Teijin Group Medium-Term Management Plan 2026-2028

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Teijin Limited

Securities Code: TSE Prime 3401

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Review of the Previous Medium-Term Management Plan (2024-2025)

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To strengthen our core earnings power, we executed a company-wide transformation of our business portfolio with our purpose at the core. However, amid changes in the business environment affecting our materials-driven businesses, we fell short of our mid-term quantitative targets

Defining Purpose

Formulating a Purpose to Support Long-Term Value Creation

Pioneering solutions together for a healthy planet

Business portfolio transformation

Exiting unprofitable businesses and reviewing others under the best owner principle

- ✓ IT business, Infocom: transferred in October 2024
- ✓ Composites business in North America: transferred in July 2025
- ✓ Loss-making assets decreased (around 10% of total assets), and the D/E ratio improved due to reduction of interest-bearing debt

Recovery of core profitability

Due to changes in market conditions
Full recovery of earnings has not been achieved

- ✓ Struggled in the aramid and carbon fibers business
- ✓ Implementing fundamental structural reforms unbound by past strategies (aramid/carbon fibers/pharmaceutical business)
- ✓ Achieved high profitability in the Fibers & Products/home healthcare business

		FY2023 Results	FY2024 Plan	FY2024 Actual	FY2025 Plan	FY2025 Actual
Adjusted operating income		¥22.0 billion	¥20.0 billion	¥27.6 billion	¥39.0 billion	¥25.8 billion
Capital efficiency	ROIC	1.8%	2% or more	2.6%	4% or more	2.6%
	ROE	-2.9%	2% or more	6.7%	6% or more	-22%*1
Financial soundness	D/E ratio	1.11	around 1.0	0.77	about 0.9	0.78
Shareholder returns	Dividend amount	30 yen	30 yen or more	50 yen	30 yen or more	50 yen

*1 Impact of impairment losses in the aramid and the pharmaceutical business

Toward Identifying a Business Model for Success

High-profit Fiber and Products Converting business and home healthcare business are built on Customer-Driven business models. We are shifting from a materials-driven approach grounded in product competitiveness to a Customer-Driven approach leveraging Teijin's distinctive strengths.

Recognition of issues

Challenges of the materials-driven business model

The commoditization of materials is accelerating

A phase of reassessing a Capex-Intensive business model

Complexity of social issues

Diversification of stakeholders

Limitations of addressing social issues through materials alone

Strengths

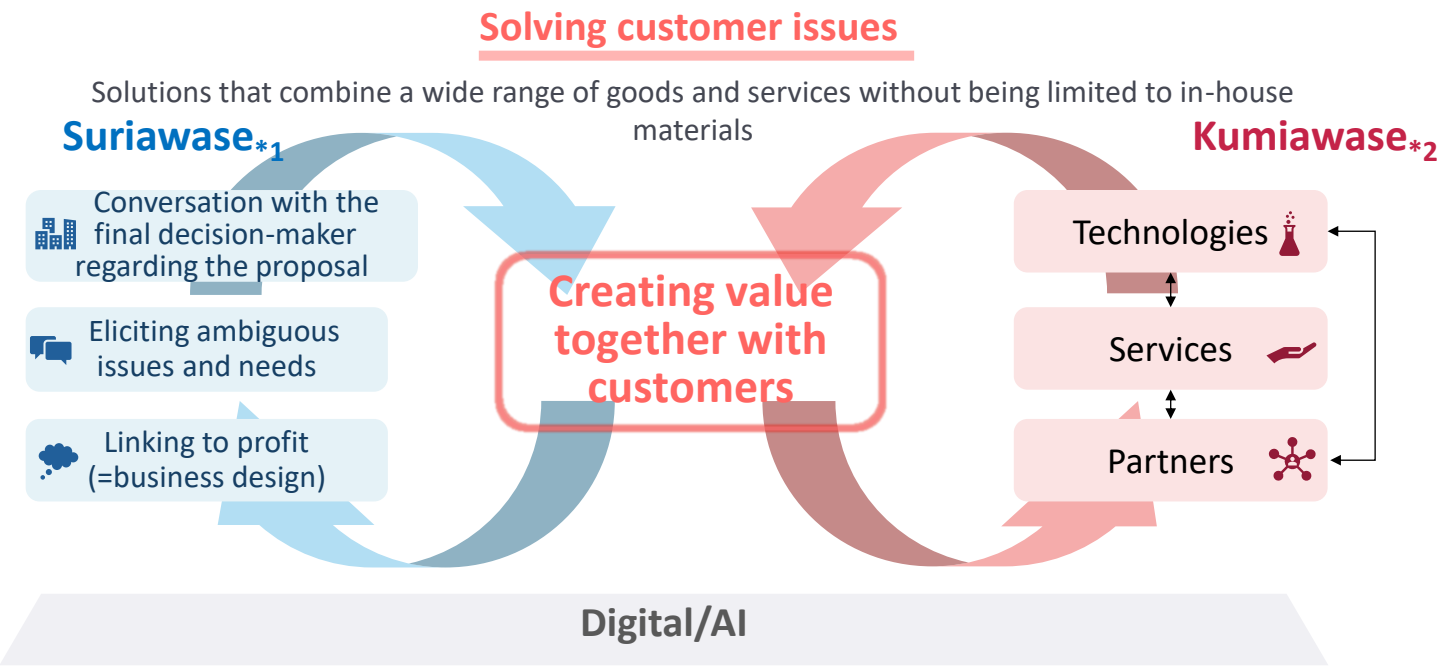
Create value together with customers

✓ Overwhelming know-how in areas of expertise

✓ Differentiated value chain/platform

✓ A mindset of growing together with customers

Creating value on the Customer-Driven business model



*1 Delivering solutions by combining technologies, services and partners to meet customer needs

*2 Working closely with customers to understand key issues and co-create solutions

Segment reorganization and positioning of each segment

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To promote Customer-Driven business, reorganize segments by customer domain

Sustainable growth

Leveraging strengths to a new stage of growth

Apparel & Industries (Fibers & Products)

Healthcare & Life Solutions (healthcare)

Home healthcare including treatment for rare/intractable diseases

Stable profit base

Protect high profitability and prepare for the next growth

Electronics & Energy (resin & plastic, battery & semiconductor solutions)

Reconstruction

Transform the business structure and return to a growth trajectory

Specialty Materials (aramid, carbon fibers, composites)

