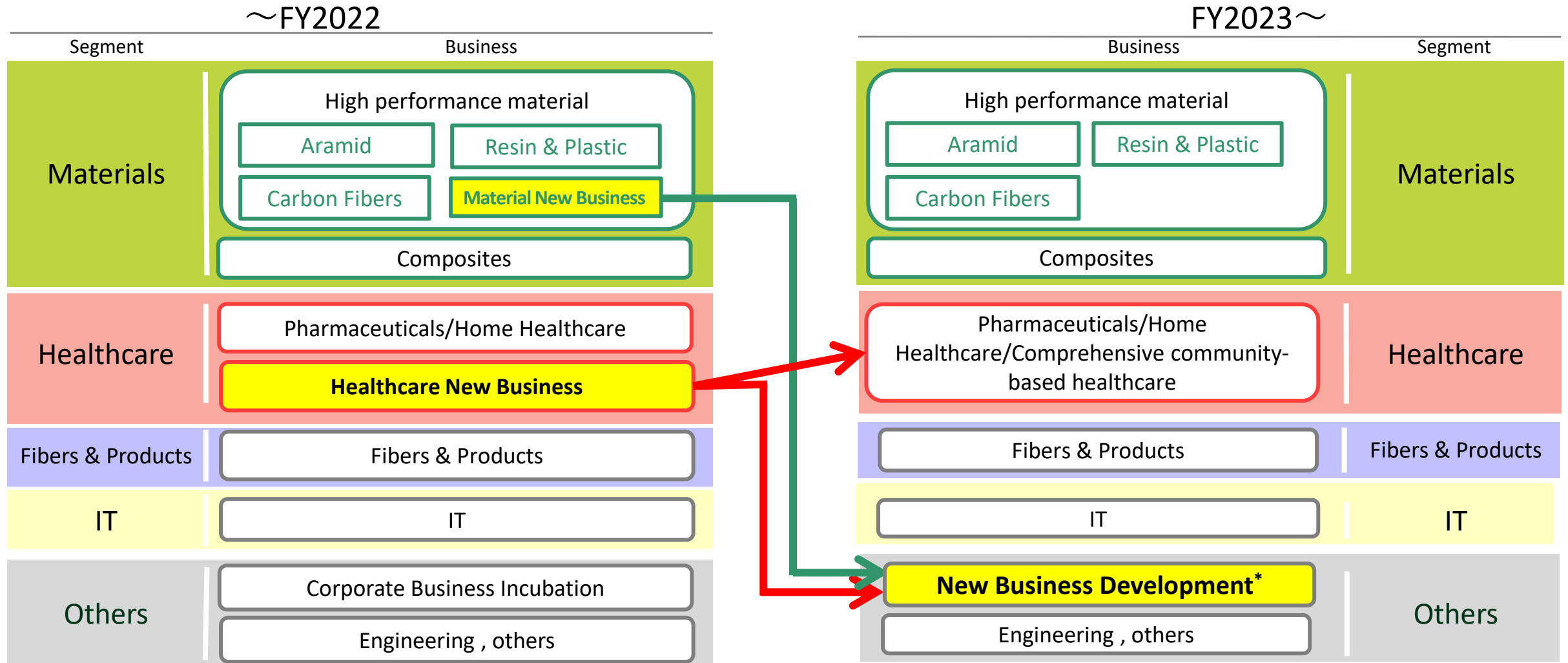
③ Maximizing the existing products : **progressed as planned**

■ **Facilitating more widespread use of our CPAP devices and the diabetes treatments by integrating promotion activities for both CPAP devices and the diabetes treatments**

- ✓ Strengthen efforts to expanding the adoption of diabetes treatments at CPAP-related medical institutions and the adoption of CPAP devices at diabetes treatments-related medical institutions

CHANGES IN REPORTABLE SEGMENTS

Reportable operating segments have been changed as shown below to establish a structure whereby the corporate organization creates both new businesses as future investment targets and innovations through inter-business co-creation in a Group-wide manner. (New businesses in the Materials and Healthcare Business Fields have been integrated with the Corporate Business Incubation Division to form a New Business Development Unit.)



*Regenerative Medicine & Implantable Medical Device, Battery Materials & Membrane, Biolier & Nutraceutical, Environmental Solution, etc.

