



TSE Prime Market; Securities Code: 3116

FY2023 (Year ending March 2023)

Business Briefing

Date: May 15, 2023

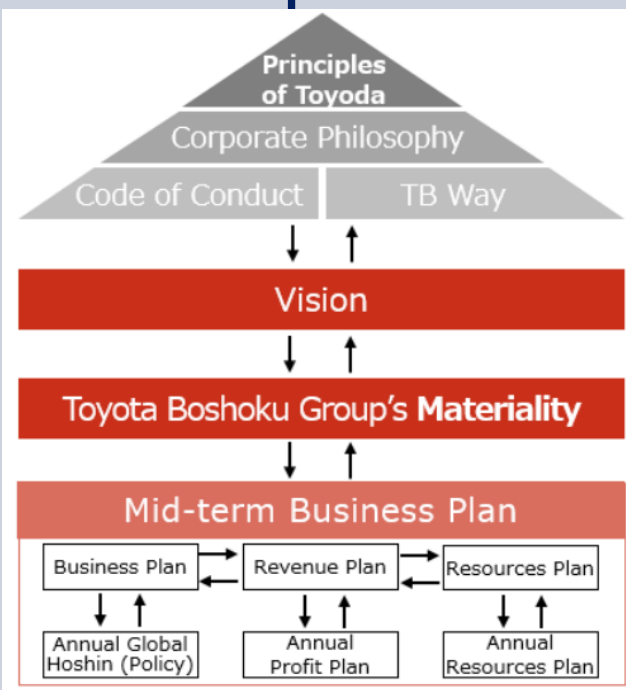
Place: Station Conference Tokyo

1. Management Concept

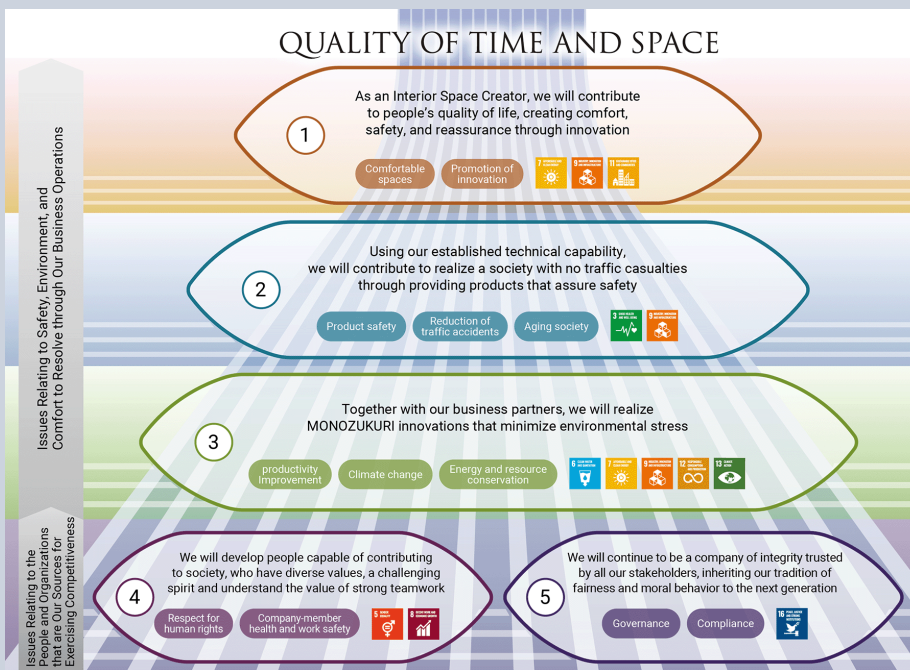
CSV management that pursues both social value and economic value

