



TSE Prime Market; Securities Code: 3116

FY2022 (Year ending March 2022)

Business Briefing

Date: May 16, 2022



Corolla Cross



Winning the Deming Prize



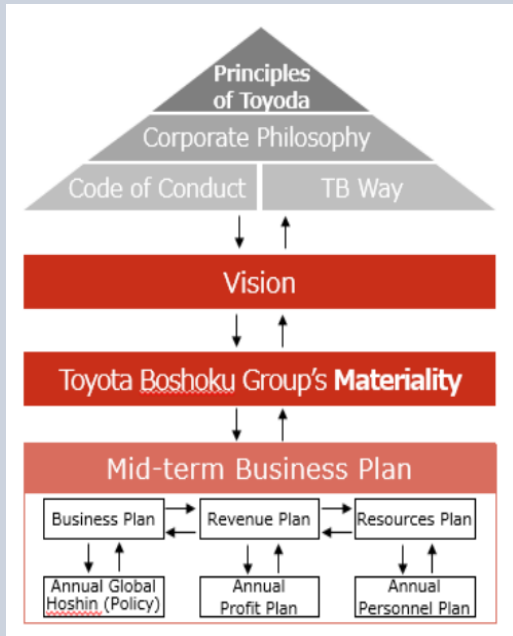
MX221

1. Management Concept

CSV (Creating Shared Value) management that pursues both social value and economic value.

Sustainability Policy

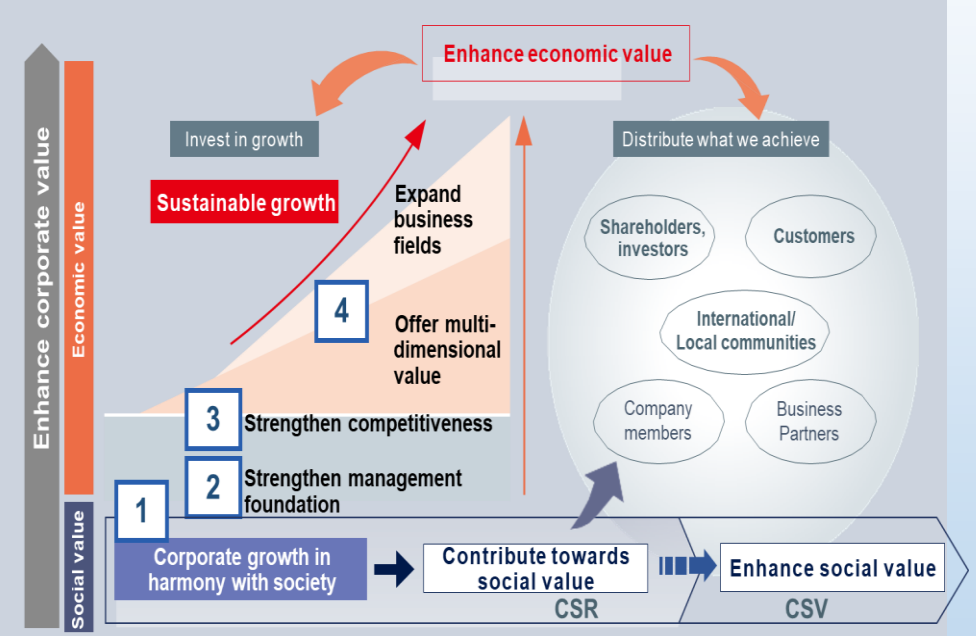
1. Management Concept



2. Materiality



3. The management structure we aim to become



Resolving social issues through our group's operations, "for the world and for people" ⇒ Implementing CSV management

2. Actions for FY2022

(100 million yen)

	FY2022 initial plan
Revenue	14,000
Operating profit	720
Operating profit margin	5.1%
ROE	13.3%
Equity ratio	41.3%
Net asset	4,060
Dividend payout ratio	25.4%
Capital investment	500
R&D costs	420

Actions for FY2022

① Actions to improve earnings power

- a. Strengthen capability to respond to fluctuations in demand
- b. Execute loss-free launch of new products and measures that will secure earnings without fail
- c. Localize parts procurement globally and implement conversion to several production sites
- d. Optimal production and supply through production restructuring

② Actions for the future

- e. Transfer sales rights for automobile seat frame mechanism parts
- f. In collaboration with six Toyota Group companies, exhibit the MX221 at CES
- g. Participates in demonstration that provide a “service for new mobility experiences on the move”

Execute actions to improve earnings power to achieve goals. In addition, implement actions for the future.

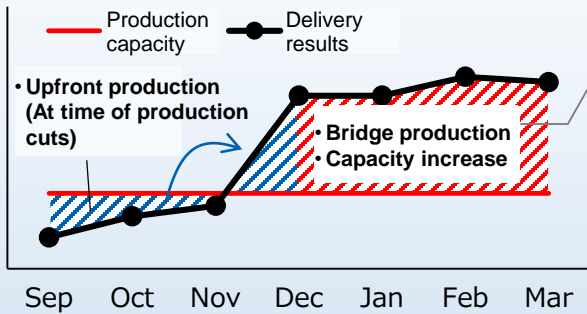
2. Actions for FY2022

a. Strengthen capability to respond to fluctuations in demand

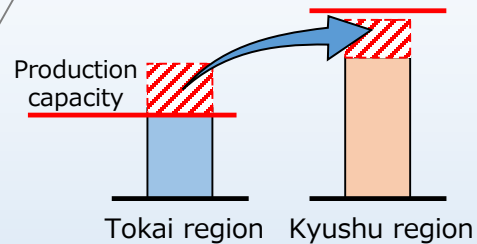
(1) Deal with fluctuations in production due to natural disasters and infections

◆ Supplement production cutting across regions

Tokai region ES seat cover production volume



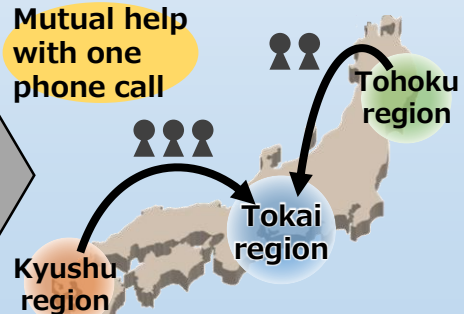
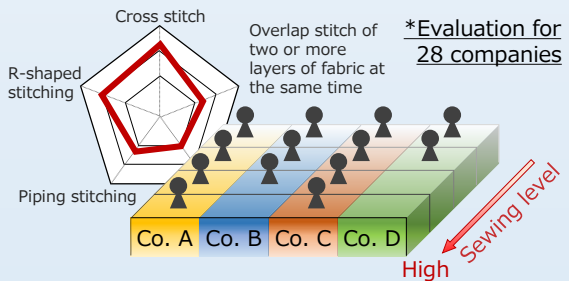
[Example] Bridge production in the Kyushu region



Compensate for over-capacity by supplementing production in the Kyushu region

◆ Labor support cutting across regions

Centralized management of the TB Group's skill evaluation (sewing)

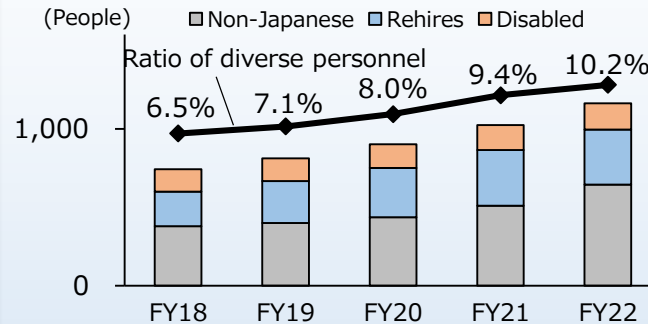


Efficient human resources support

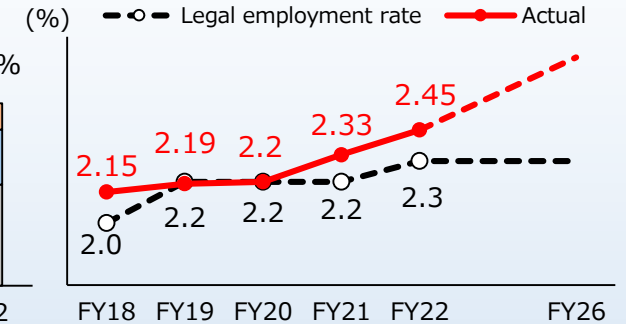
Address changes in the environment of the overall supply chain

(2) Implement the creation of user-friendly processes and environment

Trends in TBJ diverse personnel



Trends in ratio of employees with disabilities



Establish a comfortable workplace environment for diverse personnel to handle change

[Example of an expansion of diversity processes at production sites]

