

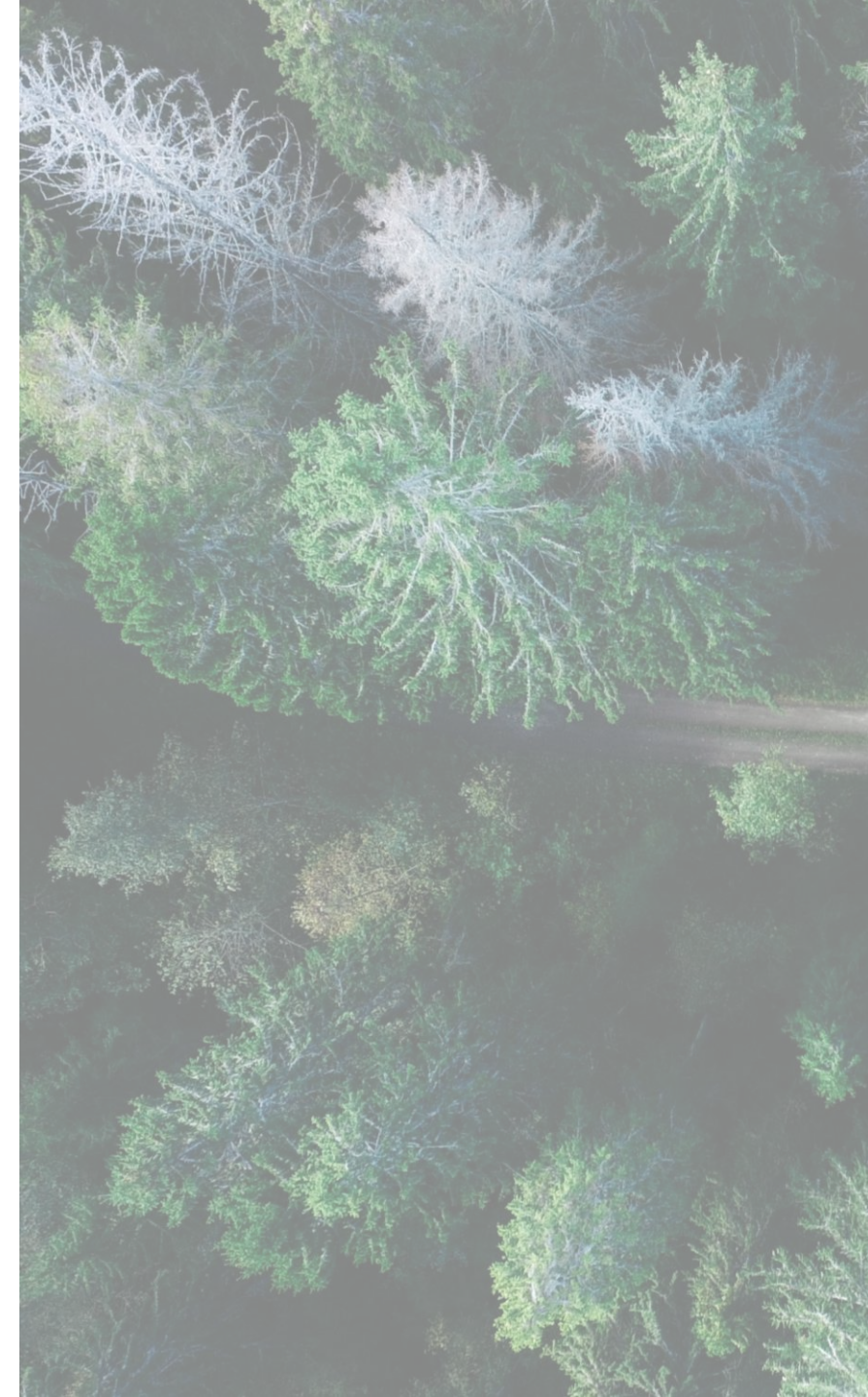


Teijin Group Medium-Term Management Plan 2024-2025

May 13, 2024
Teijin Limited
Securities Code: TSE Prime 3401

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1. Summary of Medium-Term Management Plan 2024-2025

- In view of our past issues, we will make a fresh start by strengthening our global management system to support business portfolio (PF) transformation. The Medium-Term Management Plan 2024-2025 is the first step

Retrospective review

Stakeholders' expectations unmet due to underachievement

- ⇒ Structural reforms did not lead to major new businesses
- ⇒ Reforms of underperforming businesses did not fully address company-wide problems
 - Inadequate management of business portfolio
 - Underdeveloped global management system
 - Weakened manufacturing operations, lack of specialist skills

None of the financial targets were achieved due to sharp decline in profitability for Materials business

The "Medium-Term Management Plan 2024-2025" is formulated in response to these issues

Medium-Term Management Plan 2024-2025

"Swiftly accomplish business PF transformation as a first step toward growth"

Initiatives

- To become a unified corporate group, **reconfirm Teijin's purpose and set a long-term vision**
- **Closely examine business PF** (execute strategic options for underperforming/less-focused businesses), **reinforce management system, and execute investments for growth**
- Restore fundamental profitability of existing businesses

<Preconditions for Medium-Term Management Plan 2024-2025>

- The numerical targets through FY2025 exclude strategic options for underperforming/less-focused businesses
- Upon executing the strategic options, the impact on the Medium-Term Management Plan 2024-2025 will also be disclosed

2. Today's message

Business portfolio (PF) transformation

- Execute strategic options for underperforming and less-focused businesses
- Create value-driven business structure in growth industrial sectors (mobility, infrastructure & industrial, healthcare), etc.

Management system

Strengthen global management system that underpins business PF transformation, and improve our execution

Profit plan

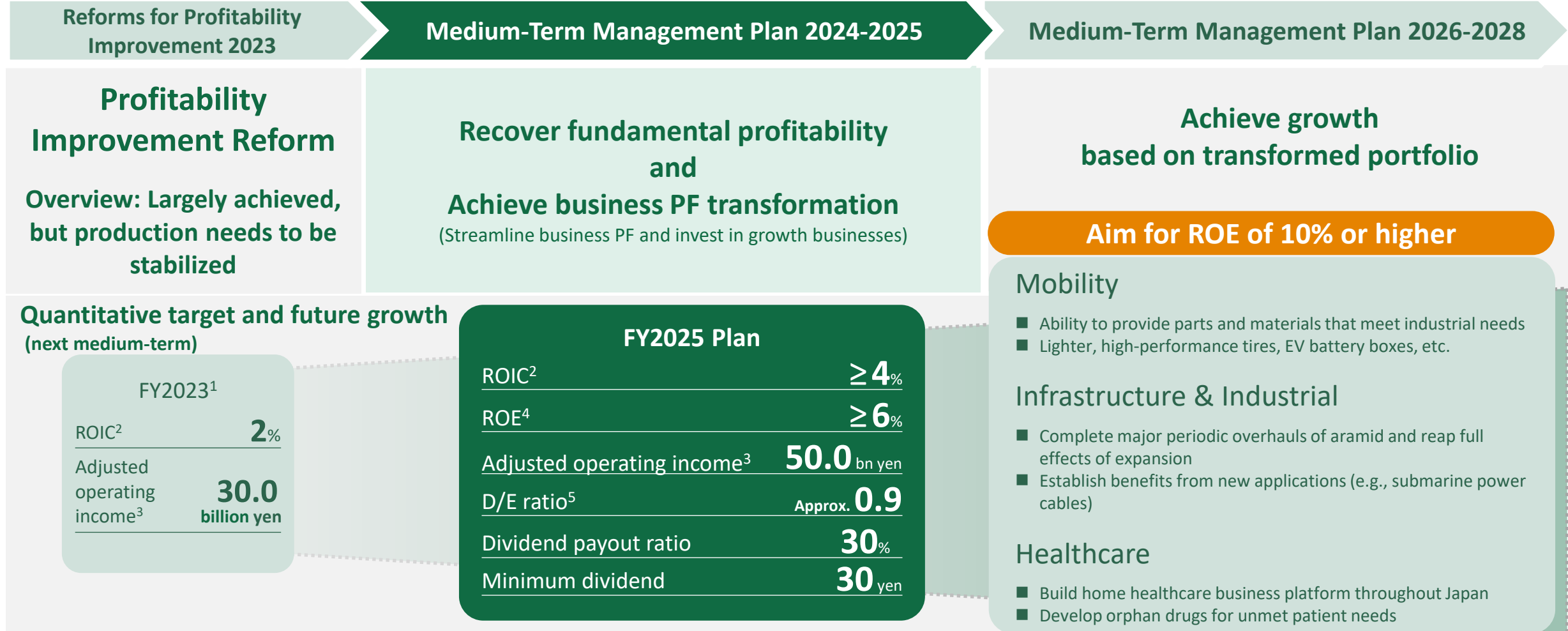
Accomplish profitability improvement and return to growth trajectory by FY2025

Financial strategy

Strengthen ability to generate cash and maintain base investments and stable dividends
Grow investments and additional shareholder returns through execution of strategic options and sale of cross-shareholdings

3. Transformation process

- Under the current Medium-Term Management Plan, aim to achieve adjusted operating income of 50.0 billion yen (after-tax adjusted operating income ROIC 4% or higher, ROE 6% or higher)
- Under the next medium-term plan, aim for ROE of 10% or higher



¹ IFRS results for FY2023 are estimates

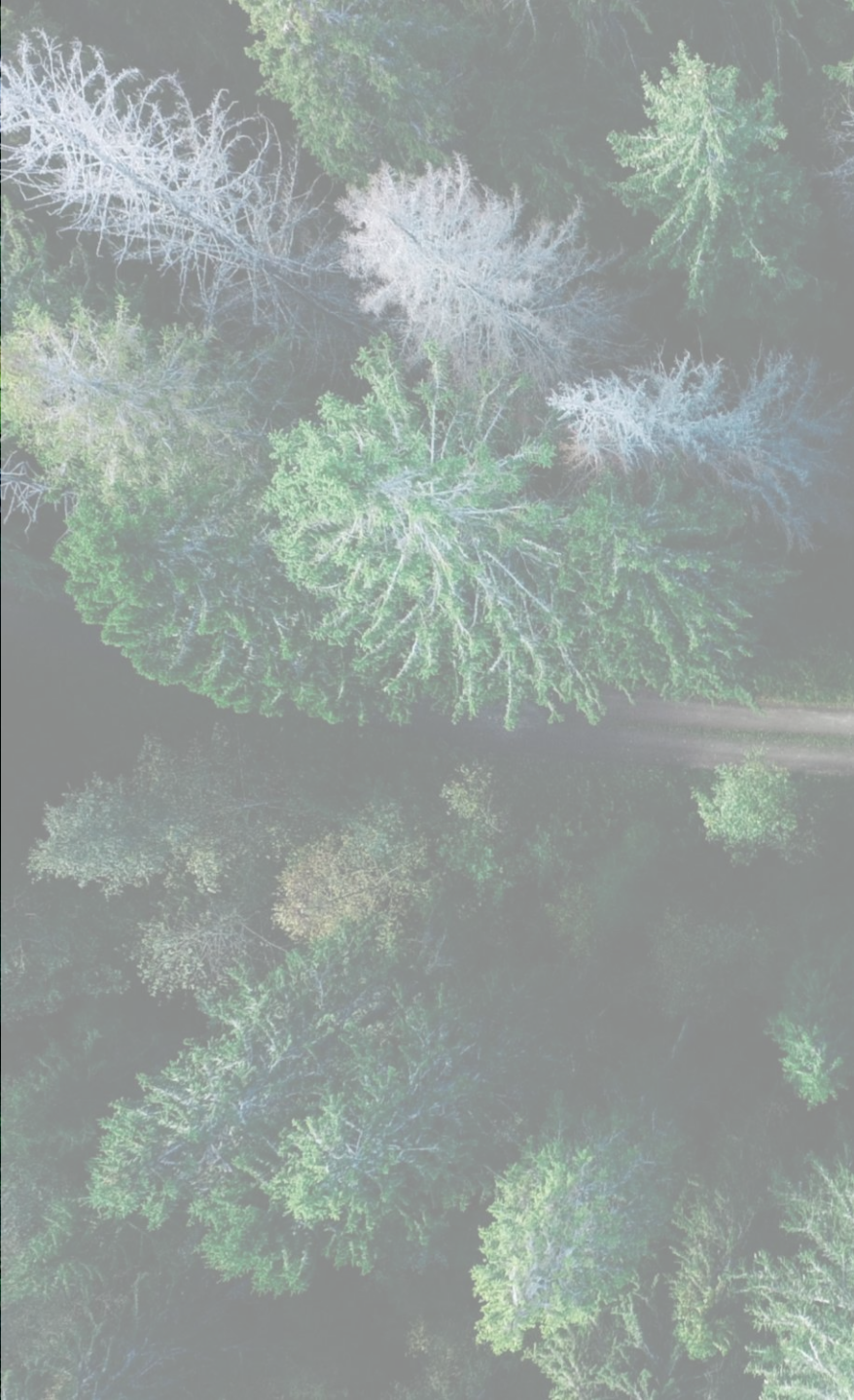
² ROIC = Adjusted operating income after tax/Average* of invested capital (Invested capital = Equity + Interest-bearing debt)

³ Adjusted operating income was calculated by adding investment gains/losses under the equity method to operating income and excluding gains/losses arising from extraordinary factors

⁴ ROE = Profit attributable to owners of parent/Average* of equity attributable to owners of parent

⁵ D/E ratio taking into account the equity credit of the subordinated bonds (Gross) (The Company issued subordinated bonds with a value of 60.0 billion yen on July 21, 2021)

* Average: [(Balance at FY start + Balance at FY end)/2]



4. Recovery of fundamental profitability

Financial targets under Medium-Term Management Plan 2024-2025

■ Improve margin to achieve adjusted operating income of 50.0 billion yen in FY2025

(Billions of yen)

		FY2023 Results ¹	FY2024 Plan	FY2025 Plan
Profitability	Revenue	1,033.0	1,050.0	1,150.0
	Adjusted operating income ²	Excluding insurance proceeds ³ 24.0	30.0	50.0
		[30.0]		
	Adjusted operating income rate	Excluding insurance proceeds ³ 2.3%	2.9%	4.3%
		[2.9%]		
Capital efficiency	Return on invested capital (ROIC) ⁴	2%	2%	4% or higher
	Return on equity (ROE) ⁵	-	2%	6% or higher
Financial soundness	D/E ratio ⁶	1.0 ⁷	1.0	0.9

Financial targets for FY2024 and FY2025 do not include strategic options for underperforming/less-focused businesses

¹ IFRS results for FY2023 are estimates

² Adjusted operating income was calculated by adding investment gains/losses under the equity method to operating income and excluding gains/losses arising from extraordinary factors

³ Insurance proceeds for the fire accident that occurred at Teijin's aramid plant in FY2022

⁴ ROIC = Adjusted operating income after tax/Average* of invested capital (Invested capital = Equity + Interest-bearing debt)

⁵ ROE = Profit attributable to owners of parent/Average* of equity attributable to owners of parent

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

⁷ Figures in Japanese GAAP

* Average: ([Balance at FY start + Balance at FY end]/2)

