


The Teijin logo is displayed in a bold, red, italicized sans-serif font.

Human Chemistry, Human Solutions

Teijin Group Medium-Term Management Plan 2024-2025

An aerial photograph of a dense forest with a mix of green and brown trees, viewed from a high angle. The forest is partially obscured by white, rounded rectangular shapes that serve as design elements for the text.

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

1. Positioning of this medium-term management plan

- Keenly aware of Teijin Group’s issues by looking back on the past, we commit ourselves to strengthen global management basis that supports business portfolio (PF) transformation so as to be reborn into new Teijin. As its first step, we promote the current medium-term management plan with strong determination

Looking back on the past

Stakeholders’ expectations are not met due to our underachievement of the plan

- ⇒ Repeated structural reforms did not lead to nurturing of new businesses that become our pillars
- ⇒ Reforms of individual underperforming businesses did not fully address company-wide problems
 - Business Portfolio was not thoroughly managed
 - Underdeveloped global management system
 - Weakening manufacturing operations, lack of expertise in each human resource

Amid intensifying external environment, Materials business profitability significantly deteriorated, and financial targets were unachieved

Reforms for Profitability Improvement was generally achieved but issues of production stabilization remained. Considering the issues, Medium-Term Management Plan 2024-2025 was formulated

<Precondition for the current medium-term management plan>

- The numerical targets through FY2025 are calculated in a way that excludes strategic options of underperforming/less focused businesses
- When strategic options are executed, the impact on the current medium-term management plan will also be disclosed

Medium-Term Management Plan 2024-2025

“ Make a first step to return to growth trajectory by completing business PF transformation early”

Initiatives

- To become one as Teijin Group, go back to the basics, **reconfirm the purpose of Teijin, and set a long-term vision to achieve.**
- Narrow down the businesses to be operated toward the long-term goal (execute strategic options for underperforming/less focused businesses), further **reinforce management basis, and closely examine and execute investment for growth** that contributes to reform
- Recovery of fundamental profitability of existing businesses

2. Today's message

Business Portfolio transformation

- Strategic option execution for underperforming and less focused businesses
- In growth industrial sector, transform stand-alone materials to value-driven business structure (investment areas: Mobility/Infrastructure & Industrial/Healthcare)

Management basis

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

Profit plan

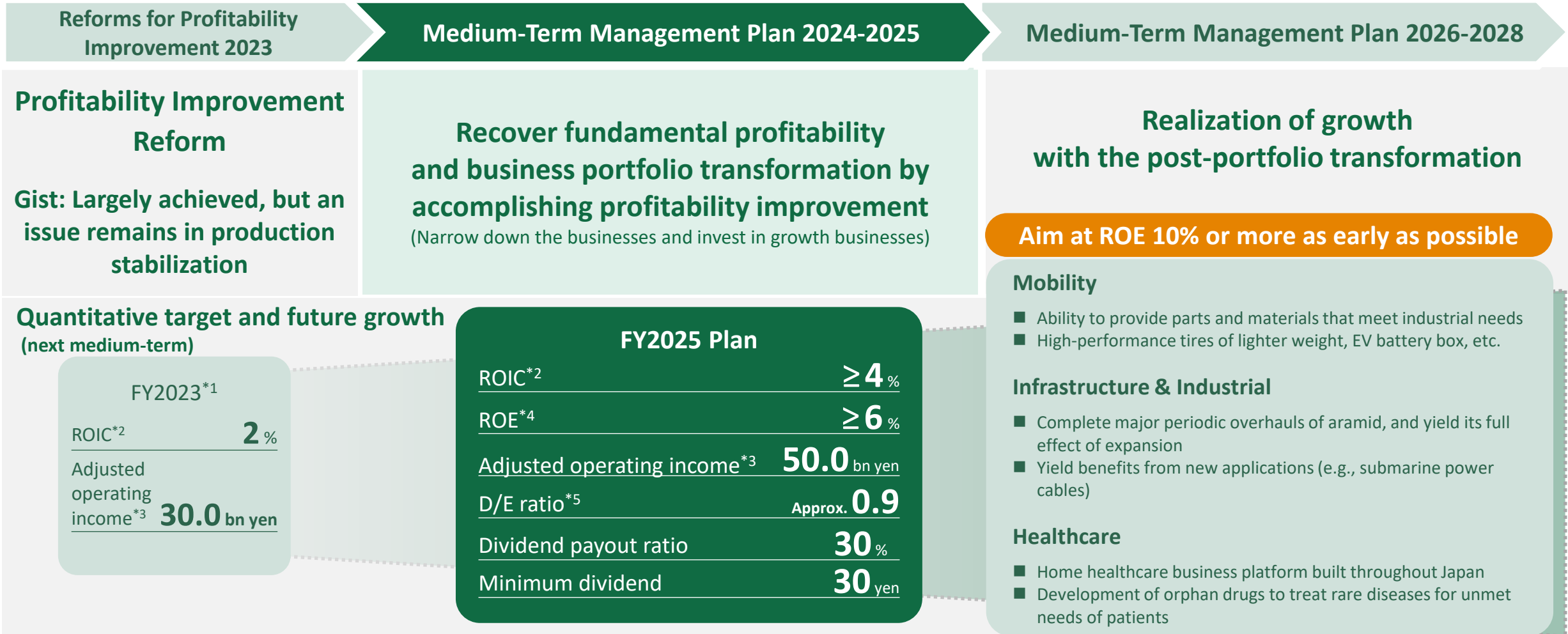
Complete profitability improvement and return to growth trajectory by FY2025

Financial Strategy

Strengthen existing businesses' ability to generate cash by improving profitability and maintain base investments and stable dividends
Investment in growth and additional shareholder returns through execution of strategic options and sale of cross-shareholdings

3. The process of change

- During the period of this medium-term plan, aim to recover fundamental profitability to achieve adjusted operating income 50.0 billion yen (after-tax adjusted operating income ROIC 4% or more, ROE 6% or more)
- During the period of the next medium-term plan, aim for early achievement of ROE 10% or more through business PF growth after transformation



*1 IFRS results of FY2023 are approximate

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

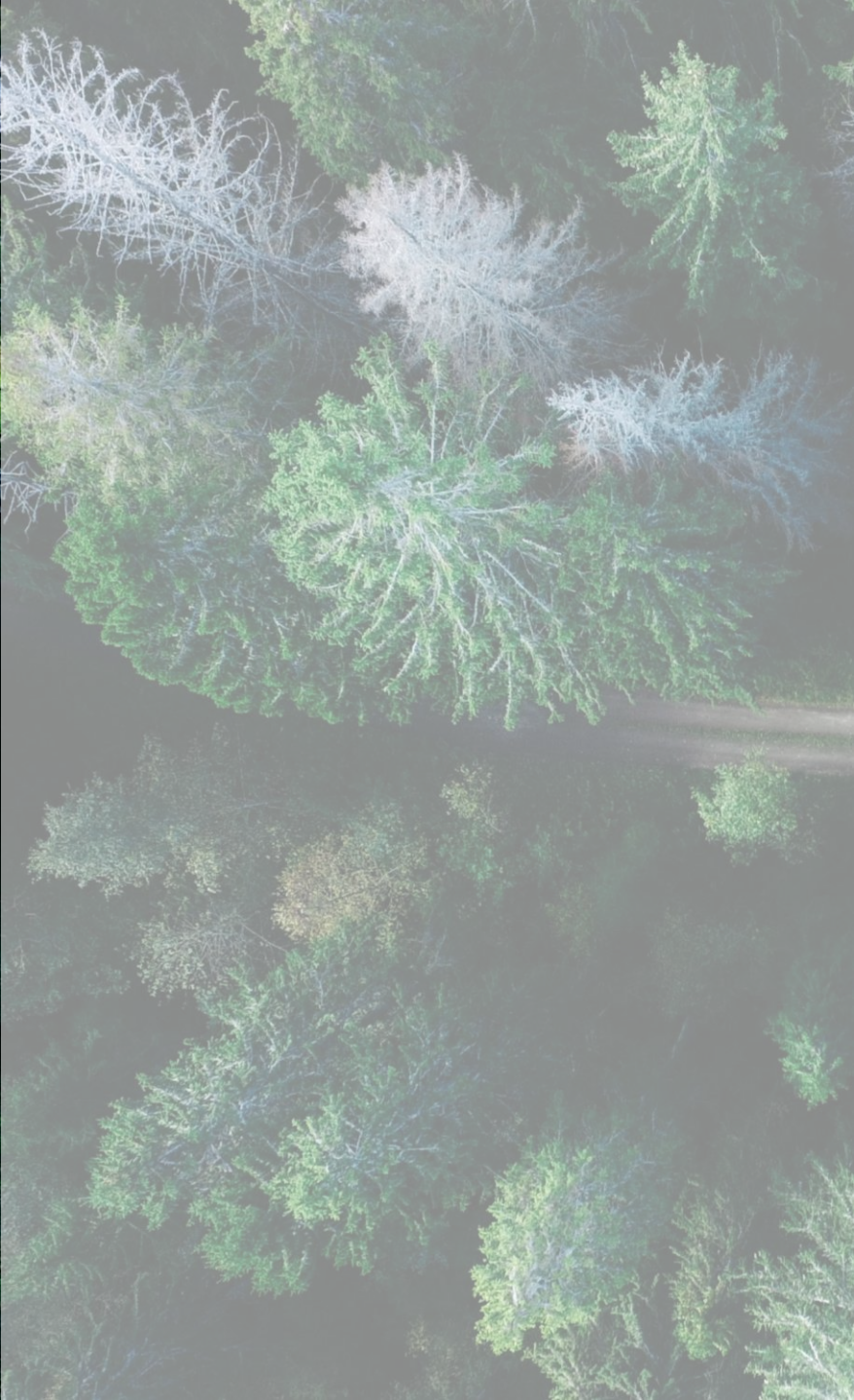
*3 Adjusted operating income is calculated by adding equity on gain and losses of unconsolidated subsidiaries and affiliates to operating income, excluding gain and losses due to extraordinary factors

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

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

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

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



4. Recovery of fundamental profitability

Financial targets of medium-term management plan

■ 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 income ^{*3} 24.0		
		[30.0]	30.0	50.0
	Adjusted operating income rate	Excluding insurance income ^{*3} 2.3%		
[2.9%]		2.9%	4.3%	
Capital efficiency	Return on Invested Capital (ROIC) ^{*4}	2%	2%	4% or more
	Return on Equity (ROE) ^{*5}	-	2%	6% or more
Financial health	D/E ratio ^{*6}	1.0 ^{*7}	1.0	0.9

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

*1 IFRS results of FY2023 are approximate

*2 Adjusted operating income is calculated by adding equity on gain and losses of unconsolidated subsidiaries and affiliates to operating income, excluding gain and losses due to extraordinary factors

*3 Insurance income for the fire accident at the Aramid plant that occurred in FY2022

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

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

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

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

*7 Figures in Japanese GAAP

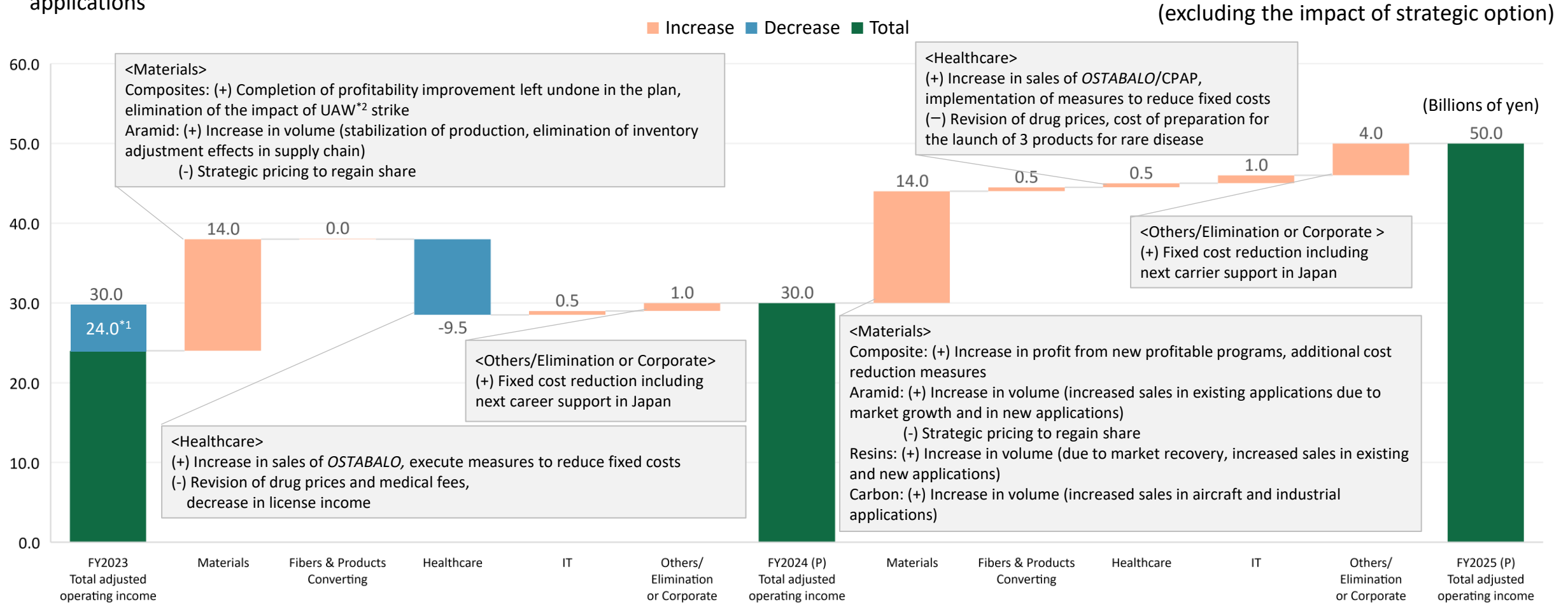
Gist of profitability improvement and measures for completing reforms

- “The Teijin Group Reforms for Profitability Improvement” announced in February 2023 was almost achieved, but challenges remain in stabilizing production
- In this medium-term management plan, work on measures to complete the reform

	Review of actual achievement in FY2023	Measures in FY2024-2025
Composites	<p>■ Plan ■ Results (Billions of yen)</p> <p>Recovery from one-off factors: 6.0 (Plan), 0.5 (Results) Measures to improve profitability: 13.0 (Plan), 13.0 (Results) Total: 19.0 (Plan), 14.0* (Results)</p> <p>*Including the impact of early withdrawal from the China business</p> <ul style="list-style-type: none"> ■ Significant underachievement due to frequent breakdowns associated with aging facilities (issues remain with stable production) ■ Measures to improve production (additional measures, including automation), sales, purchase were largely achieved as planned ■ Withdrawal from the China business and completion of transfer of a Japan subsidiary 	<ul style="list-style-type: none"> ■ Further improvements including production stabilization <ul style="list-style-type: none"> □ Improvement in labor productivity □ Price revision □ Stable launch of new programs □ Aim to eliminate the deficit of the U.S. by the end of FY2024 without ruling out all kinds of options
Aramid	<p>■ Plan ■ Results (Billions of yen)</p> <p>Recovery from one-off factors: 4.0 (Plan), 4.0 (Results) Measures to improve profitability: 7.0 (Plan), 9.0 (Results) Total: 11.0 (Plan), 13.0 (Results)</p> <ul style="list-style-type: none"> ■ Price stabilization through a forward contract of natural gas price was successful exceeding our plan ■ Delays in improving the maintenance system, including the management of special repair parts, impacted production stabilization, but were resolved by the end of the fiscal year 	<ul style="list-style-type: none"> ■ Regain market share through established and stable supply system <ul style="list-style-type: none"> □ Stable supply □ Regain market share □ Promotion of sustainability measures ■ Continued corporate support in terms of facilities, operations, and maintenance
Healthcare	<ul style="list-style-type: none"> ■ Realized the licensing of three products for rare disease from Ascendis Pharma, A/S. ■ 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 early launch of 3 products for rare disease in Japan □ Achieve fixed cost reduction targets
Fixed cost reduction	<ul style="list-style-type: none"> ■ Prepared measures to optimize head office staffing and size (fixed cost reduction target for FY2025: 4.0 billion yen) 	<ul style="list-style-type: none"> ■ Achieve fixed cost reduction targets, including "Next Career Support Program (Early Retirement Incentive Program: granted to 150 employees)" in Japan

Adjusted operating income at the completion of this medium-term management plan

- In FY2024, strong profit growth is expected in Materials driven by the full-year contribution from improved profitability in Composites in the previous fiscal year and further improvement including the improvement in stabilizing production
- In FY2025, a further increase in profit is expected in Materials, mainly due to higher sales volume in aramid, including the benefits yielded by new applications



*1 Adjusted operating income excluding insurance proceeds for the fire accident at the Aramid plant that occurred in FY2022

*2 National Auto Workers Union of America

* Adjusted operating income is calculated by adding investment gain/loss by equity method to operating income and excluding gain/loss arising from non-recurring factors.