Pharmaceuticals excluding treatment for rare/intractable diseases

Level of Adoption of a Customer-Driven business

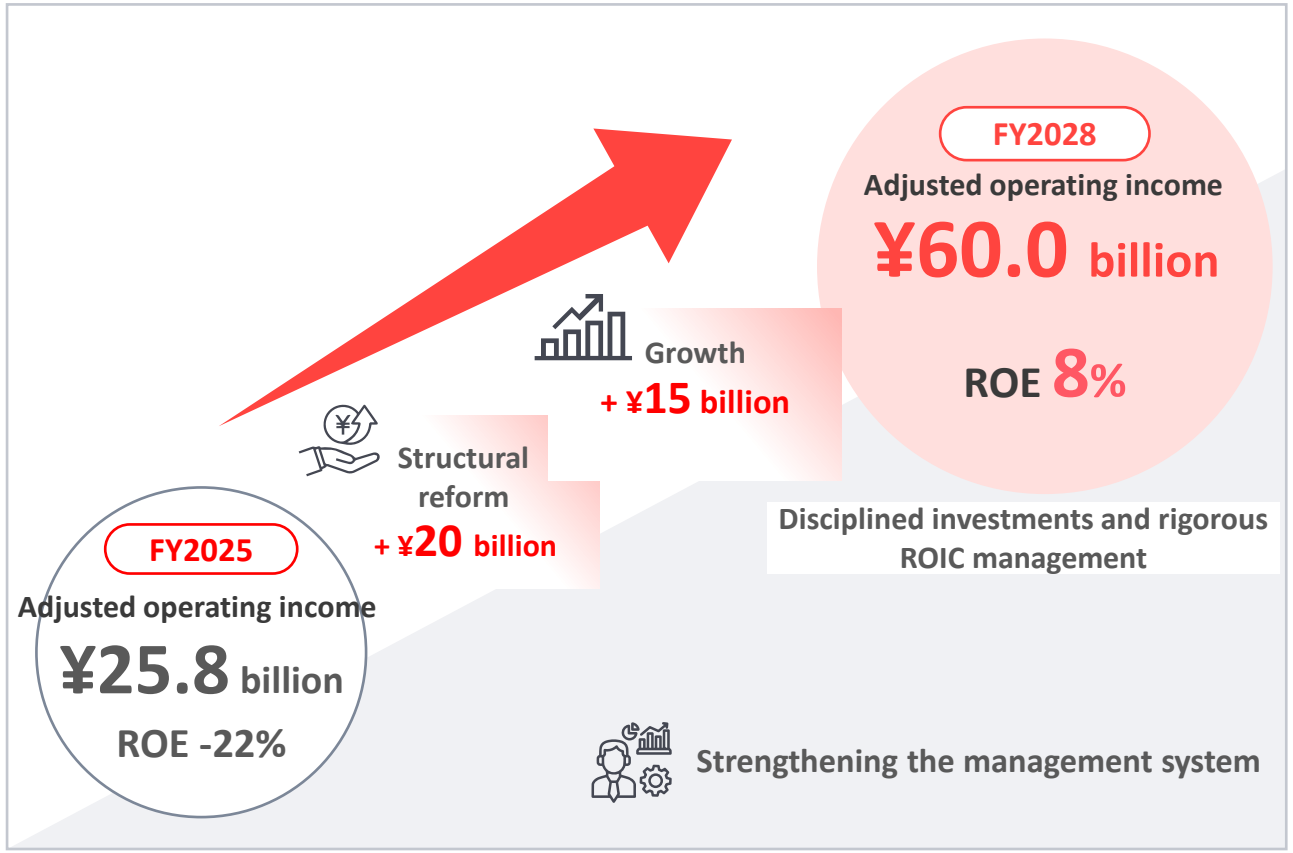
Medium-term management plan 2026–2028 outline

Creating value together with customers in a Customer-Driven business

Key actions

- Sustainable profit growth with Customer-Driven businesses
- Establishing a high-quality profit base through structural reforms
- Strengthening the management system that supports Customer-Driven business

Financial Targets for FY2028



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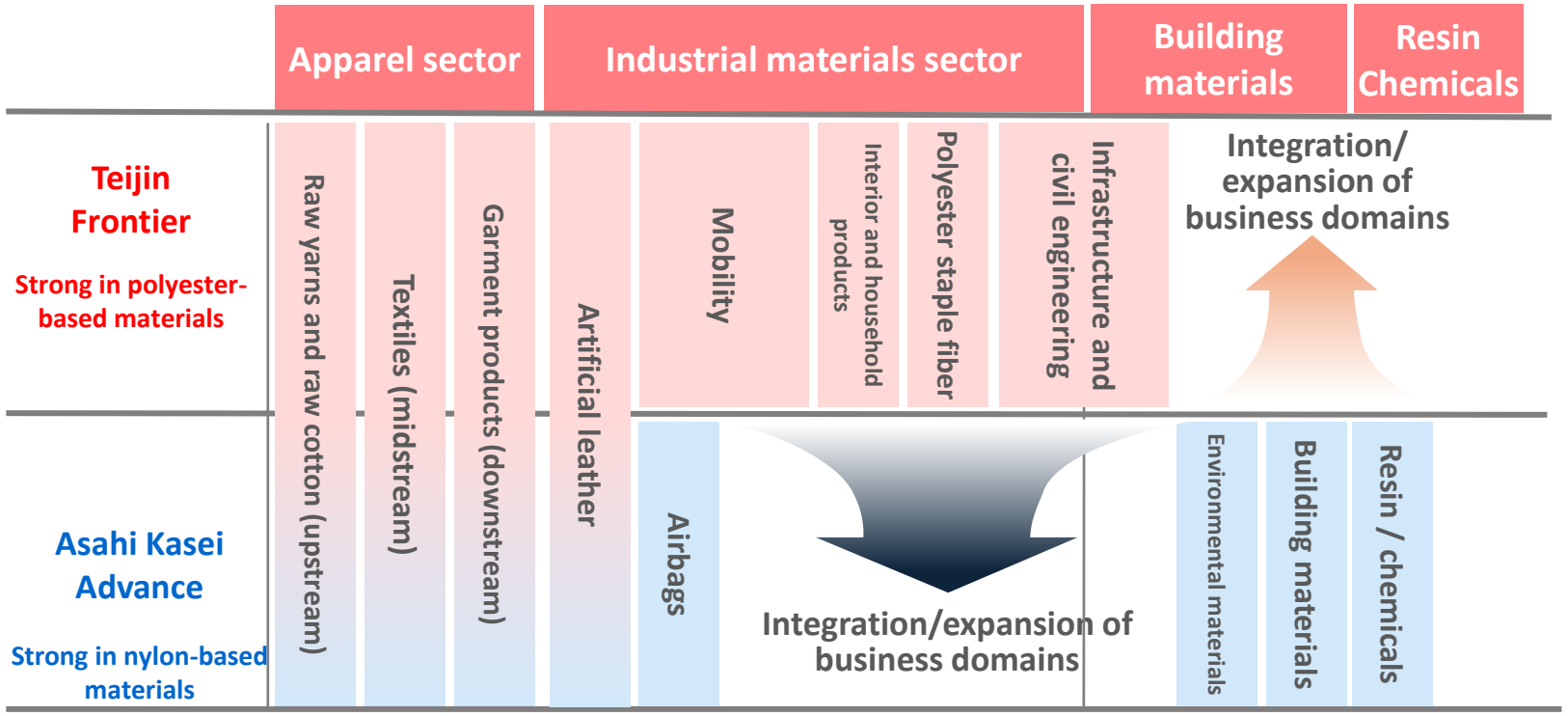
Growth Driver: Apparel & Industries