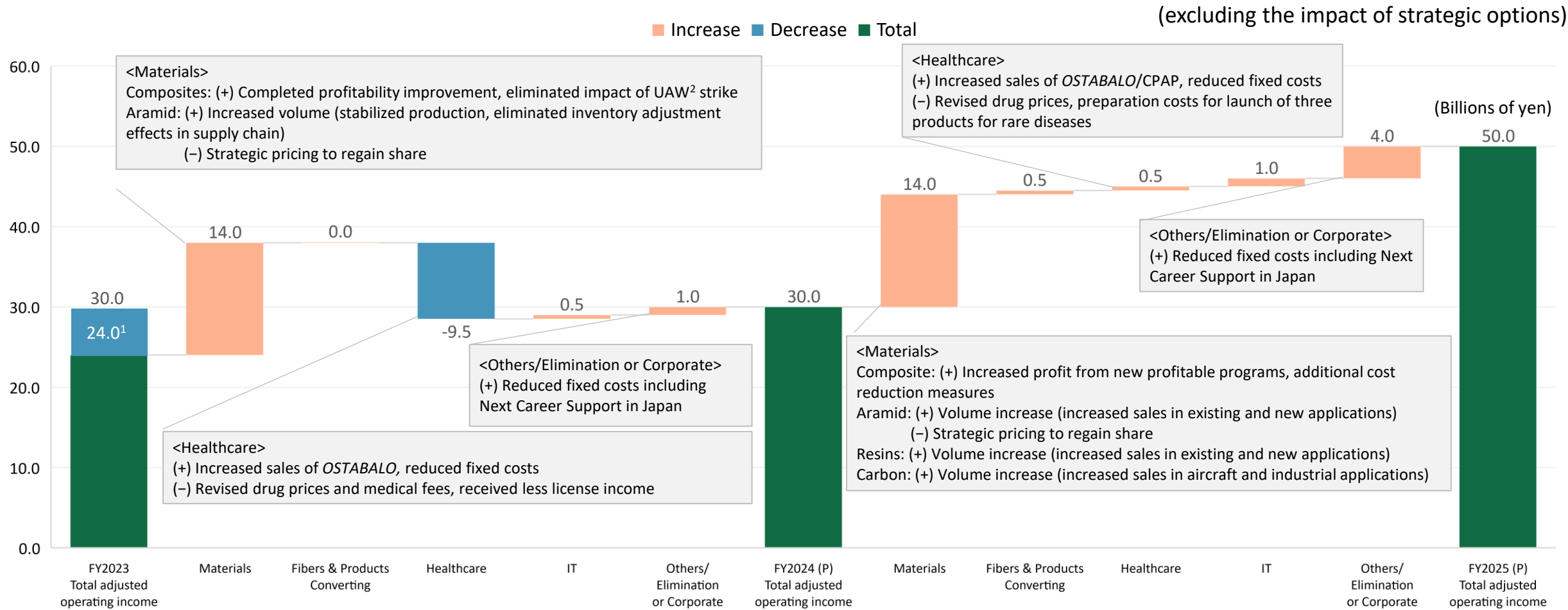
Overview of profitability improvement and measures for accomplishing reforms

- Have largely achieved Teijin Group Reforms for Profitability Improvement announced in February 2023, but production yet to stabilize
- Will work on measures to accomplish reforms under Medium-Term Management Plan 2024-2025

	Review of actual achievement in FY2023	Measures in FY2024-2025												
Composites	<p>■ Plan ■ Results (Billions of yen)</p> <table border="1"> <thead> <tr> <th>Category</th> <th>Plan (Billions of yen)</th> <th>Results (Billions of yen)</th> </tr> </thead> <tbody> <tr> <td>Recovery from one-off factors</td> <td>6.0</td> <td>0.5</td> </tr> <tr> <td>Measures to improve profitability</td> <td>13.0</td> <td>13.0</td> </tr> <tr> <td>Total</td> <td>19.0</td> <td>14.0*</td> </tr> </tbody> </table> <p>* Including the impact of early withdrawal from the China business</p> <ul style="list-style-type: none"> ■ Significantly underachieved due to frequent breakdowns at aging facilities (production yet to stabilize) ■ Measures to improve production (e.g., automation), sales, and purchasing largely achieved as planned ■ Withdrew from China business and completed transfer of a subsidiary in Japan 	Category	Plan (Billions of yen)	Results (Billions of yen)	Recovery from one-off factors	6.0	0.5	Measures to improve profitability	13.0	13.0	Total	19.0	14.0*	<ul style="list-style-type: none"> ■ Make further improvements including production stabilization <ul style="list-style-type: none"> □ Improve labor productivity □ Revise prices □ Fully launch new programs □ Take whatever steps needed to move into the black in the United States by the end of FY2024
Category	Plan (Billions of yen)	Results (Billions of yen)												
Recovery from one-off factors	6.0	0.5												
Measures to improve profitability	13.0	13.0												
Total	19.0	14.0*												
Aramid	<p>■ Plan ■ Results (Billions of yen)</p> <table border="1"> <thead> <tr> <th>Category</th> <th>Plan (Billions of yen)</th> <th>Results (Billions of yen)</th> </tr> </thead> <tbody> <tr> <td>Recovery from one-off factors</td> <td>4.0</td> <td>4.0</td> </tr> <tr> <td>Measures to improve profitability</td> <td>7.0</td> <td>9.0</td> </tr> <tr> <td>Total</td> <td>11.0</td> <td>13.0</td> </tr> </tbody> </table> <ul style="list-style-type: none"> ■ Better-than-planned price stabilization through forward contract for natural gas ■ Delayed improvement in maintenance system impacted production stabilization, but issues resolved by FY end 	Category	Plan (Billions of yen)	Results (Billions of yen)	Recovery from one-off factors	4.0	4.0	Measures to improve profitability	7.0	9.0	Total	11.0	13.0	<ul style="list-style-type: none"> ■ Regain market share through stable supply system <ul style="list-style-type: none"> □ Stable supply □ Regain market share □ Promote sustainability measures ■ Continue corporate support in terms of facilities, operations, and maintenance
Category	Plan (Billions of yen)	Results (Billions of yen)												
Recovery from one-off factors	4.0	4.0												
Measures to improve profitability	7.0	9.0												
Total	11.0	13.0												
Healthcare	<ul style="list-style-type: none"> ■ Achieved licensing of three Ascendis products for rare diseases ■ Achieved about half of the fixed cost reduction target (FY2025: 5.0 billion yen) ahead of schedule 	<ul style="list-style-type: none"> ■ Execute the plan steadily <ul style="list-style-type: none"> □ Prepare for speedy launch of three products for rare diseases in Japan □ Achieve fixed cost reduction targets 												
Fixed cost reduction	<ul style="list-style-type: none"> ■ Prepared measures to optimize head office staff deployment and scale (fixed cost reduction target for FY2025: 4.0 billion yen) 	<ul style="list-style-type: none"> ■ Fully achieve fixed cost reduction targets, including Next Career Support Program (Early Retirement Incentive Program: granted to 150 employees) in Japan 												

Adjusted operating income upon completing Medium-Term Management Plan 2024-2025

- In FY2024, strong profit growth is expected in Materials, mainly driven by improvement in composites
- In FY2025, further increase in profit is expected in Materials, mainly due to higher sales volume in aramid



¹ Adjusted operating income excluding insurance proceeds for the fire accident that occurred at Teijin's aramid plant in FY2022

² National Auto Workers Union of America

Notes:
Adjusted operating income was calculated by adding investment gains/losses under the equity method to operating income and excluding gains/losses arising from extraordinary factors
IFRS results for FY2023 are estimates

Business segment summary: Materials (1/2)

- While enhancing fundamental profitability based on reforms, boost profit by increasing sales through market growth and development of new applications

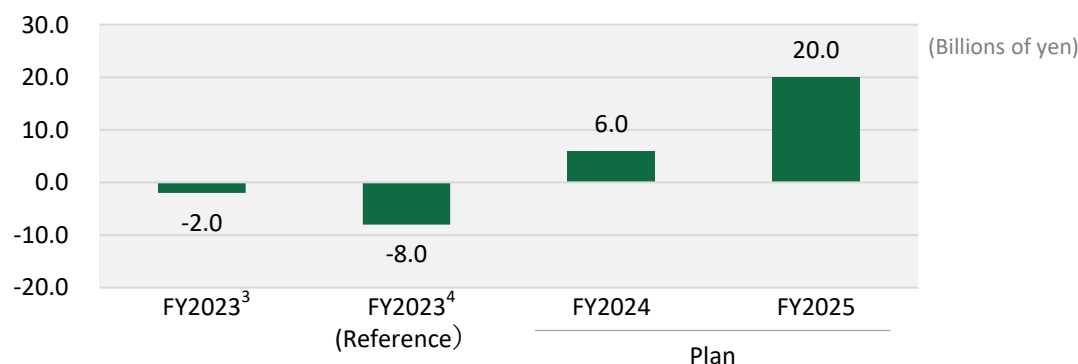
Priority initiatives

- 1 Reduce costs by enhancing productivity and stabilizing production (aramid, composites)
- 2 Promptly achieve full operation of new/expanded facilities and full sales (aramid, carbon fiber)
- 3 Promote development of new applications with growth potential (aramid, resin, carbon fiber)
- 4 Differentiate from competitors through sustainability initiatives (aramid, resin, carbon fiber, composites)



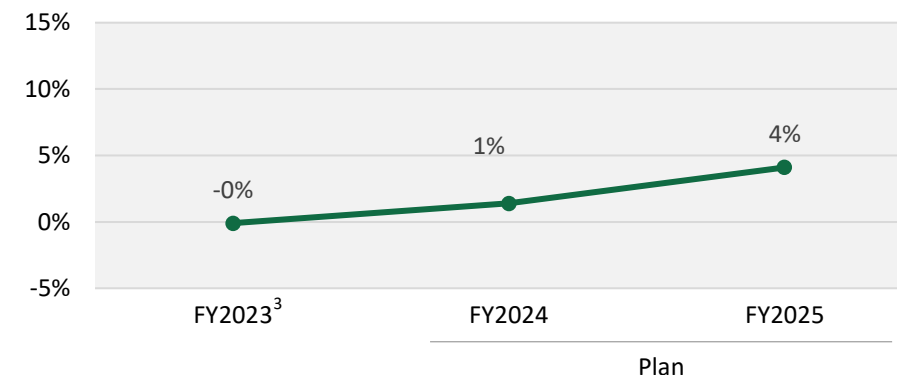
Adjusted operating income¹

Target for FY2025 **20.0** billion yen



Return on invested capital (ROIC)²

Target for FY2025 **4%**



¹ Adjusted operating income was calculated by adding investment gains/losses under the equity method to operating income and excluding gains/losses arising from extraordinary factors

² ROIC = Adjusted operating income after tax/Average* of invested capital (Invested capital = Equity + Interest-bearing debt)

* Average: [(Balance at FY start + Balance at FY end)/2]

³ IFRS results for FY2023 are estimates

⁴ Adjusted operating income excluding insurance proceeds for the fire accident that occurred at Teijin's aramid plant in FY2022

Business segment summary: Materials (2/2)

Factors behind changes in adjusted operating income gain/loss in FY2024-2025

	Infrastructure & Industrial			Mobility
	Aramid	Resin & Plastic Processing	Carbon Fibers	Composites
(+)	<ul style="list-style-type: none"> ■ Increased production volume due to stabilized production ■ Increased production/sales volume due to expanded capacity ■ Increased sales in new applications (e.g., mooring ropes for offshore wind power generation) ■ Differentiation through recycled products 	<ul style="list-style-type: none"> ■ Increased sales in automobile and high-speed telecommunications applications in China and ASEAN ■ Differentiation through recycled products 	<ul style="list-style-type: none"> ■ Increased sales in industrial applications, mainly aircraft and pressure vessels ■ Differentiation through recycled products 	<ul style="list-style-type: none"> ■ Fully accomplished profitability improvement measures ■ Launch of highly profitable new programs and price revisions of existing programs ■ Elimination of UAW strike impact
(-)	<ul style="list-style-type: none"> ■ Strategic pricing to restore market share ■ Labor cost inflation 	<ul style="list-style-type: none"> ■ Decreased sales volume in office equipment applications due to paperless trend ■ Labor cost inflation 	<ul style="list-style-type: none"> ■ Decreased prices and sales volume due to intensified competition ■ Labor cost inflation 	<ul style="list-style-type: none"> ■ Labor cost inflation

Examples of new application development

Aramid:
Mooring ropes for offshore wind power generation



Aramid: Tire belt replacement



Resin & Plastic Processing: EV charging system

Business segment summary: Fibers & Products Converting

■ Solidify fundamental profitability by actively expanding into growth areas and promoting environmental initiatives

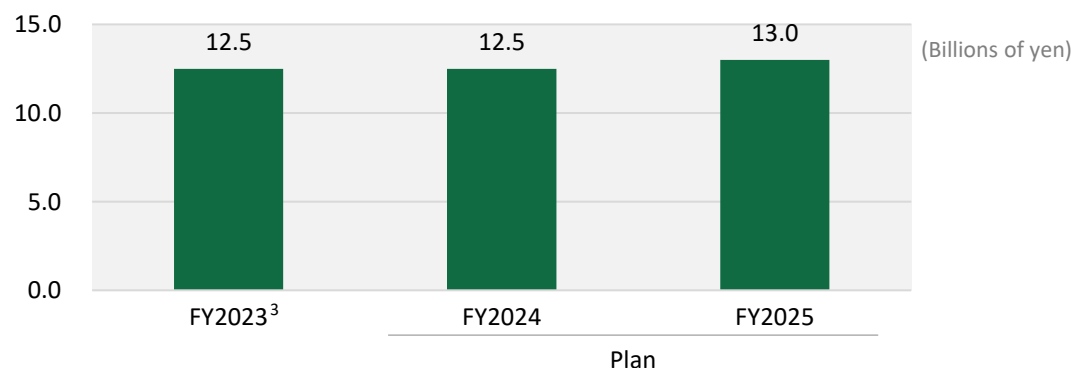
Priority initiatives

- 1 Continue to strengthen fundamental profitability and reduce invested capital
- 2 Promote THINK ECO environmental strategy
- 3 Strengthen sales in expected high-growth mobility and infrastructure markets in industrial materials field
- 4 Strengthen sales in expected high-growth global apparel market in fiber material and apparel field



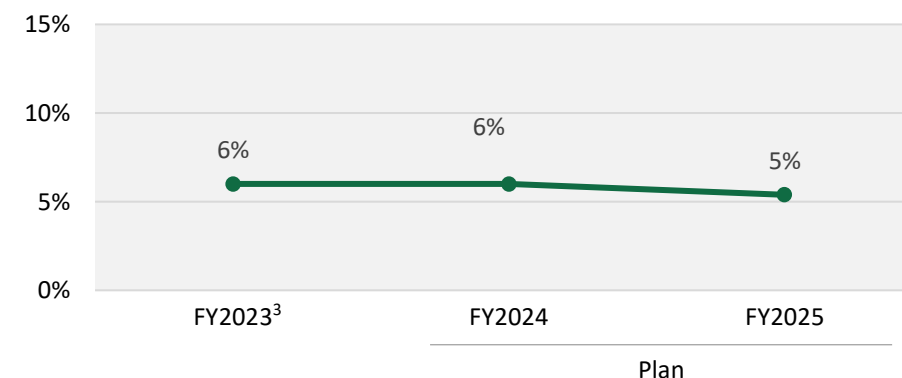
Adjusted operating income¹

Target for FY2025 **13.0** billion yen



Return on invested capital (ROIC)²

Target for FY2025 **5%**



¹ Adjusted operating income was calculated by adding investment gains/losses under the equity method to operating income and excluding gains/losses arising from extraordinary factors

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* Average: ([Balance at FY start + Balance at FY end]/2)

³ IFRS results for FY2023 are estimates

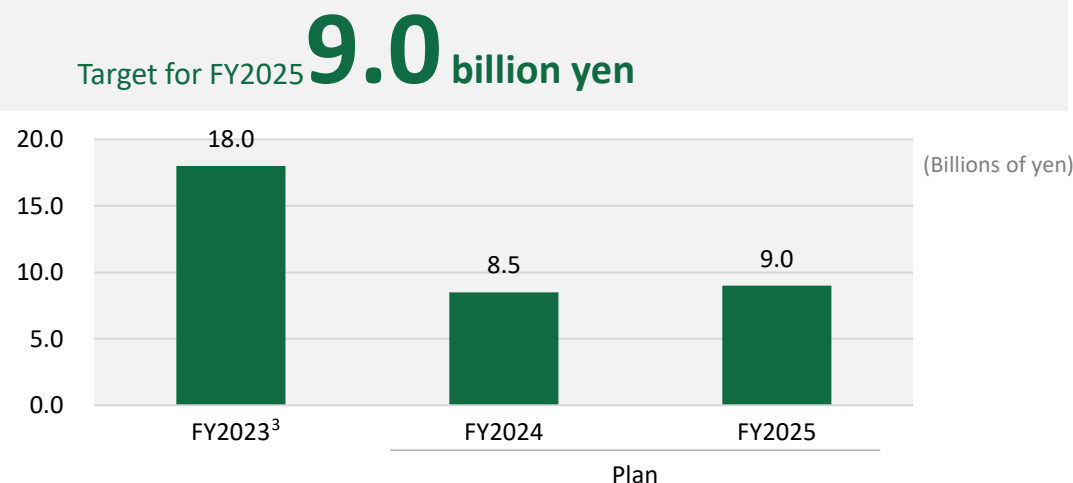
Business segment summary: Healthcare

■ Continue shifting to a business structure for “rare disease + home healthcare” system

Priority initiatives

- 1 Early monetization of three Ascendis products for rare diseases (from next medium-term management plan starting FY2026)
- 2 Maximize profit from existing products
- 3 Reduce fixed costs by 5.0 billion yen[†] by FY2025 (Restructure organizations/personnel and accelerate shift to “rare disease + home healthcare” system ahead of schedule)
[†] Half of target already achieved in FY2023
- 4 Search for healthcare products (orphan drugs and home healthcare products) that will lead to early and steady monetization and, in turn, sustainable profitability