Process handled by the hearing impaired



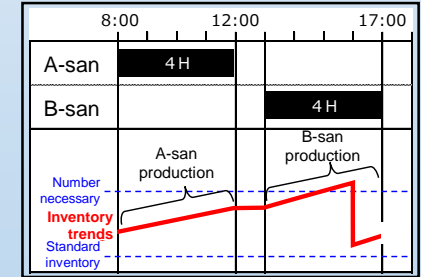
Electronic signage installation

Process in which seniors can also participate



Lines where it is possible to sit while working

Child-rearing line



Cell process line that accommodates short work hours

Become a selected plant by promoting the creation of worker-friendly processes

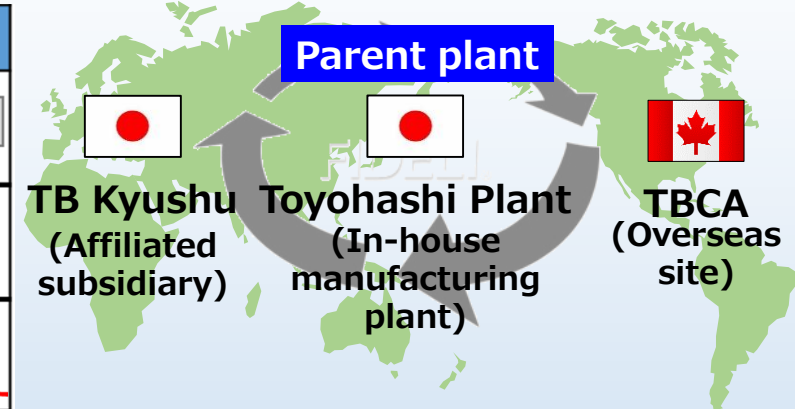
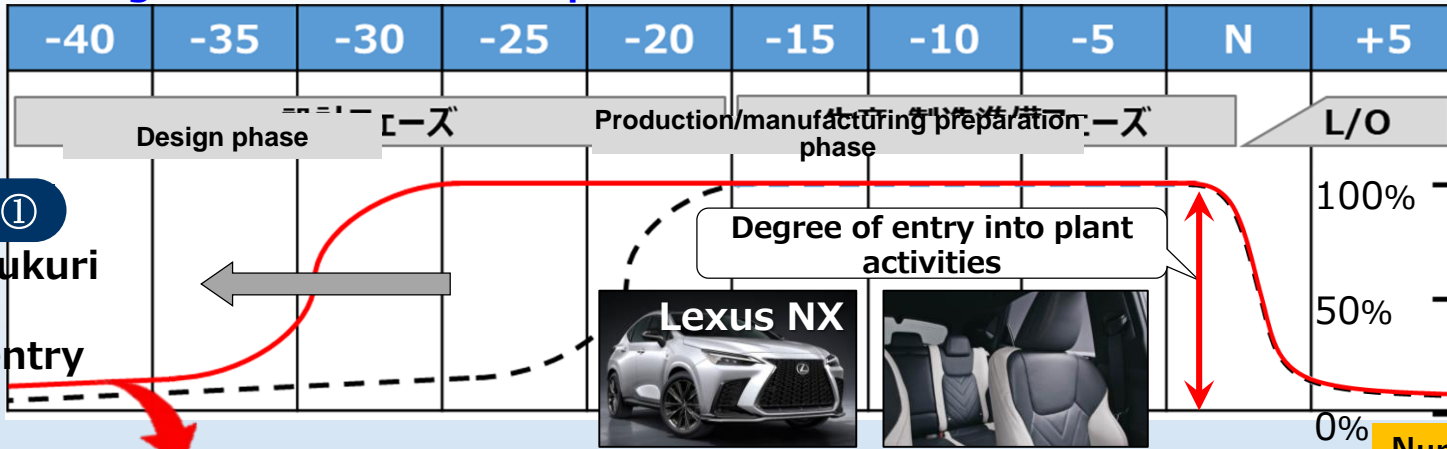
2. Actions for FY2022

b. Execute loss-free launch of new products and measures that will secure earnings without fail

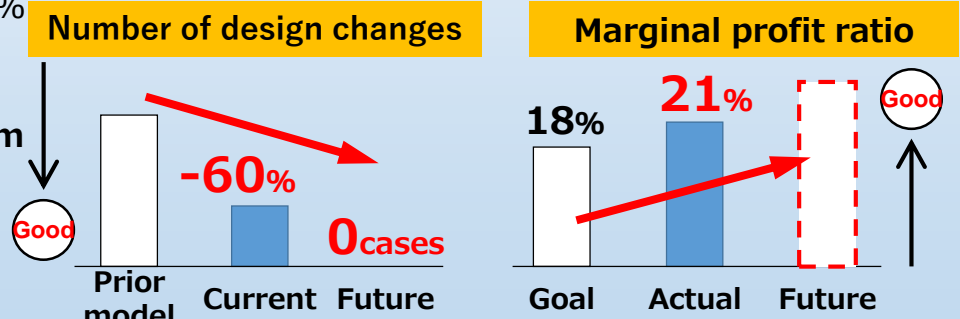
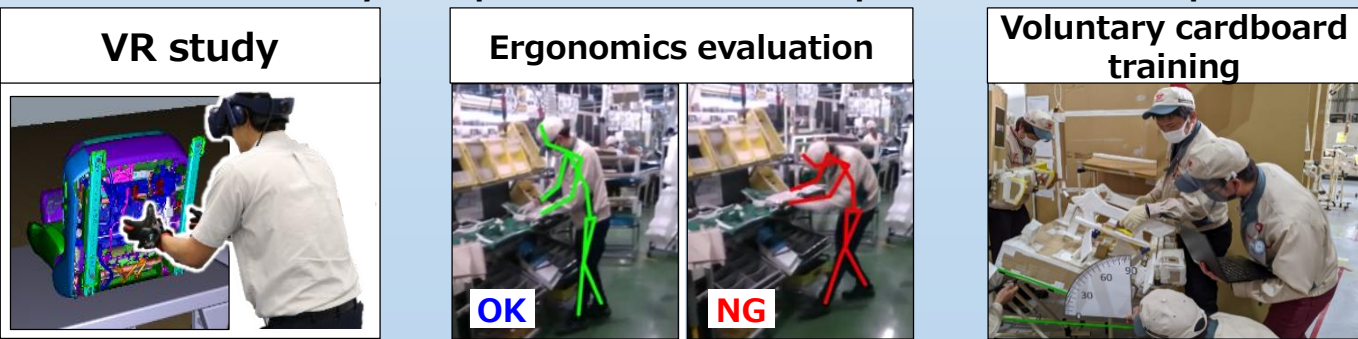
(1) Smooth launch of global car models to achieve cost target goal

Point ③ Launch in stages at 3 plants
 → Parent plant to support latecomer countries

- ◆ Form a monozukuri team (mainly target plants)
- Plants goes in faster and deeper



Point ② Improve degree of perfection of diagrams by running digital and physical simulations
 → Steadily incorporate monozukuri requirements into the product diagram



Quickly extract issues at subject plant and implement cost reduction activities
 → Reduce reworking loss, achieve marginal profit goal

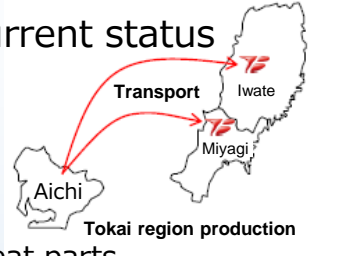
2. Actions for FY2022

c. Localize parts procurement globally and implement conversion to multiple production sites

(1) Localize procurement in the Tohoku region

Collaborate with customers and Tohoku region suppliers in other industries to build a parts supply system in the Tohoku region

Current status



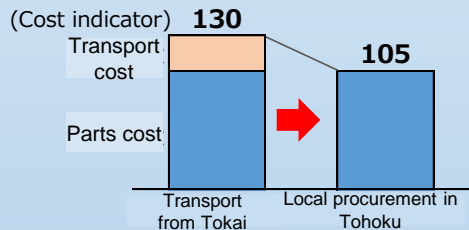
[Localize procurement of parts]

(1) Sophisticatedly designed piano black-coated parts

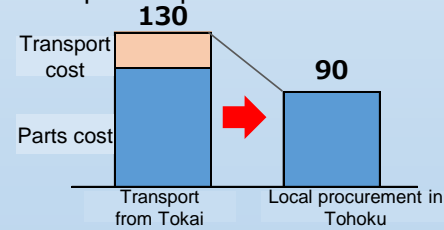
(2) Resin seat parts



Miyagi Prefecture: Light electrical resin parts manufacturer



Iwate Prefecture: Farming equipment plastic parts manufacturer

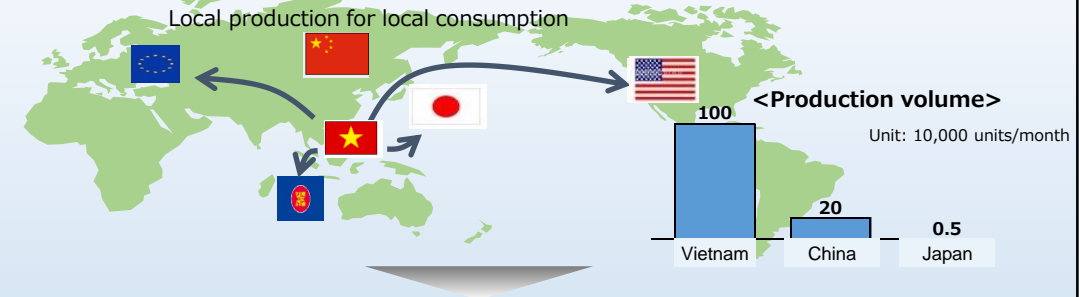


Strengthen infrastructure by discovering and training suppliers with a competitive edge

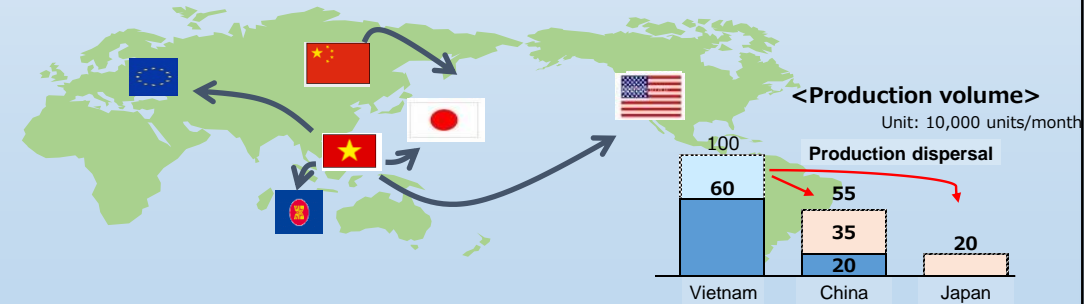
(2) Reduce supply risk by converting production to multiple sites

Convert to multiple production sites due to supply concerns reflecting COVID-19 in Southeast Asia

[Current status] Supply to each country from production at the Vietnam site (excluding China)



