Flash Report

Results of FY2021 2Q & Outlook for FY2021

Teijin Limited

November 8, 2021

Points of Financial Results of FY2021 2Q & Outlook for FY2021

Due to increased sales accompanying the economic recovery and the effect of succession of sales of diabetes treatment drugs, growth of sales and profit was secured compared to the first half of the previous year, with actual sales of 453.4 billion yen and operating income of 31.5 billion yen in the first half, despite of convergence of special demand for medical gowns. EBITDA also grew by 15% to 65.1 billion yen.
There is no change to the previously announced the consolidated annual forecasts*1 despite uncertainty about the second half of FY2021 due to the semiconductor shortage and the rise in material and fuel prices

■ First half results for FY2021

- Strong sales in the Healthcare Business Field offset the impact of the convergence of governmental demand for medical protective equipment (gowns, etc.)
- Compared to the full-year forecast, EBITDA achieved a progress rate of 50% (65.1 billion yen) and operating income 52% (31.5 billion yen), both going well

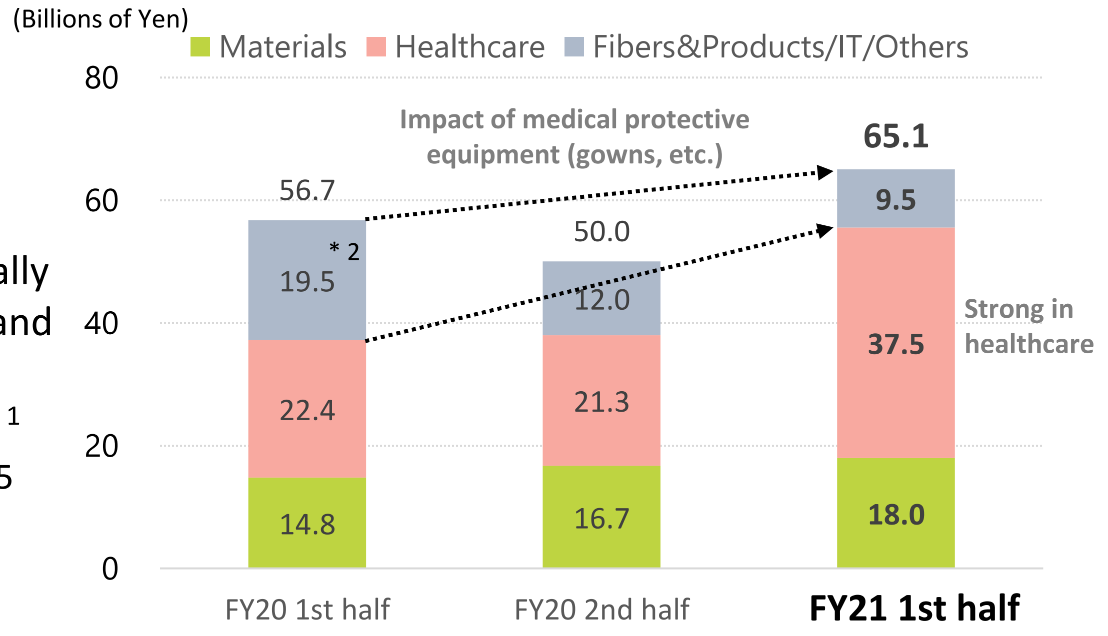
■ Outlook for FY2021

- The previous outlook* 1 remains unchanged, while the first half was generally as expected and the outlook for the second half is highly uncertain. Sales and profits are expected to increase compared to the previous year.
- There is no change to the previously announced annual dividend forecast* 1 as well (55 yen / share, 5 yen increase from the previous year, interim dividend: 27.5 yen)

Outlook for FY2021

Net sales 900.0 billion yen, EBITDA 130.0 billion yen, Operating income 60.0 billion yen, Profit attributable to owners of parent 35.0 billion yen

Changes in half-year EBITDA by segment



* 1 Announced on August 6, 2021

* 2 Medical protective equipment (gowns, etc.) contributed significantly

Key Assumptions regarding the Company's Main Target Markets in FY2021

Main businesses		Markets	Main Areas	FY2021 1H	Outlook for FY2021 2H
Materials	Aramid	Automotive	Europe US	• Demand for tires, brakes, and hoses increased	• The situation will remain the same as in the first half of this fiscal year
		Industrial materials	Europe US	• Sales of products for optical-fiber and other applications recovered to the FY2019 level; demand remained high	• Demand will remain firm
	Resin	Office machine	Asia	• Customers' operations decreased due to lockdown impact of COVID-19 and impact of semiconductor shortage	• Customers' operations will remain at a decreased level due to the semiconductor shortage
		Automotive	Japan China Asia	• The semiconductor shortage caused a decline in customers' operations	• Customers' operations will remain at a decreased level due to the semiconductor shortage • Close attention should be paid to the impact of power restrictions in China
	Carbon fibers	Aircraft	Europe US	• In regions with a high vaccination rate, demand for air travel, mainly on domestic routes, recovered. There are also signs of a recovery in demand for international flights • Supply chains also moved to secure the necessary inventory	• Demand for both domestic and international flights will recover • Demand for freight transportation will remain strong
	Composites	Automotive	US Europe China	• In the latter half of period, OEM production output markedly decreased due to the semiconductor shortage	• The impact of the semiconductor shortage will remain at the same level as in 2Q, but it will gradually diminish late in the period

■ **Assumption about costs**

During 2Q, the impact of an increase in raw material, fuel and logistics costs became obvious. Since there is a concern that costs will continue to increase in the second half of this fiscal year as well, the situation must be closely watched.

Key Assumptions regarding the Company's Main Target Markets in FY2021

Main businesses	Markets	Main Areas	FY2021 1H	Outlook for FY2021 2H
Healthcare	Pharmaceuticals	Japan	• The market for gout and hyperuricemia treatments grew continuously • Since medical institutions continued to impose restrictions on in-person visits to them amid the COVID-19 pandemic, e-promotion was continuously enhanced	• The situation will remain the same as in the first half of this fiscal year
	Home healthcare		• In the home oxygen therapy (HOT) market, restrictions on hospitalization caused a continued shift to home healthcare • The market for continuous positive airway pressure (CPAP) continued to grow, and the number of examinations gradually recovered	
Fibers & Products Converting	Fiber materials and apparel	Europe US China Japan	• Consumption recovered in Europe, North America and China • The Japanese market remained sluggish due to the COVID-19 pandemic	• The impact of the COVID-19 pandemic will lessen due to the prevalence of vaccinations • Close attention should be paid to the impact of power restrictions in China
	Industrial materials	Japan China	• Sales of automotive applications are on a recovery trend, but were affected by semiconductor shortages • The market for water treatment filters and related products firm	• The impact of semiconductor shortage continues
	Medical protective Equipment (gowns, etc.)	Japan	• Governmental demand for supplies once fell	—
IT	IT	Japan	• Piracy websites continued to affect e-comic services from 4Q of the previous fiscal year	• The impact of piracy websites will last