Adjusted operating income¹

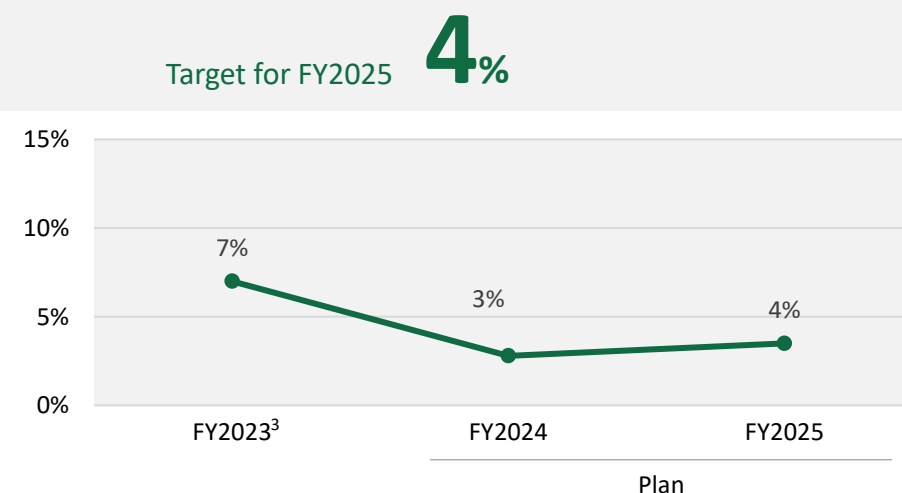


¹ Adjusted operating income was calculated by adding investment gains/losses under the equity method to operating income and excluding gains/losses arising from extraordinary factors

² ROIC = Adjusted operating income after tax/Average* of invested capital (Invested capital = Equity + Interest-bearing debt)

* Average: [(Balance at FY start + Balance at FY end)/2]

Return on invested capital (ROIC)²



³ IFRS results for FY2023 are estimates

Business segment summary: IT

■ Continue to pursue growth in e-comics and IT services as key businesses

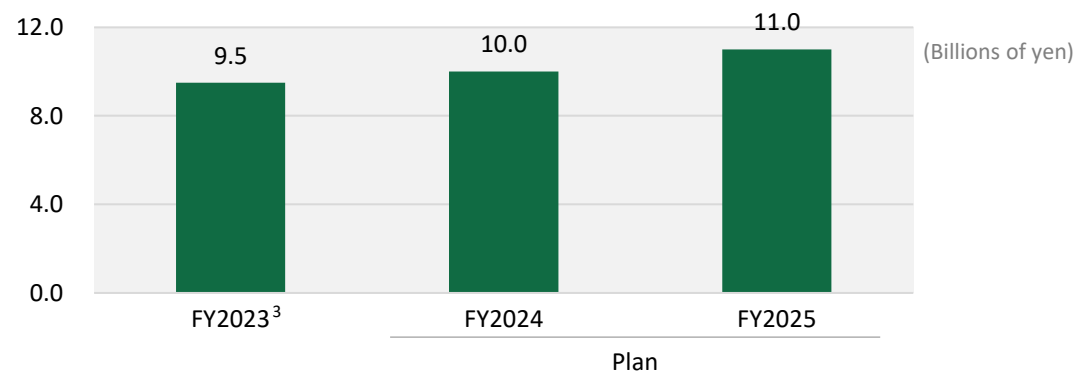
Priority initiatives

- 1 Increase e-comics membership through effective use of apps and web advertising
- 2 Expand e-comics content distribution and promote overseas market development
- 3 Expand IT services for hospitals and promote overseas expansion (mainly in Asia)



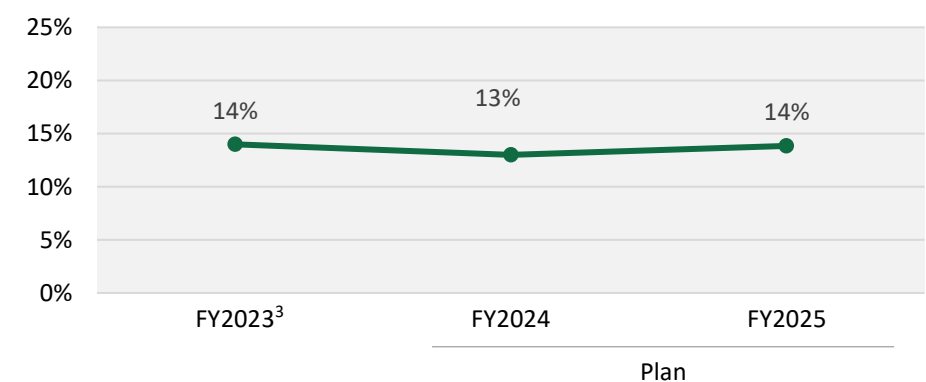
Adjusted operating income¹

Target for FY2025 **11.0 billion yen**



Return on invested capital (ROIC)²

Target for FY2025 **14%**



¹ Adjusted operating income was calculated by adding investment gains/losses under the equity method to operating income and excluding gains/losses arising from extraordinary factors

² ROIC = Adjusted operating income after tax/Average* of invested capital (Invested capital = Equity + Interest-bearing debt)

* Average: ([Balance at FY start + Balance at FY end]/2)

³ IFRS results for FY2023 are estimates

Business segment summary: Others/New Businesses Development

■ Aim for early business expansion and profitability through strategic resource allocation based on future business potential

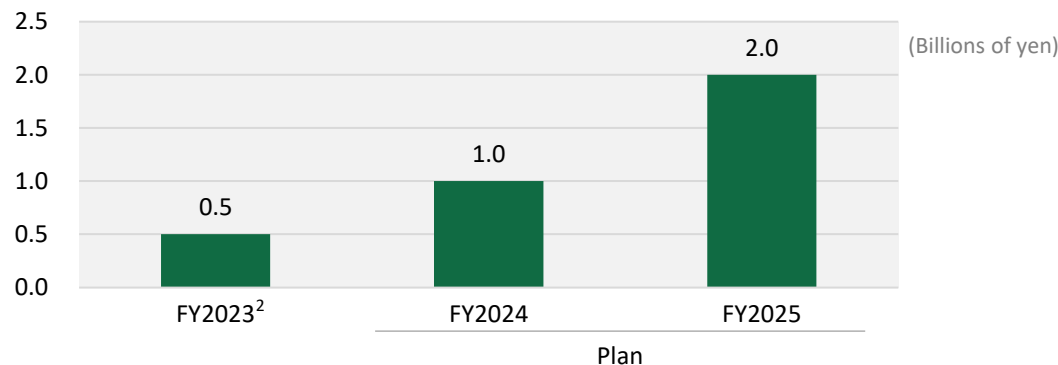
Priority initiatives

- 1 Decide where to allocate resources in view of expected business growth and capital efficiency
- 2 In battery materials and membranes, develop next-generation products and promote licensing business for in-vehicle applications with the aim of posting stable profits
- 3 In regenerative medicine and implantable medical devices, accumulate track record and experience in CDO business and expand CMO business



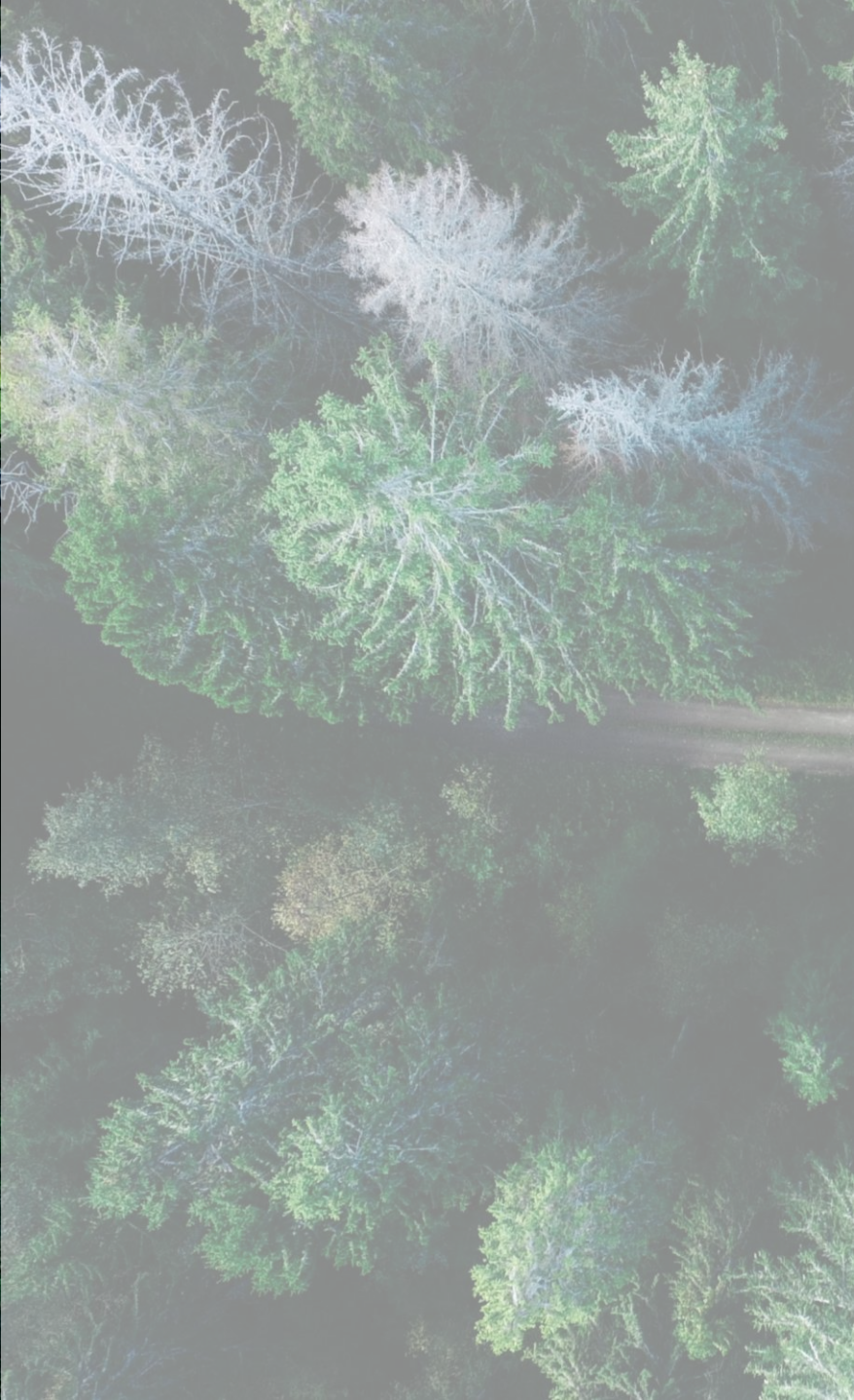
Adjusted operating income¹

Target for FY2025 **2.0** billion yen



¹ Adjusted operating income was calculated by adding investment gains/losses under the equity method to operating income, excluding gains/losses arising from extraordinary factors. It does not include the amount of "Elimination or Corporate"

² IFRS results for FY2023 are estimates



5. Business portfolio transformation

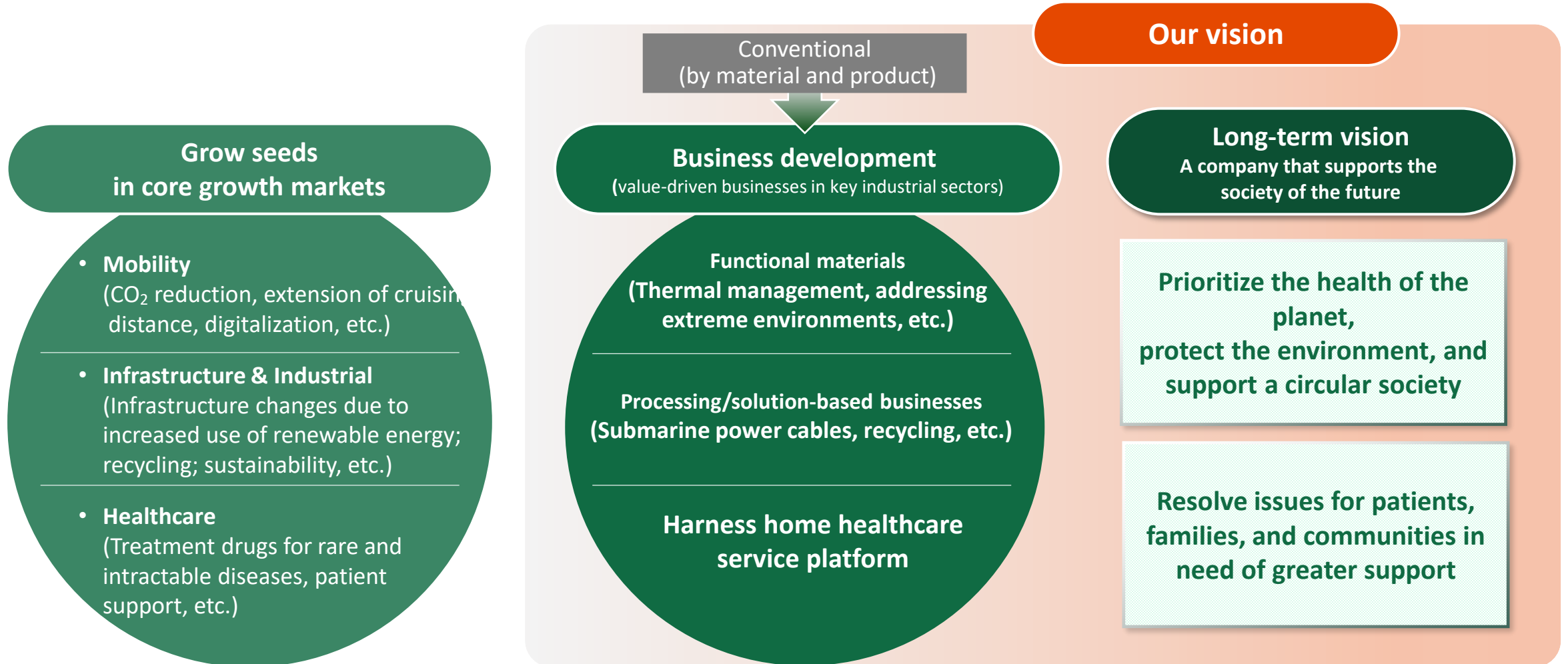
(1) Directions of existing businesses

- Completed identification of underperforming/less-focused businesses and validation of strategic options
Each of the strategic options are already in their execution phase with respective advisors
- A series of measures for the strategic options will be announced during FY2024

Existing businesses	Business direction (excluding the impacts of strategic options)
Aramid	Given expected high market growth rate, secure higher profits by leveraging our top global market share position Prioritize investment in sustainability to solidify our leading position
Resin & Plastic Processing	Fierce competition to continue for PC resins due to new and expanded facilities of manufacturers in emerging markets Aim for high market resilience with products for high value-added/environmentally friendly automobiles and high-speed telecommunications in China and ASEAN
Carbon Fibers	Focus on development and certification activities to expand adoption of intermediate materials for next-generation aircraft
Composites	Gain/loss has bottomed out. Continue to implement measures to improve profitability Maximize our top market share position in North America and increase value through the stable launch of new programs
Fibers & Products Converting	Finish building a fundamental profitability base Aim to secure stable and market-resilient profit margins by focusing on environmental strategies and high value-added products
Healthcare	Deliver value by combining our unique business platform with pharmaceuticals and medical devices Pursue alliances, including with orphan drugs and home healthcare products, and restore medium- to long-term growth
IT	Support search for further growth opportunities in online businesses

(2) To be a company that supports the society of the future

- Aim for growth in key industrial sectors to solve social issues
- Transform into value-driven business in the medium- to long-term
- Respond to increasingly complex social issues by combining different technologies and functions



(3) Basic strategy for growth investment

Basic strategy

To build a new competitive business portfolio that capitalizes on growing markets and Teijin's unique features, we will allocate our resources primarily to the mobility, infrastructure & industrial, and healthcare fields

Examples of target markets and growth areas

Mobility

Expansion driven by electrification/digitalization

Needs for thermal control to expand, driven by electrification and digitalization

(E.g., automotive thermal management materials market to reach 1.2 trillion yen in 2030)



Infrastructure & Industrial

Expansion driven by renewable energy and sustainability

Intercontinental transmission demand to increase due to spread of renewable energy. Submarine power cables require lightweight, durable, and corrosion-resistant materials

(E.g., 16,700 km of submarine power cables to be laid in 2040)