[Risk reduction] Disperse production in Vietnam, China and Japan



Realize stable supply by dispersing production sites

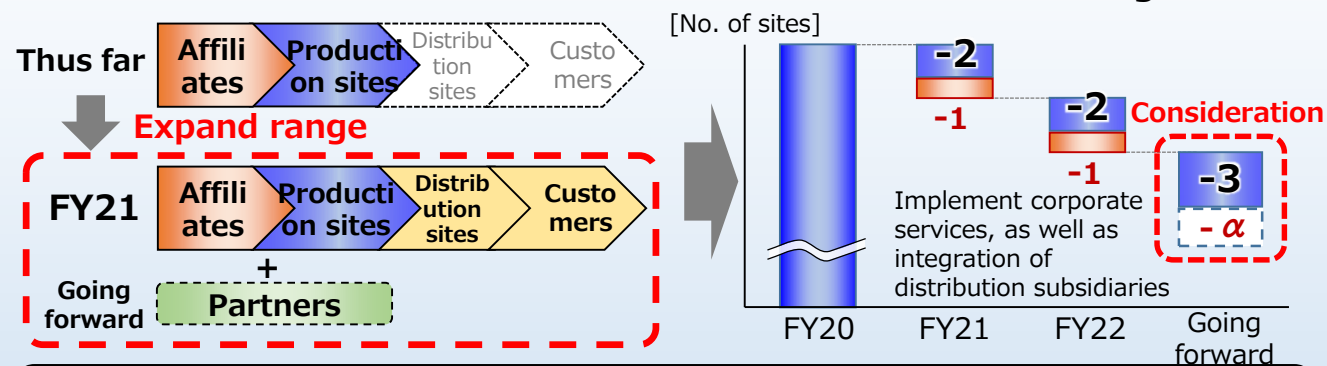
2. Actions for FY2022

d. Optimal production and supply through production restructuring

(1) Actions in the Japan region

- ◆ Expand framework to comprehensive restructuring in the supply chain overall

Scope of supply chain & restructuring Results of streamlining of sites



Example of streamlining of sites



[Progress] Completed streamlining of a cumulative total of six sites up to FY2022 (including affiliates)

[Restructuring benefits] About JPY1.2 billion/year cost reduction

(2) Actions in the Americas

- ◆ Implementing process restructuring in the Indiana, Illinois and Kentucky regions

Process	Seats			Door trim		
	Pressing/welding S/A	Welding Assy	Seat Assy	Middle board (rolling surface skin on base metal)	Upper board (Vacuum forming)	Door Assy
FY21	Tennessee region	Illinois region Indiana region		Kentucky region	Indiana region Illinois region	
FY22		Completed			Completed	
FY23 (Plan)	Complete			Complete		

[Progress] FY2022 restructuring plan: 50% complete

[Restructuring benefit] Working toward goal of a personnel reduction of about 15%

Plan to complete restructuring by FY2023 through considering streamlining of sites and integrating processes → Improve BEP in the future

2. Actions for FY2022

e. Transfer sales rights* for automobile seat frame mechanism parts

*Sales rights are based on contractual status

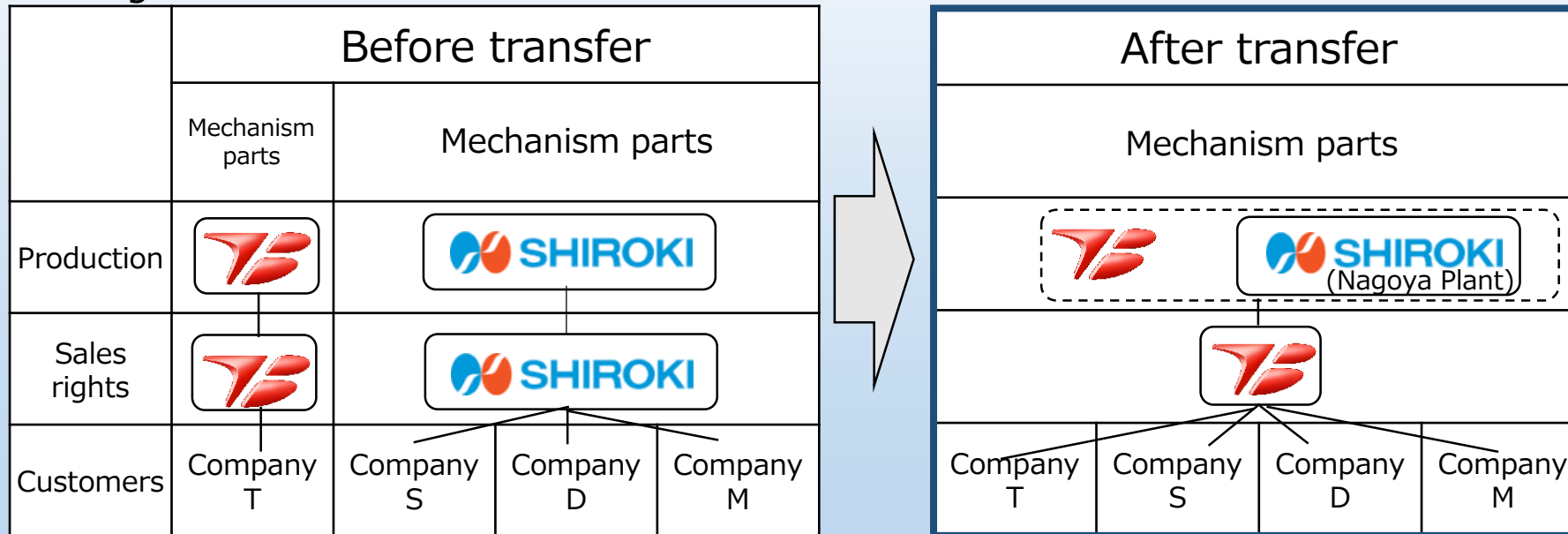
(1) Transfer of sales rights

Agreed with Companies S, D and M of Shiroki Corporation to acquire sales rights for automobile seat frame mechanism components

(2) Transfer of production

Considering the transfer of production functions to Toyota Boshoku of the Shiroki Nagoya Plant, which is the main domestic automobile seat frame mechanism parts production site of the Aisin Group

Image



Enhance the efficiency of development and production by integrating and securing volume mechanism components which are possessed by each company respectively

2. Actions for FY2022

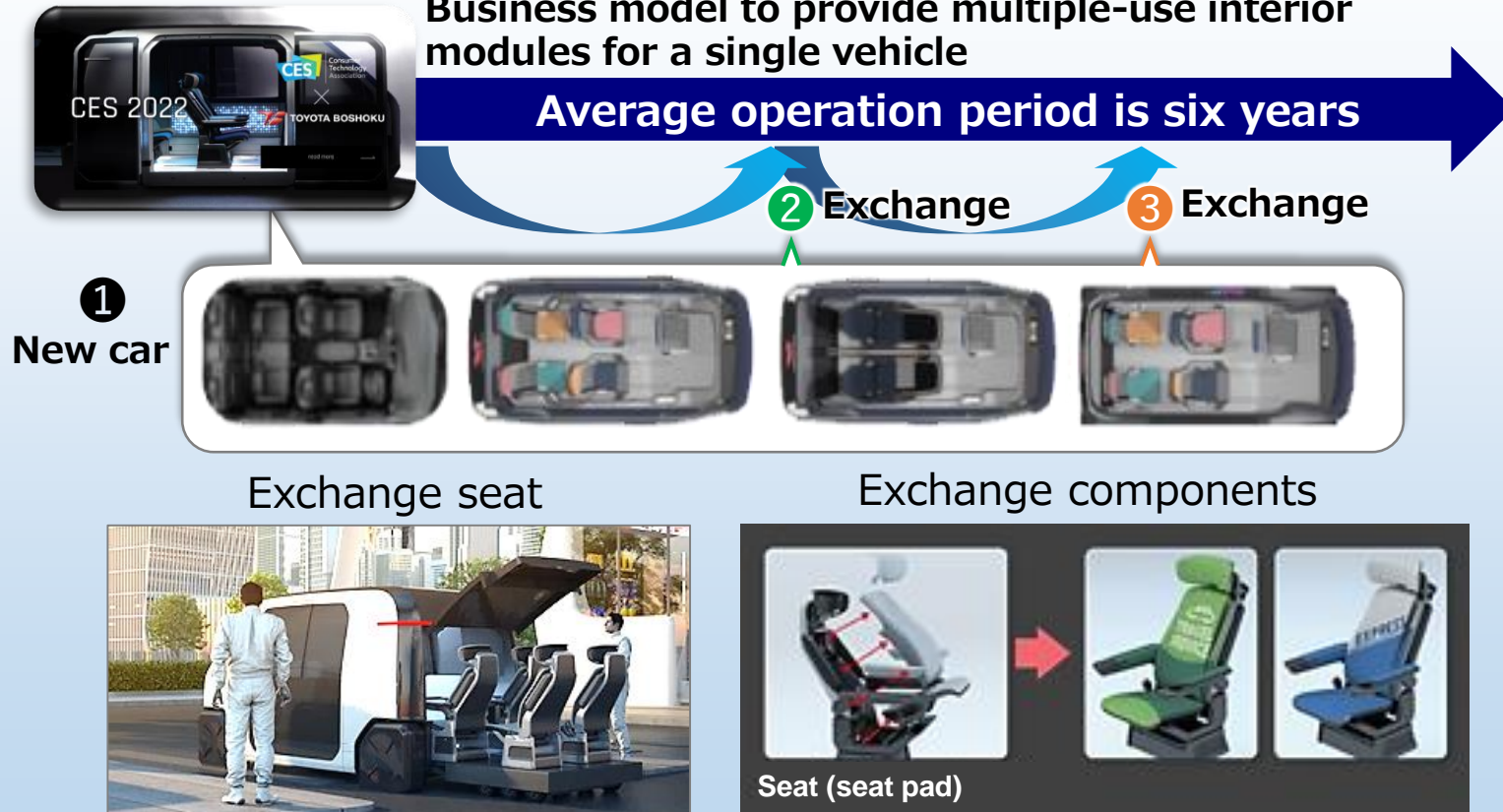
f. In collaboration with six Toyota Group companies, exhibit the MX221at CES online*

*Restricted to online exhibition due to the spread of the Omicron virus in the US