* IFRS results of FY2023 are approximate

Business segment summary: Materials (1/2)

- While enhancing fundamental profitability by completing profitability improvement measures, we aim to significantly increase profits by increasing sales through market growth and the development of new applications

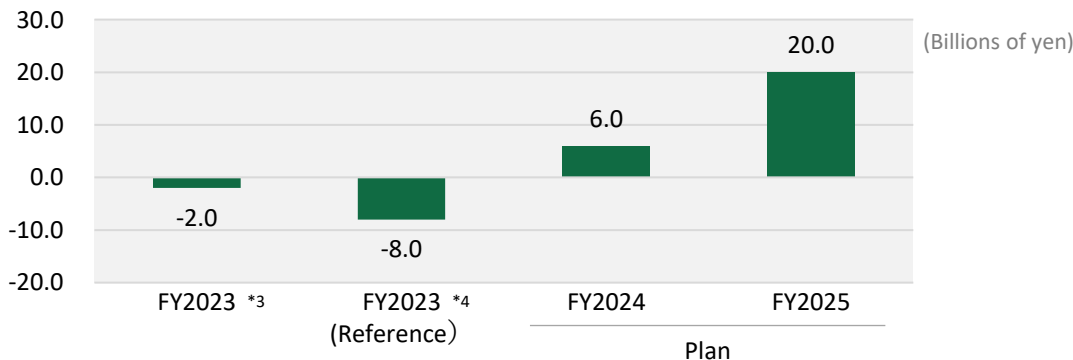
Priority initiatives

- 1 Cost reduction through productivity improvement and production stabilization (aramid, composites)
- 2 Early full operation/sales of new and expanded facilities conducted during the previous medium-term management plan (aramid, carbon fiber)
- 3 Promote development of new applications with growth potential (aramid, resin, carbon fiber)
- 4 Differentiation from competitors through promotion of sustainability initiatives (aramid, resin, carbon fiber, composites)



Adjusted operating income*1

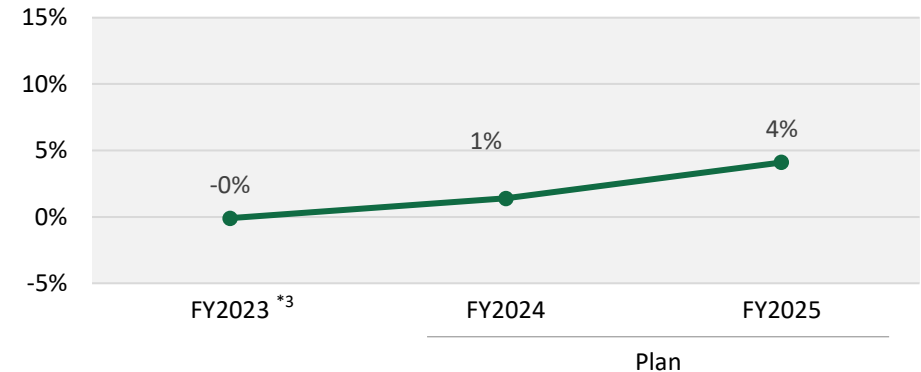
Target for FY2025 **20.0** bn yen



*1 Adjusted operating income is calculated by adding equity on gain and losses of unconsolidated subsidiaries and affiliates to operating income, excluding gain and losses due to extraordinary factors
 2 ROIC = Adjusted operating income after tax / Average of invested capital (Invested capital = Equity + Interest-bearing dept)
 *Average: [(Beginning balance + Ending balance) / 2]

Return on Invested Capital (ROIC)*2

Target for FY2025 **4%**



*3 IFRS results of FY2023 are approximate
 *4 Adjusted operating income excluding insurance proceeds for the fire accident at the Aramid plant that occurred in FY2022

Business segment summary: Materials (2/2)

Factors of 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"> ■ Increase in production volume through production stabilization ■ Increase in production/sales volume utilizing 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 mainly in priority applications (automobiles, high-speed telecommunications) and priority regions (China, ASEAN) ■ Differentiation through recycled products 	<ul style="list-style-type: none"> ■ Increased sales in industrial applications, mainly aircraft applications and pressure vessels ■ Differentiation through recycled products 	<ul style="list-style-type: none"> ■ Completion of profitability improvement measures left undone in FY2023 ■ Launch of new profitable programs and price revisions of existing programs ■ Elimination of UAW strike impact 	
	(-)	<ul style="list-style-type: none"> ■ Strategic pricing to recover market share ■ Labor cost inflation 	<ul style="list-style-type: none"> ■ Decrease in sales volume of office equipment applications for going paperless ■ Labor cost inflation 	<ul style="list-style-type: none"> ■ Price reduction and decreased sales volume in some industrial applications due to deteriorating competitive environment ■ 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

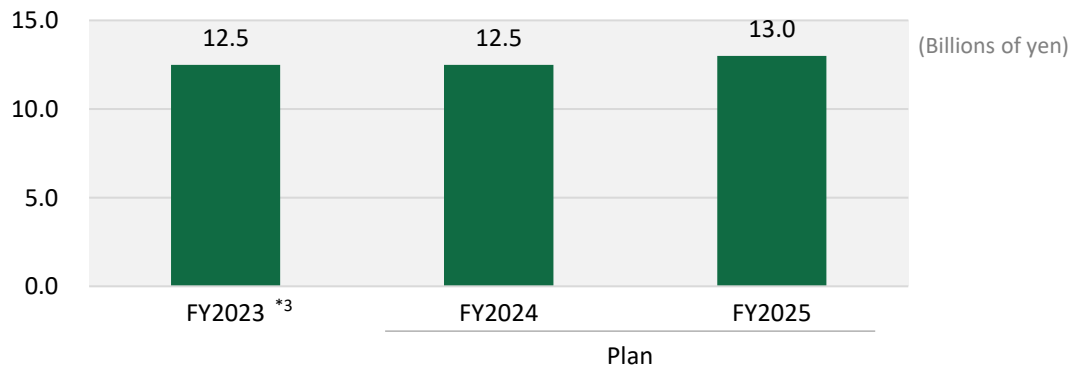
Priority initiatives

- 1 Continue to promote "strengthening of fundamental profitability" and "reduction of invested capital"
- 2 Promote the environmental strategy, "THINK ECO"
- 3 Strengthen sales in the mobility and infrastructure markets, which are expected to grow in the industrial materials field
- 4 Strengthen sales in the global apparel market, which is expected to grow in the fiber material and apparel field



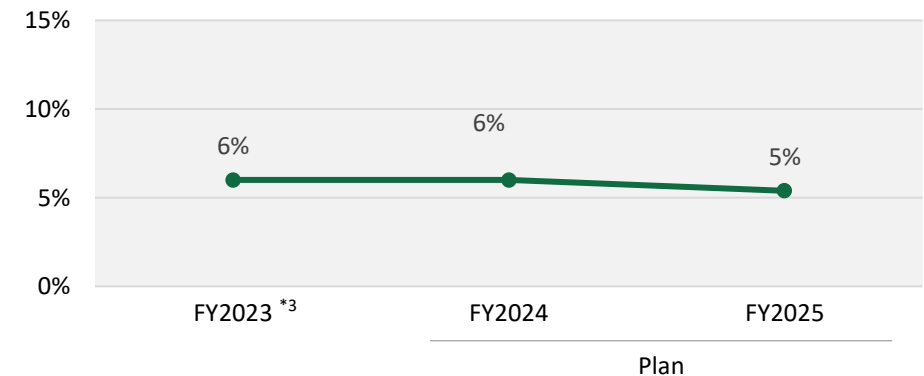
Adjusted operating income*1

Target for FY2025 **13.0** bn yen



Return on Invested Capital (ROIC)*2

Target for FY2025 **5%**



*1 Adjusted operating income is calculated by adding equity on gain and losses of unconsolidated subsidiaries and affiliates to operating income, excluding gain and losses due to extraordinary factors

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

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

*3 IFRS results of FY2023 are approximate

Business segment summary: Healthcare

■ Continue to work on the realization of the business structure toward the "rare disease + home healthcare" system, which is in progress as planned

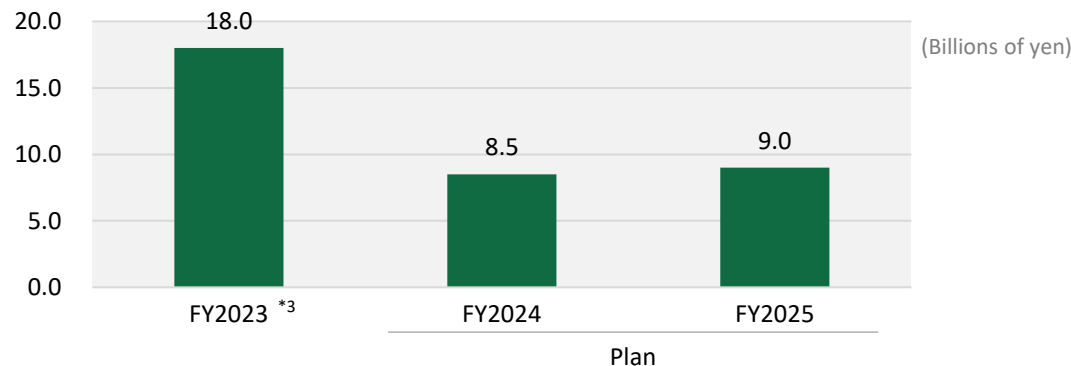
Priority initiatives

- 1 Early monetization of three products for rare disease, licensed in from Ascendis Pharma, A/S (to be realized from the next medium-term management plan from FY2026)
- 2 Maximize revenue from existing products
- 3 Execution of 5.0 billion yen* target of fixed cost reduction measures in FY2025 (carry out organizational/personnel reorganization, and promote shift to the "rare disease + home healthcare" system ahead of schedule) *FY2023 results already achieved about a half of the target.
- 4 Search for healthcare products (orphan drugs and home healthcare products) that will lead to early and steady monetization toward sustainable profitability



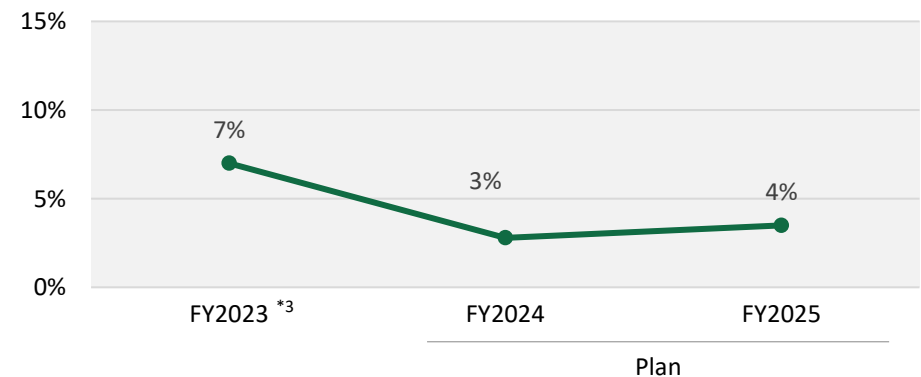
Adjusted operating income*1

Target for FY2025 **9.0 bn yen**



Return on Invested Capital (ROIC)*2

Target for FY2025 **4%**



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

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

*3 IFRS results of FY2023 are approximate

Business segment summary: IT

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

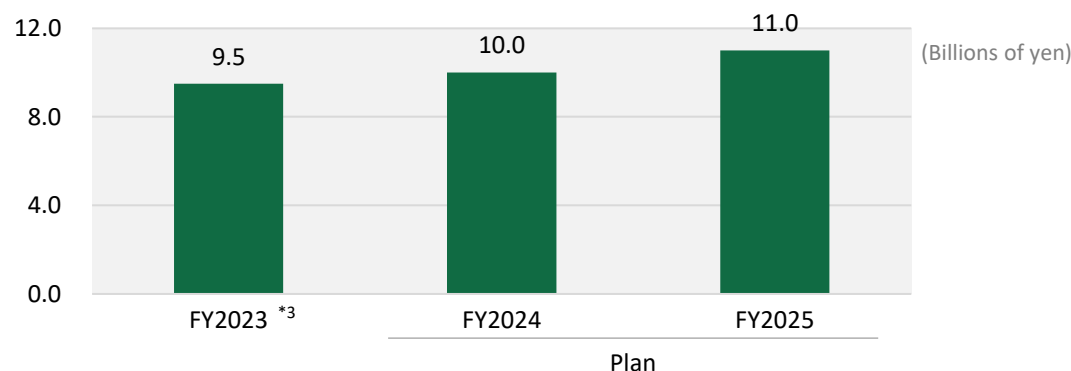
Priority initiatives

- 1 E-comics will increase membership through effective use of apps and web advertising
- 2 E-comics will expand content distribution and promote overseas market development
- 3 IT services will expand business for hospitals and promote overseas expansion (mainly in Asia)



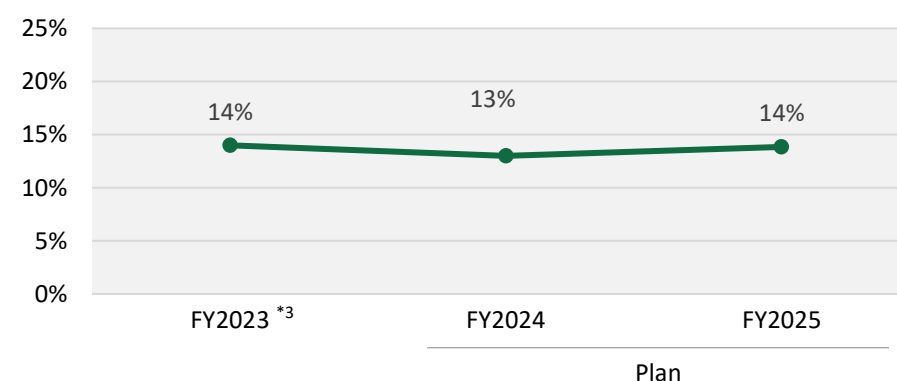
Adjusted operating income*1

Target for FY2025 **11.0** bn yen



Return on Invested Capital (ROIC)*2

Target for FY2025 **14%**



*1 Adjusted operating income is calculated by adding equity on gain and losses of unconsolidated subsidiaries and affiliates to operating income, excluding gain and losses due to extraordinary factors
 2 ROIC = Adjusted operating income after tax / Average of invested capital (Invested capital = Equity + Interest-bearing dept)
 *Average: [(Beginning balance + Ending balance) / 2]