Achieve early realization of synergies from the business integration with Asahi Kasei Advance (the new company is scheduled to launch as "TA FRONTIER CO., LTD.") and become the industry's market leader through promotion of horizontal integration

Business integration of Teijin Frontier and Asahi Kasei Advance



"Synergy" from the business integration

Acquisition of new pieces of Kumiawase, such as nylon/Bemberg processing bases and technologies

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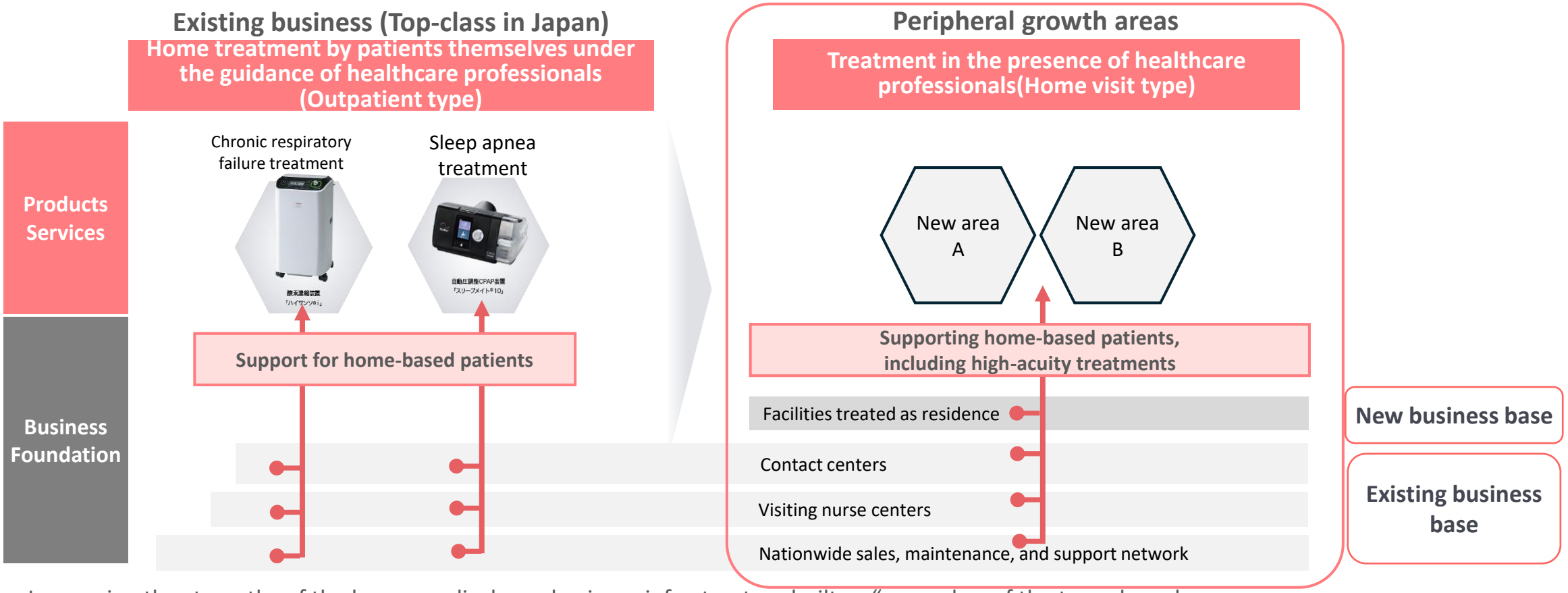
Expanding Suriawase opportunities centered on **enhancing customer assets** for building material applications

Growth Driver: Healthcare & Life Solutions

Starting from expanding the foundation through partnerships and M&A, develop new home medical products and services



Leveraging the strengths of the home medical care business infrastructure built as “a member of the team-based medical care,” expand into adjacent growth areas
Consider creating added value through enhanced collaboration and use of common foundations in closely related fields of regenerative medicine and implantable medical devices