Factors that affect income statement regularly

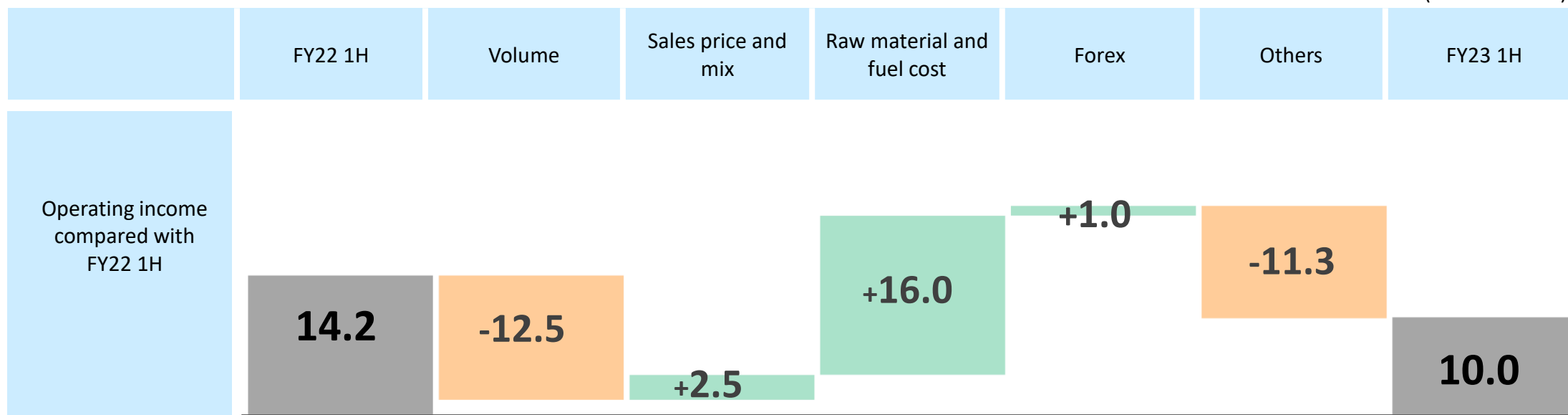
Segment	Major factor
Materials	<ul style="list-style-type: none"> • Aramid: large-scale periodic maintenance performed every three years (The next maintenance of this kind is postponed from FY2024 1Q to FY2025 1Q) • Resin: periodic maintenance in 2Q & 3Q every year
Fibers & Products Converting	<ul style="list-style-type: none"> • Fiber materials and apparel: 3Q is a season for sales of autumn/winter closing, and 4Q for spring closing
Healthcare	<ul style="list-style-type: none"> • Cost increase in 4Q
IT	<ul style="list-style-type: none"> • Delivery increase in 2Q and 4Q due to system acceptance period

◆ Changes in operating income (consolidated total) [Compared with FY2022 1H]

(Billions of Yen)

	FY22 1H	FY23 1H	Difference	% change
Net sales	510.5	506.5	-3.9	-0.8%
EBITDA	51.5	49.1	-2.4	-4.6%
Depreciation & Amortization	37.2	39.1	+1.9	+5.1%
Operating income	14.2	10.0	-4.3	-30.1%
ROIC	3.4%	2.3%	-1.1%	-

(Billions of Yen)



◆ Changes in net sales and operating income by segment [Compared with FY2022 2Q and FY2023 1Q]

	FY22*					FY23		(Billions of Yen)	
	1Q Apr.-Jun.	2Q Jul.-Sep.	3Q Oct.-Dec.	4Q Jan.-Mar.	Total	1Q Apr.-Jun.	2Q Jul.-Sep.	Difference 23/2Q -22/2Q	Difference 23/2Q -23/1Q
Net sales									
High-performance materials	66.5	74.7	67.2	66.5	274.8	60.8	65.3	-9.4	+4.5
Composites	37.5	44.0	41.6	40.8	163.8	45.0	44.5	+0.5	-0.5
Materials Total	103.9	118.6	108.8	107.3	438.7	105.8	109.7	-8.9	+3.9
Fibers & Products Converting	73.7	84.9	82.2	81.4	322.1	75.6	83.0	-1.9	+7.4
Healthcare	43.1	34.8	36.1	36.6	150.6	35.8	34.9	+0.1	-0.9
IT	12.9	14.4	14.3	16.4	58.0	16.2	18.1	+3.7	+1.9
Others	10.2	13.9	13.2	12.0	49.4	11.5	16.0	+2.0	+4.4
Total	243.8	266.6	254.6	253.7	1,018.8	244.8	261.7	-5.0	+16.8
Operating income (loss)									
Materials	(0.8)	(5.0)	(8.0)	(7.5)	(21.3)	(2.0)	(3.3)	+1.7	-1.3
Fibers & Products Converting	1.8	3.3	2.8	1.8	9.7	3.1	3.9	+0.6	+0.8
Healthcare	11.1	4.2	5.6	4.2	25.2	4.8	3.4	-0.7	-1.3
IT	1.5	2.0	1.9	2.7	8.1	1.8	2.2	+0.3	+0.4
Others	(1.2)	0.5	0.1	(0.9)	(1.5)	(1.1)	0.5	+0.0	+1.6
Elimination and Corporate	(1.7)	(1.5)	(1.8)	(2.2)	(7.3)	(2.4)	(1.1)	+0.4	+1.3
Total	10.8	3.5	0.6	(2.0)	12.9	4.2	5.7	+2.3	+1.5