*3 IFRS results of FY2023 are approximate

Business segment summary: Others/New Businesses Development

- After assessing the future potential of each business, we aim to expand the business and achieve profitability as soon as possible by strategically investing resources

Priority initiatives

- 1 Selective investment of resources in view of future business growth and capital efficiency
- 2 Battery materials and membranes division develops next-generation products and promote licensing business for in-vehicle applications, aiming to post stable profits
- 3 Regenerative medicine and implantable medical devices division builds on our track record and experience in contract development organization (CDO) business and aim to expand in contract manufacturing organization (CMO) business



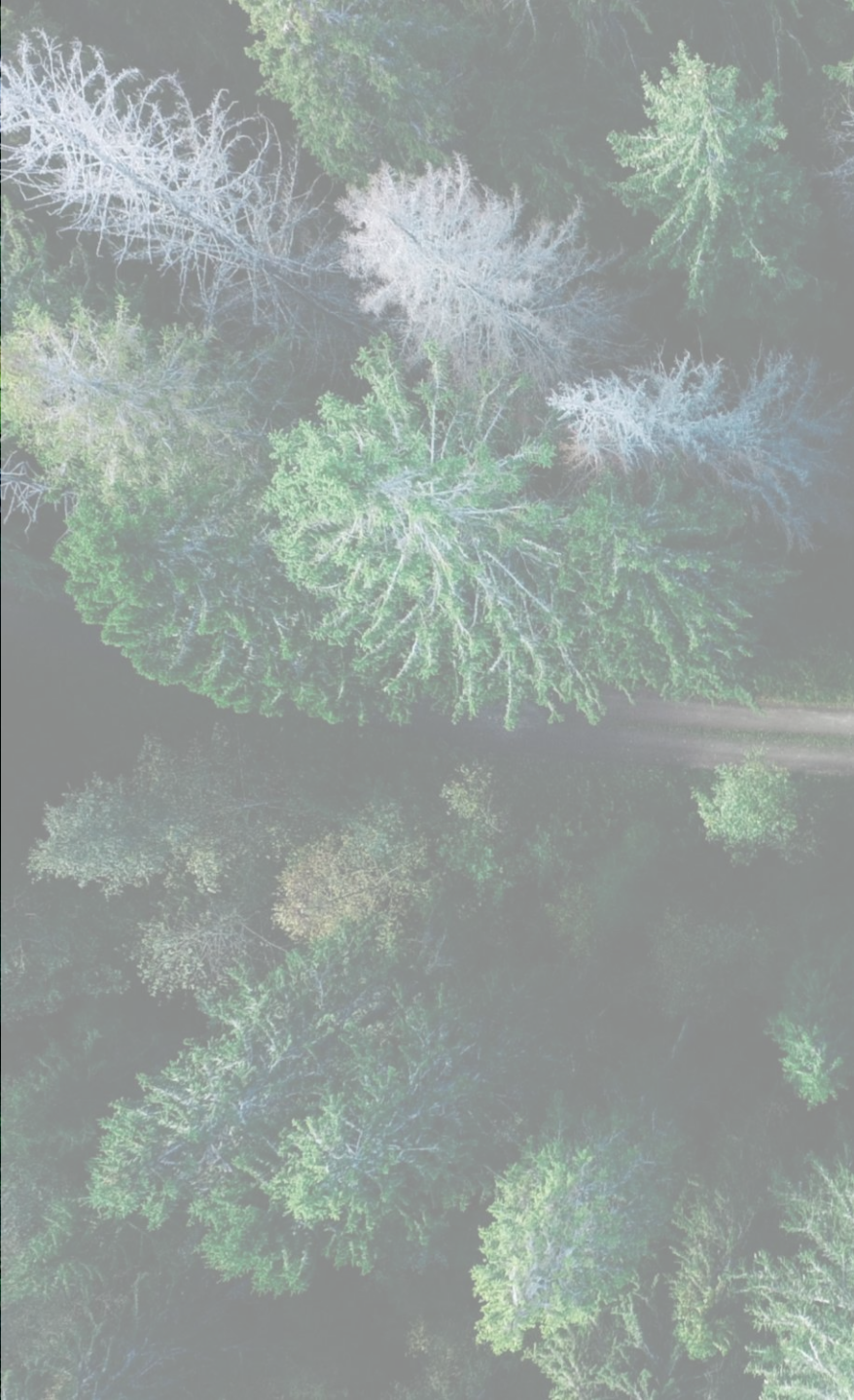
Adjusted operating income*1

Target for FY2025 **2.0** bn yen



*1 Adjusted operating income is calculated by adding equity on gain and losses of unconsolidated subsidiaries and affiliates to operating income, excluding gain and losses due to extraordinary factors, and does not include the amount of "Elimination or Corporate"

*2 IFRS results of FY2023 are approximate



5. Business portfolio transformation

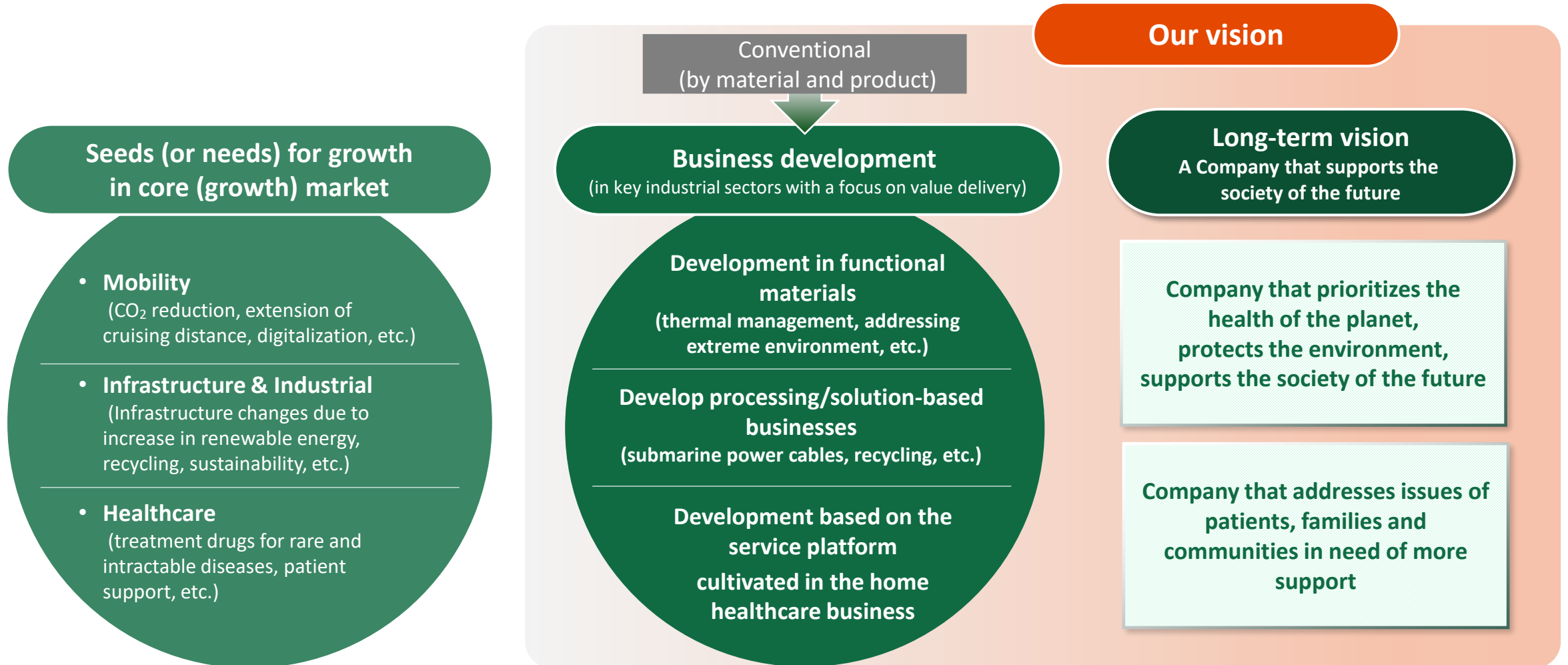
(1) Direction of existing business

- Through the implementation of the profitability improvement measures announced in February 2023 and a review of past medium-term management plans, the identification of underperforming/less focused businesses and validation of strategic options are complete. We have already selected various advisors for each of the strategic options and been already in progress
- A series of measures to be implemented during the execution phase of the strategic options will be announced during FY2024

Existing businesses	Business direction (excluding the impact of strategic option)
Aramid	Amid the expectation of high market growth rate, we will secure higher profits by leveraging our strength in the top global market share Prioritize investment in sustainability as a growth business to solidify our leading position
Resin & Plastic Processing	Severe competitive environment is expected to continue for PC resins as a whole due to new and expanded facilities of manufacturers in emerging countries Aim for a business that is highly resistant to market conditions with high value-added and environmentally friendly products mainly in priority applications (automobiles, high-speed telecommunications) and priority regions (China, ASEAN)
Carbon fibers	Promoting business development that does not get caught up in a severe competitive environment prevalent in general-purpose industrial applications due to new and expanded facilities of manufacturers in emerging countries Focus on development and certification activities to expand adoption of intermediate materials for next-generation aircraft
Composites	Despite the confirmation that gain/loss has bottomed out, we have yet to see a sufficient recovery in profitability and will continue to implement measures to improve productivity and revise prices. Maximize the strength of our top market share position in North America and increase the value of this business through the stable launch of new programs.
Fibers & Products Converting	Complete building a fundamental profitability base that corresponds to the current level of market environment Aim to secure stable profit margins that are less susceptible to market fluctuations by further promoting environmental strategies and shifting to high value-added products
Healthcare	Aim for early launch of three products for rare disease from Ascendis Pharma, A/S to promote the delivery of value that combines our unique business platform with pharmaceuticals and medical devices Optimize fixed costs while actively pursuing alliances, including the introduction of further healthcare products (orphan drugs and home healthcare products), to return to a growth trajectory over the medium to long term
IT	Support the search for further growth opportunities in the online business of IT services

(2) Outline of becoming “a company that supports the society of the future”

- Aim for growth in key industrial sectors beyond the boundaries of existing businesses to solve social issues
- In the medium- to long-term, we will transform its business development from the conventional materials-only business to a value-added business
- Respond to increasingly complex social issues by refining its ability to combine different technologies and functions and to align with its customers’ needs



(3) Basic strategy for growth investment

Basic strategy

To build a new business portfolio with competitive edge that defines winning strategies and makes the best use of growing markets and Teijin's characteristics, allocate our resources to priority investment targets that contribute to sustainability and the acquisition of technology and customer bases, with a focus on Mobility, Infrastructure & Industrial, and Healthcare

Examples of assumed markets and growth areas

Mobility

Expansion in areas peripheral to electrification and digitalization

Expand needs for thermal control, such as heat dissipation, along with the progress of electrification and digitalization

(e.g., the market for thermal management materials for automobiles will be 1.2 trillion yen in 2030)



Infrastructure & Industrial

Expansion around renewable energy and in the area of sustainability

Intercontinental transmission demand increased with the spread of renewable energy. The materials used for the submarine power cables must be lightweight, highly durable, and corrosion resistant

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



Healthcare

Expand in rare and intractable disease areas, etc.

Of approximately 7,000 rare diseases, 95% has no treatment drugs. Many intractable diseases require long-term home care and support



Competitive advantage

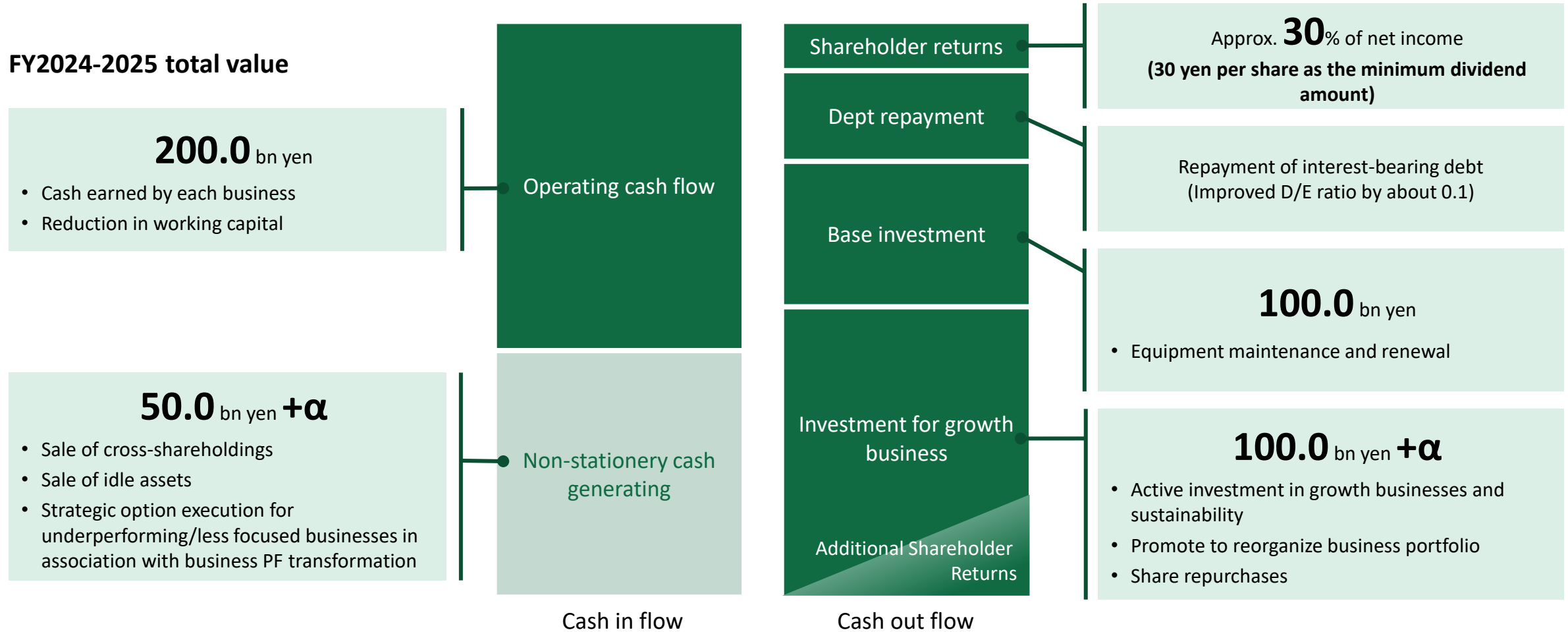
- Supply a wide range of products to the automotive industry and owns industry channels (OEMs and battery manufacturers)
- On our track record of delivering battery boxes in EV-related products, we have knowledge of the demand characteristics such as heat resistance and fire resistance

- In high-strength fibers, aramid fibers are in the leading position, and we have a wealth of knowledge and experience in various cable applications
- Possess technology and know-how cultivated in the recycling of polyester and aramid fibers

- Provide pharmaceuticals and medical devices by leveraging the business platform of patient support and services for healthcare professionals, which were cultivated through the home healthcare business

(4) Capital allocation and shareholders return policy (FY2024-2025)

- Strengthen existing businesses' ability to generate cash by improving profitability, and use the cash in base investment and dividends on a priority basis
- In addition, cash generated from the sale of cross-shareholdings/idle assets and the execution of strategic options for underperforming and less focused businesses will be allocated on a priority basis for investment in growth and additional shareholder returns (including share repurchases)



(5) Industrial sector strategy: 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 business

Organic growth

- With a strong market presence and a highly competitive product lineup that captures customer needs, we will steadily capture growth opportunities and maximize sales of existing products

Aramid tire cord for luxury cars and EVs



Market trend	Teijin's strengths
<ul style="list-style-type: none"> ● Increase in vehicle weight due to conversion to EVs ● Prevents tire deformation and contributes to improved fuel efficiency and extended cruising range <p>CAGR+8%</p>	<ul style="list-style-type: none"> ● Cost competitiveness through integrated production from raw materials and proprietary manufacturing methods <p>Global share 60%</p>

Intermediate materials for aircraft




Market trend	Teijin's strengths
<ul style="list-style-type: none"> ● Increased demand for single aisle aircraft ● Highly productive CFRP manufacturing technology*1 <p>CAGR+8%</p>	<ul style="list-style-type: none"> ● Our long track record in supplying aircraft and development capabilities based on reliability <p>In the development of materials for next-generation aircraft</p> <p>Leading position</p>

Building a new PF

- Identify growth directions in the mobility sector that match market trends/future needs and leverage our capabilities (technology, sales channels, etc.)