Sustainability Policy

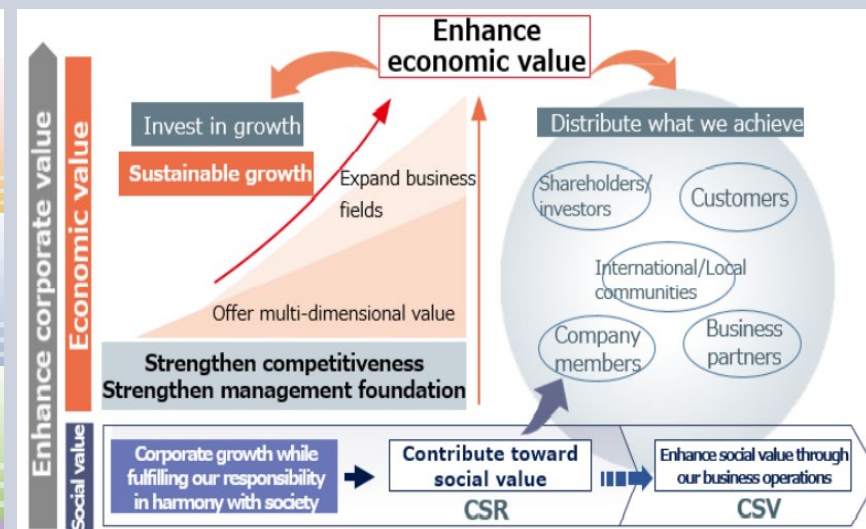
1. Management Concept



2. Materiality



3. The management structure we aim to become



Promoting initiatives to become a company that solves social issues in the world and is needed by society

2. Actions for FY2023

FY2023 financial results

(100 million yen)

	FY2022 results		FY2023 results		Change	
Revenue	14,214	100.0%	16,040	100.0%	1,825	12.8%
Operating profit	602	4.2%	476	3.0%	(126)	(20.9%)
Profit before income taxes	645	4.5%	522	3.3%	(122)	(19.0%)
Profit*	392	2.8%	146	0.9%	(245)	(62.6%)

* Profit attributable to owners of the parent

Earnings per share		210.15 yen	78.57 yen	
Exchange rate	USD	112 yen	135 yen	+23 yen
	EUR	131 yen	141 yen	+10 yen

Revenue

Revenue increased due to an increase in global production and the effects of foreign exchange.

Operating profit

Despite the effects of production increase, profit decreased due to deterioration of model mix and an increase in overhead costs, as well as the recording of expenses as a result of the termination of the Russia business.

2. Actions for FY2023

FY2023 non-financial results (Summary of ESG activities)

(1) E <Environment>

Toward achievement of 2050 Environmental Vision

1) CDP survey

(1) Selected as an “A List” company in the climate change and water security sections.



CLIMATE WATER

(2) Selected also as a Supplier Engagement Leader.



2) Commitment to obtaining SBT certification (October 2022)

3) Joining the 30by30 Alliance for Biodiversity (October 2022)



(2) S <Society>

1) Launch of Innovative Ability Enhancement Program



私たち (We) の冒険 (Adventure) で
トヨタ紡織の未来を織りなす (Weave)



Presentation of achievements by the 11 devoted members

2) Certified as an Excellent Enterprise of Health and Productivity Management 2023 (White 500)



(3) G <Governance>

1) Launch of human rights due diligence

2) Certification as a company that responds to the “Digital Governance Code” (DX certified company) (May 2022)

While accelerating ESG-related activities, held the first ESG Briefing (November 2022)