Healthcare

Expansion in rare/intractable disease areas

Of approximately 7,000 rare diseases, 95% have no treatment drugs

Many intractable diseases require long-term home care and support



Competitive advantages

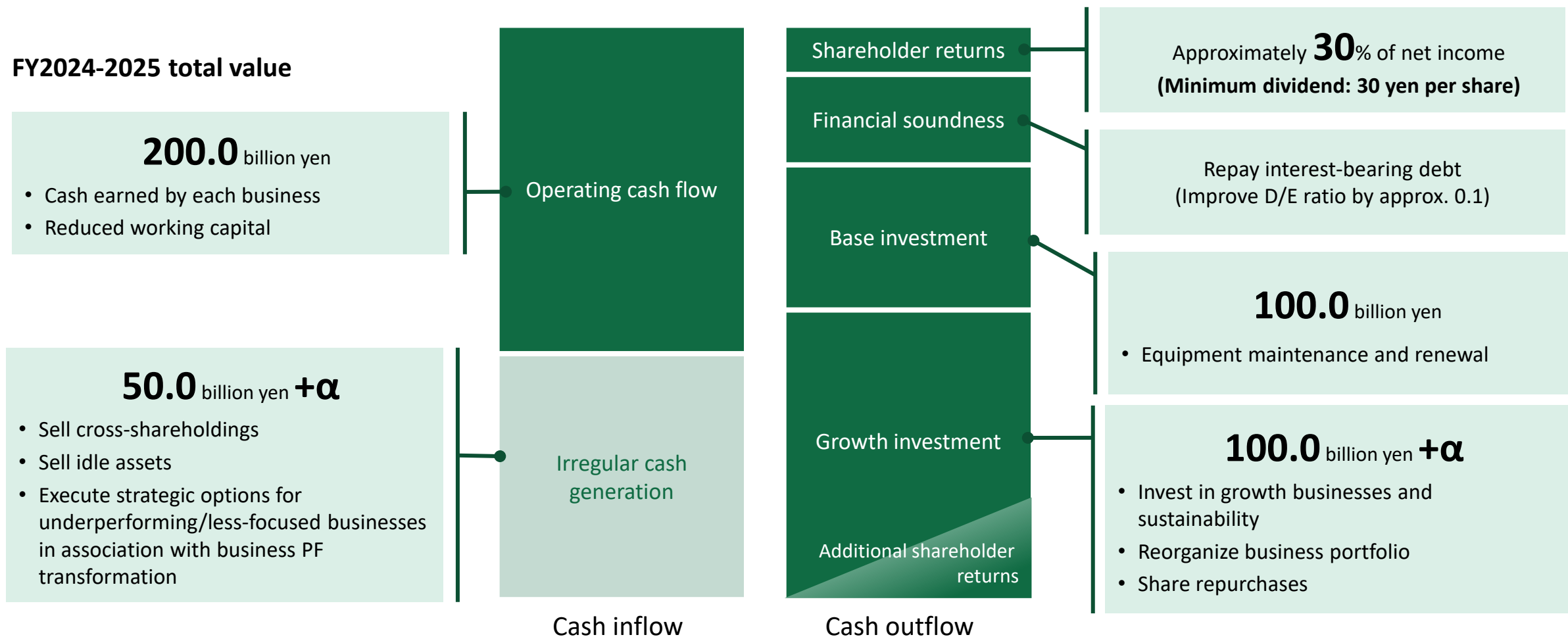
- Supplies a wide range of products to automotive industry and owns industry channels (OEMs and battery manufacturers)
- Delivery track record for EV battery boxes; in-depth knowledge of required properties (e.g., heat/fire resistance)

- Extensive expertise and track record in cable applications of aramid fibers, the leading high-strength fibers
- Technology and know-how cultivated through recycling of polyester and aramid fibers

- Provides pharmaceuticals and medical devices by capitalizing on our home healthcare service platform for patients and healthcare professionals

(4) Capital allocation and shareholder returns policy (FY2024-2025)

- Strengthen ability to generate cash by improving profitability and allocate the cash for base investment and dividends on a priority basis
- As for cash generated from the sale of cross-shareholdings/idle assets and the execution of strategic options for underperforming and less-focused businesses, allocate it on a priority basis for growth investment and additional shareholder returns (including share repurchases)



(5) Industrial sector strategies: Mobility (1/2)

- Seize growth opportunities in the mobility field and maximize sales of existing products
- Properly capture changes in future needs, select focus areas, and develop value-driven businesses

Organic growth

- ▣ Steadily capture growth opportunities and maximize sales of existing products by leveraging strong market presence and highly competitive product lineup

Aramid tire cords for luxury cars and EVs



Market trends	Teijin's strengths
<ul style="list-style-type: none"> ● Vehicles becoming heavier due to electrification ● Prevent tire deformation and contribute to improved fuel efficiency and extended cruising range <p>CAGR +8%</p>	<ul style="list-style-type: none"> ● Cost competitive due to integrated production from raw materials and proprietary manufacturing methods <p>Global share 60%</p>

Intermediate materials for aircraft




Market trends	Teijin's strengths
<ul style="list-style-type: none"> ● Increased demand for single-aisle aircraft ● Highly productive CFRP manufacturing technology¹ <p>CAGR +8%</p>	<ul style="list-style-type: none"> ● Long track record in supplying aircraft materials and reliable development capabilities <p>Leading position in next-generation aircraft materials development</p>

Building a new portfolio

- ▣ Identify growth directions in the mobility sector where our products meet market trends and needs, allowing us to capitalize on our technology, sales channels, etc.


Automobiles (Addressing electrification and digitalization)



Business examples	Teijin's strengths
<ul style="list-style-type: none"> ● Functional materials for batteries, ECUs², inverters, etc. (e.g., thermal management) 	<ul style="list-style-type: none"> ● Resin and filler compounding technology ● Industrial channels (OEMs, battery manufacturers, etc.)

Aerospace (Addressing fuel-saving and decarbonization efforts)



Business examples	Teijin's strengths
<ul style="list-style-type: none"> ● Lightweight and functional materials for extreme environments (e.g., heat-resistant materials) 	<ul style="list-style-type: none"> ● Know-how and track record of certification ● Industrial channels (aircraft, engine OEMs, etc.)

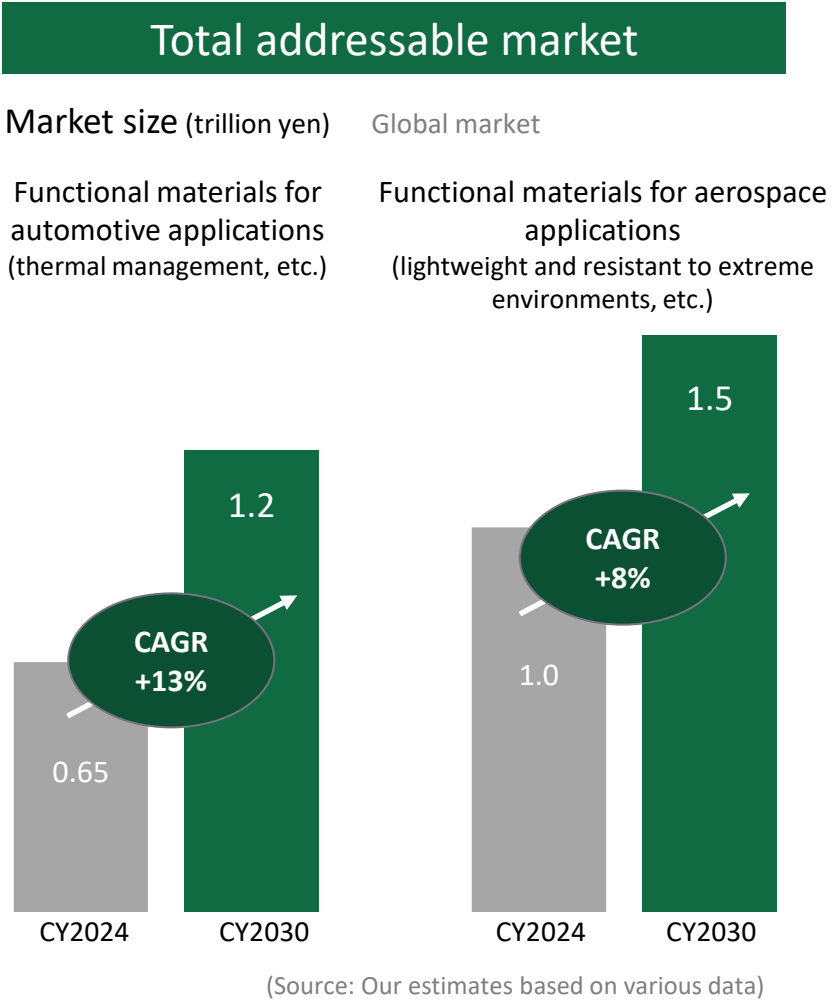
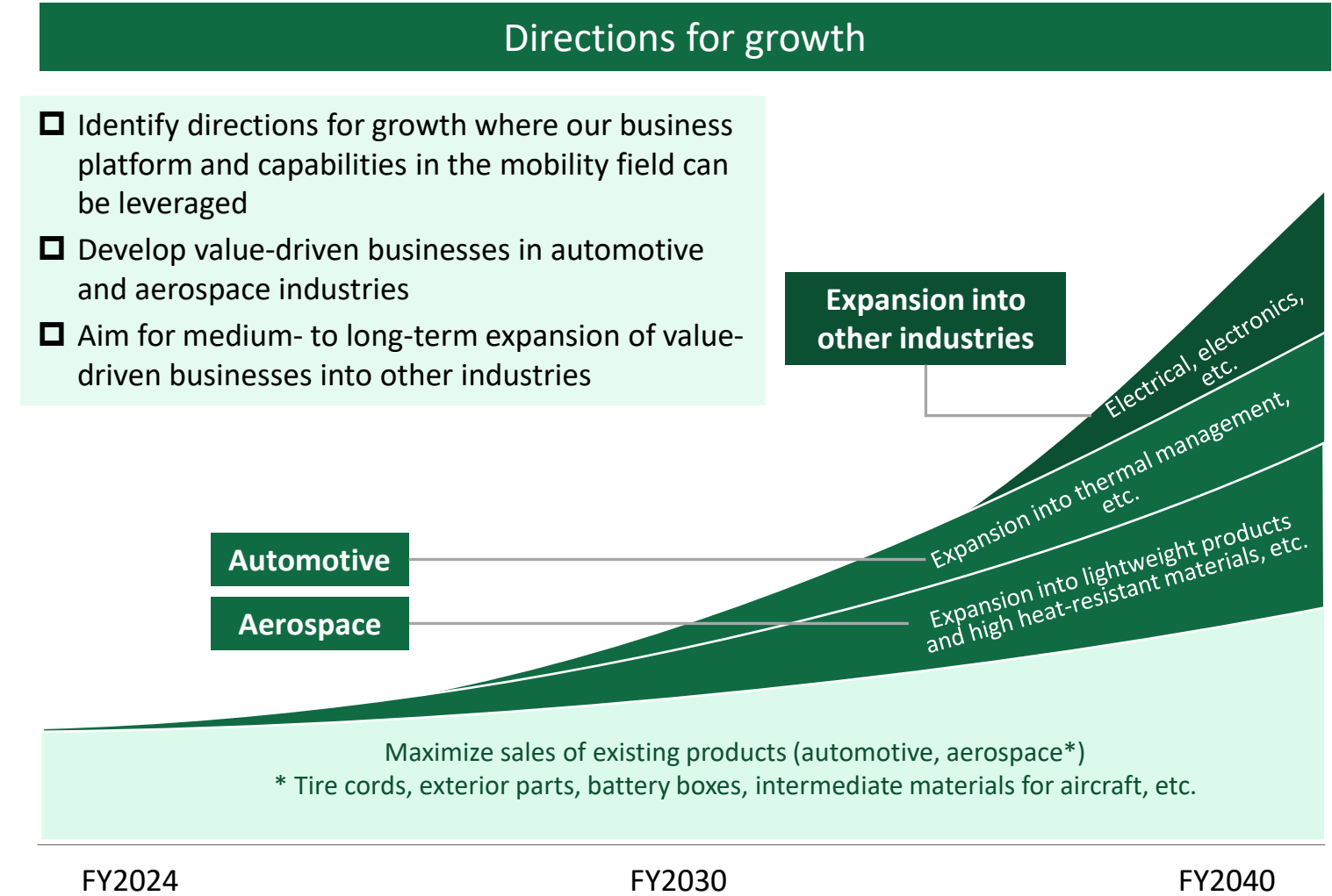
¹ De-autoclave technology (non-crimp fabric-resin transfer molding [NCF-RTM], thermoplastic carbon fiber composite [CFRTP], etc.)

² Electronic control unit

(Source: Our estimates based on various data)

(5) Industrial sector strategies: Mobility (2/2)

- Develop value-driven businesses in automotive and aerospace industries by leveraging our business platform and capabilities in the mobility field
- Aim for medium- to long-term expansion into other industries





(5) Industrial sector strategies: Infrastructure & Industrial (1/2)

- Maximize sales of existing products that meet customer needs in terms of environmental contribution and functionality
- Seize opportunity presented by decarbonization needs in energy sector, and develop solution-oriented businesses involving materials, processing, and design







Organic growth

Building a new portfolio

- ❑ Maximize sales of existing products by capturing growth opportunities with highly competitive products that meet customer needs for environmental friendliness and functionality

Aramid fibers for optical fiber cable reinforcement		
Market trends	Teijin's strengths	
<ul style="list-style-type: none">● Accelerated development of 5G networks● Growing demand for para-aramid fibers with excellent dimensional stability <div>CAGR +9%</div>	<ul style="list-style-type: none">● Presence in European and U.S. markets, global network <div>Global share 25%</div>	
Short fibers for reverse osmosis (RO) membrane supports		
Market trends	Teijin's strengths	
<ul style="list-style-type: none">● Expanding global demand for RO membranes, mainly for seawater desalination technology● Increasing demand for polyester sheet materials to ensure strength <div>CAGR +9%</div>	<ul style="list-style-type: none">● Superiority achieved through supply capacity, product mix, and quality stability <div>Global share 60%</div>	

- ❑ Aim to solve social issues by accurately capturing changing future needs and develop solution-oriented businesses that involve not only materials but also processing and design

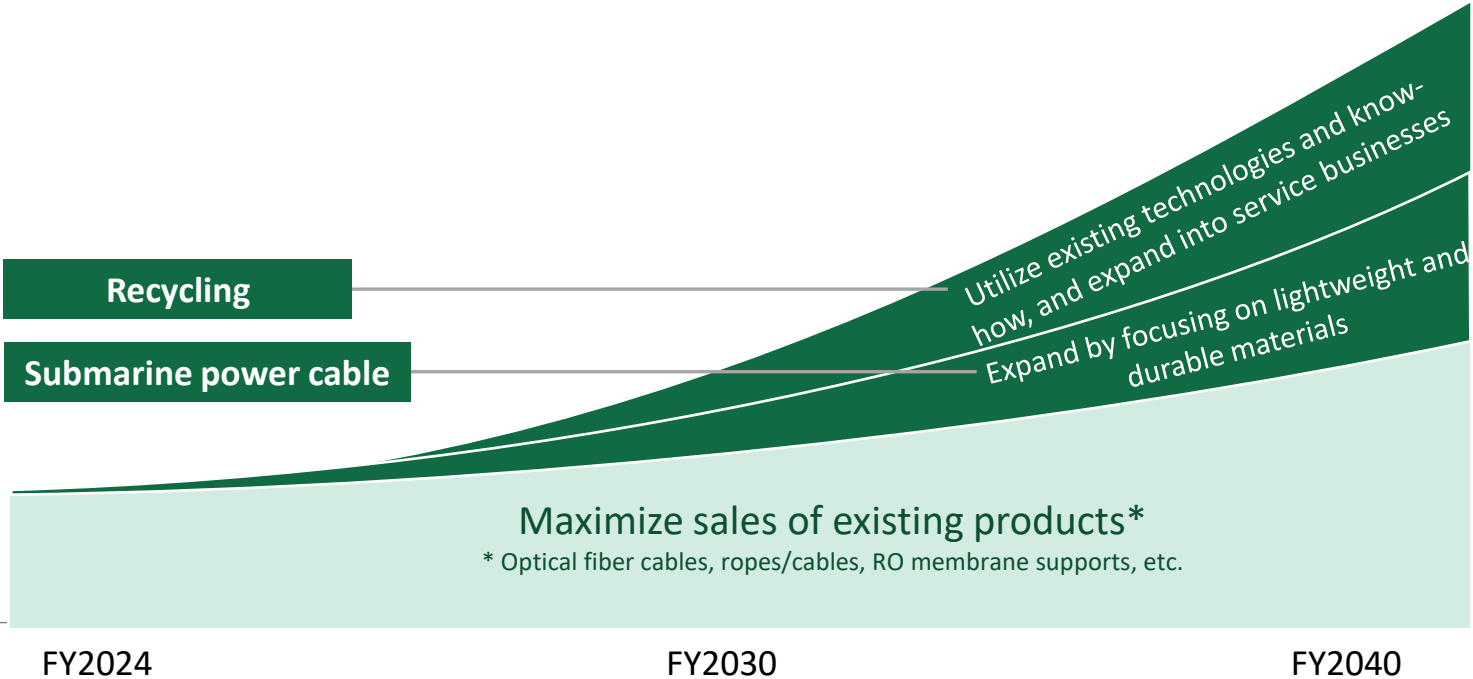
Cable reinforcement solutions (from materials to design/processing)		
Business examples	Teijin's strengths	
<ul style="list-style-type: none">● Responding to increasing demand for intercontinental power grids and offshore wind power <div></div>	<ul style="list-style-type: none">● Extensive knowledge and experience in various lightweight and durable cable applications● Solutions provided for all stages from materials to processing	
Recycling		
Business examples	Teijin's strengths	
<ul style="list-style-type: none">● Compliance with various environmental regulations that are perpetually upgraded to achieve a circular economy* <div>* Separation, chemical recycling technology development</div> <div></div>	<ul style="list-style-type: none">● Technology and know-how cultivated in recycling of polyester and aramid fibers	