Automobile (Addressing electrification and digitalization)



Business examples	Teijin's strengths
<ul style="list-style-type: none"> ● Functional materials for batteries, ECUs*2, 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 reduction of fuel consumption and decarbonization)



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

*1 De-autoclave technology (NCF-RTM(non-crimp fabric-Resin Transfer Molding), CFRTP (thermoplastic carbon fiber composite), etc.)

*2 Electronic Control Unit

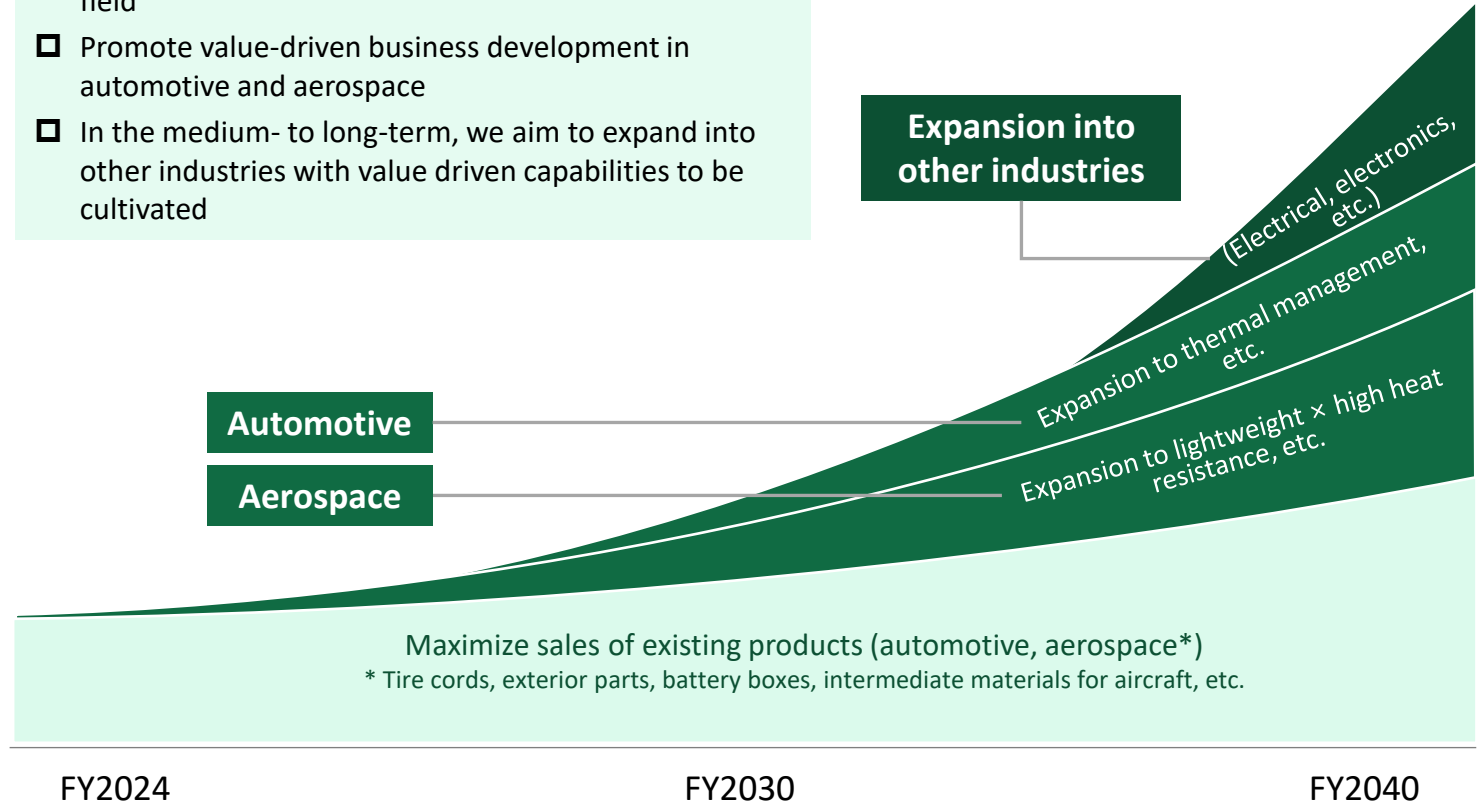
(Source: Our estimates based on various data)

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

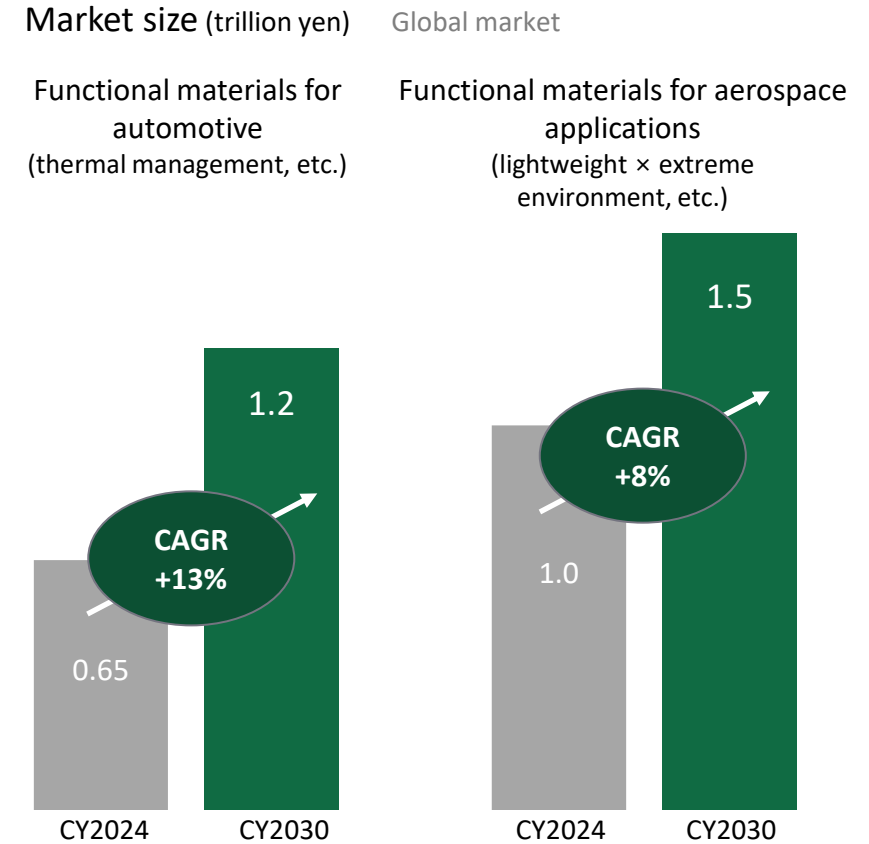
- Leveraging our business foundation and capabilities in the mobility field, we will develop value driven businesses in the automotive and aerospace industries
- Aim medium- to long-term expansion into other industries

Direction for growth

- Identify directions for growth that can leverage our business platform and our capabilities in the mobility field
- Promote value-driven business development in automotive and aerospace
- In the medium- to long-term, we aim to expand into other industries with value driven capabilities to be cultivated



Total addressable market



(Source: Our estimates based on various data)

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

- Maximize sales of existing products that meet customer needs in terms of environmental contribution and functionality
- Seize decarbonization-related future needs as opportunities, and develop a solution-oriented business that encompasses not only materials, but also processing and design

Organic growth

- 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 trend	Teijin's strengths
<ul style="list-style-type: none"> ● Promotion of 5G network development ● Growing demand for para-aramid fibers with excellent dimensional stability <p>CAGR+9%</p>	<ul style="list-style-type: none"> ● Presence in European and U.S. markets, global network <p>Global share 25%</p>

Short fibers for RO (reverse osmosis) membrane supports



Market trend	Teijin's strengths
<ul style="list-style-type: none"> ● Expand global demand for RO membranes, mainly in seawater desalination technology ● Increased demand for polyester sheet materials to ensure strength <p>CAGR+9%</p>	<ul style="list-style-type: none"> ● Build superiority through supply capacity, product mix, and quality stability <p>Global share 60%</p>

Building a new PF

- Aim to solve social issues by accurately grasping the changing needs of the future and develop solution-oriented businesses that include not only materials but also processing and design

Cable reinforcement solutions (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 	<ul style="list-style-type: none"> ● Extensive knowledge and experience for various cable applications ● Provide solutions from materials to processing

Recycle



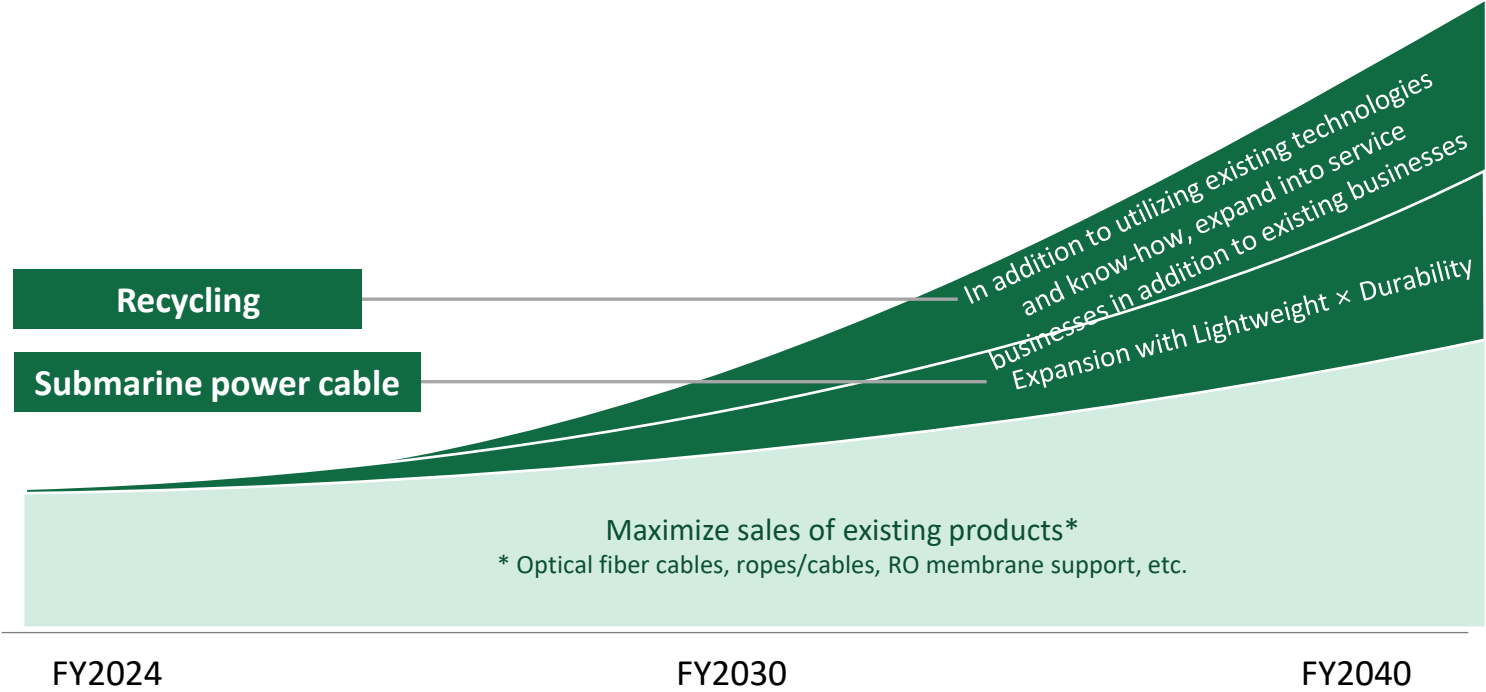
Business examples	Teijin's strengths
<ul style="list-style-type: none"> ● Compliance with various environmental regulations that are incessantly upgraded to achieve a circular economy* <p>*Separation/chemical recycling technology development</p>	<ul style="list-style-type: none"> ● Technology and know-how cultivated in the recycling of polyester and aramid fibers

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

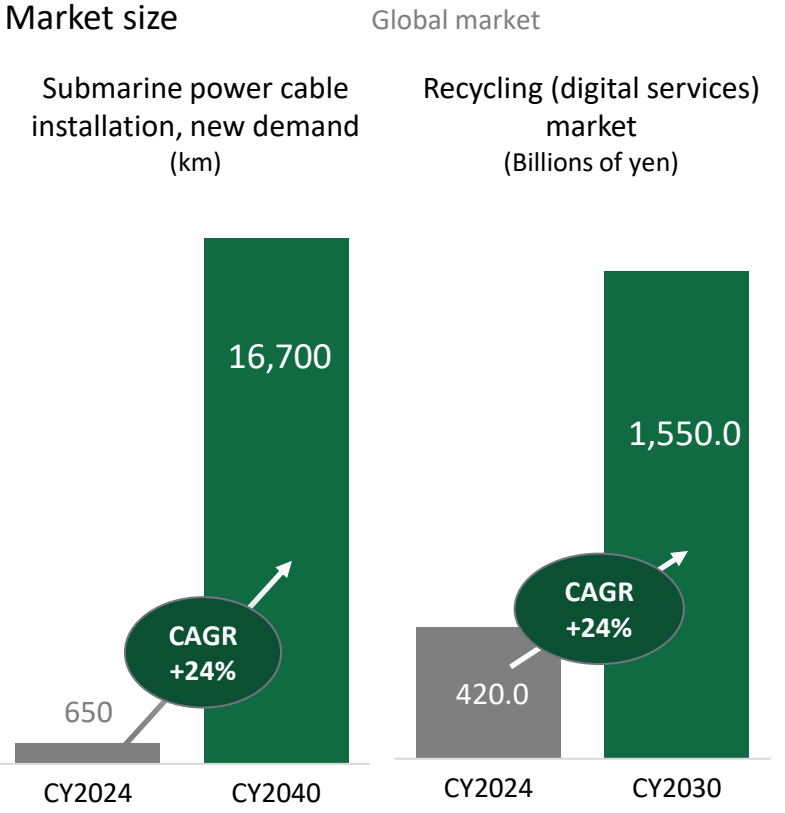
- Expand business in areas of cable reinforcement and recycling by leveraging Teijin’s characteristics and capabilities
- Aim to expand into service businesses in a medium- to long-term

Direction for growth

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



Total addressable market



(Source: Our estimates based on various data)