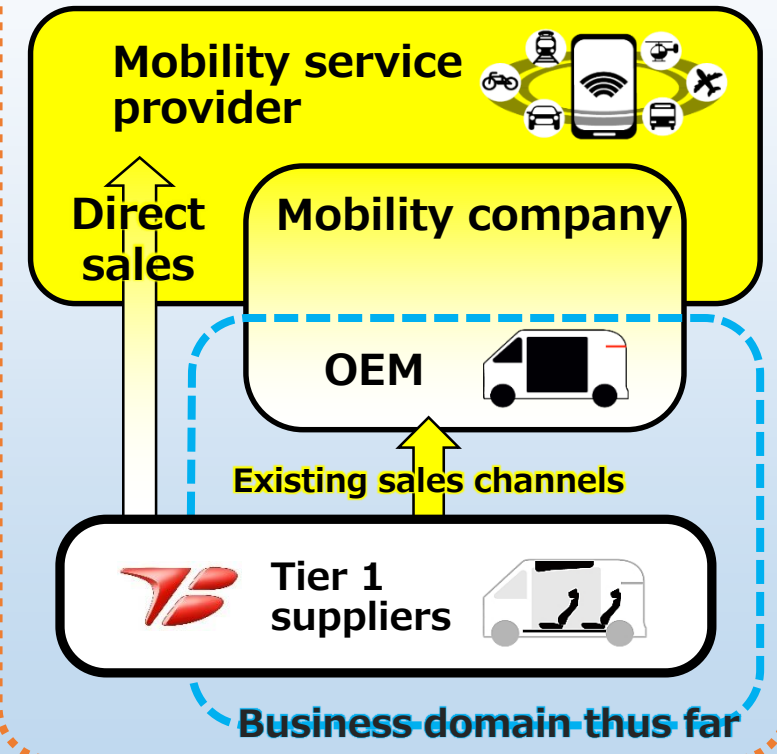
Commercialize and promote sales expansion of an exchangeable interior system for the ride sharing market

Business model to provide multiple-use interior modules for a single vehicle

Average operation period is six years



Expand business opportunities

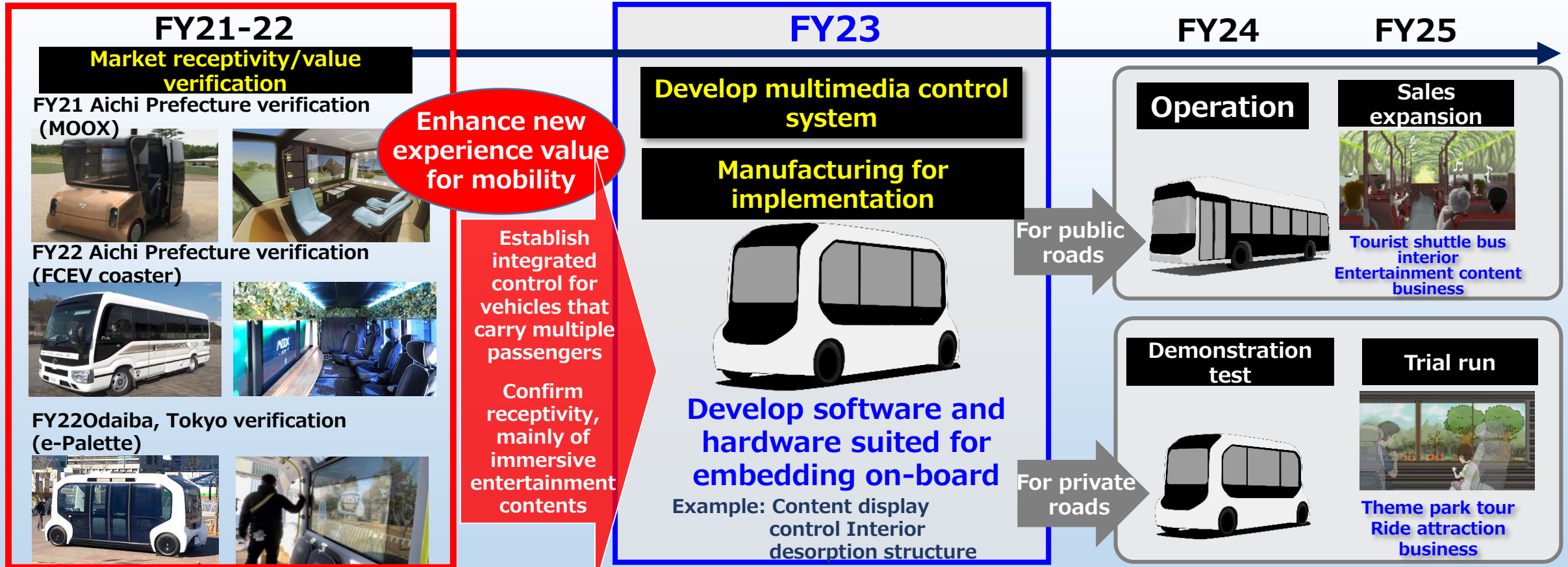


Continue to conduct hearings of individual customers and provide feedback to development

2. Actions for FY2022

g. Participates in demonstration that provide a
「service for new mobility experiences on the move」

Mobility service space for mobility and entertainment



Confirm receptivity of mobility service space transition to infrastructure system development for implementation

2. Actions for FY2022

Measures for solving social issues (Summary of ESG activities)

(1) E <Environment>

Targeting achievement of the 2050 Environmental Vision

- 1) Toyota Boshoku Group's zero CO2 emission challenge
Newly established goal of reducing CO2 emissions 50% by 2030(Compared to FY2014) to realize carbon neutrality (previous goal: 38% reduction)

<Example of FY2022 actions>

Plant results for introducing green energy:

Kariya, Sanage, Toyohashi Kita/Minami Plants, Toyota Boshoku Shiga, Toyota Boshoku Hanoi (Vietnam), Toyota Boshoku FST (Thailand)

- 2) Disclose TCFD scenario analysis
Implement and disclose a scenario analysis (transition and physical risk) to strengthen information disclosure based on the TCFD* proposal
*Task Force on Climate-Related Financial Disclosures

(2) S <Society>

- 1) Reforestation activities 2050—challenge to plant 1.32 million trees

FY2022 results: 50,000 trees (number of trees planted cumulatively thus far: 580,000)

- 2) Certified as an Excellent Enterprise of Health and Productivity Management 2022 (White 500):
Define Health Challenge Eight*, and implement actions that will contribute to an improvement in individual healthy actions and health awareness

- Health Challenge Eight—eight items: ① Suitable weight, ② Breakfast, ③ Alcohol, ④ Snacks, ⑤ Quit smoking, ⑥ Exercise, ⑦ Sleep, and ⑧ Stress



(3) G <Governance>

- 1) Announced Basic Policy to revise the CGC* (December 2021) *CGC: Corporate Governance Code
① Sustainability Policy, ② Human Rights Policy, ③ Business Portfolio Policy
- 2) Certification as a company that responds to the "Digital Governance Code"(DX certified company)
- 3) Establish ESG KPI:
Set 25 items by revising conventional stakeholder and CSR KPIs to strengthen monitoring of ESG activities → Refer to page 14 for details

Accelerating ESG activities, including environmental response, and disclosure of human rights policy and sustainability policy

2. Actions for FY2022

FY2022 financial results

(100 million yen)

	FY2021		FY2022 results		Change	
Revenue	12,721	100.0%	14,214	100.0%	1,493	11.7%
Operating profit	571	4.5%	602	4.2%	31	5.6%
Profit before income taxes	573	4.5%	645	4.5%	71	12.5%
Profit*	311	2.5%	392	2.8%	80	25.9%

*Profit Attributable to Owners of the Parent

Earnings per share		166.93 yen	210.15 yen	
Exchange rate	USD	106 yen	112 yen	+6 yen
	EUR	124 yen	131 yen	+7 yen

Revenue

Revenue increased due to recovering demand from covid-19

Operating profit

Profit increased due to new product effects in addition to profit securing measures despite negative effects of upfront investment for the future and changes in the external environment

3. FY2023 Activities to Achieve the Mid-term Business Plan

FY2023 forecast and 2025 Mid-term Business Plan goals

(1) Financial goals

(100 million yen)

	FY2022 full-fiscal year results	FY2023 full-fiscal year forecast	FY2026 business goals
Revenue	14,214	15,700	16,000+a
Operating profit	602	780	1,000+a
Operation profit ratio	4.2%	5.0%	6~7%
ROE	10.9%	12.8%	10%-plus
Equity ratio	40.0%	41.1%	Around 40%
Net assets	4,238	4,647	4,000
Dividend payout ratio	30.5%	25.1%	Around 30%
Capital investment	383	660	(2021-2025 cumulatively) 2,500-plus
R&D costs	448	450	(2021-2025 cumulatively) 2,000-plus

Although it is difficult to forecast the external environment, performance in FY2023 is expected to outperform FY2022. We therefore reiterate our FY2026 business goals.