Disclaimer Regarding Forward-Looking Statements

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

Note

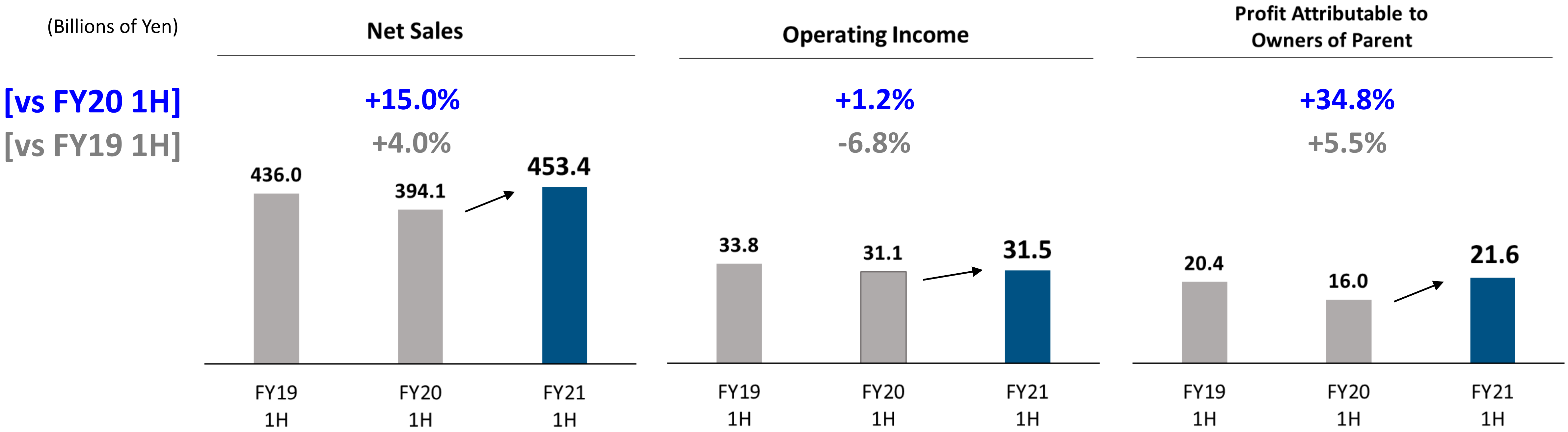
Information about pharmaceuticals, medical devices, and regenerative medical products (including pipeline products) included in this material is not provided for the purposes of advertising or medical advice.

This material is based on the consolidated results for FY2021 2Q announced at 11:30 A.M. on November 8, 2021 (local time in Japan).

1. Results of FY2021 2Q

◆ FY2021 1H actual highlights [Compared with FY2020 1H]

- Net sales increased significantly from FY2020 1H mainly due to a sales increase in each segment caused by economic recovery and the revision of selling prices in response to a sharp rise in raw material prices in the Materials Business Field. The results exceeded the pre-COVID-19 level of the first half of FY2019
- Operating income remained at the FY2020 1H level mainly due to strong sales of diabetes treatments and other products of the Healthcare Business, as well as increased sales of products especially for automotive and aircraft applications and the effect of selling price revision in the Materials Business, despite the impact of the convergence of governmental demand for medical protective equipment (gowns, etc.) in the Fibers & Products Converting Business
- Profit attributable to owners of parent increased from FY2020 1H mainly due to the recording of gain on sales of investment securities



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◆ Operating results [Compared with FY2020 1H]

(Billions of Yen)

	FY19 1H	FY20 1H	FY21 1H	Difference (vs FY20 1H)	% Change
Net Sales	436.0	394.1	453.4	+59.2	+15.0%
Operating Income	33.8	31.1	31.5	+0.4	+1.2%
Non-operating Items (Net)	(0.7)	(0.9)	1.2	+2.0	-
Ordinary Income	33.1	30.2	32.6	+2.4	+8.0%
Extraordinary Items (Net)	(4.1)	(2.5)	1.4	+4.0	-
Income Before Income Taxes	29.0	27.7	34.1	+6.4	+23.0%
Profit Attributable to Owners of Parent	20.4	16.0	21.6	+5.6	+34.8%

	FY19 1H	FY20 1H	FY21 1H	Difference (vs FY20 1H)	% Change
ROE *1	10.0%	7.9%	10.4%	+2.5%	-
ROIC *2	10.1%	9.5%	7.9% *3	-1.6%	-
EBITDA *4	58.8	56.7	65.1	+8.3	+14.7%

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
*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)

	FY19 1H	FY20 1H	FY21 1H	Difference (vs FY20 1H)	% Change
CAPEX *5	29.6	28.3	166.4	+138.0	+487.0%
(CAPEX after adjustment※)			34.0		
Depreciation & Amortization	25.1	25.7	33.6	+7.9	+30.9%
R&D Expenses	16.4	14.9	14.1	-0.9	-5.7%

※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

		FY20 1H	FY21 1H
PL exchange rate	JPY / USD	107	110
	JPY / EUR	121	131
An average Dubai crude oil price (USD/barrel)		37	69

*4 EBITDA = Operating income + Depreciation & amortization
*5 CAPEX includes investments in intangible assets (excludes M&A)

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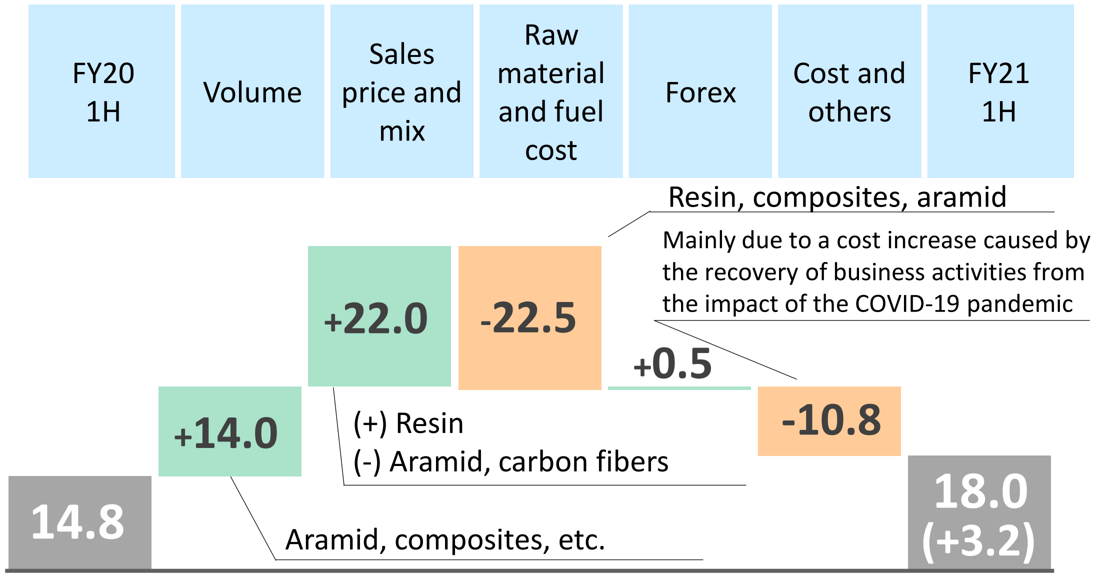
◆ Materials Segment [Compared with FY2020 1H]

(Billions of Yen)

	FY19 1H	FY20 1H	FY21 1H	Difference (vs FY20 1H)
Net sales	**171.5**	**126.3**	**190.8**	**+64.5**
EBITDA	**24.4**	**14.8**	**18.0**	**+3.2**
Depreciation & Amortization	**14.2**	**15.3**	**14.7**	**-0.6**
Operating income	**10.2**	**(0.5)**	**3.3**	**+3.8**
ROIC	**7%**	**(0%)**	**2%**	**+2%**

<Changes in EBITDA>

(Billions of Yen)



Sales volume increased in all subsegments, especially in products for automotive and aircraft applications, due to demand recovery from the impact of the COVID-19 pandemic, while the semiconductor shortage and a sharp rise in raw material/fuel prices and logistics costs affected the results.