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

- To address issues of patients, families, and communities in need of more support, we aim to deliver value that combines the business platform cultivated through the home healthcare business with pharmaceuticals and medical devices
- To expand overseas in the medium- to long-term

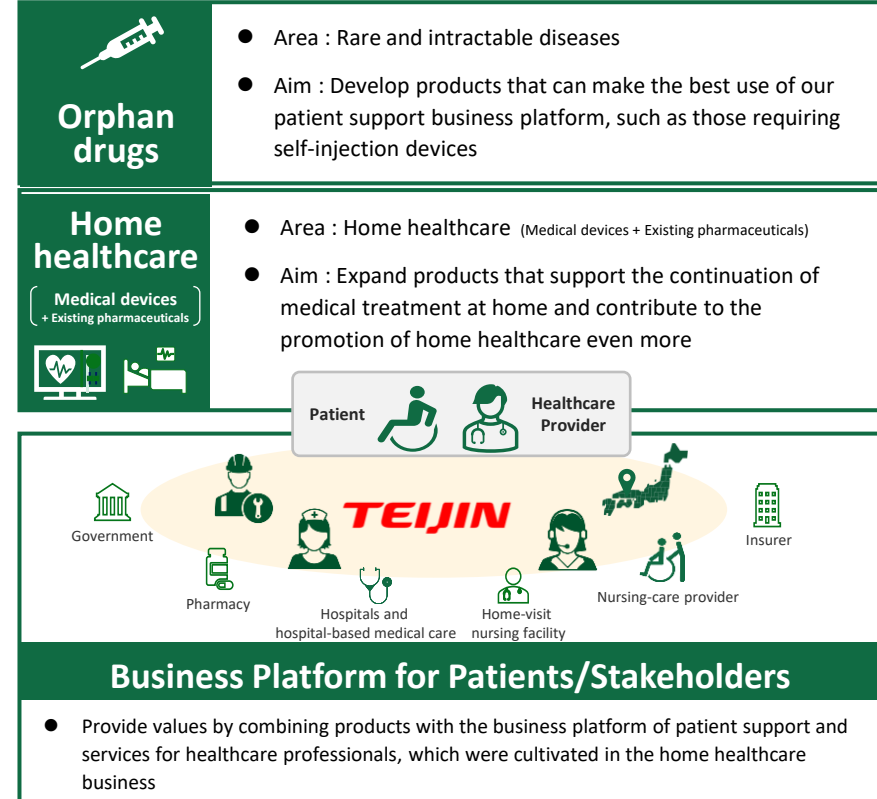
The current state
Medium- to long-term visions

- ❑ The pharmaceuticals business, centered on small molecule drugs for lifestyle-related diseases, is expected to face an even more competitive environment in the future
- ❑ Strength in business platform cultivated through home healthcare business

Pharmaceuticals	
Focus area	Features and outlook
<ul style="list-style-type: none"> ● Area: Lifestyle-related diseases (Hyperuricemia / diabetes mellitus / osteoporosis, etc.) ● Technology: Small Molecular Drugs 	<ul style="list-style-type: none"> ● Growth was slowed due to intensifying competition in the lifestyle-related disease area and the government's recommendation to use generics ● Rare diseases/new modalities have high market growth rates including in Japan ● Patient support gains importance as administration devices such as home self-injection are increasingly diversified
Home medical device	
Focus area	Features and outlook
<ul style="list-style-type: none"> ● Area : Respiratory and Sleep (Chronic respiratory failure / Sleep apnea syndrome) ● Technology: home oxygen therapy (HOT*) 	<ul style="list-style-type: none"> ● Strengths in our business foundation as a pioneer in providing patient support from daily home care support to disaster relief ● The promotion policy to make healthcare more prevalent remains unchanged. Target areas are expected to expand due to advances in medical technology and monitoring

*Home oxygen therapy

- ❑ Strengthen profitability by shifting to a business structure that provides products and services with a focus on rare diseases and home healthcare
- ❑ In the medium- to long-term, we aim to achieve sustainable business growth by entering overseas markets



Overseas operations

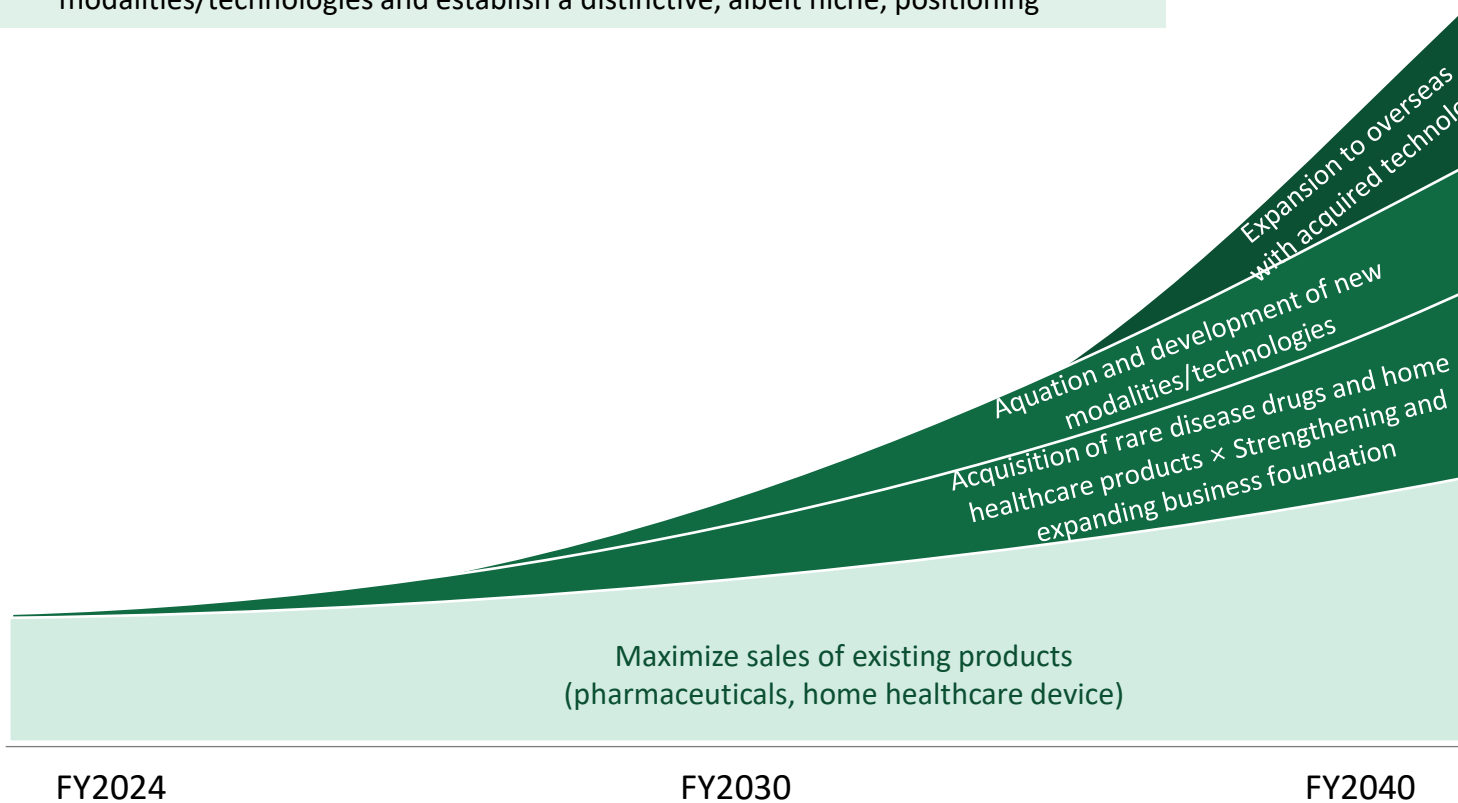
Acquire new modalities/unique technologies and products to enter overseas markets in the future

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

- In addition to the existing products, we will focus on strengthening its revenue and profit base by steadily launching the products, licensed in from Ascendis Pharma, A/S
- To engage in activities with the aim of expanding its business overseas in a medium- to long-term

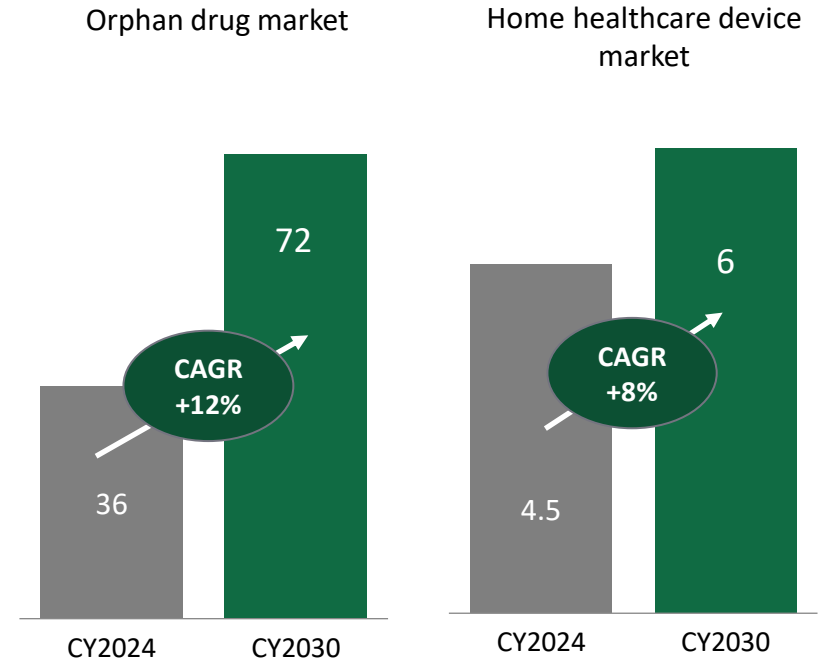
Direction for growth

- In addition to products (pharmaceuticals and home healthcare products) for which the business base can be leveraged, we 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



(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 society of the future", actively invest in sustainability and develop materials product businesses that contribute to the environment
- In addition, we will focus on launching new businesses that contribute to the realization of a sustainable society, such as circularity and renewable energy

Core areas and means of developing new businesses

- In addition to developing technologies and services related to circularity, we aim to provide materials in the conversion, storage, and transportation of renewable energy
- In addition to in-house R&D, we will also consider the use of investment vehicles such as CVC

	Core area	In-house R&D	Tie-up with other companies (Utilize investment vehicles, M&A, etc.)
Circularity	Technology development (new materials, recycling technology)	<ul style="list-style-type: none"> • Development of new materials and technologies • Reinforcement of proprietary technologies 	<ul style="list-style-type: none"> • Developing new services in addition to technology • Utilization of outside expertise and experience
	Service Development (Leasing, PaaS*1)	<p style="text-align: center;">✓</p> <p>Multi-material recycling, etc.</p>	<p style="text-align: center;">✓</p>
Renewable energy	Energy conversion, storage, and transportation (materials supply)	<p style="text-align: center;">✓</p> <p>Water electrolysis, next-generation battery materials, etc.</p>	<p style="text-align: center;">✓</p>

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



Research and development of aramid fibers for tires using recycled raw materials



Mechanical recycling of aramid fibers used in bulletproof vests

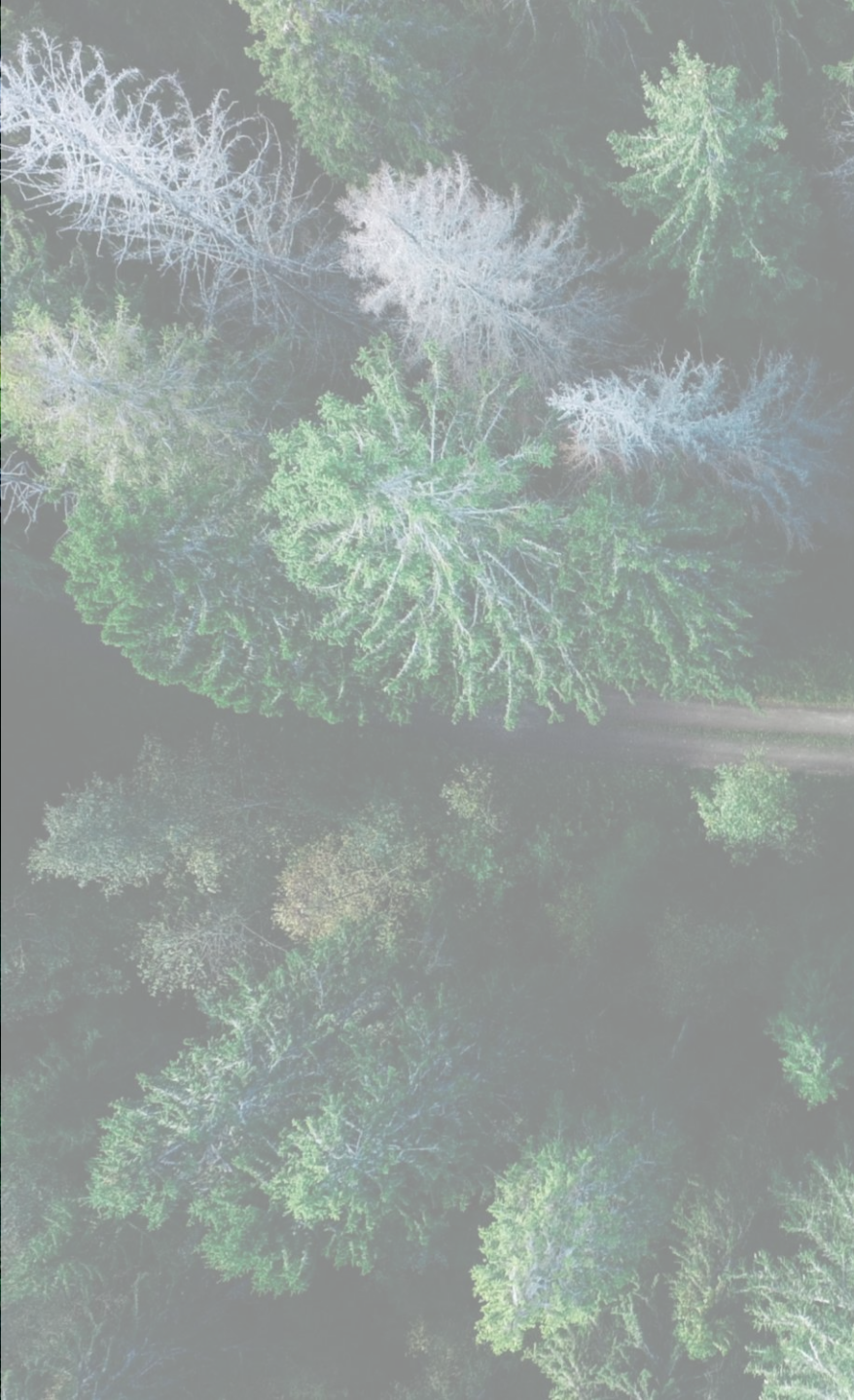


Fibers made from recycled raw materials and plant-derived materials



Mooring ropes and submarine power cables for floating offshore wind turbines

*1. Product as a Service



6. Management basis enhancement

Roadmap to enhanced global management basis

■ Timed with PF transformation, enhance global management basis and executional capabilities with new purpose