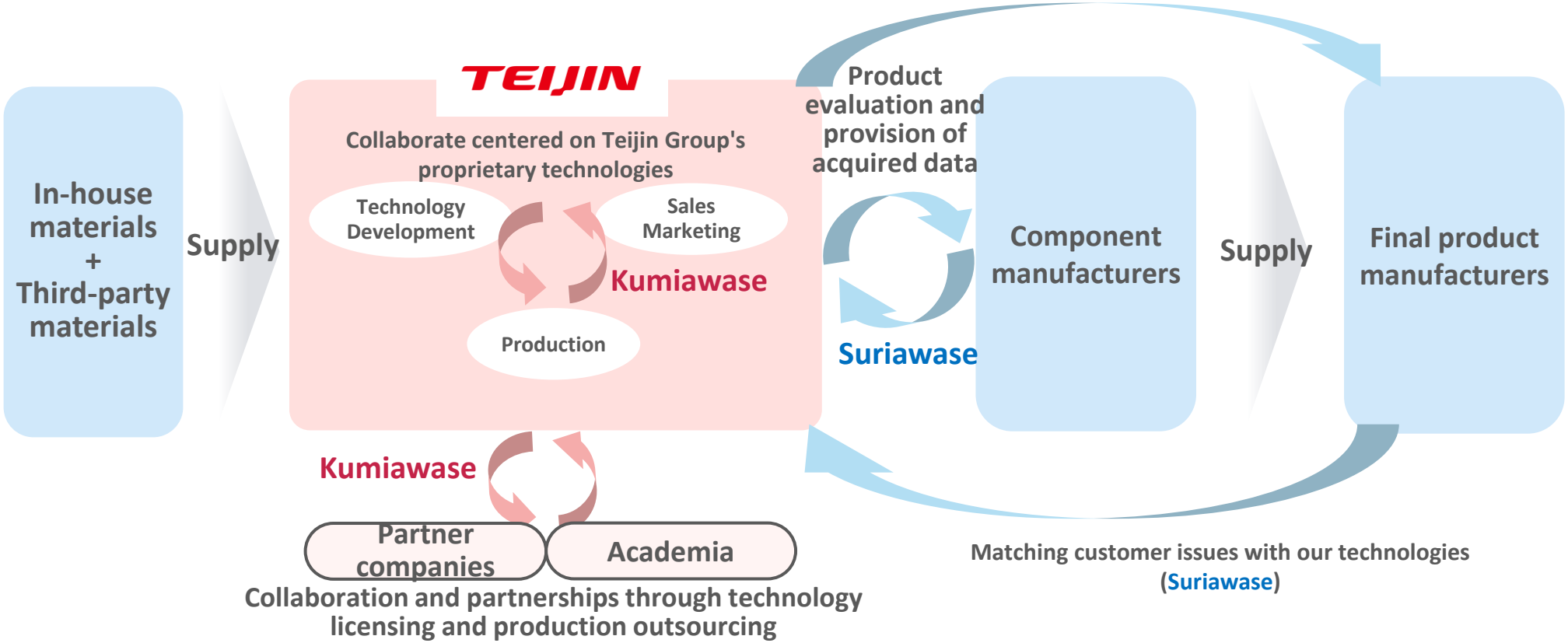
Transformation to Customer-Driven business: Electronics & Energy

Enhancing ability to propose solutions to customer issues

- ✓ By integrating our know-how in resin material combinations with our proposal strengths in battery & semiconductor solutions, we will strengthen our ability to solve customer issues in the Electronics & Energy domain.
- ✓ Promote expansion of Kumiawase by leveraging in-house materials+third-party materials and technologies

Promotion of niche-top strategy

- ✓ To become the sole supplier chosen by customers through Suriawase , and create the de facto standard together with customers
- ✓ Kumiawase = Promote a niche-top strategy that continues to address customer issues through the consolidation of company's comprehensive strengths and collaboration with partners



Transforming to Customer-Driven business: Specialty Materials

Promote transformation from material-driven to Customer- and application-Driven organizations

- ✓ Accelerate Suriawase/Kumiawase through sharing of resources such as technology and know-how
- ✓ Consider transitioning from material-driven to Customer- and application-Driven organizations through Kyoso(co-creation) Project

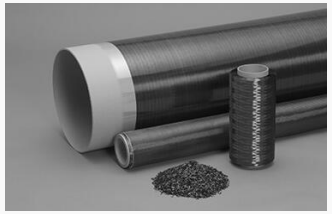
Leverage existing networks and horizontally expand the business model

- ✓ Deploying aramid fibers, carbon fibers, and related materials by leveraging the Apparel & Industries network and value chain
- ✓ Applying the Apparel & Industries business' Customer-Driven know-how and expertise to the Specialty Materials business

Transformation from a material-driven to the Customer-Driven organization in Specialty Materials

Material-driven organization

Aramid



Carbon Fiber

Composites

Customer-Driven organization (image)

Aerospace

Personal protection

Defense

Infrastructure

Establishing a high-quality profit base through structural reforms

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Execute reforms by confronting the present without being bound by past large investments or initial strategies

aramid

- Review cost structure and reorganize production system
- Implement workforce reductions of **over 400 personnel** and **approx.¥15.0 billion** in cost cuts starting FY2025, with full effect in FY2027
- Implement **further measures to strengthen organizational robustness**

- **Focus on higher value-added applications (defense, submarine power cables, etc.)**
- **Create new businesses driven by customer needs**

carbon fibers

- Optimize production lines in Japan, the U.S., and Europe (North American plant suspension in Jan. 2026)
- **Reduce about 80 personnel and ¥5.0 billion** in costs starting FY2025, fully realized in FY2028

- **Focus on the aircraft business**
- **Promote development of intermediate materials for next-generation aircraft**

pharmaceuticals

- Accelerate **narrowing to rare/intractable disease areas** and seek the best owner
- Rebuild the organizational structure specialized in the rare/intractable disease areas.

- **Create value using a home healthcare platform in the rare/intractable disease areas**

Company-wide cost reduction

Next Career Support Program (early retirement incentive program) to reduce **approx. 300 employees and ¥4.0 billion in costs**

Strengthening the management system that supports Customer-Driven business

A management system that supports deepening and transforming toward Customer-Driven business

Established technology strategy, DX/AX strategy, and human capital as pillars for strengthening the management system to flexibly respond to changes in the external environment and to promote alignment with customers, integration with technologies and partners, thereby fostering sustainable growth

Technology strategy

Lack of sharing of technical information due to silos, redundancy from duplication, and unclear direction of technical R&D

▼

By promoting Kumiawase through cross-business technical collaboration, solve customer issues identified through Suriawase and support the creation of new businesses

DX/AX strategy

Data and IT infrastructure fragmented by business and region, with partial AI utilization

▼

While building a globally optimized IT infrastructure and integrating data, fully leveraging AI to realize the promotion of Suriawase and Kumiawase through the power of digital technology

Human capital

Transitioning systems to achieve the right person in the right place globally

▼

Accelerating global “right-place and right-person” deployment to achieve the Customer-Driven business transformation

Built an optimal management system across businesses and regions

Segment-level financial plan

Visualize ROIC targets for each segment and enforce ROIC-focused management

(¥ billion)	FY2025 results Revenue	FY2025 results Adjusted operating income	FY2025 results ROIC	FY2028 medium-term targets Revenue	FY2028 medium-term targets Adjusted operating income	FY2028 medium-term targets ROIC
Apparel & Industries (Fibers & Products)	350.1	17.1	8%	490.0	22.0	8%
Healthcare & Life Solutions (Healthcare)	138.6	13.4	7%	105.0	15.0	12%
Electronics & Energy (resin & plastic, battery & semiconductor solutions)	149.9	18.9	16%	170.0	19.0	16%
Specialty Materials (aramid, carbon fibers, composites)	212.8	-9.0	-	185.0	17.0	6%
Others	21.9	-14.7	-	20.0	-13.0	-
Consolidated total	873.2	25.8	2.6%	970.0	60.0	5%