3. FY2023 Activities to Achieve the Mid-term Business Plan

FY2023 full-fiscal year forecast & 2025 Mid-term Business Plan

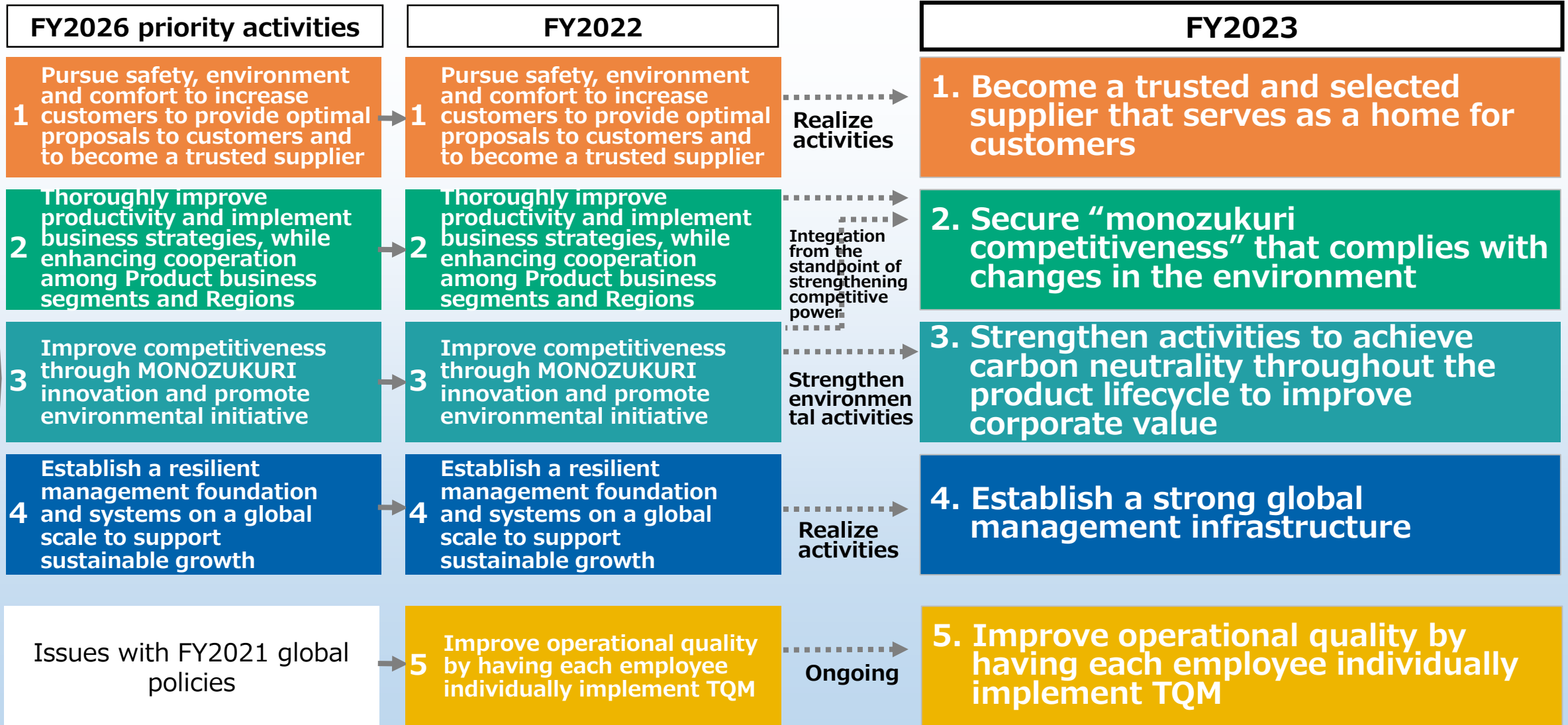
(2) Non-financial goals **Set 25 items as ESG KPIs. Progressing smoothly toward achieving goals for FY2026 and FY2031**

Excerpt of items added to the previous stakeholder and CSR KPIs (Refer to reference materials (page 28) for details)

		E (Environment)		S (Society)			G (Governance)		
	Item	Goal		Item	Goal		Item	Goal	
		FY2026	FY2031		FY2026	FY2031		FY2026	FY2031
Main KPIs	Renewable energy introduction ratio	15%	40%	Number of patent applications submitted	320 application s/year	500 applications/year	Number of serious cyber security incidents that occurred	0	0
	Distribution CO2 emissions reduction ratio	-14% (compared to FY2012)	-20% (compared to FY2012)	Number of disclosures outside company/papers	90/year	120/year			
	Sales ratio for unit products for electrified products that contribute to minimizing environment impact	10%	45%	Ratio of development of new products that will contribute to interior space creator	65%	70%	DX certification	DX-Excellent company	DX-Excellent company
				Ratio of vehicle models scheduled to employ products that contribute to traffic safety	20%	50%	Addressing human rights risks in the supply chain (Deployment of human rights due diligence)	Deployment rate: 100%	Deployment rate: 100%

3. FY2023 Activities to Achieve the Mid-term Business Plan

Materiality



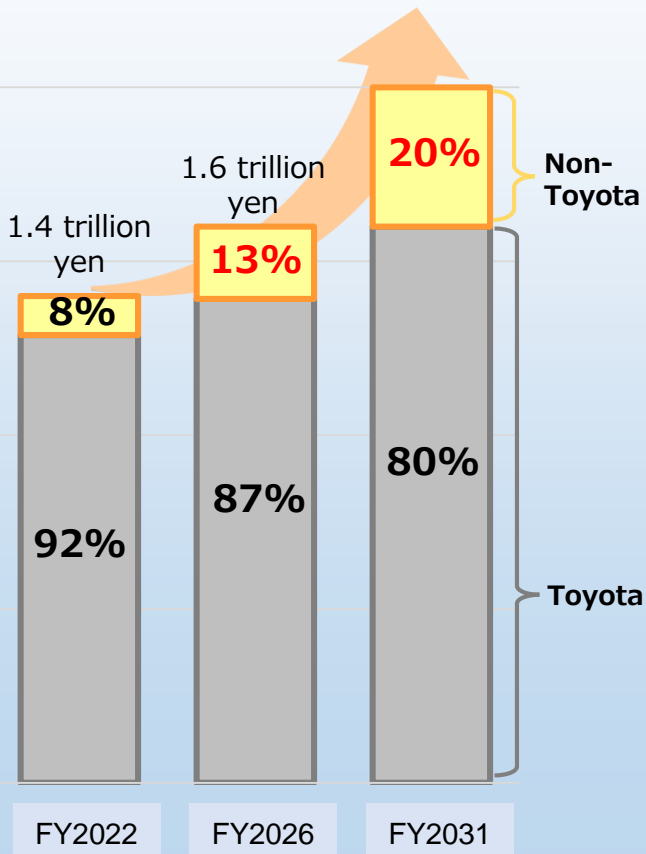
3. FY2023 Activities to Achieve the Mid-term Business Plan

Activity No.1 (1) Position Toyota Alliance manufacturers as strategic OEMs and promote order-taking activities

Secure new orders from strategic OEMs as activities begin to bear fruit

<Examples of new orders> **New seat business orders in growth markets**

<Revenue target>



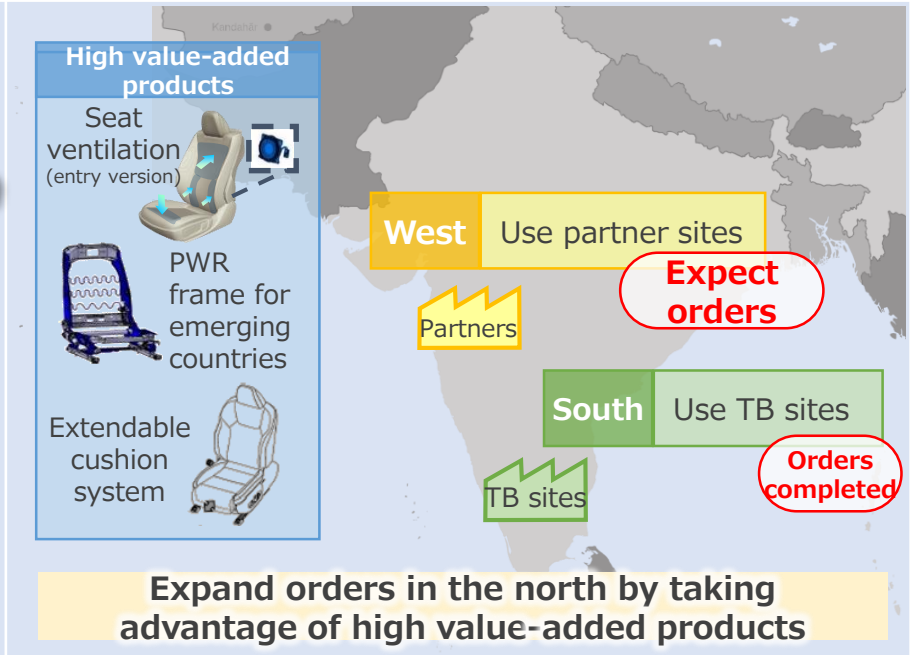
[Example 1] Company D

Implement order-taking activities backed by price competitiveness and technical development strength by effectively using existing resources



[Example 2] Company S

Aim to secure orders for Toyota Boshoku high value-added products in partnership with local supplies



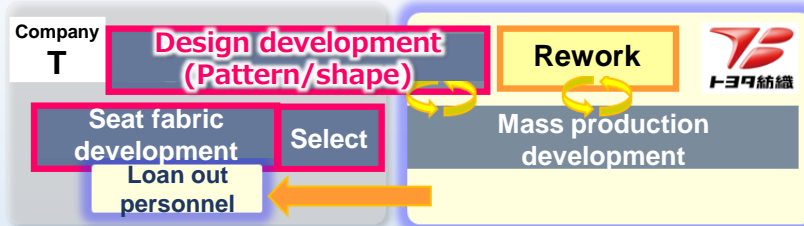
3. FY2023 Activities to Achieve the Mid-term Business Plan

Activity No.1

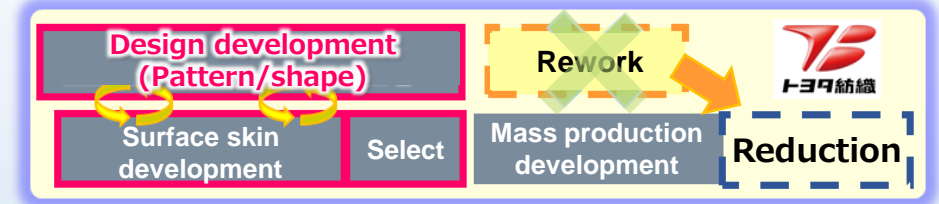
(2) Self-sufficiency of seat fabric design(strengthen competitiveness of seat fabric)

Current development issues: Design development and seat fabric development are carried out separately therefore frequent reworking occurs prior to mass production

FY2022 Loan out personnel to customers to learn about seat fabric development at customers