	Issues	Profitability Improvement	This medium-term		~FY2027-2028
		FY2023	FY2024	FY2025	
Global business operation along the purpose	<ul style="list-style-type: none"> ■ Fostering of shared values 	<ul style="list-style-type: none"> ■ Purpose formulation ■ Strengthen communication between top management and employees 	<ul style="list-style-type: none"> ■ Organize strategies, action guidelines, etc. for each business by linking them to the purpose. ■ Formulation of My Purpose for each employee 	<ul style="list-style-type: none"> ■ Penetration of Purpose to people including outside the company 	
Optimization of management decisions/execution	<ul style="list-style-type: none"> ■ Corporate governance system optimized for global/diversified companies 	<ul style="list-style-type: none"> ■ Reorganization of Corporate Officer Structure ■ Organization consolidated under direct control of CEO 	<ul style="list-style-type: none"> ■ Further enhancement of governance structure 	<ul style="list-style-type: none"> ■ Review of impact of system changes/improvement 	<ul style="list-style-type: none"> ■ Establish global management system
Improvement of production and manufacturing technology	<ul style="list-style-type: none"> ■ Evolution of facility/operation/maintenance through integration of knowledge/technology in and outside Japan 	<ul style="list-style-type: none"> ■ Dispatch engineers in Japan to overseas group companies 	<ul style="list-style-type: none"> ■ Standardization of equipment management on a global basis ■ Strengthening on-site execution through corporate support (mainly aramid/ composites) 	<ul style="list-style-type: none"> ■ Expand engineering function to other business divisions 	<ul style="list-style-type: none"> ■ Permanent improvement cycle
Reinforce human capital management	<ul style="list-style-type: none"> ■ Establishment of the “right place” and securing of the “right person” to implement strategies 	<ul style="list-style-type: none"> ■ Start global job posting 	<ul style="list-style-type: none"> ■ Maximize utilization of internal global human resources ■ Formulation of human resource portfolio 	<ul style="list-style-type: none"> ■ Integrate job grade system globally 	<ul style="list-style-type: none"> ■ Promote the right person in the right place globally
Realize growth strategies in core industrial sectors			<ul style="list-style-type: none"> ■ Concretize development measures in the Mobility, Infrastructure & Industrial business areas. ■ Continue to build in the healthcare field, “rare disease + home healthcare system” 	<ul style="list-style-type: none"> ■ Shift to optimal organizational structure, including integration of functions 	<ul style="list-style-type: none"> ■ Set up a business development organization to target industrial sectors globally
			Materials/Products		Industrial Sectors*

*Shifting to value offerings such as functionality is considered going forward

Background of purpose formulation and formulation project

Background of purpose formulation

- ❑ Amid severe management condition, it is vital for us to build an organization under common values so that we are inspired to act on the realization of our vision
- ❑ The traditional corporate philosophy system is complex and difficult to understand for diverse employees in many locations, including overseas
- ❑ To be the company with a sense of unity under Purpose, destroy a silo organization to allow shared sense among employees, and evolve into a company needed by society

“Journey to One Teijin” project to clarify purpose/significance of existence based on common values

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

- ❑ CEO will spearhead this move to redefine Purpose, emphasize on building a shared sense among us all, engage employees from various locations around the world, and execute the process in a highly transparent manner
- ❑ Through numerous workshops, participants reflect on Teijin's past, get to know each other, and discuss the hopes of employees (over 650 participants)
- ❑ Discuss and consolidate opinions among employees around the world at town hall meetings (approx. 2,000 participants)
- ❑ Consolidate everyone's hope into simple, powerful words



TEIJIN

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 Policy

"Improving transparency" "Ensuring fairness"

"Accelerating decision-making"

"Ensuring independence of monitoring and supervision"

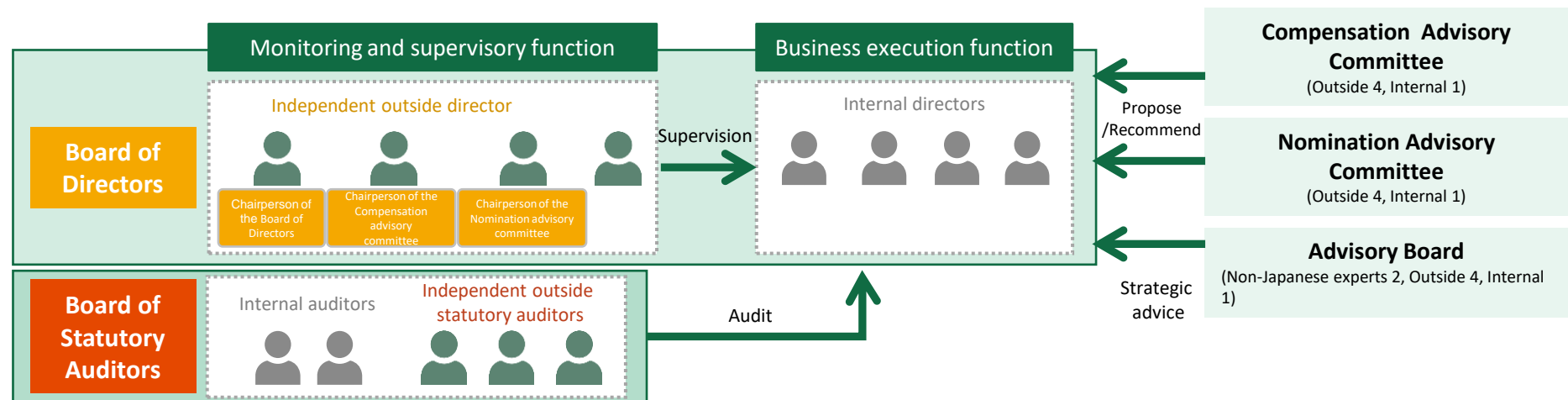
History of building governance structure



Further reinforcement proposal at shareholders' meeting in June 2024

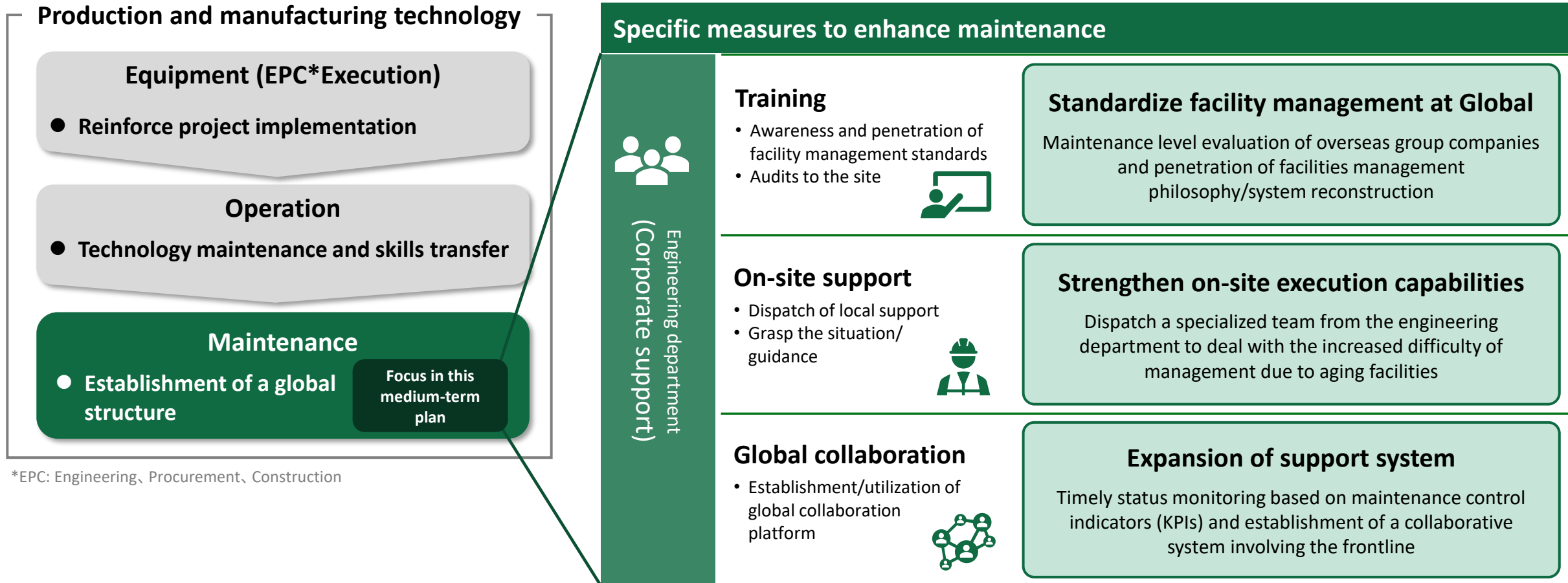
System to meet required skills for "Business PF transformation in global company"

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



Improvement of production and manufacturing technology

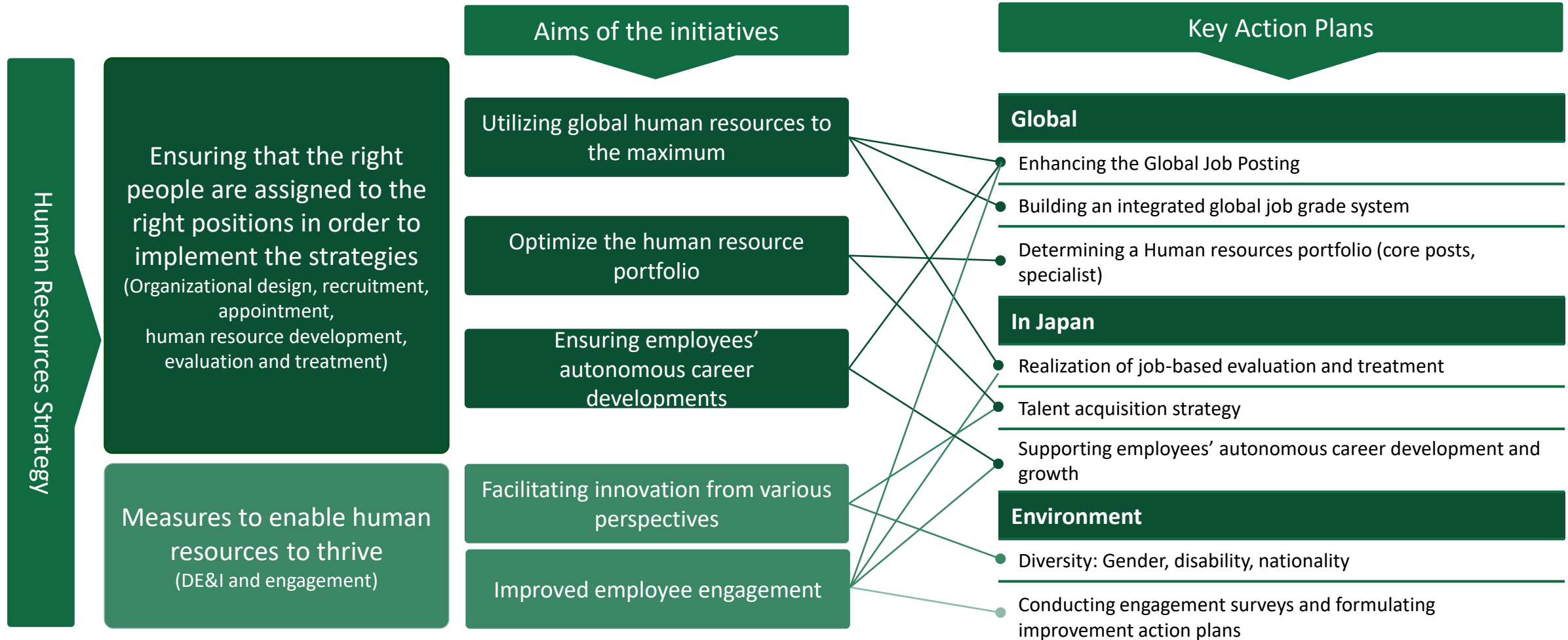
- Efforts to stabilize production (quality, cost, and delivery) are halfway through the process. In particular, we will strengthen corporate support for overseas group companies, and maintain and improve production and manufacturing technology through integrated equipment, operation, and maintenance



*EPC: Engineering, Procurement, Construction

Human capital strategy

- Formulate HR strategies from both the strategic axis for the realization of the mid-term management plan and the axis of Purpose and Corporate Philosophy and maximize the use of internal global human resources
- Set key action plans based on the HR strategy of "ensuring that the right people are assigned to the right positions in order to implement the strategies" and "measures to ensure active role of human resources"



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

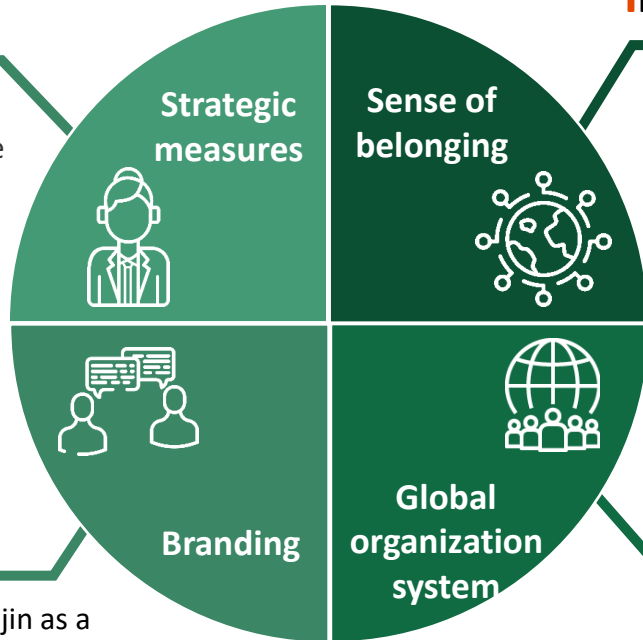
- Create innovation through the promotion of DE&I and fostering an inclusive corporate culture where employees feel comfortable sharing ideas and thoughts
- Increase corporate competitiveness by improving employee engagement

Diversity & Equity

- KPIs for the diversity of executives and creation of a female executive pipeline
- Leadership and career Training for female employees
- Global job posting
- Career development of disabled employees
- Support for LGBTQ+

External Communication

- Enhancing public recognition of Teijin as a DE&I company
- Communication with Stakeholders



Inclusive corporate culture

- “Journey to One Teijin” Project
- DE&I's in-house newsletter "Together"
- Global DE&I DAY

Organization and system for DE&I promotion

- Regional DE&I teams
- Global DE&I Committee

◆ Diversity-related KPI targets

	Category	Oct. 2023 Results	Apr. 2026 Milestone	Apr. 2030 Target
Executive*1	Female	12%	20%	30%
	Non-Japanese	8%	10%	30%
Managers*2	Female department and section managers	10%	12%	20%