■ Aramid

- Sales volume grew due to a recovery in demand for products mainly for automotive applications
- A production decrease mainly due to major regular repairs and the extension of the repair period and a rise in the natural gas price affected costs

■ Resin

- Sales volume increased due to economic recovery despite the impact of COVID-19 waves in ASEAN countries and the semiconductor shortage
- Under the impact of a sharp rise in the prices of BPA and other materials, selling prices were revised

■ Carbon fibers

- Sales of carbon fibers increased for all applications, including aircraft, wind power generation, and recreation
- Continued efforts were made to develop intermediate materials and prepare to start commercial production of the new carbon fiber plant in North America

■ Composites

- In the U.S. automotive market, the semiconductor shortage affected the production of SUVs and pickup trucks, forcing some OEMs to suspend production
- Material prices continued to rise; labor shortage in the U.S. has continued despite the abolition of extended federal unemployment benefits in September, so staff retention is still a challenge

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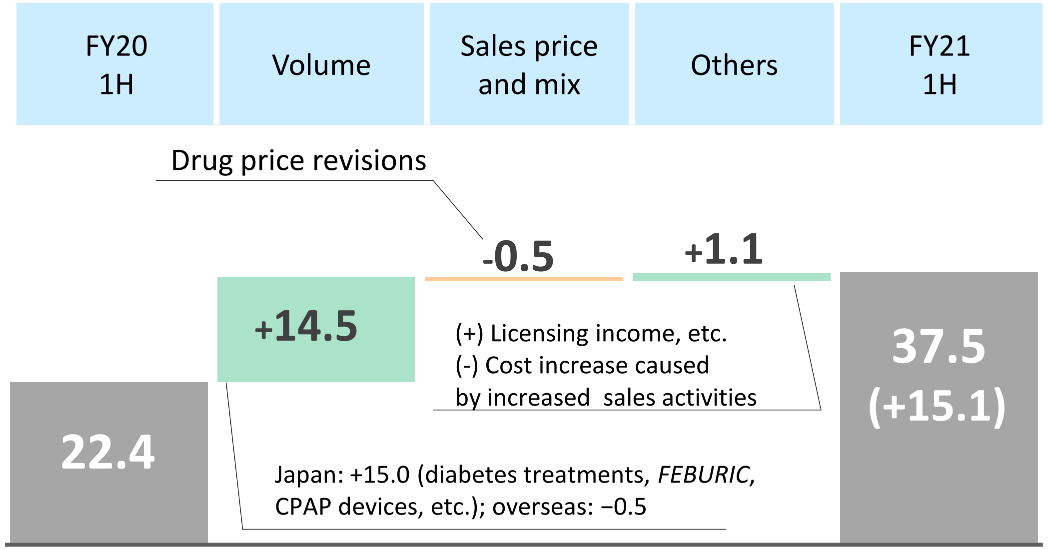
◆ Healthcare Segment [Compared with FY2020 1H]

(Billions of Yen)

	FY19 1H	FY20 1H	FY21 1H	Difference (vs FY20 1H)
Net sales	**78.9**	**73.0**	**90.7**	**+17.7**
EBITDA	**25.4**	**22.4**	**37.5**	**+15.1**
Depreciation & Amortization	**5.9**	**5.9**	**13.6**	**+7.7**
Operating income	**19.4**	**16.5**	**24.0**	**+7.5**
ROIC	**47%**	**42%**	**21%**	**-21%**

<Changes in EBITDA>

(Billions of Yen)



Sales of *FEBURIC*, the main pharmaceutical product, and home healthcare equipment remained strong, while sales of diabetes treatments, for which we had taken over the sales rights, also remained robust.

- Pharmaceuticals
  - -Sales of the four type-2 diabetes treatments remained robust
  - -Sales of *FEBURIC*[*1] and *Somatuline*[*2] grew steadily
  - -There was licensing income
  - -The sales volume of *XEOMIN*®[*3], for which an additional indication of lower limb spasticity was approved in June 2021, increased rapidly
- Home healthcare
  - -HOT: Restrictions on hospitalization due to COVID-19 waves resulted in a continued shift to home healthcare and an increase in the number of rented HOT equipment units
  - -CPAP: The number of rented CPAP devices continued to grow, since the number of patients undergoing examinations recovered gradually even amid COVID-19 waves
- New healthcare
  - -In the orthopedic implantable device business, which encompasses artificial joints and absorbable osteosynthesis materials, sales of new and other products have consistently increased

*1 Hyperuricemia and gout treatment drug

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

*3 Upper and lower limb spasticity treatment drug

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◆ Fibers & Products Converting Segment [Compared with FY2020 1H]

(Billions of Yen)

	FY19 1H	FY20 1H	FY21 1H	Difference (vs FY20 1H)
Net sales	**154.2**	**158.1**	**133.5**	**-24.6** *
EBITDA	**6.2**	**15.8**	**6.7**	**-9.1**
Depreciation & Amortization	**3.4**	**3.1**	**3.1**	**+0.0**
Operating income	**2.8**	**12.7**	**3.6**	**-9.1**
ROIC	**4%**	**18%**	**6%**	**-13%**

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

◆ IT Segment [Compared with FY2020 1H]

(Billions of Yen)

	FY19 1H	FY20 1H	FY21 1H	Difference (vs FY20 1H)
Net sales	**23.1**	**28.6**	**27.3**	**-1.3**
EBITDA	**4.1**	**5.2**	**5.3**	**+0.2**
Depreciation & Amortization	**0.4**	**0.4**	**0.6**	**+0.2**
Operating income	**3.6**	**4.8**	**4.8**	**+0.0**
ROIC	**44%**	**58%**	**63%**	**+5%**

■ Fibers & Products Converting Segment

-In the field of industrial materials, sales of automotive parts, infrastructure reinforcement materials, and performance polymer products for electronic parts, as well as short polyester fibers for water treatment filters and artificial leather, remained strong. Meanwhile, the semiconductor shortage had an impact late in the period

-In the field of fiber materials and apparel, sales of materials and products for the European, North American, and Chinese markets recovered, while sales in the Japanese market were generally sluggish due to the low level of consumption and the lockdown of overseas plants

-Basic profitability increased through the concentration on certain selected businesses, and restricted business activities helped decrease SG&A expenses, although governmental demand for medical protective equipment (gowns, etc.) fell

■ IT Segment

-In the IT service field, sales remained strong despite the lasting impact of the COVID-19 pandemic. In the Internet business field, profit was secured by optimizing advertising costs despite the continuous impact of piracy websites on e-comics services

■ Others: Japan Tissue Engineering Co., Ltd. (“J-TEC”)

-Both sales of the autologous cultured epidermis JACE and the autologous cultured corneal epithelium NEPIC in the regenerative medical product business and sales in the R&D support business increased and remained strong

-*Ocural*,* for which J-TEC obtained marketing approval in June 2021, has been approved for inclusion in the National Health Insurance price list effective in Japan December 2021

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

◆ Non-operating items [Compared with FY2020 1H]

(Billions of Yen)

	FY20 1H	FY21 1H	Difference
Interest income	0.4	0.2	-0.2
Dividends income	0.7	0.6	-0.0
Equity in earnings of affiliates	1.3	2.9	+1.6
Gain on valuation of derivatives	-	0.8	+0.8
Others	0.9	0.5	-0.5
Non-operating income, total	3.4	5.1	+1.7
Interest expenses	1.5	1.5	+0.1
Foreign exchange losses	0.2	0.4	+0.1
Loss on valuation of derivatives	1.4	0.2	-1.2
Loss on investments in partnership	-	0.4	+0.4
Others	1.1	1.3	+0.2
Non-operating expenses, total	4.2	3.9	-0.3
Non-operating items, total	(0.9)	1.2	+2.0

◆ Extraordinary items [Compared with FY2020 1H]

(Billions of Yen)

	FY20 1H	FY21 1H	Difference
Gain on sales of investment securities	0.3	4.0	+3.7
Others	0.2	0.2	+0.1
Extraordinary income, total	0.4	4.2	+3.8
Loss on sales and retirement of noncurrent assets	0.5	0.9	+0.4
Loss on valuation of investment securities	1.4	-	-1.4
Impairment loss	0.4	1.6	+1.2
Others	0.7	0.2	-0.5
Extraordinary loss, total	2.9	2.7	-0.2
Extraordinary items, total	(2.5)	1.4	+4.0

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◆ Financial position [Compared with the end of FY2020]

(Billions of Yen)

	Mar. 31, 2021	Sep. 30, 2021	Difference	(Impact of foreign exchange rate)
Total assets	1,041.1 *1	1,168.8	+127.7	+1.0
Liabilities	610.8 *1	718.2	+107.5	-0.6
[Interest-bearing debt]	380.0	482.8	+102.7	-0.8
Net assets	430.4 *1	450.6	+20.2	+1.7
D/E ratio	0.94	1.13	+0.20	-
D/E ratio (capital adjustment) *2	-	0.99	-	-