Capital allocation to transform into a Customer-Driven business

FY25 ROE -22% → FY28 ROE 8% significant improvement

Disciplined investment in winning areas

Cash Flow from business activities
(Including CCC improvements, steady cash flow)
Approx. ¥210.0 billion

Asset sales to improve ROIC
(Sale of non-operating assets / business divestment)
Approx. ¥85.0 billion

Flexible financing
(Additional borrowings, etc.)
Approx. ¥55.0 billion

Business reinvestment	Growth investments Approx. ¥185.0-190.0 billion	•Focused investment in Apparel & Industries and Healthcare & Life Solutions, which have already established Customer-Driven business •M&A (promoting horizontal integration, expanding customer base, etc.) •Digital investment strategy centered on technology strategy and DX/AX strategy
	Base investments Approx.¥130.0 billion	•Maintenance investments for existing facilities •Restrict investment amounts to below depreciation from the perspective of investment discipline
Returns	Shareholder returns Approx. ¥30.0-35.0 billion	•Aiming for a stable dividend, a dividend of 50 yen is planned for FY 2026 •From FY2027 onward, consider introducing DOE. Achieve growth accompanied by profits, leading to an increase in DOE levels through improved ROE

As a stable financial foundation, maintain a gross D/E ratio of 0.9x and a net D/E ratio of 0.7x or below

Teijin Group's value creation

Purpose

Pioneering solutions together for a healthy planet

Teijin supports the progress of the world. When society seeks progress, we respond with action. Leveraging expertise across industries, together with our employees and customers, we will build the foundations for better living.
From materials and solutions that realize a circular society to products and services that support people's health and peace of mind
We will continue to protect the health of the global environment and all life that lives there, now and in the future

Customer-Driven business model

- **Apparel & Industries** (Fiber & Products Converting)
- **Healthcare & Life Solutions** (Healthcare)
- **Electronics & Energy** (resin, battery & semiconductor solutions)
- **Specialty Materials** (aramid, carbon fibers, composites)

Solving customer issues

Solutions that combine a wide range of goods and services without being limited to in-house materials

Suriawase

- Conversation with the final decision-maker regarding the proposal
- Eliciting ambiguous issues and needs
- Linking to profit (=business design)

Creating value together with customers

Kumiawase

- Technologies
- Services
- Partners

Digital/AI

Appendix

(Reference) Practicing Management with a Focus on Cost of Capital

By improving ROE and increasing the certainty of achieving the Medium-Term Management Plan, we aim to achieve a PBR of 1x or higher in the near term

Improving ROE

Improving profitability

- ✓ Return to a growth trajectory centered on the Customer-Driven business
- ✓ Stabilization of earnings through progress in business portfolio transformation and cost structural reforms

Improving capital efficiency

- ✓ Thorough ROIC-focused management with consideration of the cost of capital
- ✓ Improvement of capital efficiency by combining in-house facilities with external collaboration
- ✓ Disciplined investment in areas where our strengths can be leveraged

Appropriate financial leverage

- ✓ Maintain a stable dividend as a basic policy and consider the introduction of DOE from FY2027 onward. Achieve growth accompanied by profits and raise the DOE level through ROE improvement
- ✓ Maintain a D/E ratio of gross 0.9x and net 0.7x or lower, while balancing investments for growth and shareholder returns

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Improving PER

Conviction in improving corporate value

- ✓ Build the groundwork to encourage a reappraisal of low PBR
  - Concentrating resources by transforming the business portfolio
  - Promote a Customer-Driven business resilient to environmental changes
- ✓ Due to past structural reforms and impairment losses, the remaining assets with risk are limited
- ✓ Decision-making unconstrained by past strategies (strong commitment from management)

Strengthening the management system

- ✓ A management system that enables agile decision-making
  - Reduction in the number of executive officers and transition to CEO-led organizations
  - Recruitment of strong management talent from outside
  - Transition to a Company with an Audit & Supervisory Committee
- ✓ Capability to respond swiftly to environmental changes
  - Promotion of fundamental structural reforms for aramid and carbon fibers

(Reference) Technology Strategy

By integrating technologies and infrastructure across the Teijin Group and realizing company-wide technology collaboration and synergy creation, we will strongly promote the Customer-Driven business model

Promotion of Suriawase

- Establishment of a new customer insight team that deeply engages with customers' design philosophies and business strategies to accelerate Kyoso(co-creation) proposals
- Build relationships in which Teijin is positioned as a Kyoso(co-creation) and design partner" for customers

Foundation of Kumiawase

- Visualize technologies scattered across the company and organize and share them in a form accessible to everyone at Teijin
- Connect technologies and people to enhance solution creation capabilities across businesses

Full utilization of digital and AI

- Innovation mind
- Development of group-wide technology platforms
- Promotion of Kyoso(co-creation) Pojects*

*An internal project in which cross-cultural teams with multiple businesses and areas of expertise visualize social and customer issues more rapidly and deeply (Suriawase), and create new businesses by integrating internal and external technologies and knowledge (Kumiawase)

(Reference) DX/AX Strategy

Realize the promotion of Suriawase and Kumiawase through digital capabilities by building a globally optimized integrated IT platform and establishing an AI utilization framework

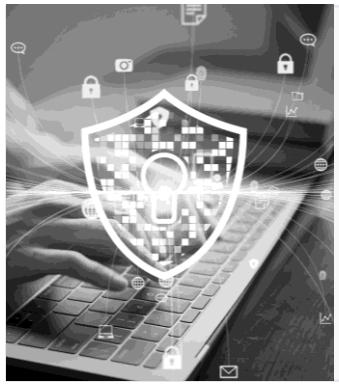
Development of digital and IT platforms optimized for the Customer-Driven business

Global system reconstruction

- Introduction of a global DWH/BI
- Establishment of a global communication platform
- Introduction of a global CRM
- Reconstruction of ERP systems for selected businesses

Promotion of DX/AX

- Strengthening AI governance
- Realization of productivity improvements through company-wide AI deployment and utilization
- Promotion of DX/AX education



Strengthening security

- Strengthening global incident response capabilities
- Thorough standardization of network and security configurations
- Enhanced countermeasures against ransomware and other threats

Transformation of global DX/IT organizations

- Optimization of global DX/IT costs
- Development of a global DX/IT structure and promotion of offshoring
- Promotion of global procurement with key IT partners