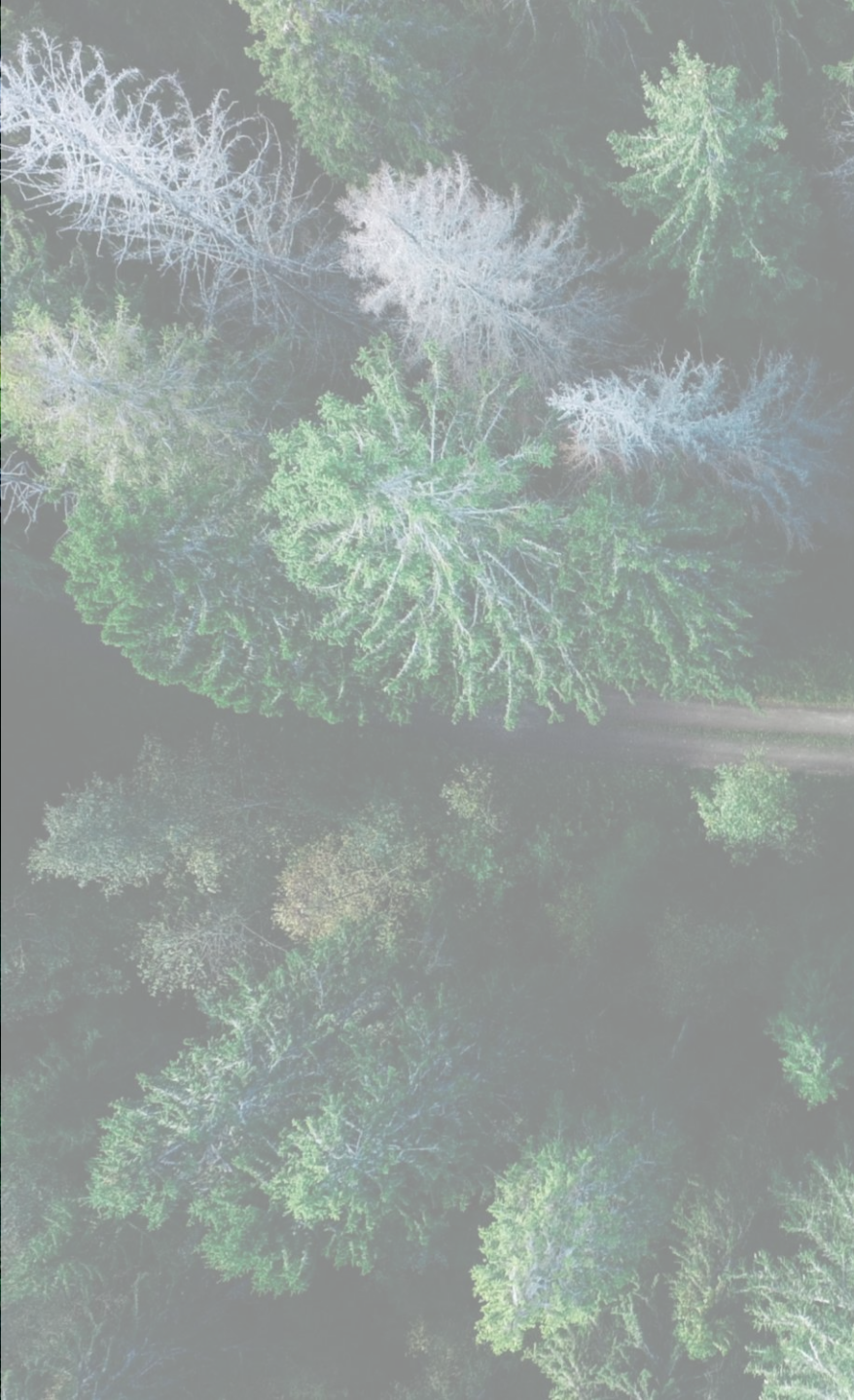
◆ Engagement survey-related KPI targets

Details	Sep. 2023 Results	Apr. 2026*3 Milestone	Apr. 2030*3 Target
Engagement Score	62	64	68

*1 Total number of board members, auditors, group corporate officers

*2 The figures for managers are global data, including Japan

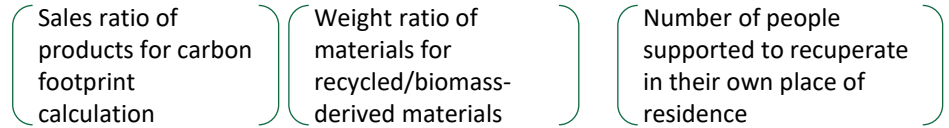
*3 Performed in September in the previous year



7. Sustainability initiatives

Key KPI

- Internal sustainability efforts are prioritized by impact and addressed in order of priority issues
- Continue efforts to achieve targets based on KPIs established for each priority issue
- New KPIs to capture business opportunities are trialed in pilot phase, including KPIs related to carbon footprint, circular economy, and health/comfort



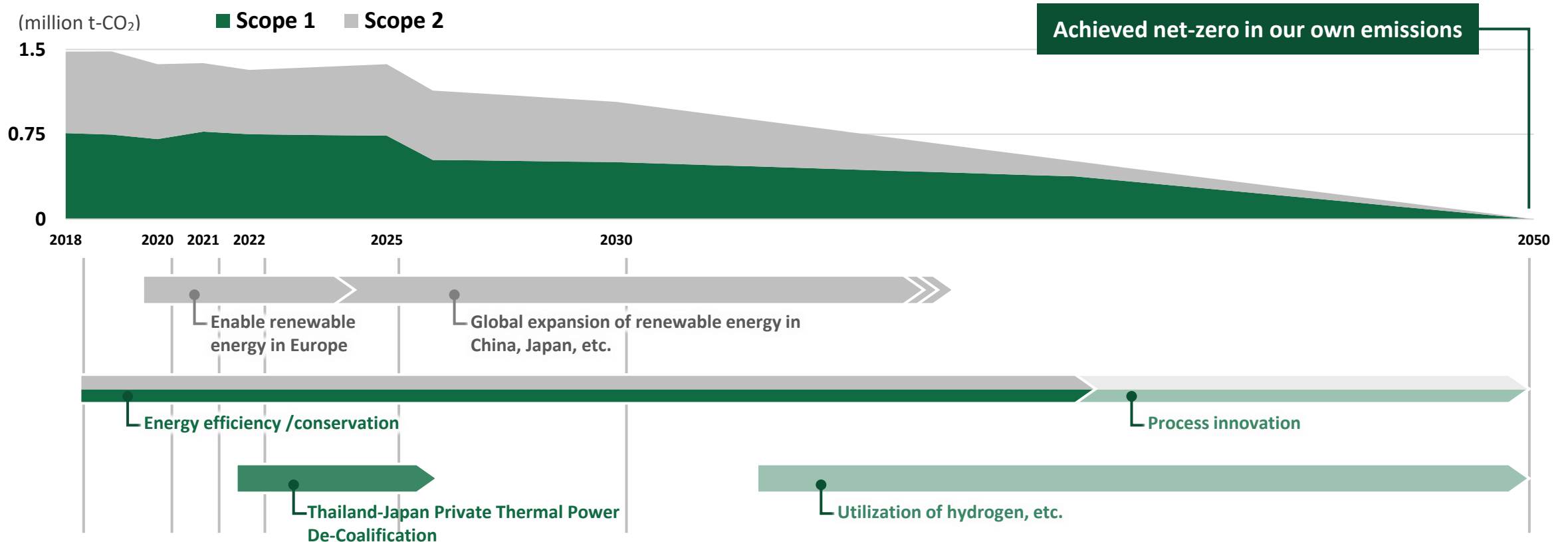
KPI

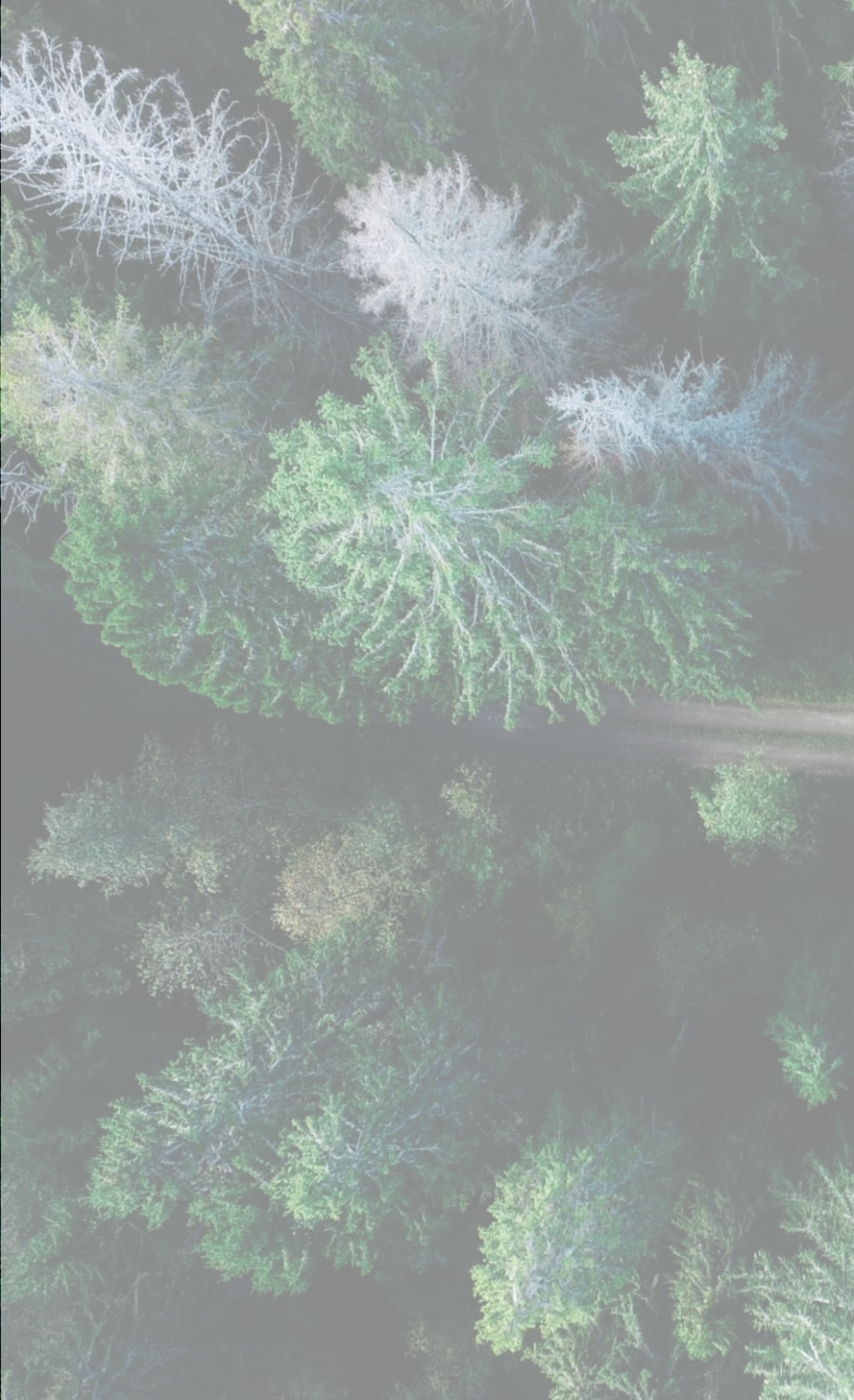
KPI to capture business opportunities	climate change Our own CO ₂ reduction contribution	FY2030	Total CO₂ emissions < CO₂ reduction contribution	The effect of CO ₂ reductions in the downstream supply chain due to product use
KPI to strengthen business base*	Climate change Our own CO ₂ emissions	FY2030 FY2050	30% reduction Net ZERO realization	Aggregate target Conversion of power sources 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 unit of sales
	Circular Economy Waste	FY2030	20% improvement	Landfill waste volume per unit of sales
	Safety/Security Hazardous Substance	FY2030	20% improvement	Hazardous chemicals emission volume per unit of sales

* All KPIs to strengthen business base are target values with FY 2018 as the base year

Roadmap for reducing CO₂ emissions

- CO₂ emissions are expected to increase due to the current increase in production, but we are implementing initiatives in line with its roadmap to achieve net-zero emissions by 2050
- Promotion of renewable energies is progressing steadily in Europe and ahead of schedule in China. We will continue to promote it
- Coal conversion work (Thailand and Japan) is scheduled to be completed by the end of FY2025. The effects are expected to be fully realized from FY2026



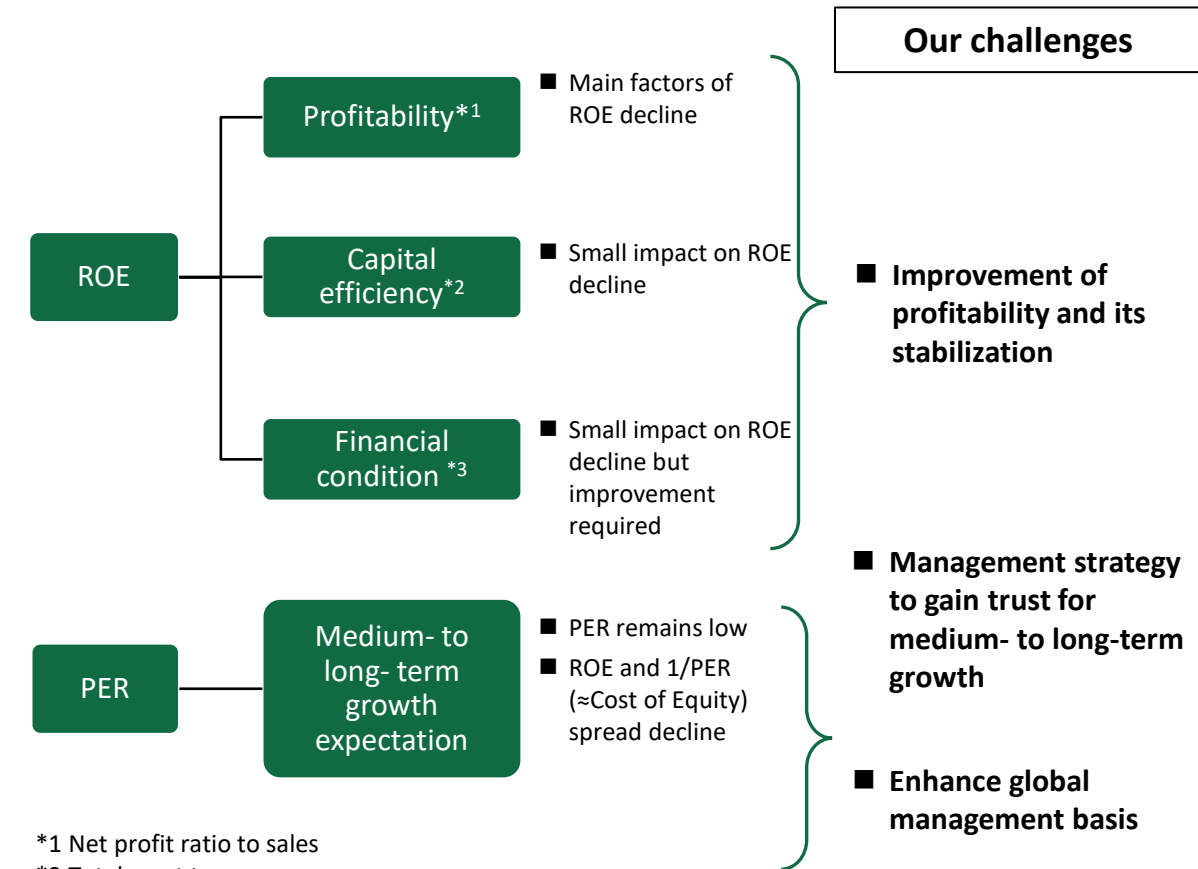


8. Initiatives to improve PBR

Responses and Objectives in this Medium-term Management Plan

- Based on the current situation analysis published in February 2024, set and disclose actions and targets for improving PBR in this mid-term management plan
- Steadily carry out the plan and aim for an early improvement in PBR

Recognition of our issues (announced in February 2024)