◆ Cash flows [Compared with FY2020 1H]

(Billions of Yen)

	FY20 1H	FY21 1H	Difference
Operating activities	31.9	33.9	+2.0
Investing activities	(33.6)	(163.6)	-129.9 *3
Free cash flow	(1.7)	(129.7)	-128.0
Financing activities	3.1	95.0	+91.9
Net inc/dec in Cash & cash equivalents	1.4	(34.7)	-36.1

◇ Changes in total assets

(Billions of Yen)

	Mar. 31, 2021	Sep. 30, 2021	Difference
Cash and deposits, etc.	170.2	135.5	-34.7
Trade receivables	181.0	193.6	+12.6
Inventory assets	141.0	153.6	+12.6
Tangible and intangible assets	361.3	494.1	+132.8 *3
Investment securities	84.8	86.4	+1.6
Others	102.7	105.5	+2.8
Total assets	1,041.1	1,168.8	+127.7

◇ BS exchange rate

	Mar. 31, 2021	Sep. 30, 2021
JPY / USD	111	112
JPY / EUR	130	130

*1 During the previous consolidated fiscal year, the Company applied a provisional accounting treatment concerning business combination through its acquisition of shares of stock in Japan Tissue Engineering Co., Ltd. in March 2021. The provisional accounting treatment was confirmed in the second quarter of FY2021, and these figures reflect the resulting revision. (Announcement on August 6: total assets = 1,036.9 billion yen; liabilities = 608.6 billion yen; net assets=428.3 billion yen)

*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 rights for diabetes treatments and other related assets

2. Outlook for FY2021

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◆ Outlook highlights [Compared with FY2020 and FY2021 Previous Outlook*]

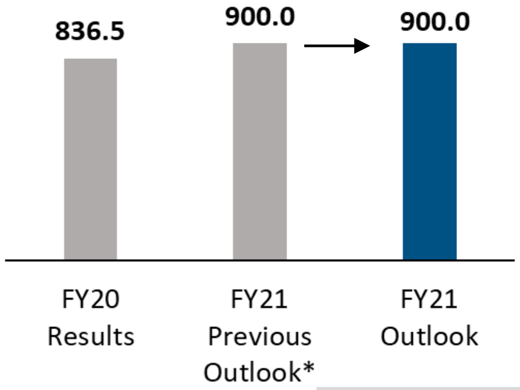
- Net sales and profit are expected to increase compared to the previous fiscal year, taking into account the recovery from COVID-19 and the effect of succession of sales of diabetes treatment drugs
- With the first-half results as expected, there is no change in consolidated financial outlook for FY2021, considering strong sales of the Healthcare, etc., while there is considerable uncertainty in the second half of the Materials Business mainly because the impacts of the global semiconductor shortage and the rise in material and fuel prices become increasingly obvious
- There is also no change to the previously announced forecasts for annual dividend

(Billions of Yen)

vs FY2020
vs FY2021 Previous Outlook*

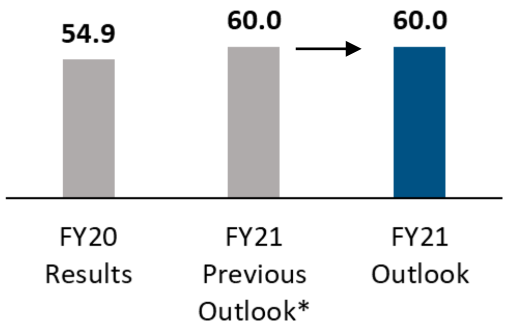
Net Sales

+7.6%
Unchanged



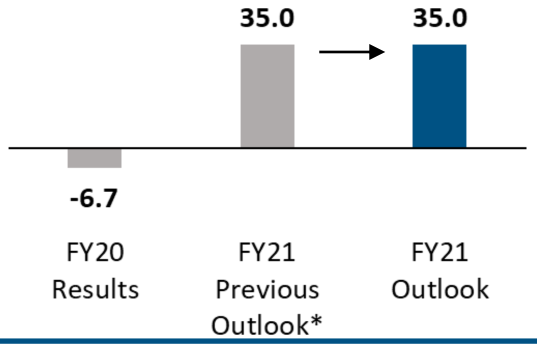
Operating Income

+9.2%
Unchanged



Profit Attributable to Owners of Parent

Return to profitability
Unchanged



Assumptions		FY20 Actual	FY21 Previous Outlook*	FY21 Outlook
Full-term average exchange rate	JPY / USD	106	110	112
	JPY / EUR	124	130	132
An average Dubai crude oil price (USD/barrel)		44	70	75

Dividend forecast for FY2021 : No changes from previous outlook*

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

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

*Announced on August 6, 2021

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◆ Summary of outlook for FY2021 highlights [Compared with FY2020 and FY2021 Previous Outlook]

(Billions of Yen)	FY20	FY21 Outlook *1		Differ-ence	% Change	FY21 Previous Outlook *	
Net sales	836.5	900.0	*6	+63.5	+7.6%	900.0	*6
Operating income	54.9	60.0		+5.1	+9.2%	60.0	
Ordinary income	53.7	60.0		+6.3	+11.8%	60.0	
Profit attributable to owners of parent	(6.7)	35.0		+41.7	-	35.0	
ROE *2	-1.7%	8%		+10%		8%	
ROIC *3	8.6%	7%	*7	-2%		7%	*7
EBITDA *4	106.8	130.0		+23.2		130.0	
Free cash flow	28.1	(130.0)	*8	-158.1		(130.0)	*8
CAPEX *5	60.3	210.0	*8	+149.7		210.0	*8
Depreciation & Amortization	51.8	70.0		+18.2		70.0	
R&D Expenses	32.7	34.0		+1.3		34.0	

*1 No change from the previous outlook
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 Includes a decrease due to the application of the new standards for revenue recognition under Japan GAAP
*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
*8 Including an increase in intangible assets (132.4 billion yen) due to the takeover of the sales rights for diabetes treatment drugs and other related assets

*Announced on August 6, 2021

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◆ Net sales and operating income by segment [Compared with FY2020, and FY2021 Previous Outlook]

(Billions of Yen)

	FY20	FY21 Outlook	Difference	% Change	FY21 Previous Outlook*	Difference
Net sales						
Materials	297.0	375.0	+78.0	+26.3%	370.0	+5.0
Healthcare	148.7	180.0	+31.3	+21.1%	180.0	0.0
Fibers & Products Converting	314.9	265.0 *1	-49.9	-15.8%	265.0 *1	0.0
IT	58.1	60.0	+1.9	+3.2%	65.0	-5.0
Others	17.8	20.0	+2.2	+12.1%	20.0	0.0
Total	836.5	900.0 *1	+63.5	+7.6%	900.0 *1	0.0

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

(Billions of Yen)

	FY20	FY21 Outlook	Difference	% Change	FY21 Previous Outlook*	Difference
Operating income (loss)						
Materials	1.0	8.0	+7.0	+739.3%	11.0	-3.0
Healthcare	31.5	42.0	+10.5	+33.3%	40.0	+2.0
Fibers & Products Converting	17.5	8.0	-9.5	-54.3%	7.0	+1.0
IT	10.4	10.0	-0.4	-3.9%	10.0	0.0
Others	(0.2)	(2.0)	-1.8	-	(2.0)	0.0
Elimination and Corporate	(5.2)	(6.0)	-0.8	-	(6.0)	0.0
Total	54.9	60.0	+5.1	+9.2%	60.0	0.0