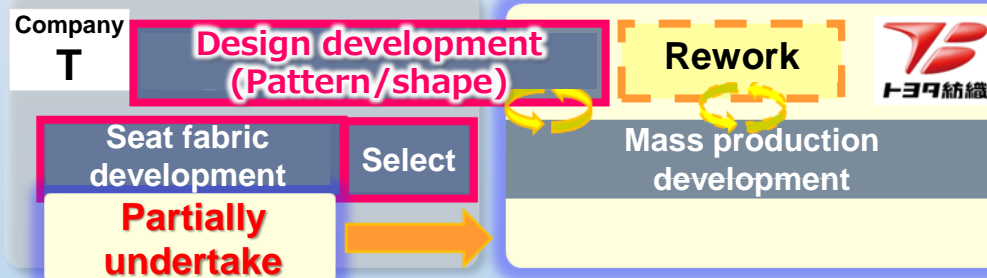
Future TB concurrently develops design and fabric to enhance **efficiency**
Eliminate need to rework for mass production



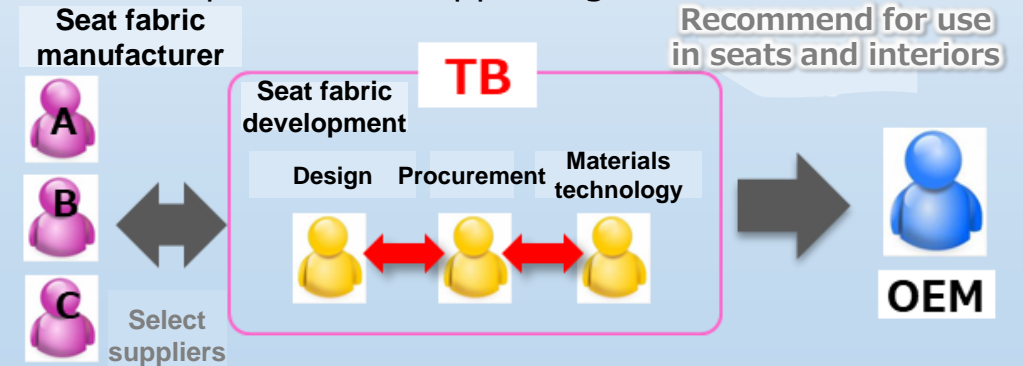
FY2023

TB undertakes a portion of seat fabric development to boost its experience and results

Company T selects the seat fabric manufacturer



Vision TB to realize complex development of highly competitive and appealing seat fabric



Aim to carry out planning, self-sufficient procurement and proposals by enhancing development efficiency to strengthen the competitiveness of seat fabric

3. FY2023 Activities to Achieve the Mid-term Business Plan

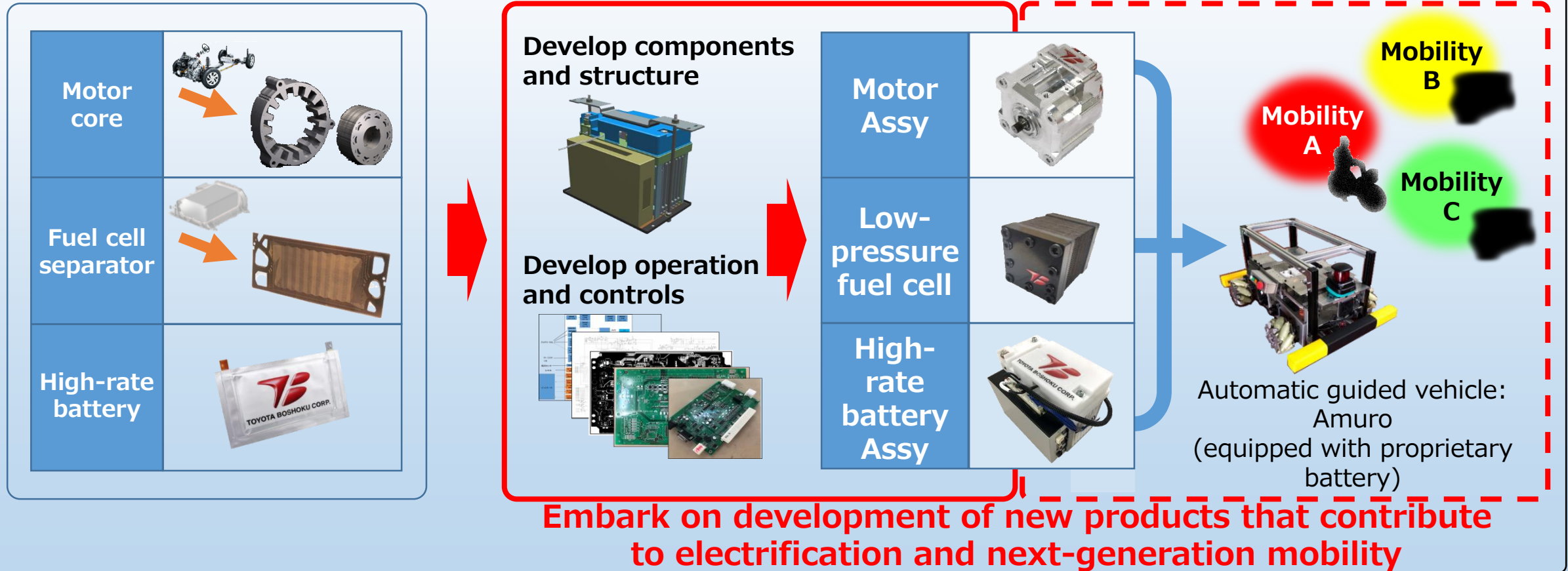
Activity No.1

(3) Addressing electrification: Expand sales, including for motor cores and separators

Expand from a unit product business to assembly and system products

Existing products related to electrification

Develop assembly products and system products



3. FY2023 Activities to Achieve the Mid-term Business Plan

Activity No.1

(4) Invest in start-ups

Corporate venture capital

Investment plan for the next five years:
JPY5.0 billion

Used of external knowledge and technology

Promote co-creation of technology and development

Investment

Continuous growth

Interior space

Carbon neutrality



Monozukuri

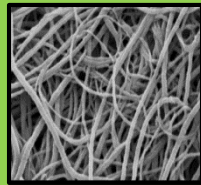
AI



Recycling-oriented society



New materials



Robotics



Electrification



UX



Healthcare



3. FY2023 Activities to Achieve the Mid-term Business Plan

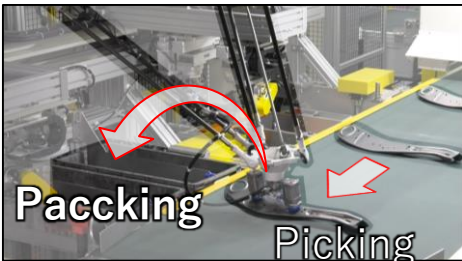
Activity No.2

1. Acquire "monozukuri competitiveness" to address changes in the environment

(1) Propose schemes for the future for each process

[Ex.: Pressing process → Reduction of labor costs by automation of tasks → Response to the shortage of labor force]


FY2022 Result



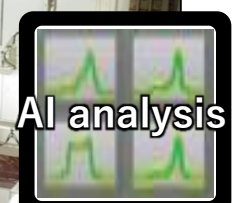
Packing Picking

Automatic product loading by robot


FY2023 items



AIDA




AI analysis




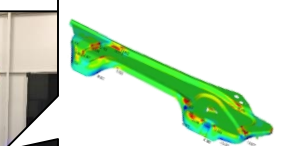
Molding die

IoT + AI Utilization for preventive maintenance of molding die x press machine



Automatic delivery of product boxes

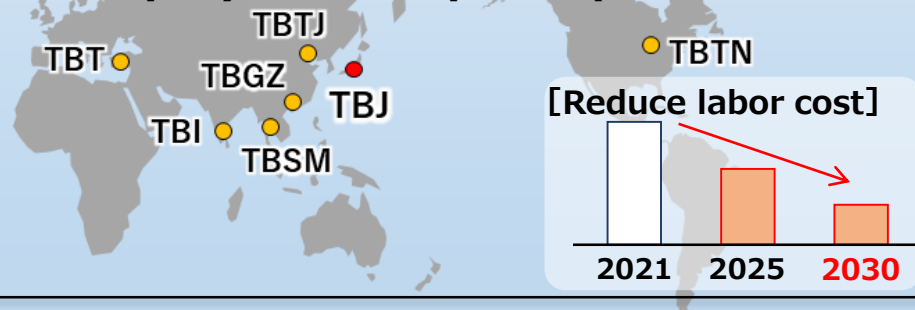
Item for FY2024 after

Auto Accuracy Analysis

Robot + Camera Automated Product Accuracy Checks

■ Global deployment of press plant innovation item



■ Create schemes for future by process

Pressing	Seat				Interior				Unit
	Assembly	Welding	urethane	Cover	Interior	Welding	Assembly	thermoplastic	
Done	Done								

FY2023~FY2024 complete conception

Strengthen "monozukuri competitiveness" to achieve 2025 Mid-term Business Plan goals