2. Actions for FY2023

Actions for FY2023

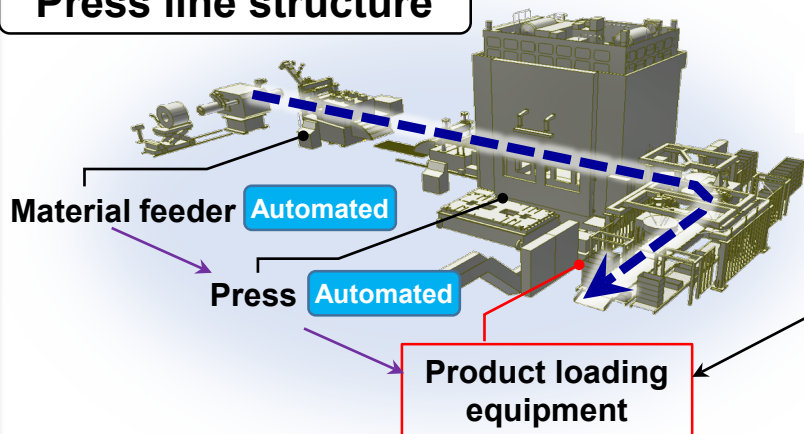
- 1 Acquire MONOZUKURI competitiveness**
- 2 Optimal production and supply system**
- 3 Restructuring of seat frame mechanism component business**
- 4 Promote order-taking activities to our strategic OEMs**

2. Actions for FY2023

1 Acquire MONOZUKURI competitiveness

(1) Establishing a pressing model line (Sanage Plant)

Press line structure



- ① Empty box delivery and loading **Automated**
- ② Product inspection (cracks) **Automated**
- ③ Product packing **Automated**
- ④ Loading of boxes on dollies **Manual** → **Automated**
- ⑤ Transfer and loading to stores **Manual** → **Automated**

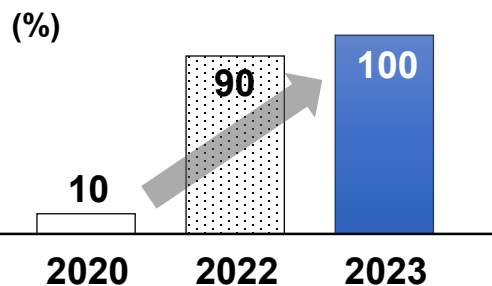
— Actions for automation in FY23 —

④ Automatic loading by robot

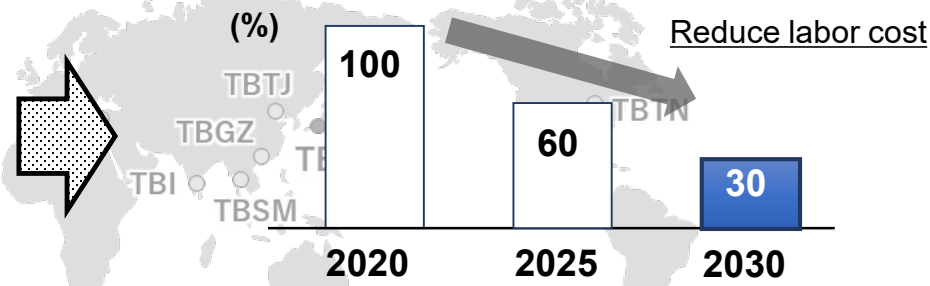


⑤ To automatic guideless vehicle developed by TB Automatic loading ~ Automatic store loading

■ Model process automation rate



■ Global deployment of innovative items in pressing processes



[Features]

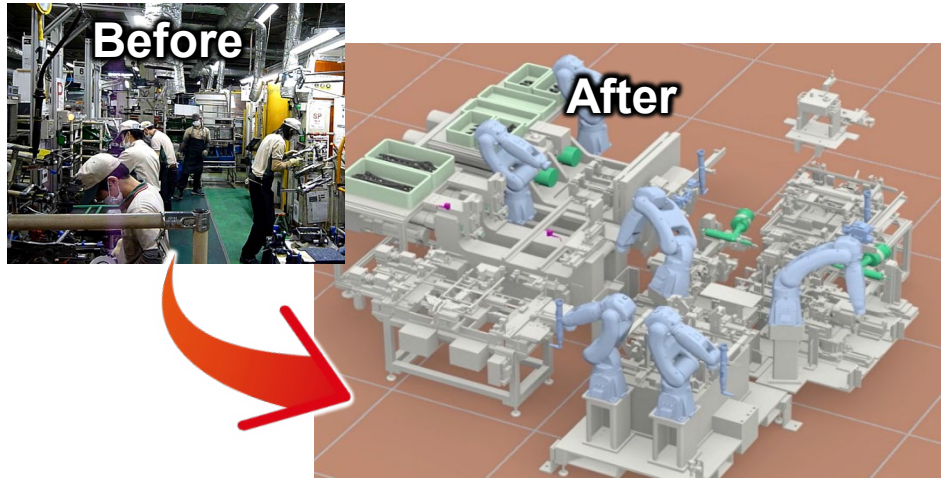
- Driven by TB-made lithium-ion batteries
- All-direction slide driving with mecanum wheels

Deploy model lines to other sites both in Japan and other countries to maximize the effect.