Trends behind the operating income forecast

	Compared with FY2020		Compared with FY2021 Previous Outlook：Revised in segment composition	
Consolidated	↗	Operating income will increase	→	No change to the forecast for operating income
Materials	↗	Sales will increase due to economic recovery from the impact of the COVID-19 pandemic	↘	The sharp rise in material and fuel prices and logistics costs will have a major impact
Healthcare	↗	Sales of current main products will remain strong, and sales of diabetes treatment drugs will also be robust	↗	Sales of current main products will remain strong
Fibers &Products Converting	↘	The convergence of governmental demand for medical protective equipment (gowns, etc.) will have a major impact	↗	The sales mix will improve, and cost cuts and other factors will have a favorable impact
IT	→	IT services sales are recovering, sales of e-comics are growing; the relocation of the head office will incur costs	→	While the impact of piracy websites on the e-comics business, advertising costs are being optimized

*Announced on August 6, 2021

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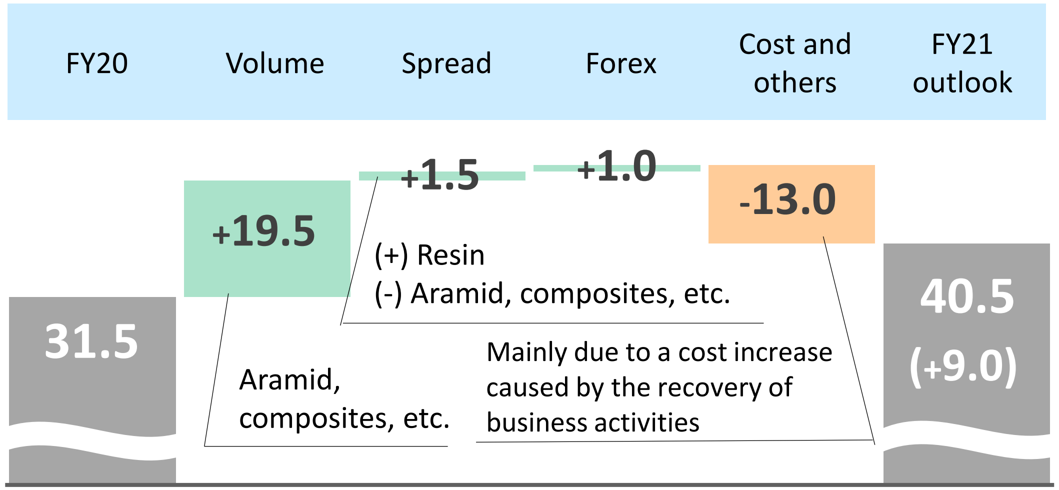
◆ Materials Segment [Compared with FY2020, and FY2021 Previous Outlook]

(Billions of Yen)

	FY20	FY21 Outlook 1H	FY21 Outlook 2H	FY21 Outlook Total	Difference (vs FY20)	FY21 Previous Outlook*	Difference
Net sales							
High-performance materials	210.4	139.6	125.4	265.0	+54.6	260.0	+5.0
Composites	86.6	51.2	58.8	110.0	+23.4	110.0	0.0
Total	297.0	190.8	184.2	375.0	+78.0	370.0	+5.0
EBITDA	31.5	18.0	22.5	40.5	+9.0	43.5	-3.0
Depreciation & Amortization	30.6	14.7	17.8	32.5	+1.9	32.5	0.0
Operating income	1.0	3.3	4.7	8.0	+7.0	11.0	-3.0
ROIC	0%	2%	3%	3%	+3%	3%	0%

<Changes in EBITDA>

(Billions of Yen)



Trends behind the operating income forecast

Subsegment		Compared with FY2020		Compared with FY2021 Previous Outlook（Main factor of difference）
Aramid	→	• Strong demand for products mainly for automotive applications resulting in sales recovery • Large-scale periodic maintenance and its extension will have an impact. The price of natural gas is rising sharply	↘	• The price of natural gas is rising sharply Logistics cost rise
Resin	↗	• Selling prices have been revised in response to the sharp rise in material prices • The semiconductor shortage and the power shortage in China will have impacts	↗	• Sales price level will remain
Carbon fibers	↗	• Stronger sales mainly for aircraft applications than expected	↗	• Sales volume is increasing, including that of products for aircraft applications
Composites	↘	• The semiconductor shortage had an impact in the first half of FY2021, but there will be a gradual recovery in the second half • Material prices will continue to rise in the second half, and selling prices will be revised • Due to continuous labor shortage, labor costs remain high	↘	• The rises in material prices and labor costs will end later than expected

Comparison between the first and second halves of FY2021: In the second half, sales in the resin and plastic processing business will decrease due to a decline in selling prices, while sales in the composites business will increase due to selling price revisions, the diminished impact of the semiconductor shortage, and the start of operation of the Texas plant

*Announced on August 6, 2021

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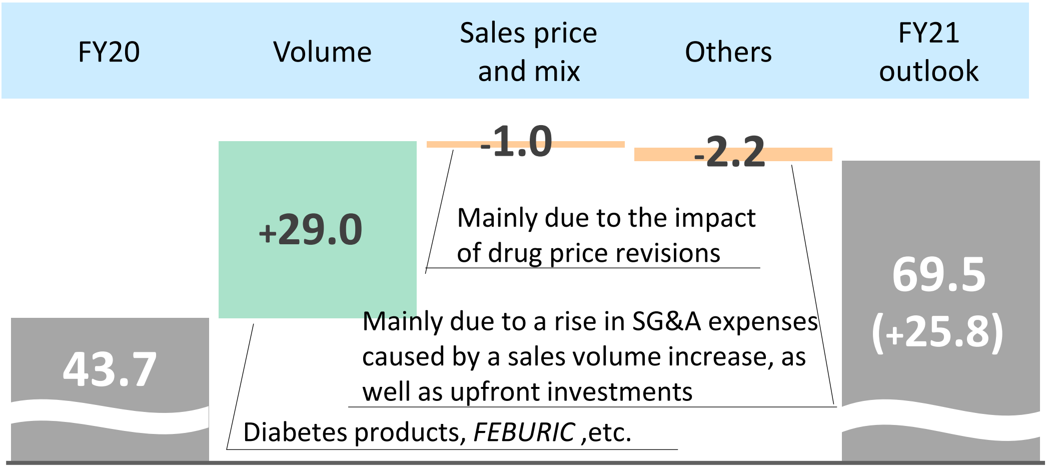
◆ Healthcare Segment [Compared with FY2020, and FY2021 Previous Outlook]

(Billions of Yen)

	FY20	FY21 Outlook 1H	FY21 Outlook 2H	FY21 Outlook Total	Difference (vs FY20)	FY21 Previous Outlook*	Difference
Net sales	148.7	90.7	89.3	180.0	+31.3	180.0	0.0
EBITDA	43.7	37.5	32.0	69.5	+25.8	67.5	+2.0
Depreciation & Amortization	12.2	13.6	13.9	27.5	+15.3	27.5	0.0
Operating income	31.5	24.0	18.0	42.0	+10.5	40.0	+2.0
ROIC	41%	21%	16%	19%	-22%	18%	+1%

<Changes in EBITDA> (Billions of Yen)



Trends behind the operating income forecast

Subsegment		Compared with FY2020		Compared with FY2021 Previous Outlook（Main factor of difference）
Pharmaceuticals Home healthcare	↗	• Contribution of sales of diabetes treatment drugs • The volumes of *FEBURIC®* , *Somatuline®*, *XEOMIN®*, HOT devices and CPAP devices will increase	↗	• *FEBURIC®* and *XEOMIN®* will remain strong • Cost will decrease
New healthcare	→	• Steady growth in sales of new artificial hip joint products	→	• No change

Comparison between the first and second halves of FY2021: Operating income in the second half will decrease due to the concentration of costs in the second half; there will be large gap between the two halves also partly due to the licensing income recorded in the first half