3. FY2023 Activities to Achieve the Mid-term Business Plan

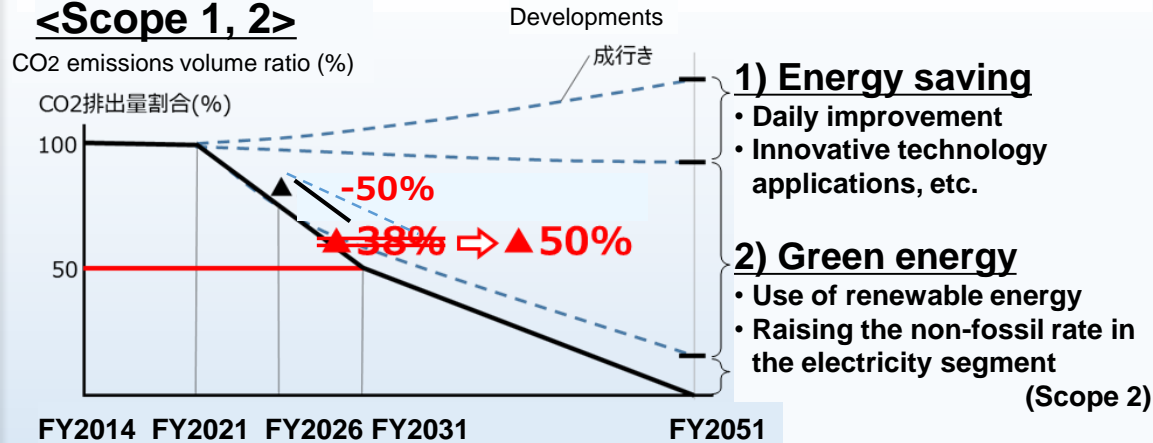
Activity No.3

Propose and execute a supply chain strategy to realize carbon neutrality

(1) Toyota Boshoku FY2051 challenge* to achieve zero CO2 emissions

*From the Toyota Boshoku 2050 Environmental Vision disclosed in 2016

<Scope 1, 2>



Main actions for FY2023 to realize the Mid-term Business Plan

- (1) Plan to achieve 100% use of renewable energy at all sites in Europe in FY2023
- (2) Dig deeper into the information disclosed in the TCFD scenario analysis (December 2021) and integrate the management strategy and environment strategy
- (3) Further implement environmental measures and optimize investments by introducing Internal Carbon Pricing (ICP)

(2) Life Cycle (LCA) Zero CO2 Emissions Challenge

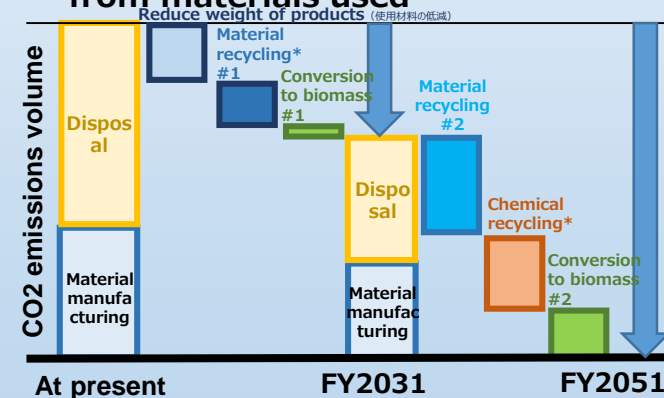
Scope 3 (Upstream)			Scope 1, 2	Scope 3 (Downstream)		
Raw materials	Suppliers	Distribution	Production	Distribution	Cruising	Waste/recycling
(2) Technological development	(3) Collaboration	Joint		Joint		Technological development

Issue: Accurately grasp SCOPE3 emissions volume (Review definition and improve precision)

- Evaluation tool and establish a DB for handling of sites and customers individually
- Reduction goals and review of steps based on scientific evidence
- Strengthen partnerships with suppliers

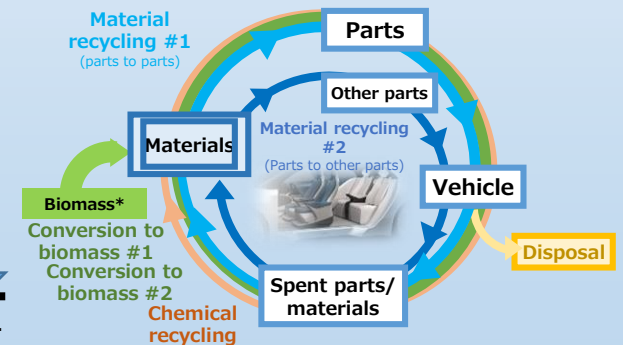
Expand scope to upstream and downstream from SCOPE 1, 2 and SCOPE 3

1) Measures to reduce CO2 emissions from materials used



Tackle carbon neutrality in 2040 by recycling product materials and using biomass

2) Activities to achieve a circular economy



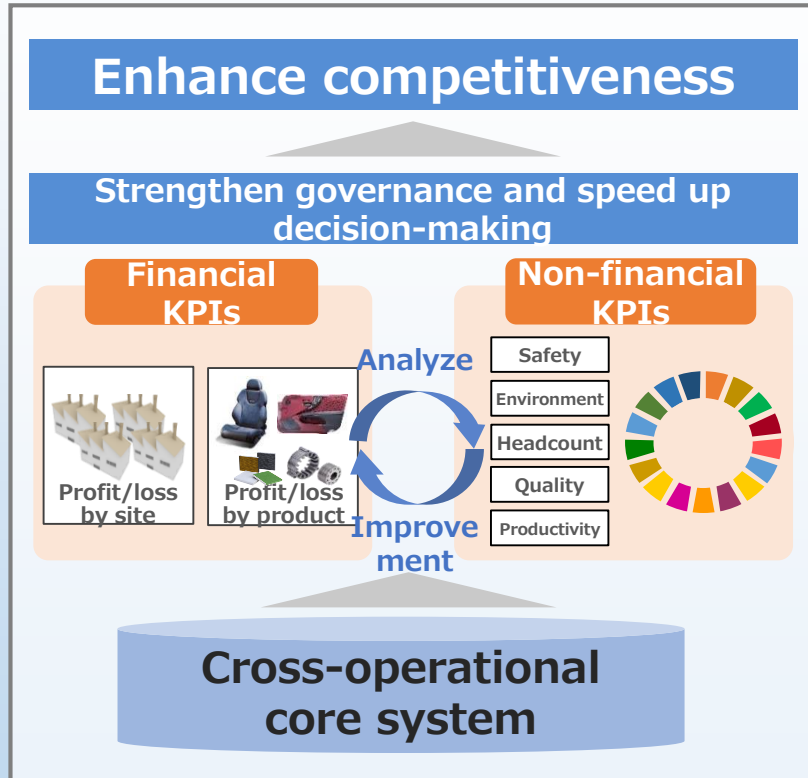
- *Material recycling: Reuse products as raw materials to make new products
- *Chemical recycling: Chemically decompose products for reuse as raw materials
- *Biomass: Reusable biological resources

3. FY2023 Activities to Achieve the Mid-term Business Plan

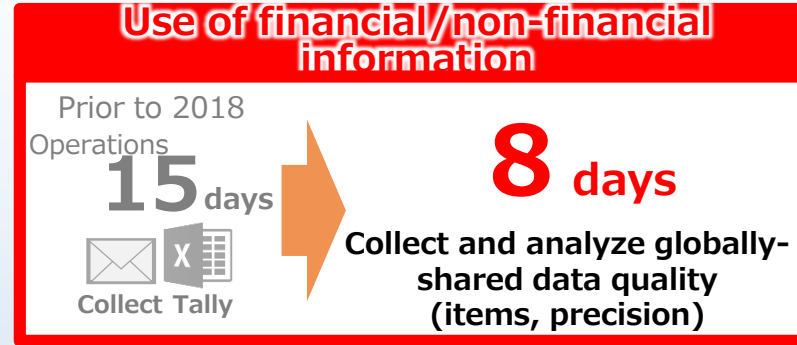
Activity No.4

Speed up decision-making by strengthening monitoring of financial and non-financial KPIs

Aim of Management Information Infrastructure Construction



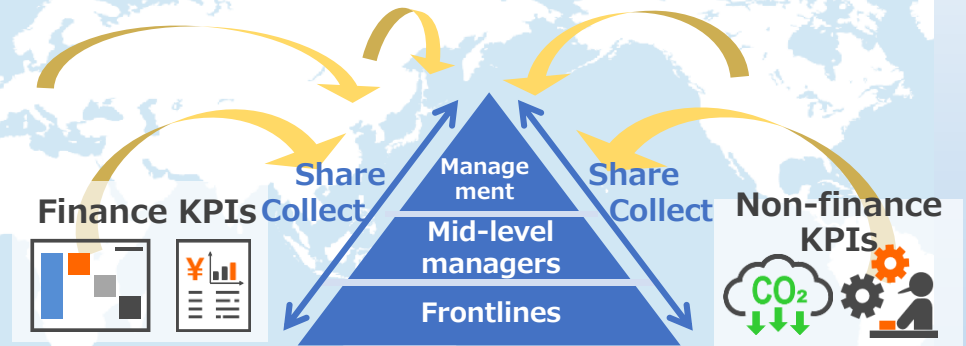
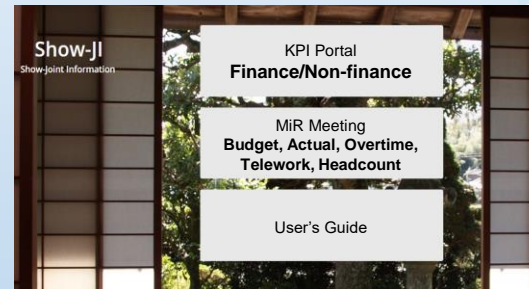
to FY2023



to FY2026



Information visualization tool: Show-J1



Voluntarily use the information infrastructure at each level to identify issues and make improvements

For FY2026/2031 goals (finance and ESG KPIs, etc.) improve and visualize current systems to enhance corporate management to make management decisions based on quantitative data

3. FY2023 Activities to Achieve the Mid-term Business Plan

Activity No.5

Improve operational quality that will contribute to the achievement of management goals after winning the Deming Prize for the Unit Components Business

● Actions of FY2022



Total Quality Management (TQM)

To maintain the flexible and resilient corporate structure, based on the Corporate Philosophy of "total participation," "customer first," and "continuous kaizen" aim to improve work quality by enhancing capabilities of "people," "organization," and "process."