* From FY2023, organizations for new businesses in the "Materials" and "Healthcare" segments were transferred to the Group-wide "Others" segment. Therefore, the figures for FY2022 are those recalculated in accordance with the new segment categorization for comparison purposes

◆ Consolidated statements of income

	(Billions of Yen)					
	FY22				FY23	
	1Q Apr.-Jun.	2Q Jul.-Sep.	3Q Oct.-Dec.	4Q Jan.-Mar.	1Q Apr.-Jun.	2Q Jul.-Sep.
Net Sales	243.8	266.6	254.6	253.7	244.8	261.7
Cost of sales	174.9	204.0	196.8	194.9	179.8	195.0
Gross profit	68.9	62.6	57.8	58.8	65.1	66.7
SG&A	58.1	59.2	57.2	60.7	60.9	60.9
Operating income	10.8	3.5	0.6	(2.0)	4.2	5.7
Non-operating items, net	3.5	2.2	(3.1)	(6.4)	0.8	(0.7)
(Equity in earnings and losses of affiliates)	1.2	1.3	1.3	(5.0)	(0.5)	0.8
Ordinary income	14.3	5.7	(2.5)	(8.4)	5.0	5.0
Extraordinary items (net)	0.2	(0.4)	(8.1)	(2.3)	2.3	(3.6)
Income before income taxes	14.5	5.3	(10.6)	(10.6)	7.3	1.5
Income taxes	6.7	4.3	3.9	(0.6)	4.8	3.2
Profit attributable to non-controlling interests	0.5	0.7	0.0	0.6	0.6	0.7
Profit attributable to owners of parent	7.3	0.3	(14.6)	(10.6)	1.9	(2.4)

◆ Consolidated balance sheets

	(Billions of Yen)					
	FY22				FY23	
	Jun. 30, 2022	Sep. 30, 2022	Dec. 31, 2022	Mar. 31, 2023	Jun. 30, 2023	Sep. 30, 2023
Total assets						
Current assets	603.0	633.1	608.8	613.3	654.2	670.6
Fixed assets	662.3	672.0	630.2	629.1	648.6	650.0
Total	1,265.3	1,305.1	1,239.0	1,242.4	1,302.8	1,320.7
Total liabilities and net assets						
Liabilities	785.4	822.2	786.3	791.3	831.5	848.4
[Interest-bearing debt]	517.8	544.7	523.6	529.4	576.4	569.8
Net assets	479.9	482.9	452.7	451.1	471.3	472.3
Total	1,265.3	1,305.1	1,239.0	1,242.4	1,302.8	1,320.7

◆ Changes in net sales and operating income by segment [Compared with FY2022]

(Billions of Yen)

	FY2022*			FY2023 Outlook			Difference		
	1H	2H	Total	1H	2H	Total	1H	2H	Total
Net sales									
High-performance materials	141.1	133.7	274.8	126.1	143.9	270.0	-15.0	+10.2	-4.8
Composites	81.4	82.4	163.8	89.4	85.6	175.0	+8.0	+3.2	+11.2
Materials Total	222.6	216.1	438.7	215.5	229.5	445.0	-7.0	+13.4	+6.3
Fibers & Products Converting	158.5	163.5	322.1	158.5	161.5	320.0	+0.0	-2.1	-2.1
Healthcare	77.9	72.7	150.6	70.7	69.3	140.0	-7.2	-3.4	-10.6
IT	27.3	30.8	58.0	34.2	35.8	70.0	+7.0	+5.0	+12.0
Others	24.2	25.2	49.4	27.5	27.5	55.0	+3.3	+2.3	+5.6
Total	510.5	508.3	1,018.8	506.5	523.5	1,030.0	-3.9	+15.2	+11.2
Operating income (loss)									
Materials	(5.8)	(15.5)	(21.3)	(5.3)	12.3	7.0	+0.4	+27.8	+28.3
Fibers & Products Converting	5.1	4.6	9.7	7.0	5.0	12.0	+1.9	+0.4	+2.3
Healthcare	15.3	9.9	25.2	8.2	8.3	16.5	-7.1	-1.5	-8.7
IT	3.5	4.6	8.1	4.1	5.4	9.5	+0.6	+0.8	+1.4
Others	(0.7)	(0.8)	(1.5)	(0.5)	(2.5)	(3.0)	+0.2	-1.6	-1.5
Elimination and Corporate	(3.2)	(4.1)	(7.3)	(3.5)	(3.5)	(7.0)	-0.3	+0.6	+0.3
Total	14.2	(1.4)	12.9	10.0	25.0	35.0	-4.3	+26.4	+22.1