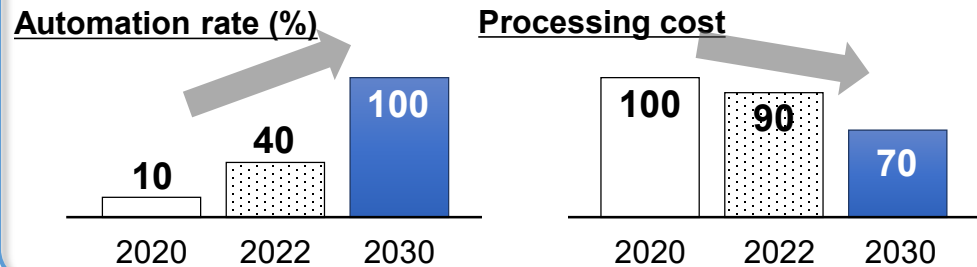
2. Actions for FY2023

1 Acquire MONOZUKURI competitiveness

(2) Establishing a welding model line



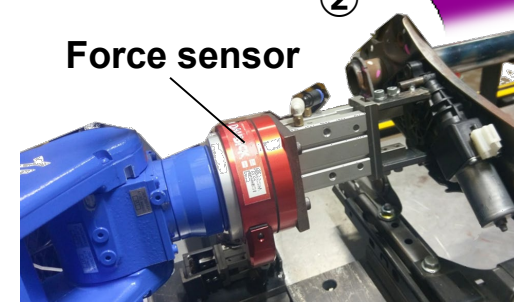
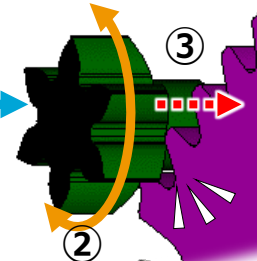
Model line efficiency target



Actions for automation in FY2023

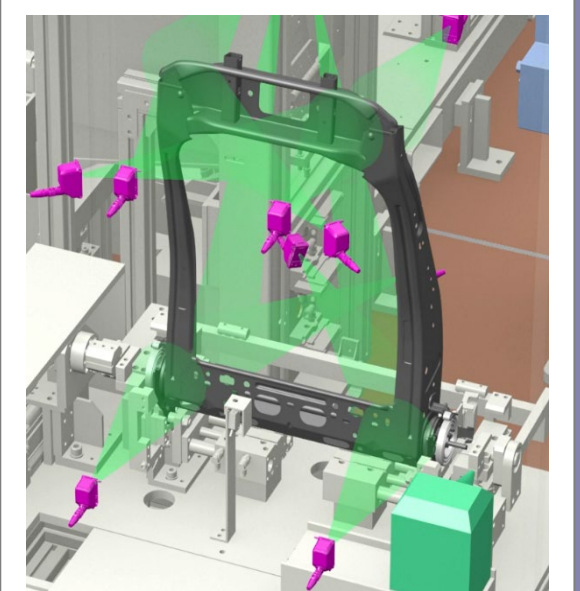
Automation of “*kankotsu* (intuition and knack)” operations

- ① Pushing
- ② Searching
- ③ Setting



Reducing processing cost by reproduction of manual operations by robot

Automation inspection operations



Unprecedented improvement in quality assurance by using AI and sensing technologies

Improved automation rate by promoting “MONOZUKURI innovation”