(5) Industrial sector strategies: Infrastructure & Industrial (2/2)

- Expand business in cable reinforcement and recycling areas by leveraging Teijin’s characteristics and capabilities
- Aim to expand into service businesses in the medium- to long-term

Directions for growth

- Identify growth strategies by leveraging our capabilities in existing areas
- Provide integrated solutions from materials to cable/cord processing technology by applying extensive knowledge and experience in fiber optic cables and rope/cable applications
- Expand recycling beyond existing businesses into renewable energy-related operations



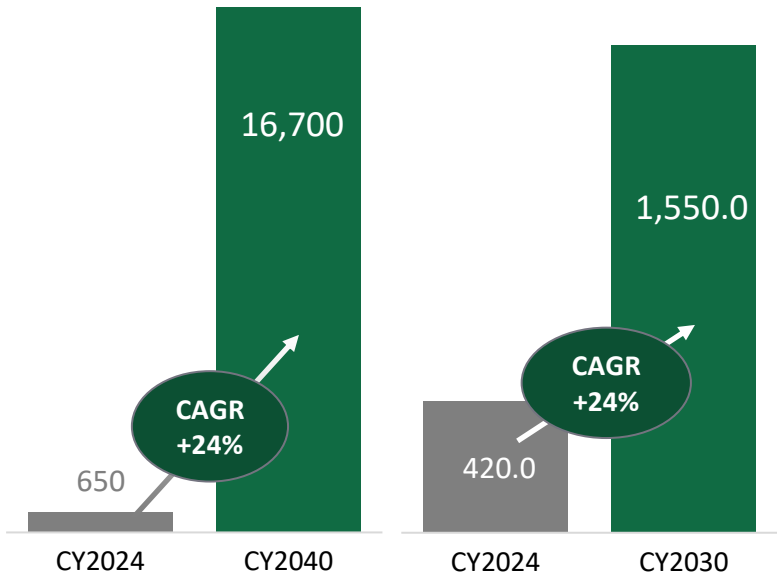
Total addressable market

Market size

Global market

New demand for submarine power cable installation (km)

Recycling (digital services) market)
(Billions of yen)





(Source: Our estimates based on various data)

(5) Industrial sector strategies: Healthcare (1/2)

- Deliver value by combining the home healthcare service platform with pharmaceuticals and medical devices to solve issues for patients, families, and communities in need of greater support
- Expand overseas in the medium- to long-term

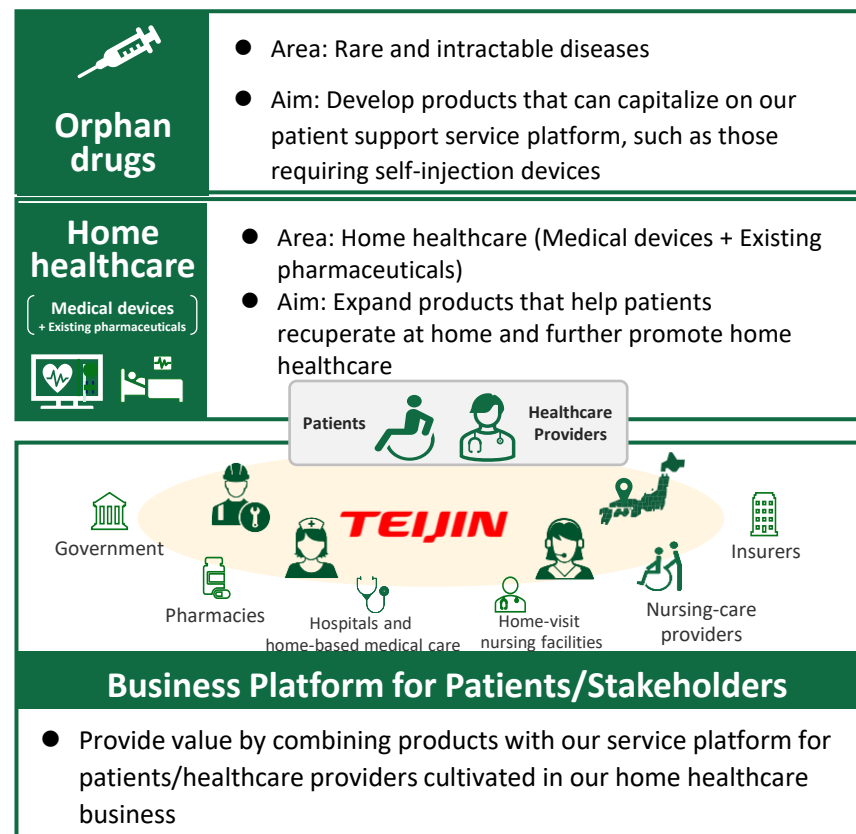
Current state

- Intensified competition expected for pharmaceuticals business for lifestyle-related diseases
- Strength in service platform cultivated through home healthcare business

Pharmaceuticals 	
Focus areas	Features and prospects
<ul style="list-style-type: none"> ● Area: Lifestyle-related diseases (Hyperuricemia, diabetes mellitus, osteoporosis, etc.) ● Technology: Small-molecule drugs 	<ul style="list-style-type: none"> ● Growth slowed due to intensifying competition and the government's recommendation to use generics ● High market growth rates in rare diseases/new modalities areas, including in Japan ● Patient support gaining importance due to diversified devices (e.g., home self-injection)
Home medical devices 	
Focus areas	Features and prospects
<ul style="list-style-type: none"> ● Areas: Respiratory and sleep (Chronic respiratory failure, sleep apnea syndrome) ● Technology: Home oxygen therapy (HOT) 	<ul style="list-style-type: none"> ● Strengths in our business platform as a pioneering patient support provider in daily home care and disaster relief ● As the government continues to promote home healthcare, target areas are expected to expand due to advances in medical technology and means of monitoring

Medium- to long-term vision

- Business structure providing products/services for rare diseases and home healthcare
- Enter overseas markets in the medium/long-term for sustainable business growth



Overseas operations

Acquire new modalities and unique technologies/products and enter overseas markets

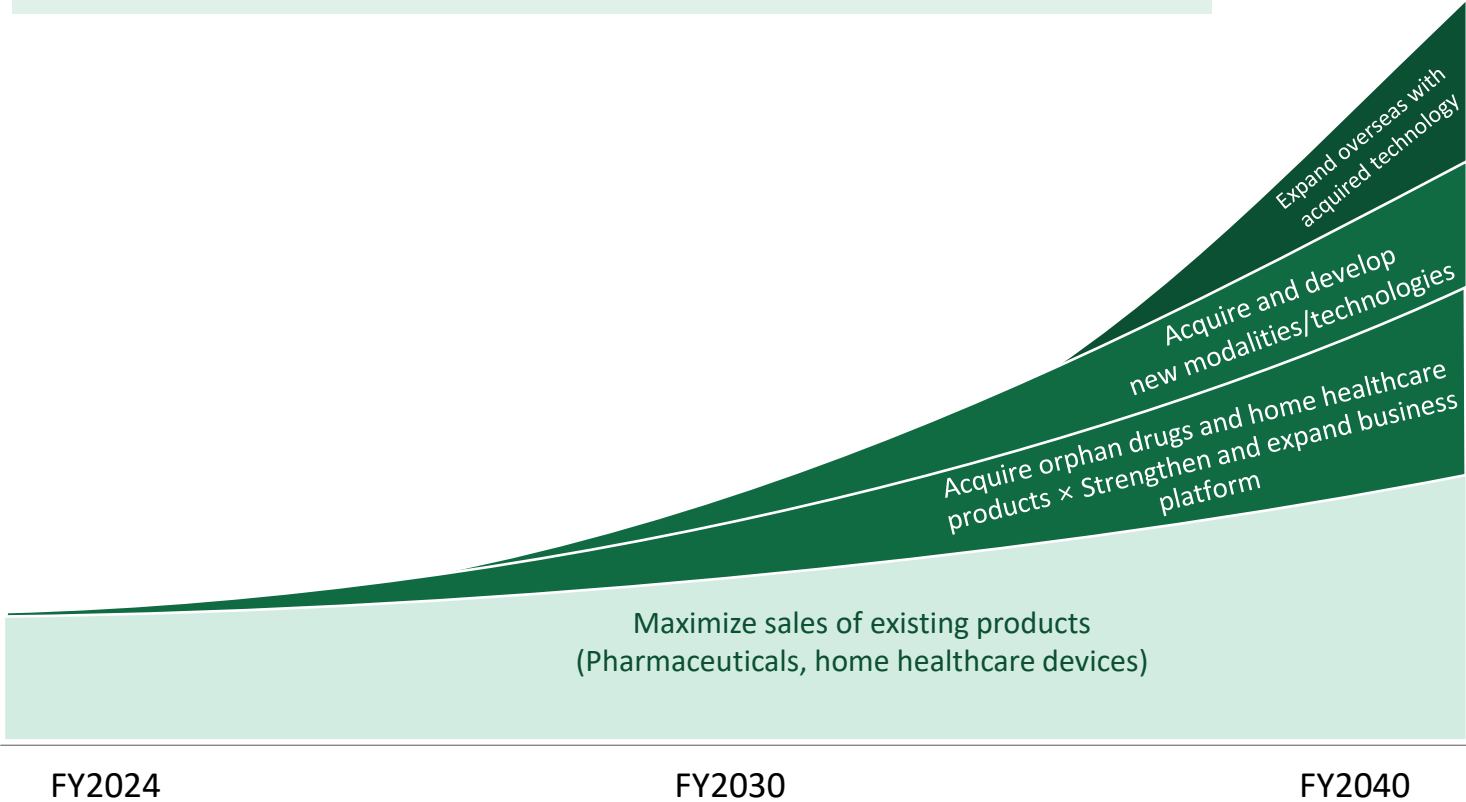


(5) Industrial sector strategies: Healthcare (2/2)

- Focus on strengthening our earnings base by launching Ascendis products in addition to existing products
- Strive to expand business overseas in the medium- to long-term

Directions for growth

- In addition to orphan drugs and home healthcare products, aim to expand overseas by acquiring new modalities/technologies and establish a distinctive, albeit niche, positioning

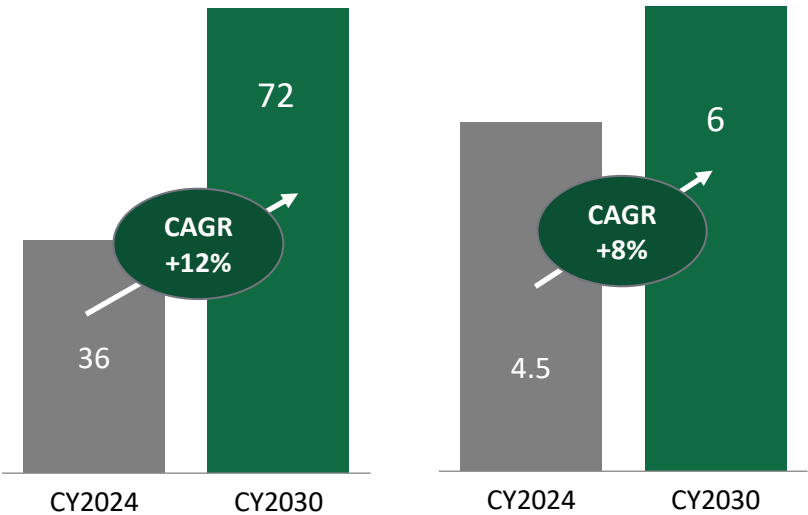


Total addressable market

Market size (trillion yen) Global market

Orphan drug market

Home healthcare device
market



(Source: Our estimates based on various data)

(6) Sustainability-driven growth

- To be “a company that prioritizes the health of the planet, protects the environment, and supports a circular economy,” actively invest in sustainability and develop environmentally friendly materials and products
- Launch new businesses that help achieve a sustainable society (e.g., circularity, renewable energy)

Core areas and means of developing new businesses

- Aim to develop circularity-related technologies and services and provide materials for converting, storing, and transporting renewable energy
- In addition to in-house R&D, consider using investment vehicles such as CVC

	Core area	In-house R&D	Business partnerships (Utilize investment vehicles, M&A, etc.)
Circularity	Technology development (new materials, recycling technology)	✓ Multi-material recycling, etc.	✓
	Service development (leasing, PaaS ¹)		
Renewable energy	Energy conversion, storage, and transportation (supply materials)	✓ Water electrolysis, next-generation battery materials, etc.	✓

Sustainability-related business, technology, human resources, etc., developed through existing businesses



R&D of aramid fibers for tires made with recycled raw materials



Mechanical recycling of aramid fibers used in bulletproof vests

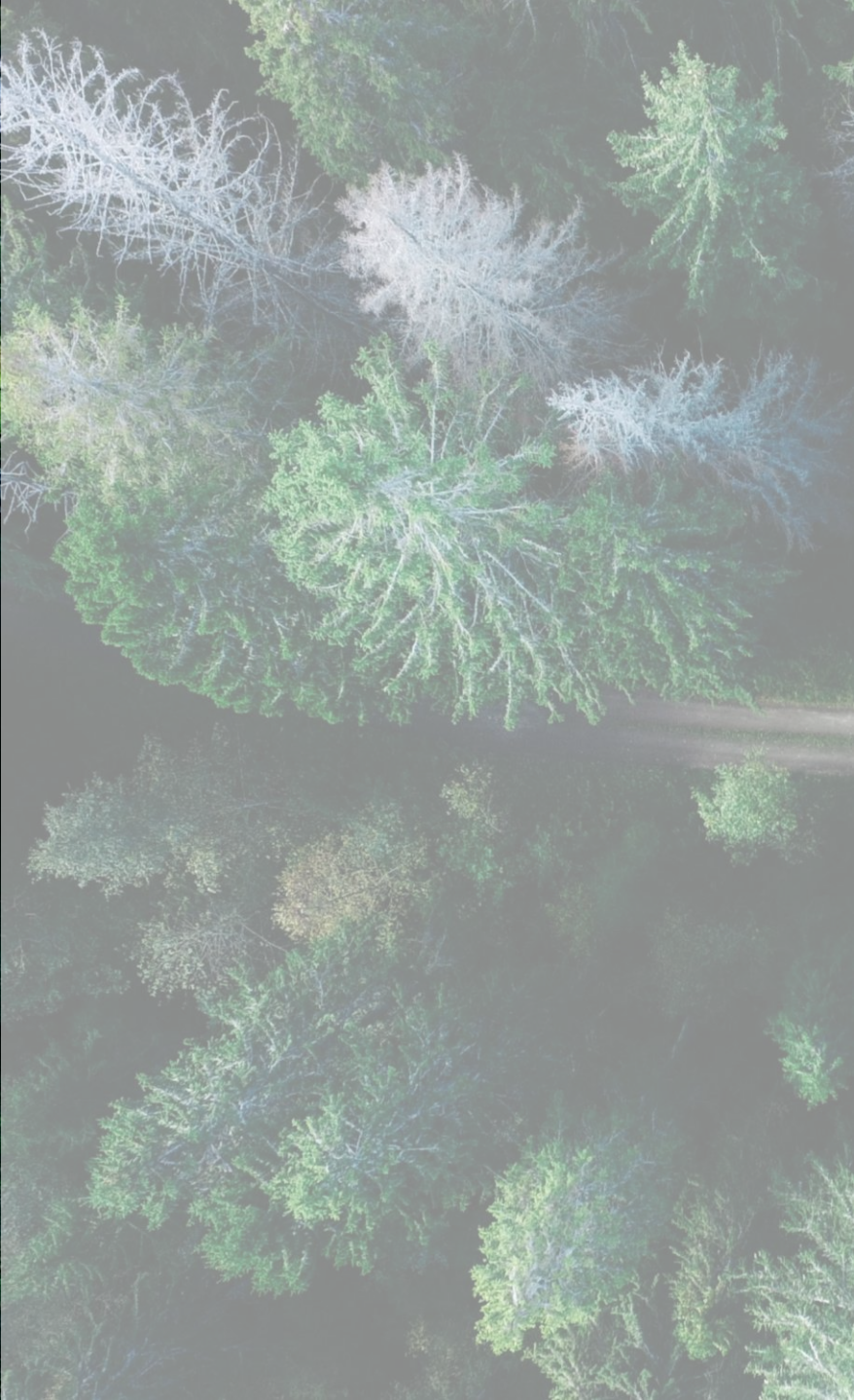


Fibers made from recycled raw materials and plant-derived materials



Mooring ropes for floating offshore wind turbines, and submarine power cables

¹ Product as a Service



6. Enhancement of management system

Roadmap to global management system enhancement

■ Timed with portfolio transformation, enhance global management system and executional capabilities around our purpose