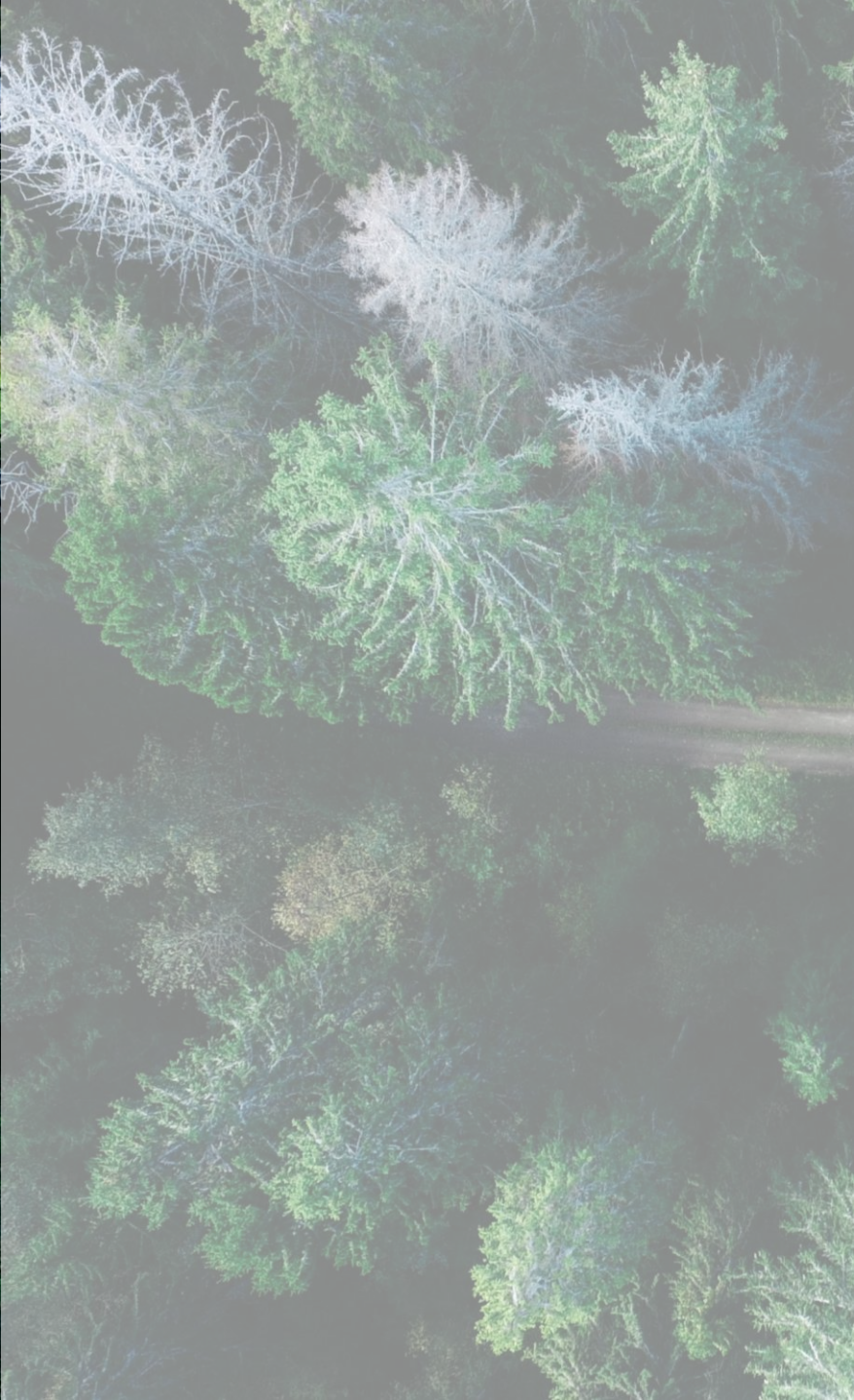


*1 Net profit ratio to sales
 *2 Total asset turnover
 *3 Financial leverage

Responses and objectives in this medium-term management plan

Target FY2025 ROE 6% or more
 Aim for ROE of 10% or more and PBR at 1x or more as early as possible after the current medium-term management plan

Profitability	<ul style="list-style-type: none"> ■ Completion of reforms for profitability improvement ■ Strategic option execution for underperforming/less focused businesses ■ Investment in focused businesses ■ Improve business operations by strengthening the management basis
Capital efficiency	<ul style="list-style-type: none"> ■ Reduce cross-shareholdings and promote sales of idle assets ■ Proactively consider share repurchases when resources are available through asset sales and strategic options
financial condition	<ul style="list-style-type: none"> ■ Ensure a balance between financial discipline and capital efficiency while actively utilizing interest-bearing debt
Medium- to long-term growth expectation	<ul style="list-style-type: none"> ■ Earning the trust of investors <ul style="list-style-type: none"> □ Steady achievement of the plan □ Careful explanation of business portfolio transformation and future growth potential □ Stable and continuous shareholder returns
Enhance global management basis	<ul style="list-style-type: none"> ■ Strengthen management basis to realize the long-term vision (Purpose, governance, human capital, technology, etc.)



Appendix

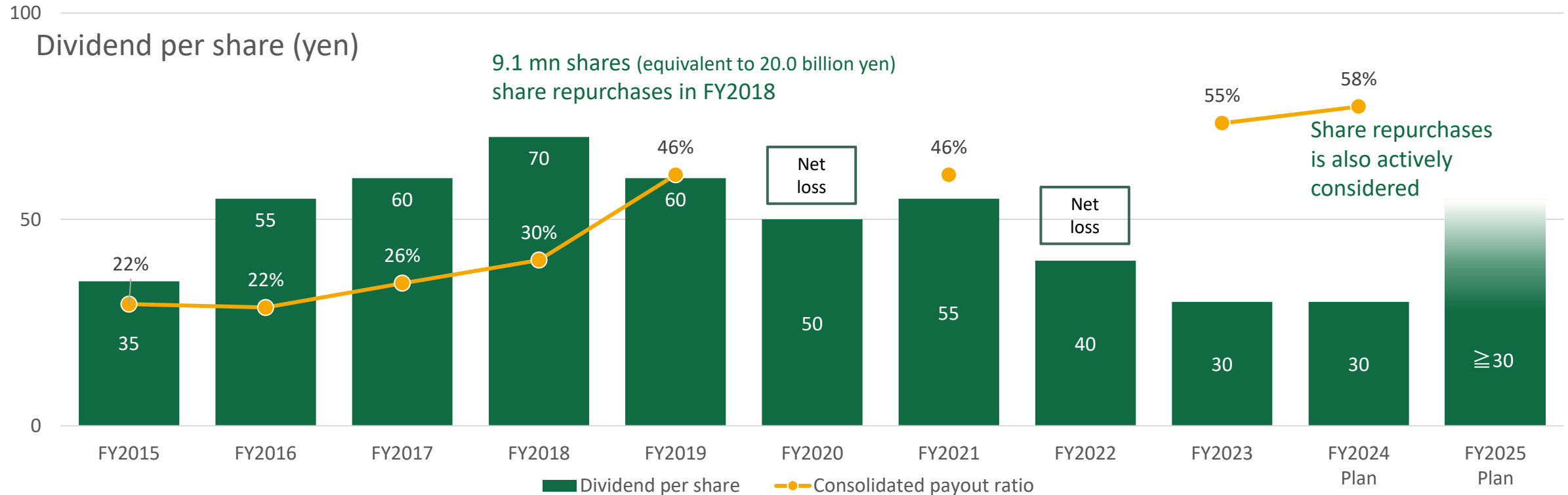
Dividend Policy

■ Dividend Policy

- Paying performance-based dividends in view of a payout ratio of about 30%
- Setting a lower limit of 30 yen for annual dividend per share in consideration of the stable and sustainable payment of dividends

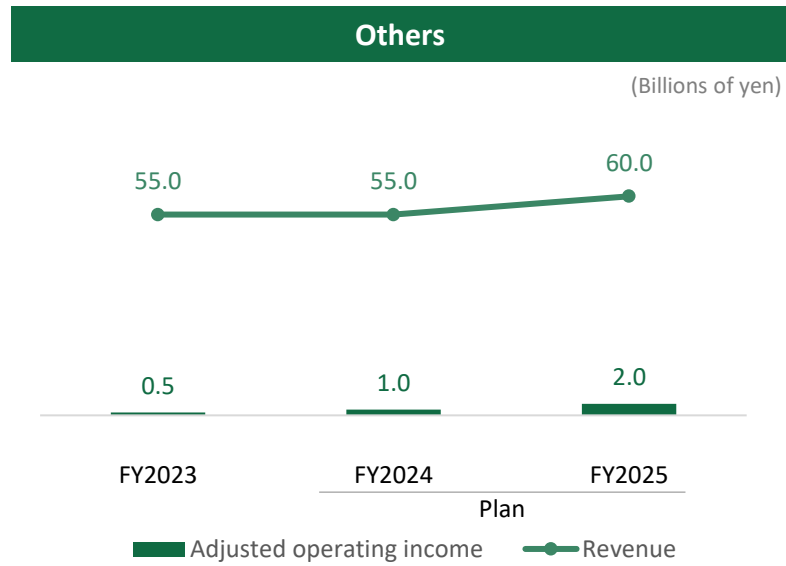
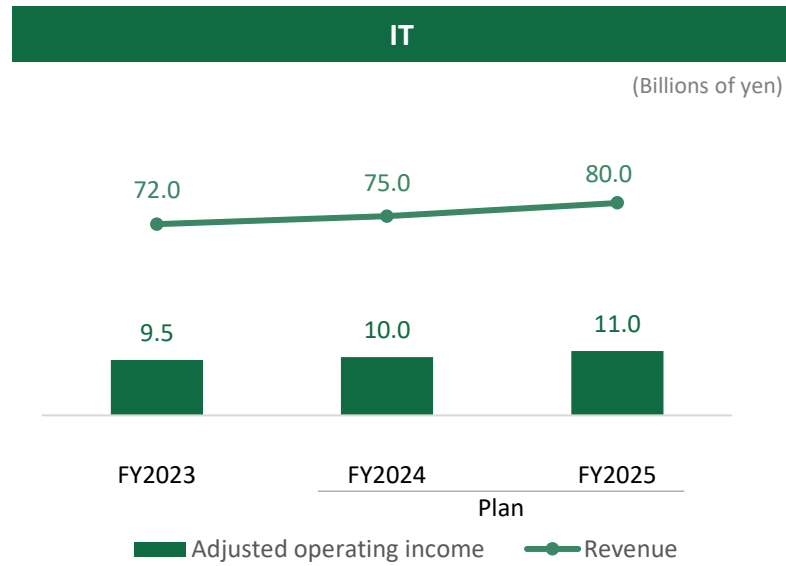
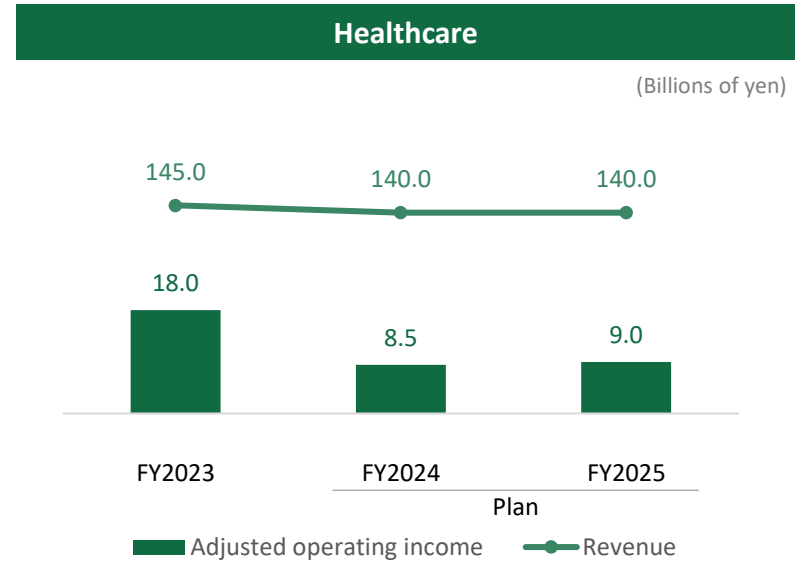
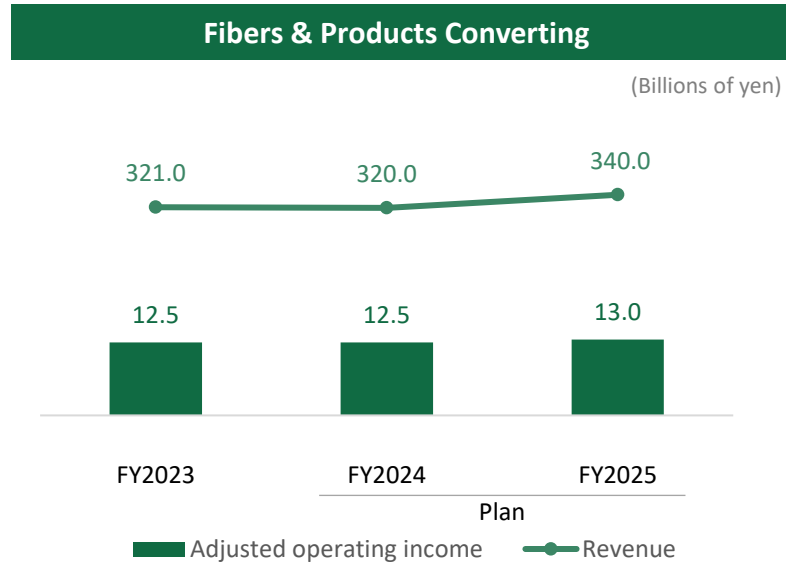
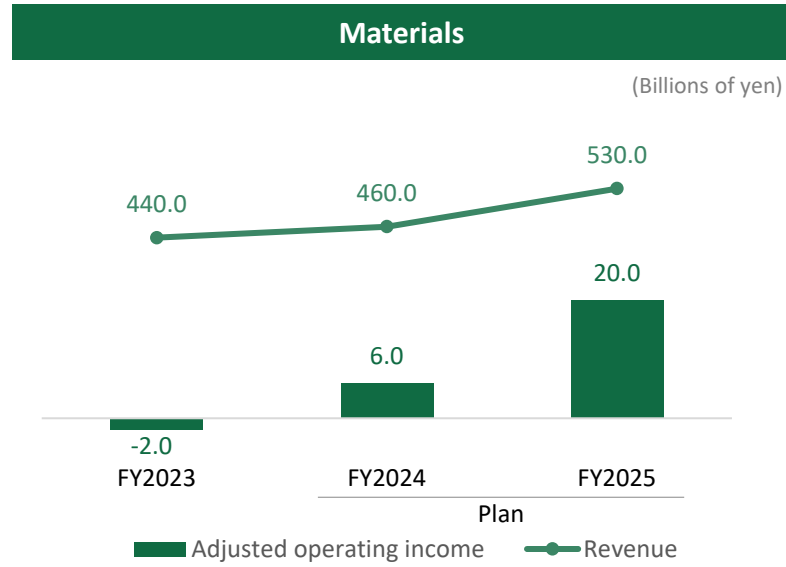
■ Share repurchases

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



*Dividend for FY2018: Includes 100th anniversary commemorative dividend of 10 yen/share

List of quantitative plans for each business segment



* Adjusted operating income is calculated by adding equity on gain and losses of unconsolidated subsidiaries and affiliates to operating income, excluding gain and losses due to extraordinary factors
 * IFRS results of FY2023 are approximate
 * Adjusted operating income of "Others" does not include the amount of "Elimination or Corporate"

ESG external evaluation

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



FTSE Blossom Japan Index

2024 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)



FTSE Blossom Japan Sector Relative Index

2024 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

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Obtained the highest "AAA" in the MSCI ESG RATINGS

MSCI ESG RATINGS



Highly rated in the Nikkei SDGs Management Survey



• In all four area, rated "S or above"



Status of inclusion in SRI indices



FTSE4Good



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

Healthy management promotion



Sports Yell Company (Silver*)



*Company acquired the certification seven to nine times



Cautionary Note on Prospects

- The information contained in this document is based on various assumptions and does not guarantee or warrant the realization 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.