*Announced on August 6, 2021

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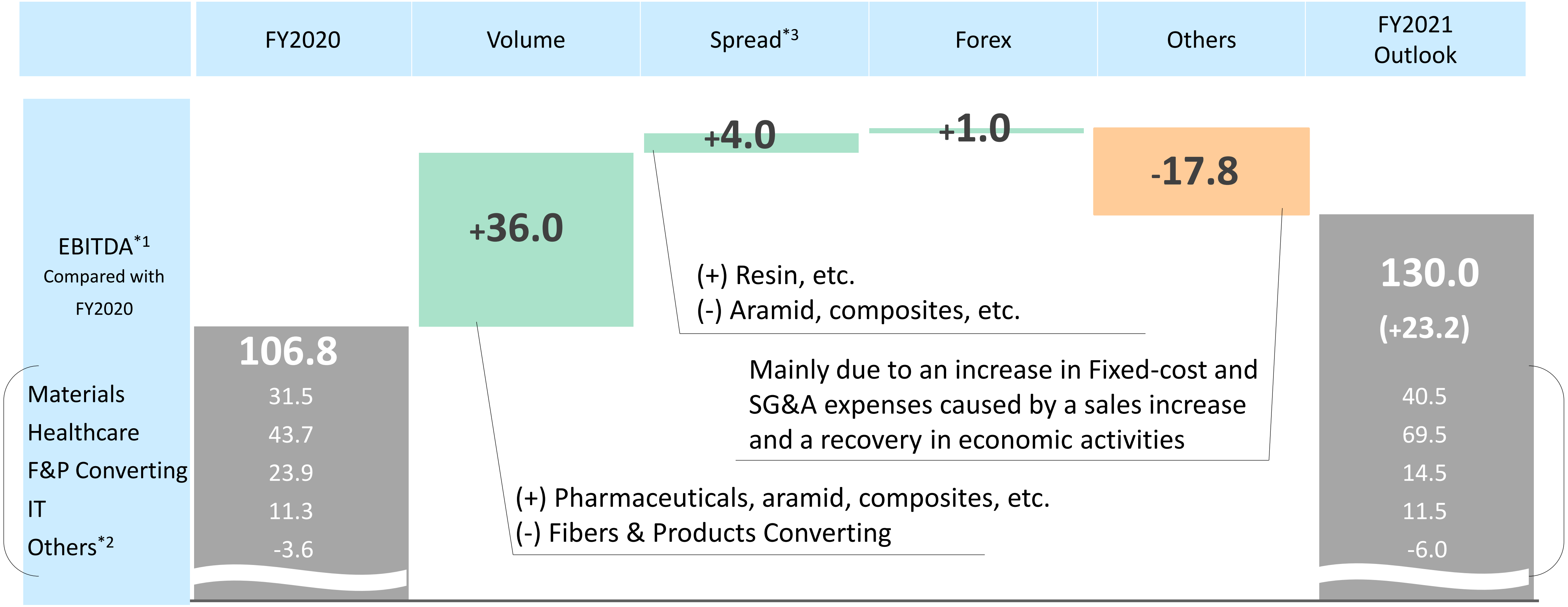
Factors of changes in EBITDA forecast in FY2021 [Compared with FY2020]

- EBITDA will drastically increase mainly due to a recovery in demand for products for automotive applications in the Materials Business, and the contribution of diabetes treatments to the business performance in the Healthcare Business, despite the fall of government demand for medical protective equipment (gowns, etc.) in the Fibers & Products Converting Business

(Billions of Yen)



*1 EBITDA = Operating income + Depreciation & amortization *2 "Others" denotes the total of "Others" and "Elimination and Corporate" *3 Sales price and mix + raw material and fuel cost

3. Main topics

◆Business Plan for the Regenerative Medicine Business

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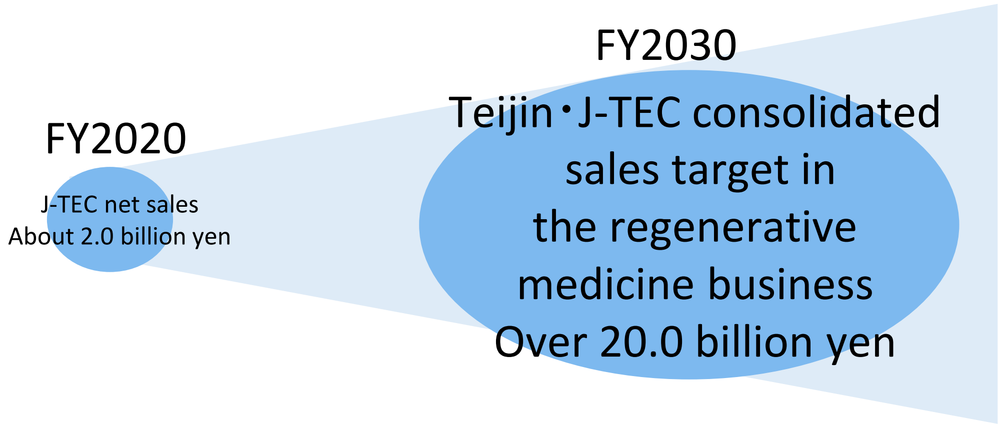
Regenerative Medicine Business through Collaboration between Teijin and J-TEC

□ We aim to make the business a pillar of profit as a strategic focus of the Teijin Group

1. Business Area

Business / Contribution of both companies	TEIJIN	Collaboration J-TEC
CDMO services for regenerative medical products*1	Participation as a new business	Abundant achievements in obtaining marketing approval, manufacturing and supply, etc.
J-TEC for regenerative medical products (Overseas entry, expansion into the orthopedic market, and creation of a new related business)	Utilization of materials and technical capabilities, Assistance for entry into overseas market, Pharmaceutical and medical device sales experience	Product development capabilities



<Areas not targeted by Teijin and J-TEC CDMO>
Biopharmaceutical drugs such as antibody, protein and small molecule drugs

Biopharmaceutical market : 2.2 trillion yen (2020) *2
Small molecule drug market : 4.8 trillion yen (2020) *2

Characteristics
- Simple manufacturing process and commonality between products
- Easy in manufacturing automation and mass production
- Product stability regardless of production area

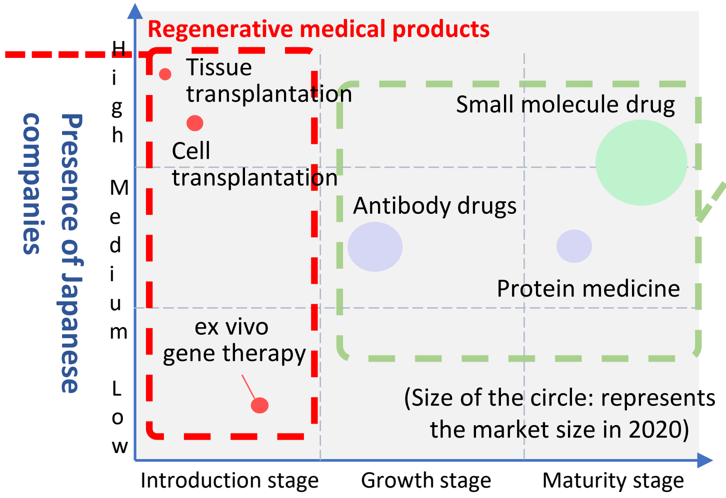
2. Target Domain

＜Target area of Teijin and J-TEC CDMO＞
CDMO business of autologous cells from overseas and domestic sources in Japan

Japanese market for ex vivo gene therapy + cell / tissue transplantation*3
26 billion yen (2020)* 4→550 billion yen (2030)*4
The majority of the 2030 market will be autologous cell products

Characteristics
- Autologous cells are the ultimate tailor-made product; local production for local consumption at the patient's location is desirable
- For autologous cell production, it is important to create a manufacturing method that can withstand reproducibility and scale-up; J-TEC's advanced cell culture technology and experience in obtaining marketing approval are its strengths

Current status of each modality (treatment method) in the Japanese market (2020) * 2