Goals	Corrective actions	Profitability Improvement	Medium-Term Management Plan 2024-2025		to FY2027-2028
		FY2023	FY2024	FY2025	
Global business operation aligned with purpose	■ Fostering of shared values	■ Formulate purpose ■ Strengthen upper management-employee communication	■ Link strategies, action guidelines, etc. , to purpose ■ Formulation of “My Purpose”	■ Instill purpose within and outside the company	
Optimization of management decisions/execution	■ Corporate governance system optimized for global/diversified companies	■ Reorganize Corporate Officer Structure ■ Consolidate organization directly under CEO	■ Further enhance governance structure	■ Review impacts of system changes and improve system	■ Establish global management system
Improvement of production/manufacturing technology	■ Evolve facilities, operation, and maintenance by globally integrating knowledge and technology	■ Dispatch engineers in Japan to overseas group companies	■ Standardize equipment management on a global basis ■ Strengthen on-site execution through corporate support (mainly aramid/composites)	■ Expand engineering function to other business divisions	■ Permanent improvement cycle
Reinforcement of human capital management	■ Assign right people to right positions to implement strategies	■ Start global job posting	■ Maximize internal global talent ■ Formulate HR portfolio	■ Globally integrate job grade system	■ Globally promote the policy to assign right people to right positions
Achieve growth strategies in core industrial sectors			■ Concretize development measures in the mobility and infrastructure & industrial business areas ■ Continue to build “rare disease + home healthcare system” in the healthcare field Materials/Products	■ Shift to optimal organizational structure , including integration of functions	■ Set up a business development organization to globally target industrial sectors Industrial Sectors*

* To consider shift to value offerings such as functionality in the future

Purpose formulation project

Background to purpose formulation

- ❑ To execute our vision in the current difficult business environment, it is imperative that our values are shared across the organization
- ❑ The traditional corporate philosophy system is complex and difficult to understand for diverse employees worldwide
- ❑ To be unified under the purpose, we need to eliminate silos, foster a sense of connection among employees, and evolve into a company needed by society

“Journey to One Teijin” project aimed at clarifying purpose based on shared values

Redefine what we work for (= purpose) to maximize the power of all Teijin Group employees

- ❑ CEO spearheads this initiative by sharing messages in his own words, endeavors to foster a sense of connection and engage all employees worldwide, and executes the process in a highly transparent manner
- ❑ Through numerous workshops, over 650 participants are reflecting on Teijin’s past, getting to know each other, and discussing their aspirations
- ❑ Approx. 2,000 employees from around the world gather at town hall meetings to discuss and consolidate opinions
- ❑ Everyone’s aspirations are being consolidated into simple but powerful words





Purpose

**Pioneering solutions
together
for a healthy planet**

Empowering ourselves to address challenges

Values

Fostering growth through diversity and expertise

Safeguarding our planet and all life on it

Long-term vision

**To be a company
that supports
the society
of the future**

Teijin Group's corporate governance system

Corporate Governance Basic Policy

Improving transparency; ensuring fairness;
accelerating decision-making;
ensuring the independence of monitoring and supervision

History of governance structures

In 1999

Studied European and U.S. systems and established Advisory Board comprised mainly of overseas advisors to advise on CEO performance evaluation and compensation

In 2015

Established Nomination Advisory Committee and Compensation Advisory Committee

In 2021

- Institutionalized the appointment of independent outside director to chair Board of Directors
- Revised membership of Nomination Advisory Committee and Compensation Advisory Committee to include all independent outside directors

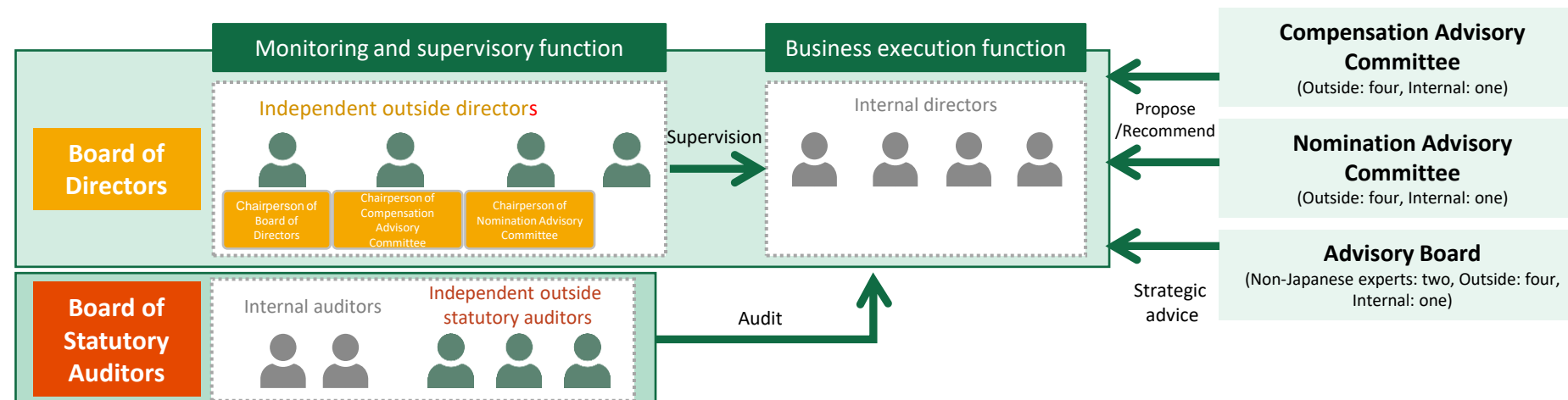
In 2023

Revised composition of Board of Directors by increasing proportion of independent outside directors to 50%

Further reinforcement to be proposed at shareholders' meeting in June 2024

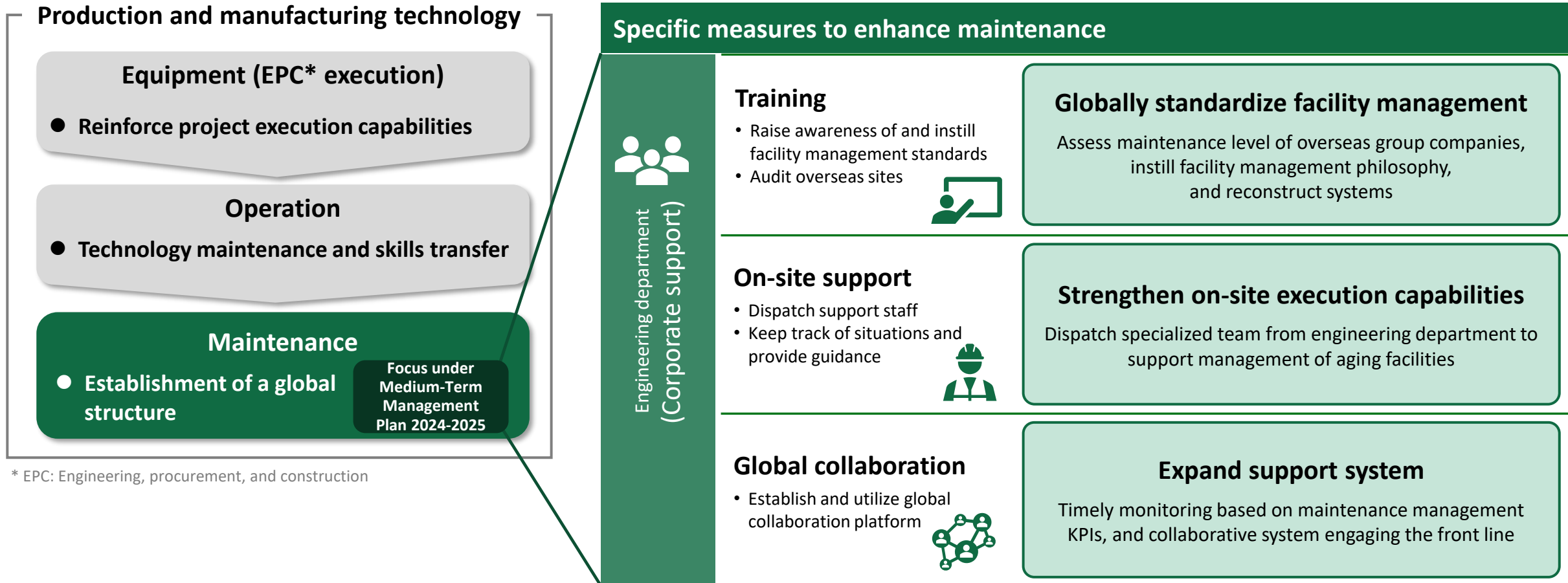
System that meets required skills for "Business portfolio transformation in a global company"

- Turnaround
- Global management
- Business portfolio transformation
- Communication with capital market



Improvement of production/manufacturing technology

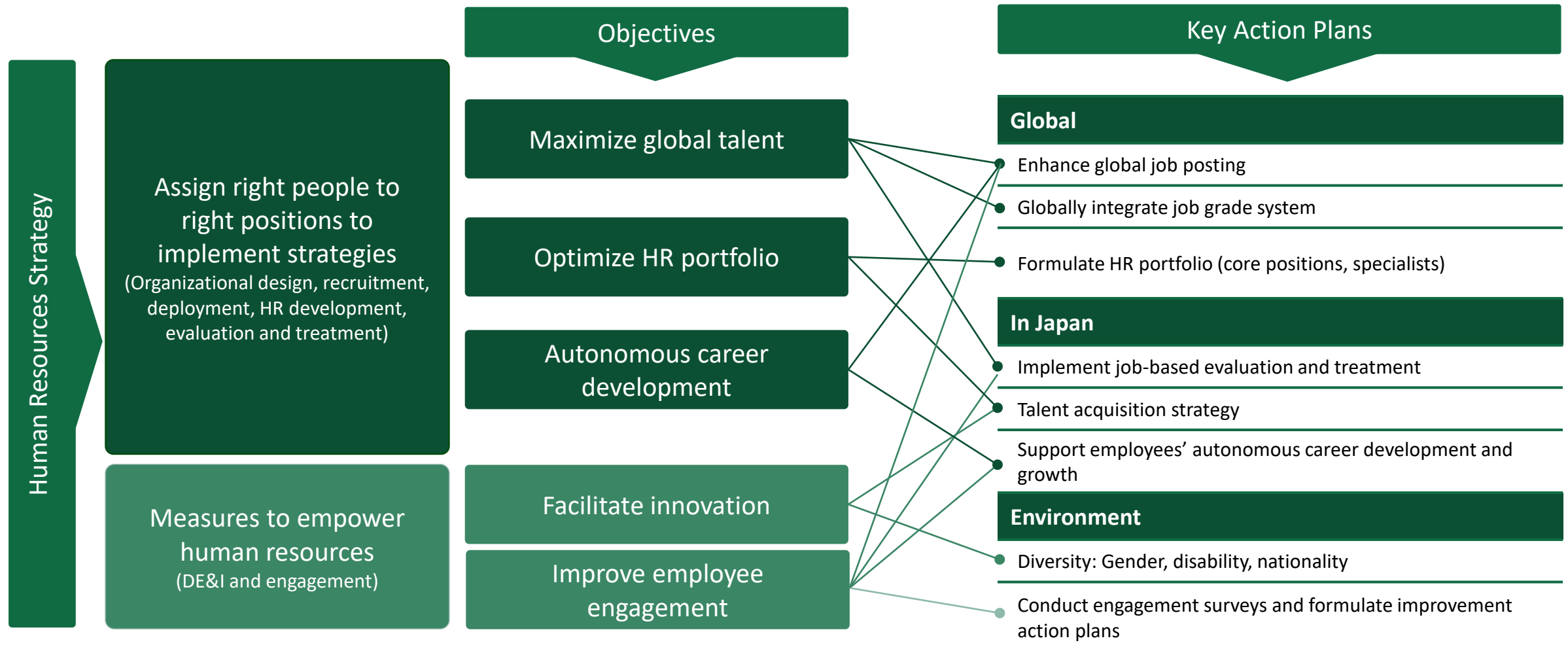
- Efforts to stabilize production (quality, cost, and delivery) are still halfway. Strengthen corporate support for overseas group companies and improve production/manufacturing technology for equipment, operation, and maintenance in an integrated manner



* EPC: Engineering, procurement, and construction

Human capital strategy

- Formulate HR strategies based on medium-term management plan and purpose/corporate philosophy
Maximize internal global talent
- Set key action plans based on HR strategy of assigning right people to right positions and measures to empower them



Measures to empower human resources (DE&I, engagement)

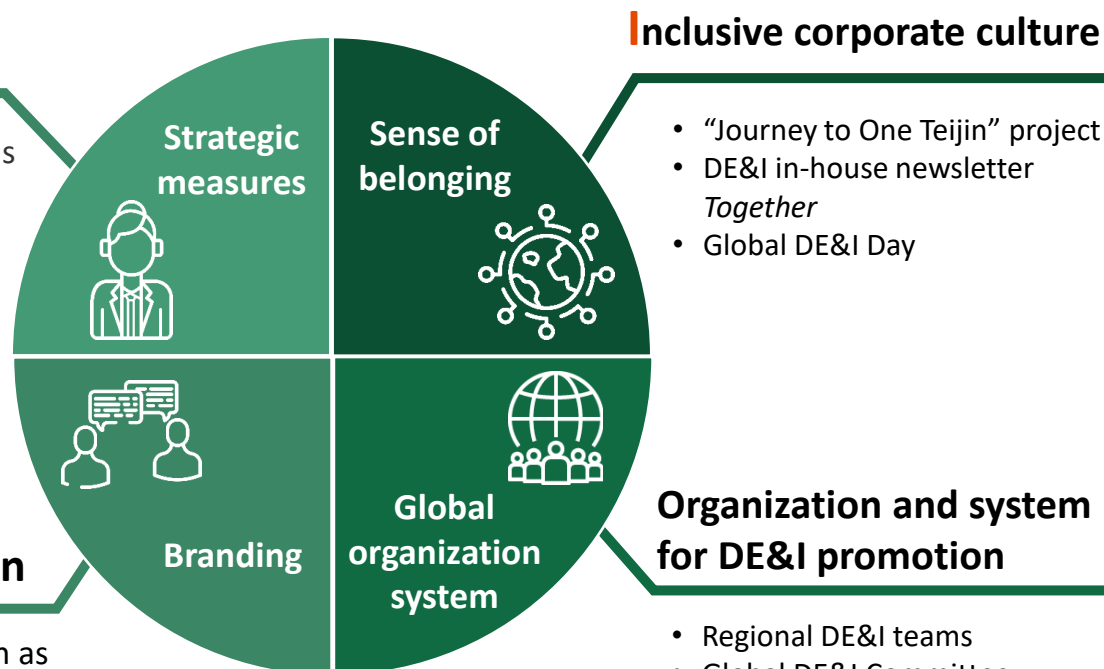
- Create innovation by promoting DE&I and foster inclusive corporate culture conducive to sharing ideas and thoughts
- Increase corporate competitiveness by enhancing employee engagement