2. Actions for FY2023

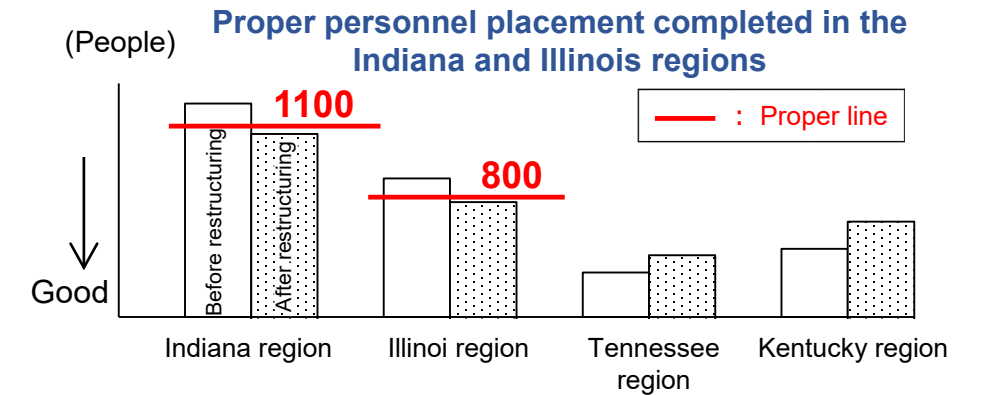
2 Optimal production and supply system

◆ Actions for restructuring in the Americas

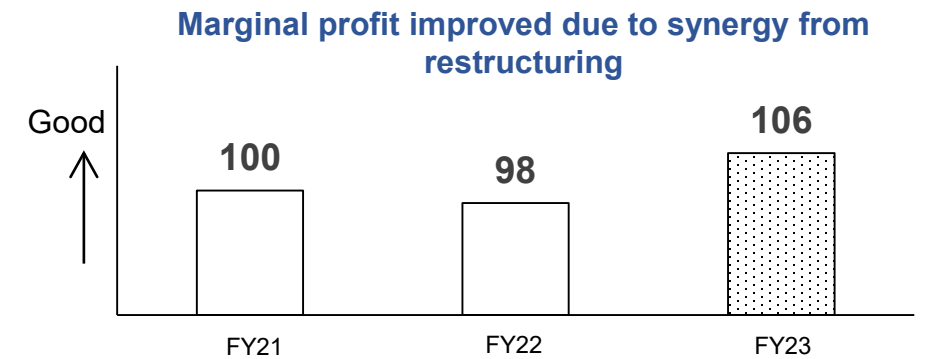
[Benefits from restructuring of seats and door trims]

Restructuring for proper personnel placement in the Indiana and Illinois regions (1) Personnel condition (restructured sites)

Process	Seats			Door trim			
	Pressing/ welding S/A	Welding Assy		Ornament/ Armrest	FR/RR Upper board	Door Assy	
		F/B 	F/C 	Seat Assy 	Ornament/ Armrest (Surface material pressing) 	FR/RR Upper board (Vacuum forming) 	Door Assy (Final assembly)
Before restructuring	Tennessee region	Indiana region Illinois region		Kentucky region	Indiana region Illinois region		
After restructuring (FY23)	Tennessee region	Indiana region Illinois region		Kentucky region		Illinois region	
	Welding Assy (F/B frames) was integrated into Tennessee			Surface material pressing, vacuum forming and door assembly were partially integrated into Kentucky Plant			