(Reference) Human Capital

Accelerate global optimal placement of talent to realize the transformation to a Customer-Driven business

Contribute to strategy execution by establishing the right roles and securing the right talent

Aim to be a company where talent can thrive and find happiness through work

DE&I and engagement

Seamless
[organization building]
Global optimal placement of talent

Customer-Driven
[talent development]
Business-contributing talent

Engagement
[culture building]
DE&I

Key challenges to address

- Design of resilient organizations and HR systems
- Optimal placement of talent based on strategy
- Securing manufacturing, co-creation, DX, and global talent (recruitment and development)
- Enhancing Well-being
- Fostering awareness of career autonomy
- Creating an environment where diverse talent can thrive
- Fostering a culture that respects each other's challenges

Action plans

1. Group-wide global HR strategy
- Introduction of a global HRIS
- Group-wide and global harmonization of HR systems

2. Promotion of a job-based HR system
- Introduction of a job-based compensation system
- Review of recruitment and development
- Merit-based talent placement

3. Organizational culture reform
- Implementation of DE&I
- Implementation of initiatives to promote career autonomy
- Implementation of initiatives to enhance engagement

4. Improvement of the working environment

KPI Targets

Content	FY23	FY25	FY26	FY30
Engagement Score	62	64	64	68

	Content	FY23	FY25	FY26	FY30
Directors	Female	12%	21%	20%	30%
	Non-Japanese nationals	8%	4%	10%	30%
Managers	Female	10%	10%	12%	20%

(Reference) Teijin Group Sustainability Framework

Enhance the sustainability of society and the Teijin Group simultaneously through business activities that create both economic and social value

Purpose

Pioneering solutions together for a healthy planet

Sustainability policy

We give back value to the global environment and society, contributing to the realization of a sustainable healthy planet

Creation of economic value × Creation of social value

Business Activities

Contribution to solutions

Incorporation into initiatives

Key Social Issues

- Climate change mitigation and adaptation
- Achievement of a circular economy
- Safety and security of people and local communities
- Realization of healthy and comfortable living for people

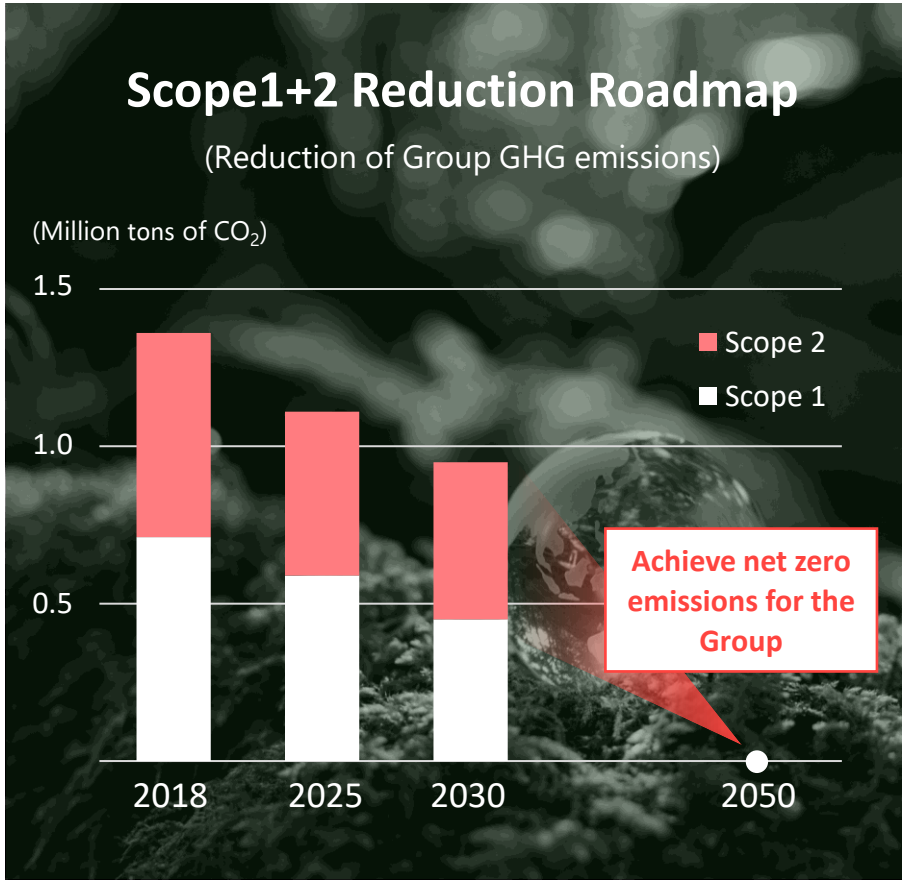
Management system to support the value creation

Key Management Issues

→ Further strengthening of our sustainable management system

(Reference) Sustainability Initiatives (Major KPIs)

Materiality	KPI	Year	Targets
Climate change mitigation and adaptation	Avoided emissions	FY2030	**Total GHG emissions ＜ Avoided emissions**
	Group GHG emissions (Scope 1 + 2)	FY2030	**30% reduction compared to FY2018**
		FY2050	**Achieve Net Zero**
	Supply chain GHG emissions (Scope 3, Category 1)	FY2030	**15% reduction compared to FY2018**
	Sales ratio of products with calculated carbon footprints	FY2030	**Expansion to 70%**
Realization of a circular economy	Establish internal management targets for expanding the provision of solutions that contribute to the circular economy		
	Freshwater intake volume per sales unit	FY2030	**30% improvement compared to FY2018**
Safety and security of people and local communities	Hazardous chemical substance emissions per sales unit	FY2030	**20% improvement compared to FY2018**
	Total occupational accident frequency rate	**Maintain below 1.0**	
Realization of healthy and comfortable living for people	Establish internal management targets for the number of people supported to receive care in a familiar location		
Further strengthening of our sustainable management system	Employee engagement score	April, 2030	**68**
	Diversity-related ratios	April, 2030	**Ratio of female executives 30%** **Ratio of Non-Japanese executives 30%** **Ratio of female department and section managers 20%**
	Business model transformation indicators	FY2026	**8 or more Kyoso (co-creation) Projects**



Phase out coal-fired thermal power within the Group

Energy efficiency and conservation

Process innovation

Promote the transition to renewable energy

Utilize hydrogen, etc.