● FY2023

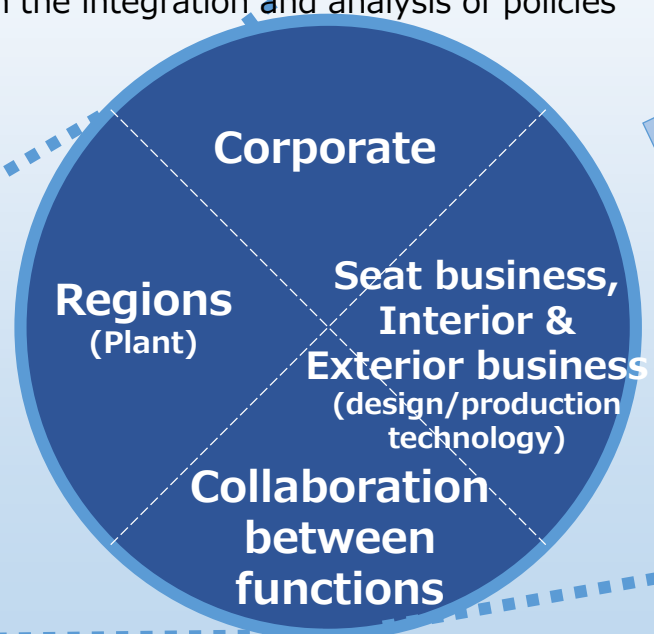
Improve operational quality at all companies (4 areas)

- ◆ Improve effectiveness of customer orientation and the PDCA cycle
- ◆ Strengthen collaborations between departments
- ◆ Strengthen the integration and analysis of policies

Won the Deming Prize in November 2021



Unit Components Business (plant/production technology)



Deming Prize challenge at all companies (4 fields)

Shift to strategic activities to have all employees to resolve companywide issues

4. Our desired status for FY2031

Becoming an Interior Space Creator in FY2031

Aim to become a company that continues to be needed

sustainable growth

2050 Vision

A solutions company capable of creating true (deepening, evolving, real value) corporate value

2030 Vision

Creating new value as an Interior Space Creator

2025 Mid-term Business Plan
2025 Vision

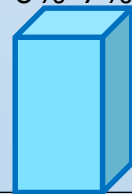
As an interior system supplier, become a company that serves as "Home" and secures competitiveness that can surpass global suppliers

1.6 trillion yen-plus
(100 billion yen-plus, 6%-7%)

1.4 trillion yen
(58.5 billion yen)



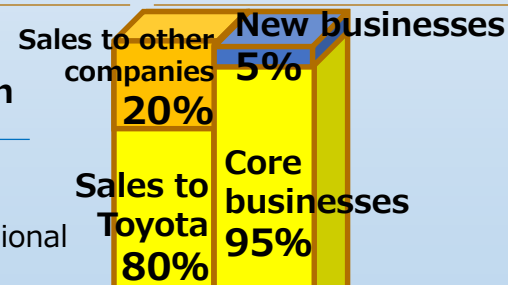
FY22



FY26

Further growth

- Strengthen competitiveness
- Offer multi-dimensional value
- Expand business fields



FY31

Challenge

Become No. 4 and 5 pillars

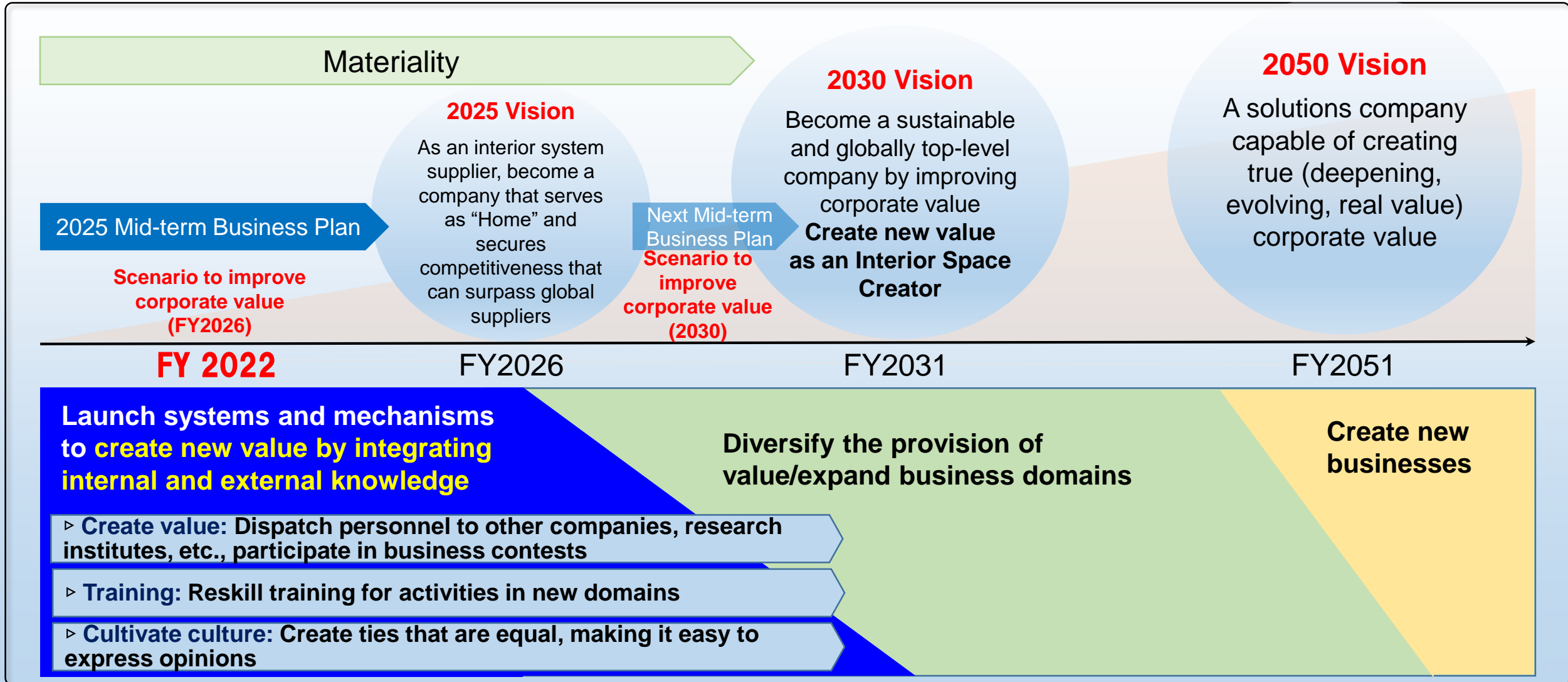
Aim to be a company that creates a prosperous society filled with smiles, which cuts across generations and is environmentally-friendly

FY51

*Home is a business or region where we can add our own value "on the spot" and where we are competitive against our competitors

4. Our desired status for FY2031

(1) Create innovative employees and systems that promote challenge



4. Our desired status for FY2031

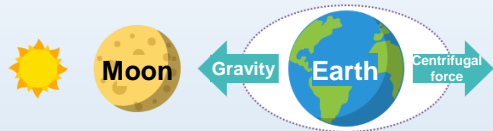
(2) Embark on verification for the commercialization of technologies that utilize tide-raising forces

Improve food productivity by incorporating the moon's rhythm

⇒ Verification for commercialization: ① Plant factory: Lettuce ② Farm: Soft-shelled turtles

Develop technologies that utilize tide-raising forces that will solve the food issue

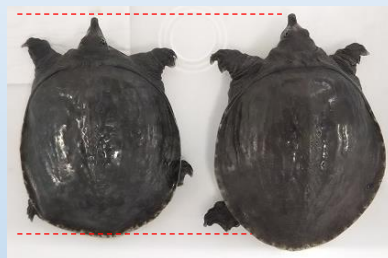
The tide-raising force rises during the new and full moons



Conven-
tional



Use of tide-
raising force



Conven-
tional



Use of tide-
raising force

Confirmed an increase in the production of lettuce and soft-shelled turtles(Lab-level)

FY2015

Collaborate with other companies to embark on the confirmation of benefits at plant factories and farms



Start verification for commercialization

FY2023

Image of business:

- Lighting control module
- Provide patent licenses
- Production and sales



License

Other companies

FY2031

FY2051

A New 100 Years of Working Together, Open the door!



TOYOTA BOSHOKU

<Disclaimer>

The forecasts relating to future business performance provided in this report are estimates made by the Company based on the information available at the time of reporting, and therefore involve risks and uncertainties.

Accordingly, actual results may differ from the forecasts due to various factors.

(Reference) ESG KPIs

★ Items added to conventional stakeholder and CSR KPIs

E (Environment)				S (Society)				G (Governance)				
NO.	KPIs	Goals		NO.	KPIs	Goals		NO.	KPIs	Goals		
		FY2026	FY2031			FY2026	FY2031			FY2026	FY2031	
KPI	1	Reduction rate for production CO2 emissions	-25% (versus FY2014)	-50% (versus FY2014)	8	Number of patent applications ★	320/year	500/year	18	Number of incidents of environmental anomalies/complaints	0	←
	2	Renewable energy introduction ratio ★	15%	40%	9	Number of disclosures outside company/papers ★	90/year	120/year	19	Number of serious cyber security incidents that occurred ★	0	←
	3	Reduction rate for logistics CO2 emissions ★	-14% (versus FY2012)	-20% (versus FY2012)	10	Development ratio for new products that will contribute to being an Interior Space Creator ★	65%	75%	20	DX certification ★	DX-Excellent company	←
	4	Reduction rate for waste emissions	-14% (versus FY2012)	-20% (versus FY2012)	11	Car mounting ratio planned for use of products that contribute to traffic safety ★	20%	50%	21	Number of cases of antitrust violations	0	←
					12	Number of people participating in the implementation of activities to contribute to society	Total 2,000 people	←	22	Number of fraud and bribery cases	0	←
	5	Water usage reduction rate	-6% (versus FY2014)	-8% (versus FY2014)	13	Degree of implementation of action guidelines	100%	←	23	Addressing human rights risks in the supply chain (deploy human rights due diligence) ★	Deployment rate: 100%	←
					14	Stress check for all employees Number of times implemented	Once a year	←				
6	Co-existence with nature (number of trees planted)	Cumulative total: 640,000	Cumulative total: 770,000	15	Percentage of people taking a health exam	100%	←	24	External awards from customers	5	←	
7	Sales ratio of unit components for electrification product that contribute to the minimization of environmental burden	10%	45%	16	Number of serious employees disasters	0件	←	25	Compliance with timely and appropriate disclosures	100%	←	
				17	Number of serious outsourced contractor/personnel disasters	0件	←					