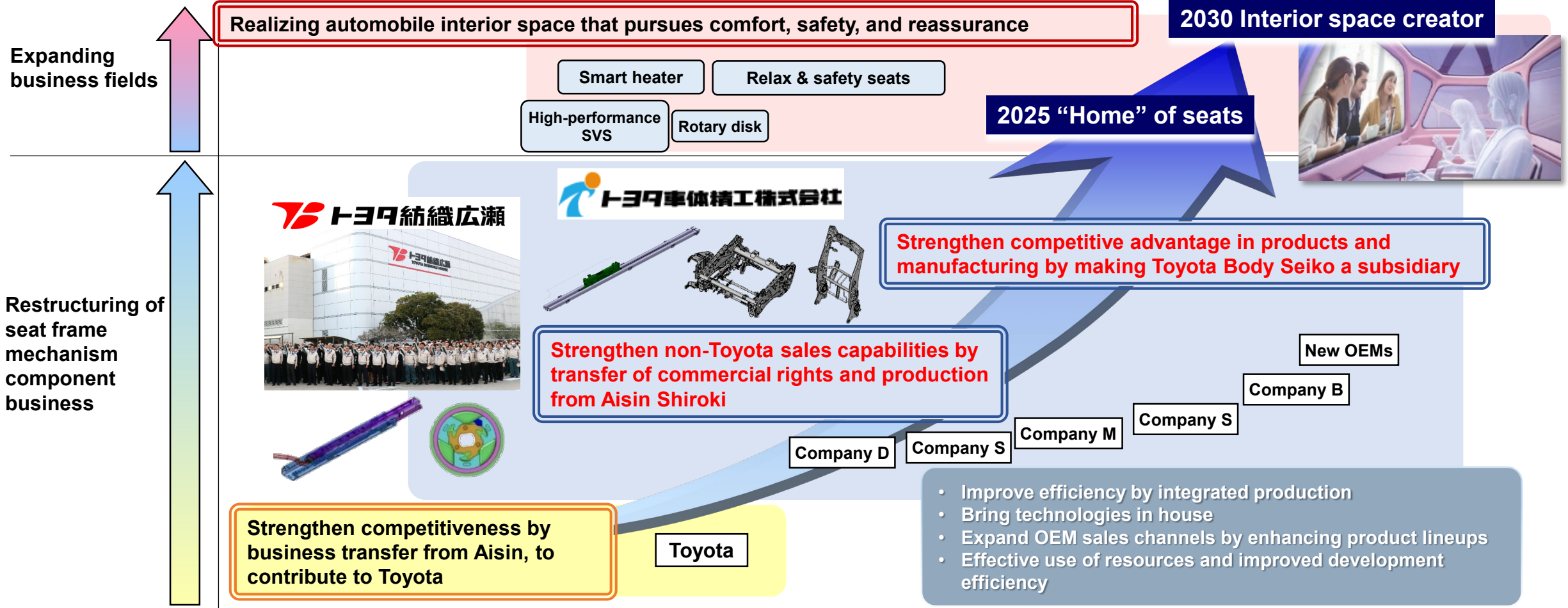
(2) Marginal profit rate (the Americas)



Pursuing a flexible production system that will not be affected by environmental changes or customer situations

2. Actions for FY2023

3 Restructuring of seat frame mechanism component business



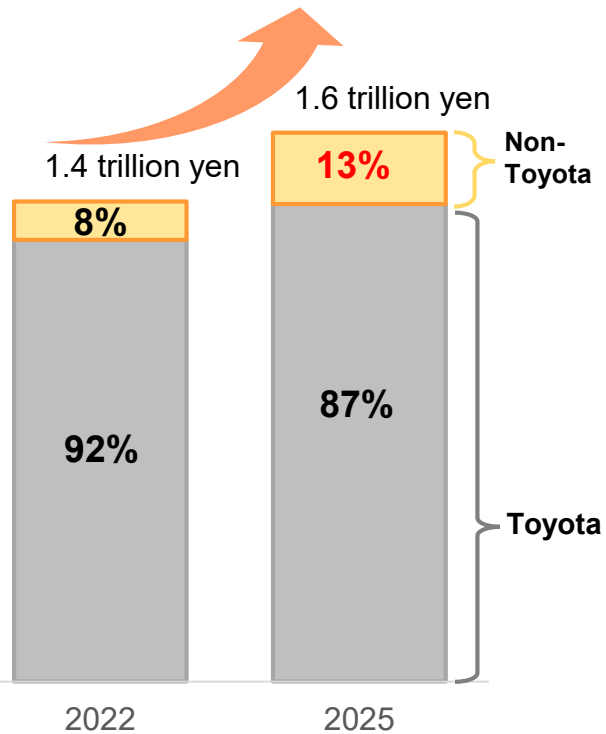
By making the maximum use of the synergy effect from restructuring of seat frame mechanism component business, aim to become “Home” of seats in 2025 and an interior space creator in 2030.