(Reference) Apparel & Industries

- Driving horizontal integration starting with the integration with Asahi Kasei Advance to become an industry market leader
- Aim to expand earnings in fiber materials and apparel for sports and outdoor use, and in industrial materials such as mobility applications, short fibers for water treatment, and consumer products

Business Environment

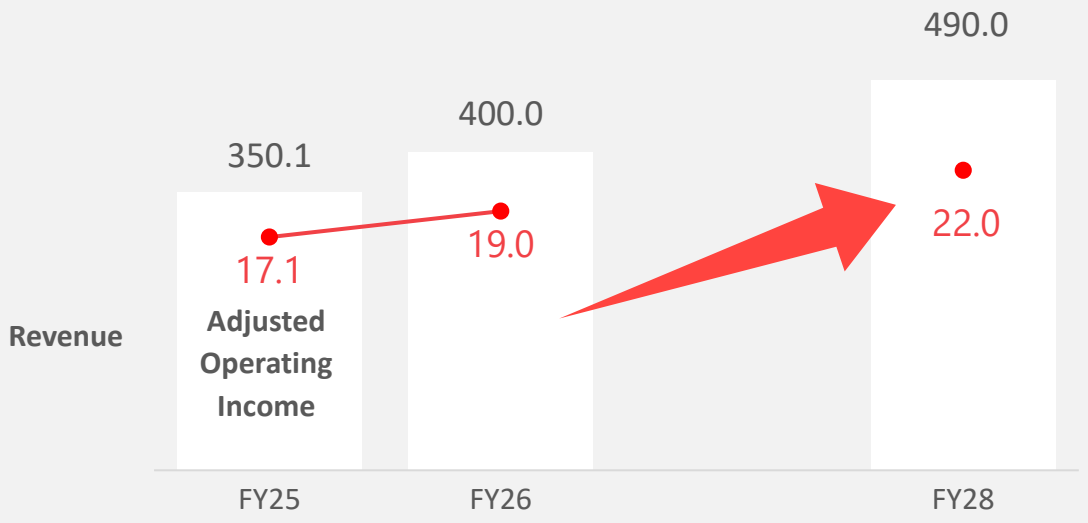
- Domestic textile industry: **Industry consolidation is accelerating** due to population decline, rising labor costs, and inflows of Chinese products
- Apparel fibers: Cost pressures continue due to rising prices. Strengthening ASEAN production bases is urgent due to requests to shift production away from China
- Industrial materials: The mobility field is expanding, including growth in HV/PHEV, mainly in China and India. **Clear Differentiation from Chinese competitors** is essential

Key initiatives

- **Driving horizontal integration** starting with the integration with Asahi Kasei Advance **to become an industry market leader**
- Fiber materials and apparel: Aim to expand earnings by increasing sales for **sports and outdoor applications** and **strengthening the ASEAN supply chain**
- Industrial materials: Aim to **expand earnings by improving profitability in mobility applications**, **increasing capacity for short fibers** for filters, and **strengthening the consumer products business**

Targets (Unit: Billions of Yen)

Expand the Customer-Driven business, with the business integration with Asahi Kasei Advance as the starting point



(Reference) Healthcare & Life Solutions

- Redesign organizational structure and resources through the narrowing of the pharmaceuticals business
- Aim for business growth by leveraging the Teijin Group's unique strength in its home healthcare platform

Environment perception

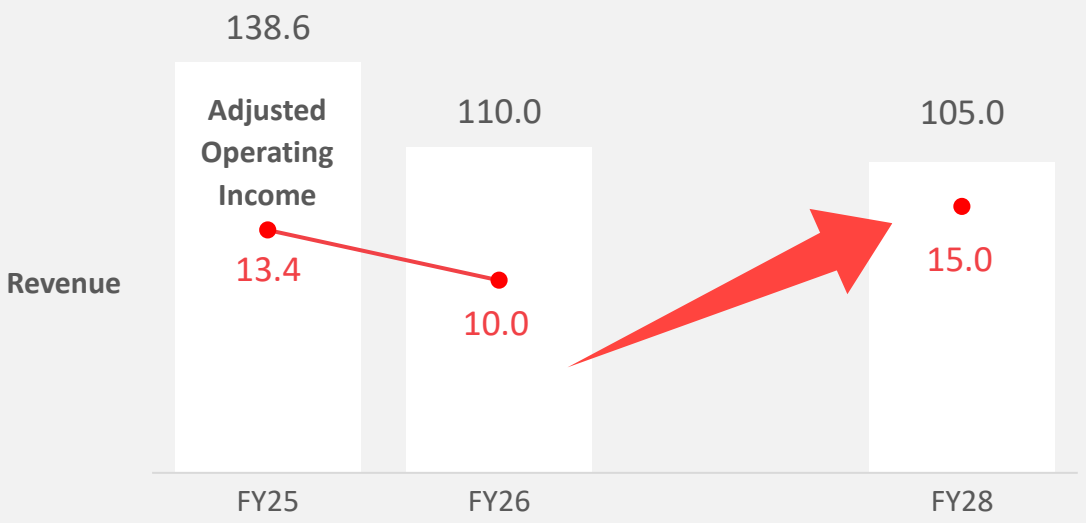
- **Connections with patients and local communities** built over time are **becoming increasingly important** due to the growth in home healthcare patients and rising medical needs driven by the super-aging society
- In the home healthcare field, which is expected to continue growing, **the highest priority is to pursue business growth by leveraging the Company's unique strengths as a pioneer in home healthcare**
- Need to respond to government policies to curtail medical costs

Key initiatives

- Redesign organizational structure and resources through the **narrowing of rare/intractable disease areas**
- **Grow the home healthcare business while maintaining profitability** through CPAP growth and productivity improvements
- **Maximize the value of treatments for rare/intractable diseases** and acquire products by leveraging the home healthcare platform
- **Pursue M&A and partnerships that reinforce and strengthen existing businesses**

Targets (Unit: Billions of Yen)

Achieve distinctive growth centered on a strong home healthcare platform



(Reference) Electronics & Energy

- Establish a stable profit base by expanding sales in priority applications and developing environmentally compliant products (e.g. PFAS-free)
- Combine diverse materials and technologies cultivated across fields to deepen and transform the Customer-Driven business

Resin & plastic processing

Environment perception

- PC resin supply-demand imbalance continues, with intensified competition mainly in commodity applications
- The automotive, semiconductor, and medical sectors will continue to grow sustainably against the backdrop of macro trends (electrification, digitalization, and increased functionality, etc.).
- Sustainability requirements from society and customers continue to rise