Diversity & Equity

- KPIs for diversity of executive teams and pipeline of female executives
- Leadership and career training for women
- Global job posting
- Active roles for employees with disabilities
- Support for LGBTQ+

External communication

- Enhance public recognition of Teijin as DE&I company
- Communication with stakeholders



◆ Diversity-related KPI targets

	Category	October 2023 Results	April 2026 Milestone	April 2030 Target
Executives ¹	Female	12%	20%	30%
	Non-Japanese	8%	10%	30%
Managers ²	Female department/section managers	10%	12%	20%

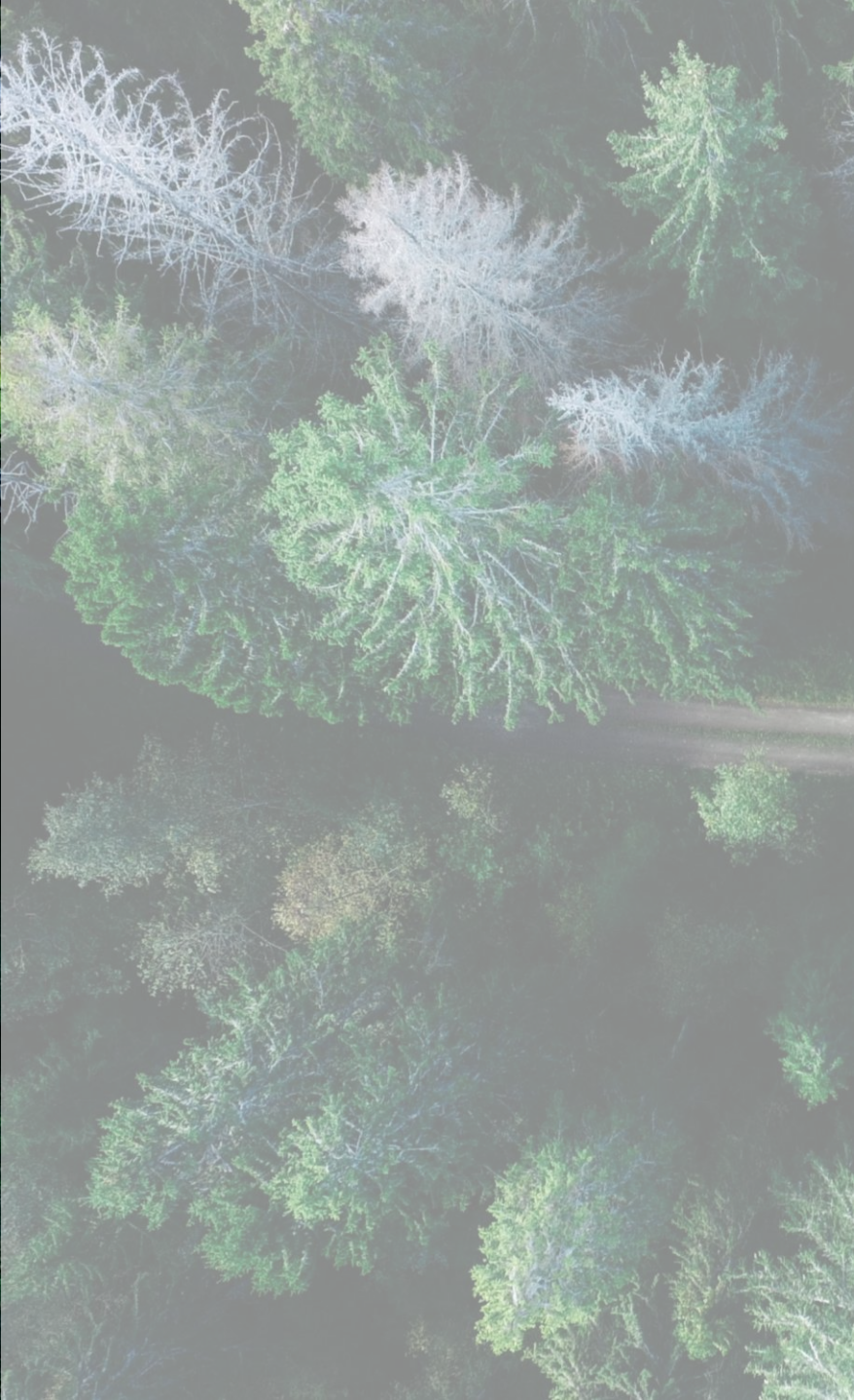
◆ Engagement-related KPI targets

Details	September 2023 Results	April 2026 ³ Milestone	April 2030 ³ Target
Engagement score	62	64	68

¹ Board members, auditors, and group corporate officers

² Global data, including Japan

³ Based on survey performed in September concerning the previous year



7. Sustainability initiatives

Major KPIs

- Prioritize internal sustainability efforts by degree of impact
- Continue efforts to achieve targets based on KPIs established for each priority issue
- Develop new KPIs for capturing business opportunities on a pilot basis, including KPIs related to carbon footprint¹, circular economy², and health/comfort³

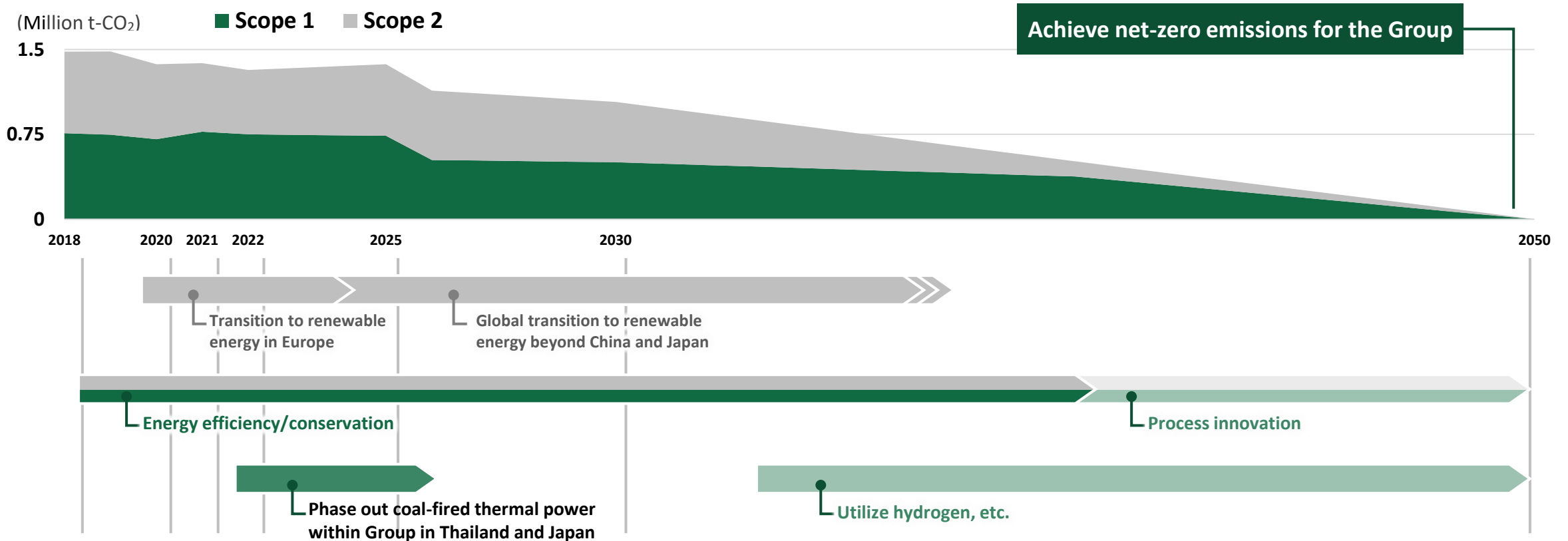
¹ Proportion of sales of carbon footprint-calculated products
² Proportion of recycled and biomass-derived materials by weight
³ Number of people we support in recuperating at home

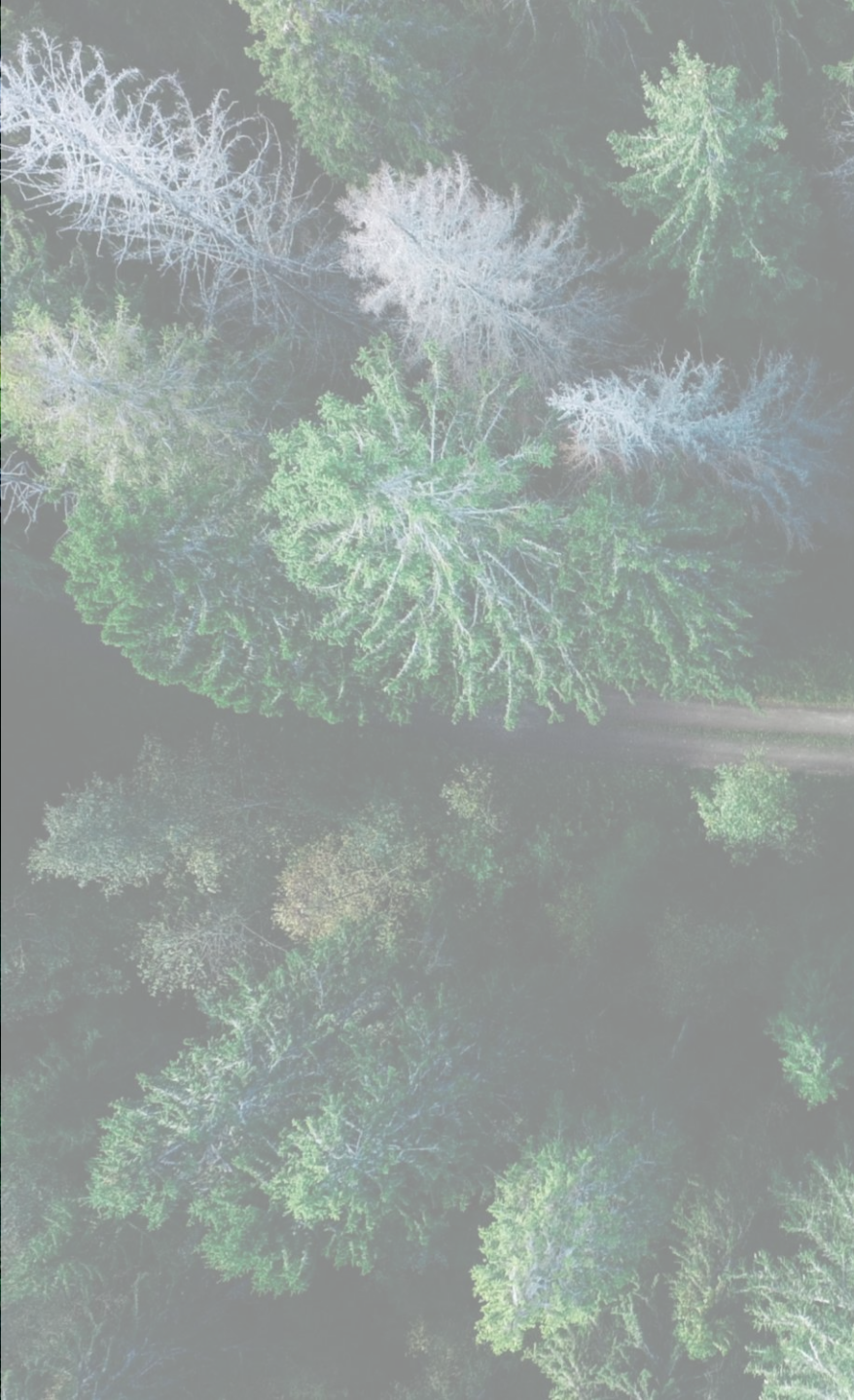
KPI				
KPI aimed at capturing business opportunities	Climate change Our contribution to CO ₂ reduction	FY2030	Total CO ₂ emissions < CO ₂ reduction contribution	CO ₂ reductions in downstream supply chain due to use of product
KPIs aimed at strengthening business platform*	Climate change Our CO ₂ emissions	FY2030 FY2050	30% reduction Achieve net zero	Aggregate target Shift to renewable energy and clean energy for heat sources
	Climate change Supply chain CO ₂ emissions	FY2030	15% reduction	Greenhouse gas emissions in Scope 3 Category 1
	Circular economy Water	FY2030	30% improvement	Freshwater intake volume per sales unit
	Circular economy Waste	FY2030	20% improvement	Landfill waste volume per sales unit
	Safety/Security Hazardous substances	FY2030	20% improvement	Hazardous chemicals emission volume per sales unit

* All KPIs for strengthening the business platform are target values set with FY2018 as the base year

Roadmap for CO₂ emissions reduction

- Roadmap underway toward net-zero emissions by 2050, although current increase in production is expected to temporarily push up emissions
- Continue with efforts to transition to renewable energy, which is progressing as planned in Europe and ahead of schedule in China
- Fully phase out coal by end of FY2025 in Thailand and Japan. Effects to fully manifest in FY2026 and onward



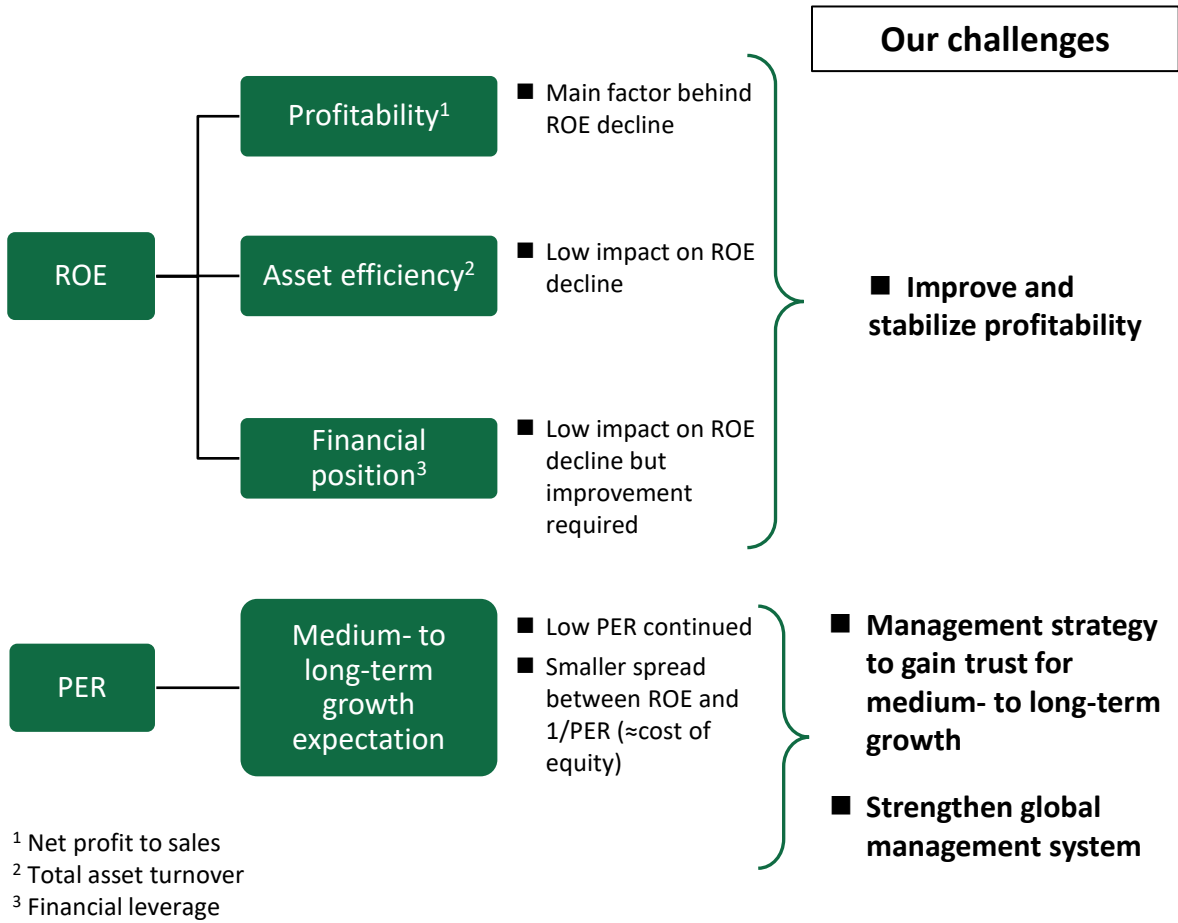


8. Initiatives to improve PBR

Measures and targets under Medium-Term Management Plan 2024-2025

- Based on analysis announced in February 2024, set/disclose PBR improvement measures/targets under Medium-Term Management Plan 2024-2025
- Steadily carry out plan for speedy improvement of PBR