*1. Contract Development and Manufacturing Organization
*2. Created by modifying from: "Survey on Issues for Industrialization of Pharmaceuticals, Regenerative Medicine, Cell Therapy, and Gene Therapy and Necessary Measures To Solve Those Issues" (March 2021), a project of the Office of Healthcare Policy, Cabinet Secretariat, commissioned to Arthur D. Little Japan. The size of the Japanese market is estimated to be 10% of the global market, referring to the same survey.
*3. Market size of final products. Of the COGS equivalent for final products, consignment manufacturing is the target market for the CDMO business.
*4. Source: "Final Report of the FY2019 Japan Agency for Medical Research and Development (AMED) Survey on the Regenerative Medicine and Gene Therapy Market" (March 2020), commissioned to Arthur D. Little Japan

4. Supplementary information

Factors that affect income statement regularly

Segment	Major factor
Materials	• Aramid: large-scale periodic maintenance in FY2021 1Q (once in three years) • Polycarbonate resin: periodic maintenance in 2Q & 3Q every year
Healthcare	• Cost increase in 4Q • Temporal licensing income/outgo
Fibers & Products Converting	• Fiber materials and apparel: 3Q is a season for sales of autumn/winter closing, and 4Q for spring closing
IT	• Delivery increase in 2Q and 4Q due to system acceptance period

Establishment of a Global Business Brand for the Composites Business

- We have established the unified business brand Teijin Automotive Technologies for our automotive composites business
- This new global business brand will be the focus of unity between Group companies and organizations with approximately 5,400 employees working at 29 business bases in Europe, the Americas, China, and Japan. Under this brand, we will further enhance our business structure to develop, produce, and provide automotive parts that can help reduce environmental impact across the entire life cycle
- According to the above, the companies under this business brand have also been renamed.（as of November 8th, excluding Benet, which will be renamed later）

(This table shows major companies only)

Former company name	New company name
Continental Structural Plastics Holdings Corporation	Teijin Automotive Technologies NA Holdings Corp.
Inapal Plasticos S.A.	Teijin Automotive Technologies Portugal S.A.
Benet Automotive s.r.o.	Teijin Automotive Technologies Czech s.r.o.
CSP Victall (Tangshan) Structural Composites Co., Ltd	Teijin Automotive Technologies (Tangshan) Co., Ltd

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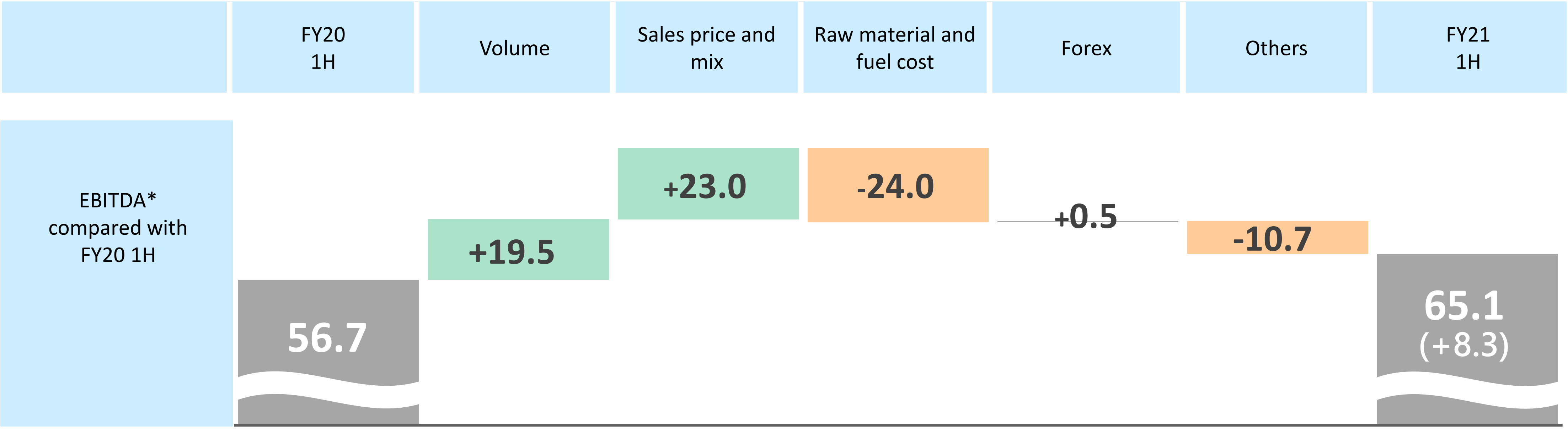
◆ Changes in EBITDA* (consolidated total) [Compared with FY2020 1H]

(Billions of Yen)

	FY19 1H	FY20 1H	FY21 1H	Difference (vs FY20 1H)
Net sales	**436.0**	**394.1**	**453.4**	**+59.2**
EBITDA *	**58.8**	**56.7**	**65.1**	**+8.3**
Depreciation & Amortization	**25.1**	**25.7**	**33.6**	**+7.9**
Operating income	**33.8**	**31.1**	**31.5**	**+0.4**
ROIC	**10.1%**	**9.5%**	**7.9%**	**-1.6%**

(Billions of Yen)



* EBITDA = Operating income + Depreciation & amortization

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◆ Changes in net sales and operating income by segment [Compared with FY2020 2Q and FY2021 1Q]

(Billions of Yen)

	FY19					FY20					FY21		Difference	Difference
	1Q Apr.-Jun.	2Q Jul.-Sep.	3Q Oct.-Dec.	4Q Jan.-Mar.	Total	1Q Apr.-Jun.	2Q Jul.-Sep.	3Q Oct.-Dec.	4Q Jan.-Mar.	Total	1Q Apr.-Jun.	2Q Jul.-Sep.	21/2Q -20/2Q	21/2Q -21/1Q
Net sales														
High-performance materials	63.3	62.4	55.6	55.0	236.4	43.8	47.6	54.4	64.7	210.4	69.3	70.3	+22.7	+0.9
Composites	22.8	23.1	22.9	22.4	91.2	10.1	24.8	25.2	26.4	86.6	26.4	24.8	-0.1	-1.7
Materials Total	86.1	85.4	78.6	77.4	327.5	53.9	72.4	79.6	91.0	297.0	95.8	95.0	+22.6	-0.7
Healthcare	39.8	39.1	40.3	34.7	153.9	36.2	36.9	38.8	36.8	148.7	45.9	44.9	+8.0	-1.0
Fibers & Products Converting	73.8	80.4	77.2	74.9	306.3	71.6	86.5	79.0	77.8	314.9	65.5	68.0	-18.5	+2.5
IT	10.9	12.2	11.2	14.3	48.6	13.5	15.0	13.7	15.8	58.1	13.5	13.7	-1.3	+0.2
Others	4.0	4.2	4.1	5.0	17.4	3.9	4.2	4.5	5.3	17.8	5.2	5.8	+1.6	+0.6
Total	214.6	221.4	211.4	206.3	853.7	179.1	215.0	215.6	226.8	836.5	225.9	227.5	+12.5	+1.6
Operating income (loss)														
Materials	5.6	4.6	2.9	2.8	15.8	(1.4)	0.9	0.2	1.3	1.0	2.1	1.2	+0.3	-1.0
Healthcare	10.5	8.9	9.7	3.4	32.6	8.7	7.8	9.3	5.7	31.5	13.2	10.8	+2.9	-2.5
Fibers & Products Converting	1.0	1.8	1.4	1.2	5.4	5.1	7.6	3.6	1.2	17.5	2.0	1.6	-6.0	-0.5
IT	1.3	2.3	1.9	2.3	7.8	2.0	2.7	2.1	3.5	10.4	2.1	2.7	-0.1	+0.6
Others	(0.0)	0.3	(0.1)	0.2	0.3	(0.4)	0.1	0.2	(0.1)	(0.2)	(0.3)	(0.6)	-0.8	-0.3
Elimination and Corporate	(1.4)	(1.1)	(1.3)	(1.9)	(5.8)	(1.4)	(0.6)	(1.3)	(1.9)	(5.2)	(1.9)	(1.3)	-0.7	+0.6
Total	17.0	16.8	14.5	8.0	56.2	12.6	18.5	14.2	9.7	54.9	17.3	14.2	-4.3	-3.0

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Consolidated statements of income

(Billions of Yen)

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

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◆ Consolidated balance sheets

(Billions of Yen)

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

* During the previous consolidated fiscal year, the Company applied a provisional accounting treatment concerning business combination through its acquisition of shares of stock in Japan Tissue Engineering Co., Ltd. in March 2021. The provisional accounting treatment was confirmed in the second quarter of FY2021, and these figures reflect the resulting revision.