Key initiatives

- Promote **sales expansion in priority applications (automotive, medical, and semiconductor)**
- **Promote the development of environmentally compliant technologies and products** (solvent-based recycling)
- Rebuild the PC resin production structure and strengthen customer responsiveness in ASEAN

Battery & semiconductor solution

Environment perception

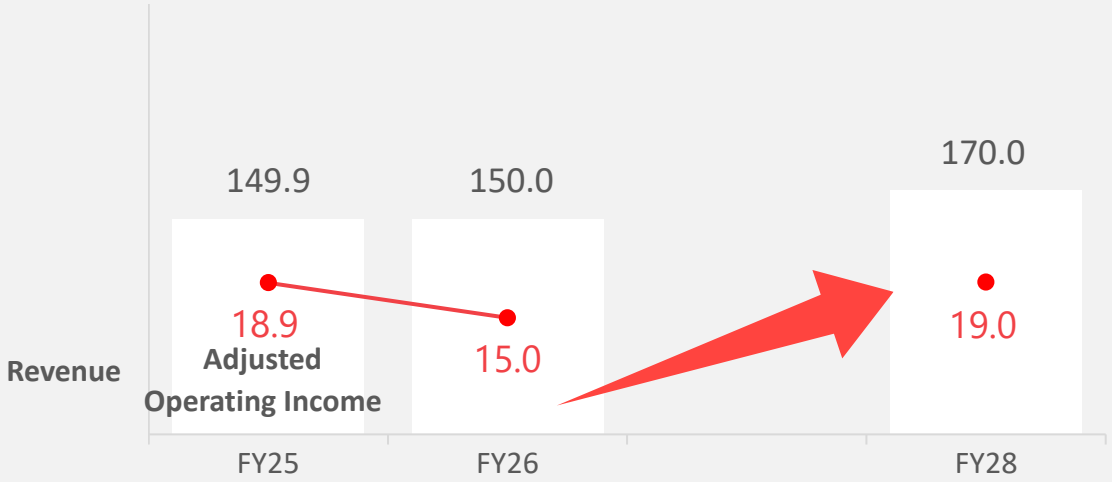
- Battery materials: Target markets such as smartphones and tablets remain steady, while closely monitoring the tightening of PFAS regulations in Europe
- Semiconductor solutions (membranes): The semiconductor market continues to expand. The next-generation energy market is also growing, with rising expectations for hydrogen utilization

Key initiatives

- Focus on the **development of PFAS-free** battery materials
- **Enhance the added value** of membranes for semiconductor photoresist filter substrates and **expand new applications** in the energy and life science markets

Targets (Unit: Billions of Yen)

Maintain the high-profit structure
and lay the groundwork for growth
in the next medium-term management plan



(Reference) Specialty Materials

- Rebuild production structures in line with sales volumes for both aramid and carbon fibers, while pursuing fundamental cost structural reforms
- While shifting toward a high-profit business structure, explore transformation into the Customer-Driven business

Aramid

Environment perception

- The para-aramid market is growing at an annual rate of around 4%, but oversupply continues
- From an economic security perspective, demand for material supply is increasing in defense- and infrastructure-related applications

Key initiatives

- Shift from volume-driven growth **to a value-focused approach**, concentrating on areas where Teijin can maintain competitive advantages, such as ballistic protection and submarine power cables
- Aim to **expand downstream operations in high value-added areas** and realize synergies with other business units

Carbon Fibers

Environment perception

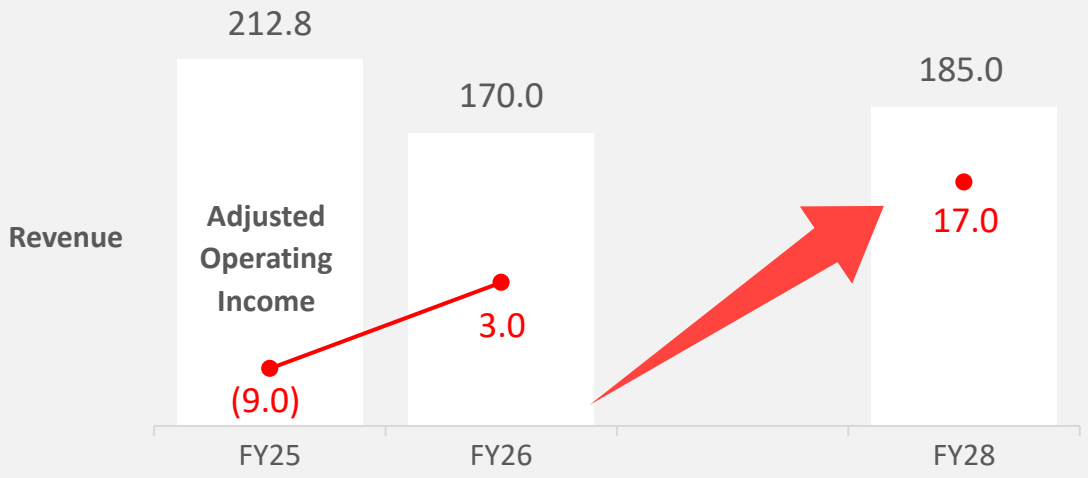
- **Air passenger demand** is expected to continue **growing further**
- The **supply-demand gap** for carbon fibers **is widening**, and **continued price declines are expected** in recreational and industrial applications

Key initiatives

- Promote certification activities for aircraft intermediate material programs
- Exit low-profit businesses and promote fundamental cost structural reforms

Targets (Unit: Billions of Yen)

Execute decisive structural reforms to achieve profits improvement while pursuing transformation into the Customer-Driven business



Segment Changes (Effective FY2026)

Former Segments

Segment	Business
Fibers & Products Converting	Fibers & Products Converting Business
Healthcare	Healthcare Business
Materials	aramid, resin, carbon fibers, composites
Others	battery materials & membrane, regenerative medicine and implantable medical business etc.

New Segments

Segment	Business
Apparel & Industries	Fibers & Products Converting Business
Healthcare & Life Solutions	Healthcare Business
Electronics & Energy	resin & plastic processing, battery & semiconductor solution*
Specialty Materials	aramid, carbon fibers (including composites)
Others	regenerative medicine, implantable medical business,etc.

*Former battery materials & membrane business

Pioneering solutions together for a healthy planet

Disclaimer

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

The figures and indicators for fiscal years 2025 and 2026 presented in this document are based on the information disclosed as of May 11, 2026.

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

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