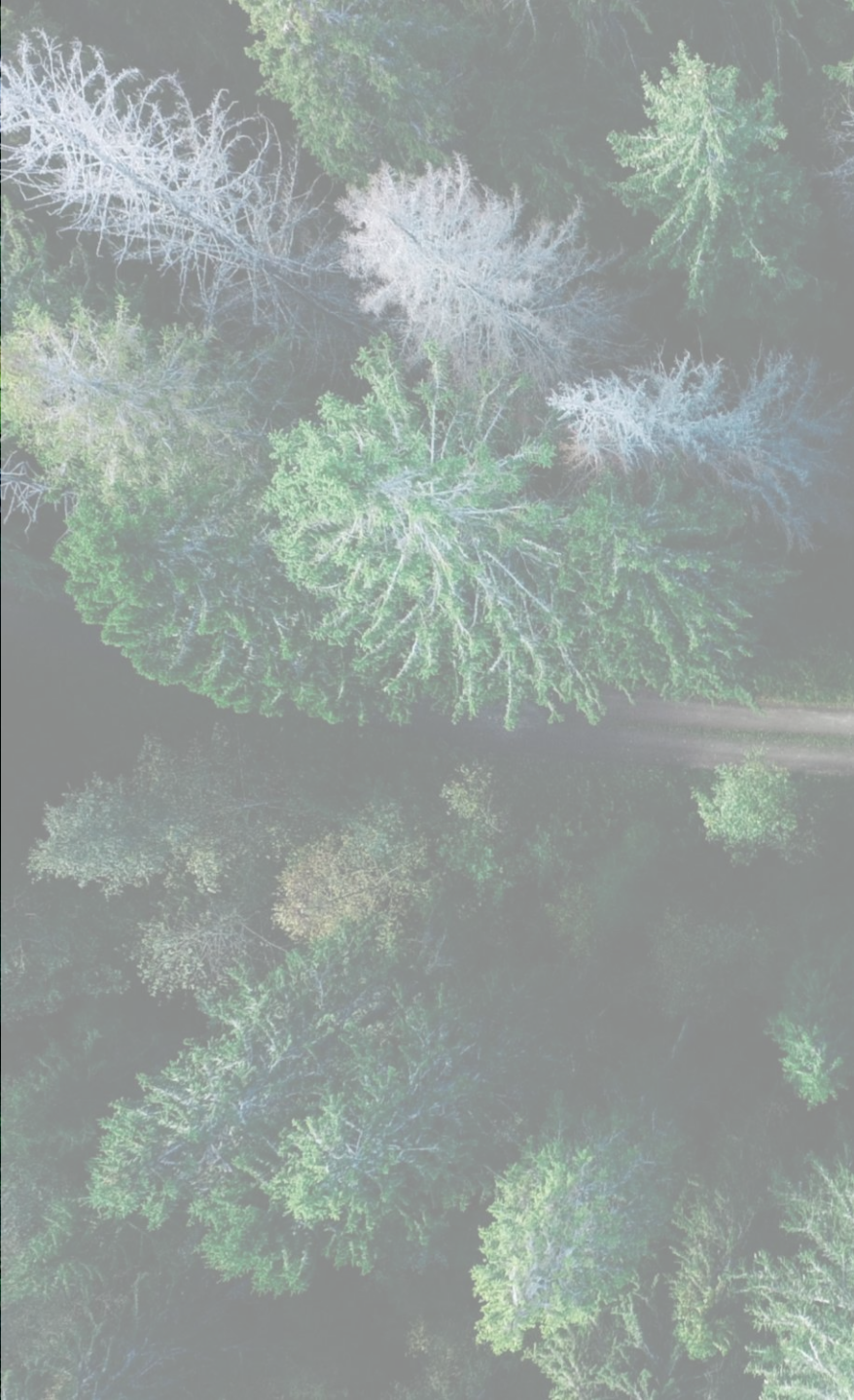
Recognized issues (announced in February 2024)



¹ Net profit to sales
² Total asset turnover
³ Financial leverage

Measures and targets under Medium-Term Management Plan 2024-2025

Target FY2025 ROE of 6% or higher Aim for ROE of 10% or higher and PBR of 1.0 or higher as early as possible after Medium-Term Management Plan 2024-2025	
Profitability	<div>■ Accomplish Reforms for Profitability Improvement</div> <div>■ Execute strategic options for underperforming/less-focused businesses</div> <div>■ Invest in focused businesses</div> <div>■ Improve business operations by strengthening management system</div>
Asset efficiency	<div>■ Reduce cross-shareholdings and sell idle assets</div> <div>■ Consider share repurchases using any resources gained through asset sale and strategic options</div>
Financial position	<div>■ Ensure a balance between financial discipline and capital efficiency while utilizing interest-bearing debt</div>
Medium- to long-term growth expectation	<div>■ Earn trust of investors</div> <div>□ Steadily achieve plan</div> <div>□ Provide detailed explanation of business portfolio transformation and future growth potential</div> <div>□ Stable and continuous shareholder returns</div>
Strengthen global management system	<div>■ Strengthen management system to achieve long-term vision (Purpose, governance, human capital, technology, etc.)</div>



Appendix

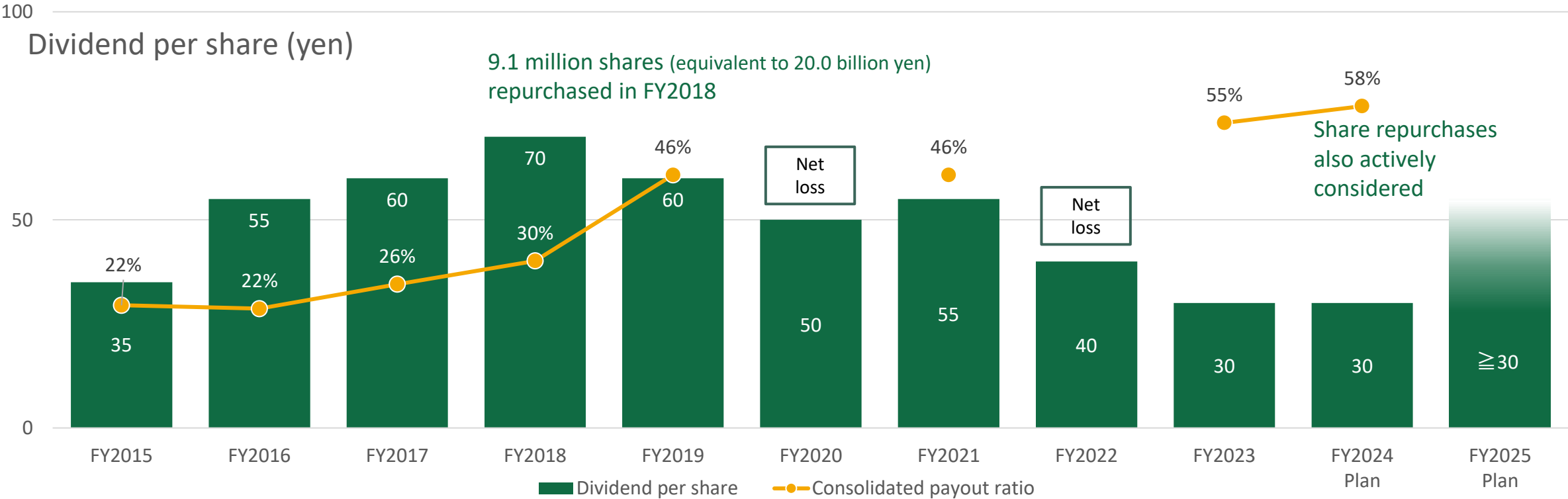
Dividend policy

■ Dividend policy

- Pay performance-linked dividends with a view to a payout ratio of approximately 30%
- Lower limit of annual dividend per share set at 30 yen in consideration of stable and sustainable payments

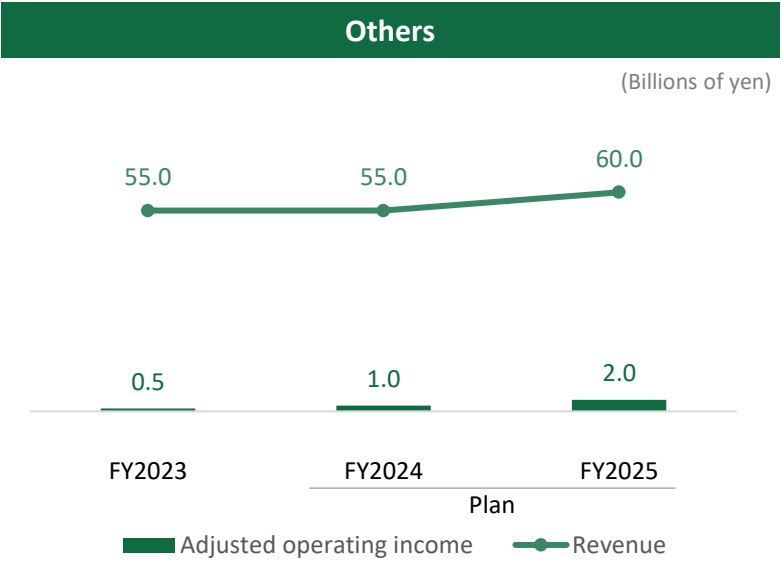
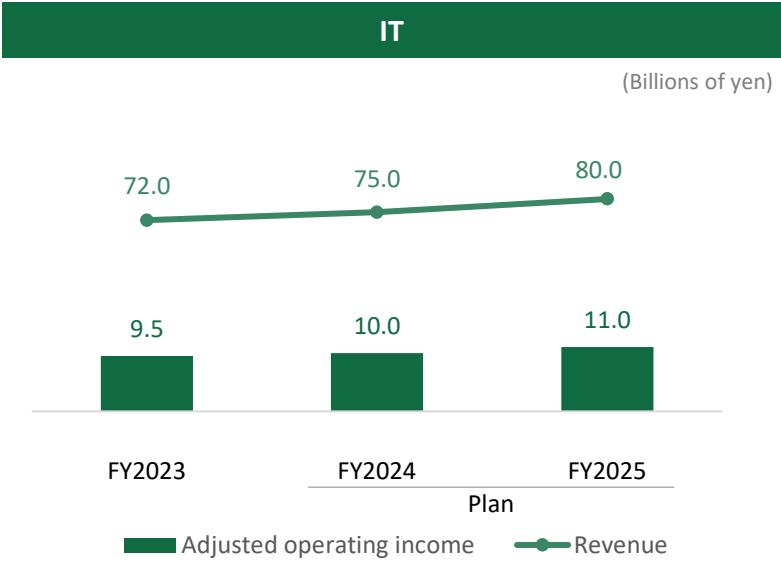
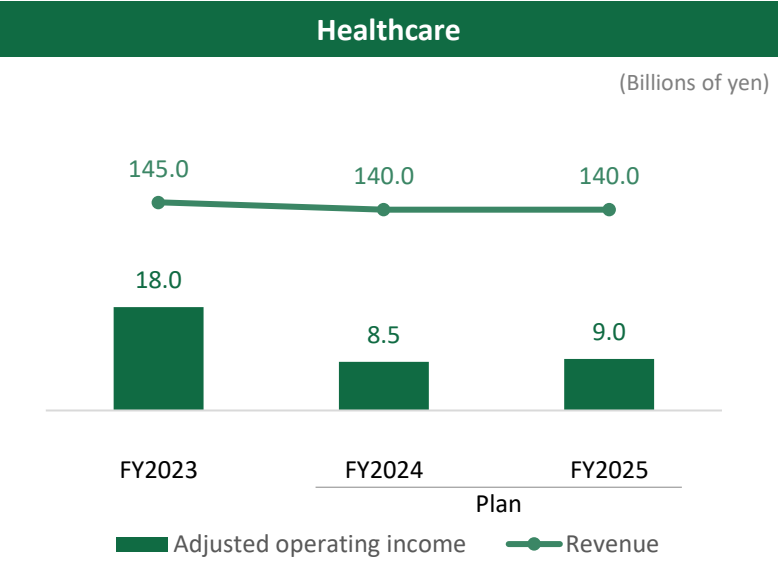
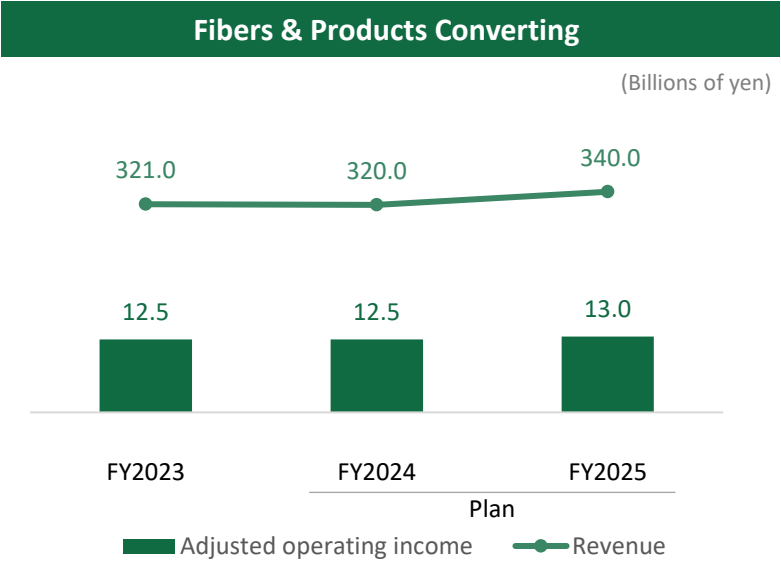
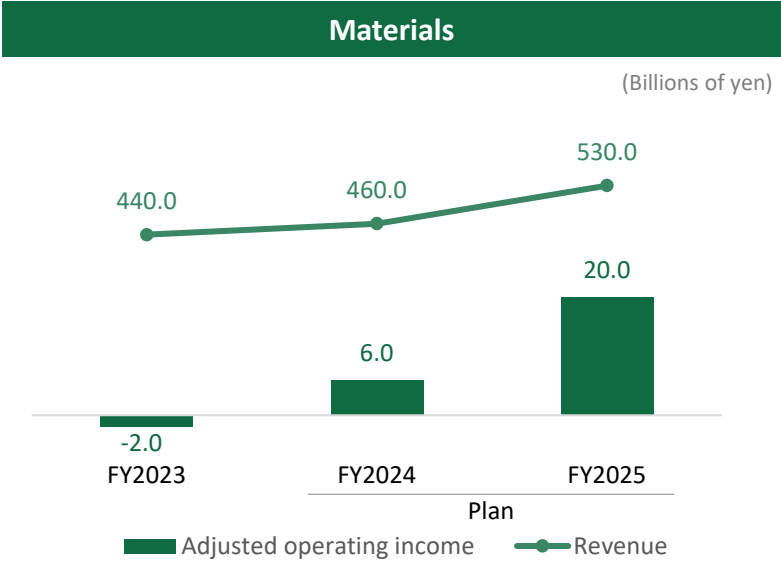
■ Share repurchases

- Give priority to growth investments and additional returns to shareholders (including share repurchases) in allocating any funds gained through asset sale or execution of strategic options for underperforming and less-focused businesses



Note: Dividend for FY2018 includes 100th anniversary commemorative dividend of 10 yen/share

Quantitative plans for each business segment



- Notes:
- Adjusted operating income was calculated by adding investment gains/losses under the equity method to operating income and excluding gains/losses arising from extraordinary factors
 - IFRS results for FY2023 are estimates
 - “Others” does not include the amount of “Elimination or Corporate”

ESG recognition

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



FTSE Blossom Japan Index



FTSE Blossom Japan Sector Relative Index

2024 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

2024 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX



S&P/JPX Carbon Efficient Index

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Inclusion in SRI indices

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



FTSE4Good



ETHIBEL EXCELLENCE


Obtained the highest AAA rating in the MSCI ESG RATINGS

MSCI
ESG RATINGS



CCC	B	BB	BBB	A	AA	AAA
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Highly rated in the Nikkei SDGs Management Survey



NIKKEI SDGs
経営調査 2023 ★★★★★

• Rated S or higher in all four categories

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

Promoting Health Management



健康経営優良法人 2024
Health and productivity

Sports Yell Company (Silver*)



SPORTS YELL COMPANY 2024

* Awarded to companies certified seven to nine times



Cautionary Note on Prospects

- The information contained in this document is based on various assumptions and Teijin does not guarantee or warrant the achievement of the future planned figures and measures described herein
- The figures and indicators in this document for the FY2024 and FY2025 forecast are those announced on May 13, 2024
- Information on pharmaceuticals, medical devices, and regenerative medicine products (including those under development) contained in this material is not intended as advertising or medical advice