2. Actions for FY2023

4 Promote order-taking activities to our strategic OEMs

sales expansion

<Revenue target>



<Examples of new orders>

[Case 1] Company A	[Case 2] Company B
<p>Acquired new businesses for interior parts, such as door trims in Japan</p> <p>New order-taking items (1) Door trims, carpets, fender liners (2) Electric parts</p> <p>Door trim Electric parts</p> <p>Japan (Ongoing)</p> <p>Asia area Indonesia, Malaysia, Thailand, Taiwan, etc.</p> <p>Aim to expand business in Japan</p>	<p>Promoting order-taking activities through collaboration with local suppliers in western India, based on which aim to further expand business in the north</p> <p>High value-added products PWR frame for emerging markets Seat air-conditioning (entry version)</p> <p>North (Ongoing): Use of production sites acquired through transfer of commercial rights</p> <p>West (Ongoing): Use of partners' sites</p> <p>South (Order acquired): Use of TB sites</p> <p>Expand order-taking efforts into northern India by promoting high value-added products</p>

Beginning to receive new orders from strategic OEMs

3. Activities to Achieve Mid-term Business Plan and 2025 Target

2025 Mid-term Business Plan Target

(1) Financial Targets

(100 million yen)

	FY2023 full-year results	FY2024 full-year forecasts	FY2026 management targets
Revenue	16,040	16,800	16,000+α
Operating profit	476	530	1,000+α
Operating profit margin	3.0%	3.2%	6-7%
ROE	3.7%	5.4%	10% or higher
Equity attributable to owners of the parent company	39.8%	40%	Around 40%
Net assets	4,368	4,450	4,000
Dividend payout ratio	89.1%	59.4%	Around 30%
Capital investment	507	820	(FY2022-2026 total) 2,500+α
R&D costs	473	490	(FY2022-2026 total) 2,000+α

Despite the severe external environment, we will steadily implement actions for the future to achieve the management targets for fiscal 2026.

3. Activities to Achieve Mid-term Business Plan and 2025 Target

(2) 2025 Mid-term Business Plan Target (major non-financial targets)

E (Environment)				S (Society)				G (Governance)			
Item	FY23 plan	FY23 results	FY26 targets	Item	FY23 plan	FY23 results	FY26 targets	Item	FY23 plan	FY23 results	FY26 targets
Renewable energy installation ratio	7%	23%	15%	Number of patent applications submitted	280/year	355/year	320/year	Number of serious cyber security incidents	0	1	0
Waste emissions reduction ratio (Compared to FY2012)	-11%	-20%	-14%	Number of external presentations and papers	65/year	66/year	90/year	DX certification	DX certification	DX certification	DX-Excellent company
Symbiosis with nature (number of trees planted)	30,000	72,000 (Cumulative 66,000)	Cumulative 640,000	Rate of new product development leading to Interior Space Creator	-	5%	15%	Response to human rights risks in the supply chain (development of human rights due diligence)	Held study sessions with suppliers	Held study sessions with suppliers	Expansion ratio 100%
Ratio of revenue from unit components of electrification products that will lead to minimization of environmental impact	-	6.5%	10%	Ratio of vehicles that are expected to use products that contribute to traffic safety	-	-	20%	External awards from customers	5	8	5

Set 25 items as ESG KPIs. Progressing smoothly toward achieving goals for FY2026.