*From FY2023, organizations for new businesses in the “Materials” and “Healthcare” segments were transferred to the Group-wide “Others” segment. Therefore, the figures for FY2022 are those recalculated in accordance with the new segment categorization for comparison purposes

◆ Key financial indicators by segment

[Compared with FY2022 and FY2023 previous outlook*1]

				(Billions of Yen)	
	FY22*2	FY23 Outlook	Difference	FY23 Previous Outlook*1	Difference
ROIC*3					
Materials	(6%)	2%	+8%	3%	-1%
Fibers & Products Converting	7%	8%	+1%	7%	+1%
Healthcare	14%	10%	-4%	10%	0%
IT	53%	70%	+17%	66%	+4%
Total	1.6%	4%	+3%	4%	0%

◆ Historical financial indicators

	FY18	FY19	FY20	FY21	FY22	FY23
	Actual	Actual	Actual	Actual	Actual	Outlook
ROE*4	11.2%	6.3%	(1.7%)	5.5%	(4.1%)	3%
ROIC*3	9.3%	8.7%	8.6%	5.5%	1.6%	4%
EBITDA*5 (Billions of Yen)	107.6	107.2	106.8	113.0	87.8	113.0
Earnings per share (Yen)	232.4	131.6	(34.7)	120.6	(92.0)	67.6
Dividends per share (Yen)	70*	60	50	55	40	30
*Including a commemorative dividend of 10 yen per share for our founding centennial						
Total assets (Billions of Yen)	1,020.7	1,004.2	1,041.1	1,207.6	1,242.4	1,300.0
Interest-bearing debt (Billions of Yen)	369.2	381.9	380.0	485.2	529.4	555.0
D/E ratio*6	0.90	0.97	0.94	1.10	1.25	1.2
D/E ratio (capital adjustment)*7	-	-	-	0.97	1.10	1.1
Shareholders' equity ratio	40.2%	39.3%	39.0%	36.4%	34.2%	35%

*1. Announced on August 7, 2023

*2. From FY2023, organizations for new businesses in the "Materials" and "Healthcare" segments were transferred to the Group-wide "Others" segment.

Therefore, the figures for FY2022 are those recalculated in accordance with the new segment categorization for comparison purposes

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

4. ROE= Profit attributable to owners of parent / Average total shareholders' equity

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

*5. EBITDA = Operating income + Depreciation & amortization *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.)

◆ Sales of principal pharmaceuticals in Japan

(Billions of Yen)

Product	Target disease	FY2022					FY2023	
		1Q	2Q	3Q	4Q	Total	1Q	2Q
Total sales of four diabetes treatments		6.9	6.2	6.7	5.0	24.8	6.3	5.8
<i>Nesina</i> [®]	Type 2 Diabetes	3.4	3.1	3.3	2.5	12.2	3.1	2.8
<i>Inisync</i> [®]	Type 2 Diabetes (combination drug)	2.0	1.8	2.0	1.5	7.4	1.9	1.7
<i>Liovel</i> [®]	Type 2 Diabetes (combination drug)	1.0	0.9	0.9	0.6	3.4	0.8	0.7
<i>Zafatek</i> [®]	Type 2 Diabetes	0.5	0.5	0.4	0.3	1.7	0.5	0.6
<i>FEBURIC</i> [®]	Gout and hyperuricemia	8.7	1.7	2.3	1.8	14.5	2.0	2.1
<i>Bonalon</i> ^{®*1}	Osteoporosis	1.8	1.8	1.8	1.5	6.9	1.6	1.6
<i>Somatuline</i> ^{®*2}	Acromegaly and pituitary gigantism, thyroid stimulating hormone-secreting pituitary tumors, and gastroenteropancreatic neuroendocrine tumors	1.4	1.4	1.5	1.4	5.7	1.5	1.5
<i>Venilon</i> [®]	Severe infection	1.0	1.1	1.2	1.1	4.4	1.4	1.4
<i>LOQQA</i> [®]	osteoarthritis pain and inflammation	0.5	0.5	0.5	0.4	1.9	0.5	0.4
<i>XEOMIN</i> ^{®*3}	Upper and lower limb spasticity	0.4	0.4	0.5	0.5	1.8	0.5	0.5
<i>Mucosolvan</i> [®]	Expectorant	0.4	0.4	0.5	0.4	1.8	0.4	0.5

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

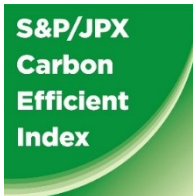
◆ Non-financial Information : ESG External Evaluation

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



**FTSE Blossom
Japan Index**

2023 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)



2023 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX



**FTSE Blossom
Japan Sector
Relative Index**

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Management



Sports Yell Company
(Bronze*)



*Company acquired the certification five or six times

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