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

(Billions of Yen)

	FY2020			FY2021 Outlook			Difference		
	1H	2H	Total	1H	2H	Total	1H	2H	Total
Net sales									
High-performance materials	91.4	119.1	210.4	139.6	125.4	265.0	+48.3	+6.3	+54.6
Composites	35.0	51.6	86.6	51.2	58.8	110.0	+16.2	+7.2	+23.4
Materials Total	126.3	170.6	297.0	190.8	184.2	375.0	+64.5	+13.5	+78.0
Healthcare	73.0	75.6	148.7	90.7	89.3	180.0	+17.7	+13.6	+31.3
Fibers & Products Converting	158.1	156.8	314.9	133.5	131.5	265.0	-24.6	-25.3	-49.9
IT	28.6	29.6	58.1	27.3	32.7	60.0	-1.3	+3.2	+1.9
Others	8.1	9.7	17.8	11.0	9.0	20.0	+2.9	-0.8	+2.2
Total	394.1	442.4	836.5	453.4	446.6	900.0	+59.2	+4.2	+63.5
Operating income (loss)									
Materials	(0.5)	1.5	1.0	3.3	4.7	8.0	+3.8	+3.2	+7.0
Healthcare	16.5	15.0	31.5	24.0	18.0	42.0	+7.5	+3.0	+10.5
Fibers & Products Converting	12.7	4.8	17.5	3.6	4.4	8.0	-9.1	-0.4	-9.5
IT	4.8	5.6	10.4	4.8	5.2	10.0	+0.0	-0.4	-0.4
Others	(0.3)	0.1	(0.2)	(1.0)	(1.0)	(2.0)	-0.6	-1.2	-1.8
Elimination and Corporate	(2.0)	(3.2)	(5.2)	(3.2)	(2.8)	(6.0)	-1.2	+0.4	-0.8
Total	31.1	23.8	54.9	31.5	28.5	60.0	+0.4	+4.7	+5.1

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

(Billions of Yen)

	FY20	FY21 Outlook	Difference	FY21 Previous Outlook*	Difference
EBITDA [*1]					
Materials	31.5	40.5	+9.0	43.5	-3.0
Healthcare	43.7	69.5	+25.8	67.5	+2.0
Fibers & Products Converting	23.9	14.5	-9.4	13.5	+1.0
IT	11.3	11.5	+0.2	11.5	0.0
Others	0.7	0.0	-0.7	0.0	0.0
Elimination and Corporate	(4.3)	(6.0)	-1.7	(6.0)	0.0
Total	106.8	130.0	+23.2	130.0	0.0
ROIC [*2]					
Materials	0%	3%	+3%	3%	0%
Healthcare	41%	19% [*3]	-22%	18% [*3]	+1%
Fibers & Products Converting	14%	6%	-8%	6%	0%
IT	66%	67%	+1%	67%	0%
Total	8.6%	7% [*3]	-2%	7% [*3]	0%

*1 EBITDA = Operating income + Depreciation & amortization

2 ROIC based on operating income = Operating income / Average invested capital
(Invested capital = Net assets + Interest-bearing debt – Cash and deposits)
*Average: ([Beginning balance + Ending balance] / 2)

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

*Announced on August 6, 2021

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◆ Historical financial indicators

	FY16 Actual	FY17 Actual*7	FY18 Actual	FY19 Actual	FY20 Actual	FY21 Outlook
ROE*1	15.7%	12.5%	11.2%	6.3%	(1.7%)	8%
ROIC*2	10.0%	11.2%	9.3%	8.7%	8.6%	7% *8
EBITDA*3 (Billions of Yen)	95.8	115.5	107.6	107.2	106.8	130.0
Earnings per share*4 (Yen)	254.9	231.3	232.4	131.6	(34.7)	182.2
Dividends per share*4 (Yen)	55	60	70*	60	50	55
Total assets (Billions of Yen)	964.1	982.0	1,020.7	1,004.2	1,041.1*9	1,170.0
Interest-bearing debt (Billions of Yen)	376.2	344.2	369.2	381.9	380.0	520.0
D/E ratio*5	1.11	0.88	0.90	0.97	0.94	1.2
D/E ratio (capital adjustment)*6	-	-	-	-	-	1.1
Shareholders' equity ratio	35.1%	40.0%	40.2%	39.3%	39.0%*9	36%

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

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)

*4 Reflecting the impact of the consolidation of shares

*3 EBITDA = Operating income + Depreciation & amortization

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

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

*7 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.

*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 During the previous consolidated fiscal year, the Company applied a provisional accounting treatment concerning business combination through its acquisition of shares of stock in Japan Tissue Engineering Co., Ltd. in March 2021. The provisional accounting treatment was confirmed in the second quarter of FY2021, and these figures reflect the resulting revision.

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◆ Sales of principal pharmaceuticals in Japan

(Billions of Yen)

Product	Target disease	FY2020 1Q Apr.-Jun.	FY2020 2Q Jul.-Sep.	FY2020 3Q Oct.-Dec.	FY2020 4Q Jan.-Mar.	FY2020 Total	FY2021 1Q Apr.-Jun.	FY2021 2Q Jul.-Sep.	FY2021 1H
FEBURIC®	Hyperuricemia and gout	8.7	8.9	9.6	8.3	35.6	9.6	9.7	19.3
Nesina®	Type 2 Diabetes	-	-	-	-	-	3.6	3.3	6.9
Inisync®	Type 2 Diabetes	-	-	-	-	-	2.1	2.0	4.1
Bonalon®*1	Osteoporosis	2.1	2.1	2.3	1.8	8.3	2.0	2.0	4.0
Somatuline®*2	Acromegaly and pituitary gigantism, gastroenteropancreatic neuroendocrine tumors	1.3	1.3	1.4	1.2	5.2	1.3	1.3	2.7
Venilon®	Severe infection	1.4	1.2	1.4	1.0	5.0	1.2	1.2	2.4
Liovel®	Type 2 Diabetes	-	-	-	-	-	1.2	1.0	2.2
Zafatek®	Type 2 Diabetes	-	-	-	-	-	0.7	0.6	1.3
Mucosolvan®	Expectorant	0.6	0.5	0.7	0.5	2.2	0.5	0.5	1.0
LOQOA®	osteoarthritis pain and inflammation	0.5	0.6	0.5	0.5	2.1	0.5	0.5	1.0
Onealfa®	Osteoporosis	0.3	0.3	0.3	0.2	1.0	0.2	0.3	0.5
XEOMIN®	Upper and lower limb spasticity	-	-	0.01	0.03	0.04	0.05	0.2	0.25

*1 *Bonalon*® is the registered trademark of Merck Sharp & Dohme Corp., U.S.A.
*2 *Somatuline*® is the registered trademark of Ipsen Pharma, France.

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◆ Non-financial Information : ESG External Evaluation

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

Teijin Limited has been included in all four indices selected by Government Pension Investment Fund (GPIF) of Japan upon commencing ESG investment.
The four indices are FTSE Blossom Japan Index, MSCI Japan ESG Select Leaders Index, MSCI Japan Empowering Women Index (WIN) and S&P/JPX Carbon Efficient Index.

FTSE Blossom Japan

2021 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

2021 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

S&P/JPX Carbon Efficient Index

Included in these two domestic programs as a company with outstanding ESG initiatives

"Nadeshiko"

Encouraging women's success in the workplace

NADESHIKO BRAND 2021

Promoting health and productivity management

2021 健康経営優良法人 Health and productivity

Status of inclusion in SRI indices

Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA

FTSE4Good

member of the INVESTMENT REGISTER ETHIBEL EXCELLENCE

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Human Chemistry, Human Solutions