3. Activities to Achieve Mid-term Business Plan and 2025 Target

Mid-term Management Hoshin (Policy)

- 2025 Mid-term Business Plan (financial and non-financial targets)
<2025 Target>
- As an interior system supplier, become a company that serves as “Home” and secures competitiveness that can surpass global suppliers



Mid-term Management Hoshin (Policy) (2023-2025)

1. Secure “**MONOZUKURI competitiveness**” to be trusted and selected
2. Acquire “**R&D capabilities**” that respond to future changes
3. Acquire “**Sales capabilities**” that enable making proposals to customers around the world
4. Establish “**Management foundation**” to support sustainable growth

3. Activities to Achieve Mid-term Business Plan and 2025 Target

MONOZUKURI competitiveness

Secure "MONOZUKURI competitiveness" to be trusted and selected

■ Combining voluntary cardboard training with VR: Realizing development and production preparation in a short period of time



+



L/T shortened -30%

[Voluntary cardboard training]

[VR: 3D workability verification]

■ MONOZUKURI innovation based on advanced automation

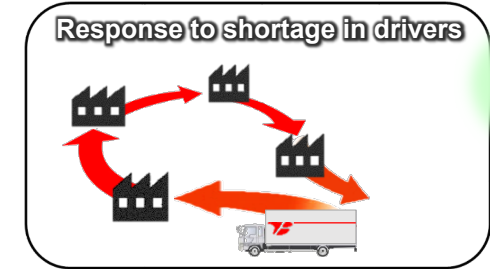


Processing cost -40%*

* Effect of automation of production lines for all products

[Automation of sewing process]

■ Improving distribution efficiency (white distribution)



Distribution cost -20%

[Milk-run logistics]

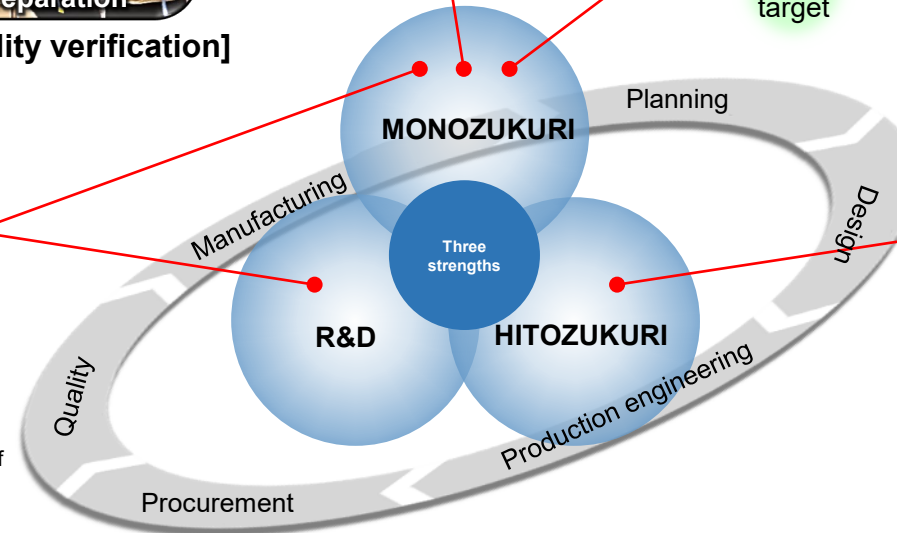
■ Succession of skills by digitization of craftsman's skills



Reduction of the period necessary to master skills

Period necessary to master skills -50%

[Digitization of know-how]



2030 target

Based on the "three strengths" we have cultivated so far, we will realize QCD that surpasses competitors

3. Activities to Achieve Mid-term Business Plan and 2025 Target

R&D capabilities

To realize comfortable, safe, and reassuring interior space

Formulation of a R&D roadmap

2020

Improvement in environmental awareness

2025

Spread of rideshare

2030

Increase in MaaS vehicles

Aging of population

Carbon neutrality

<Themes and items>

Environment

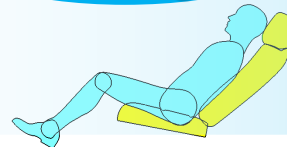
- Recycled materials
- Biomass materials
- Lightweight
- Easy-to-disassemble structure
- Mono-materials

Recyclable seat pads



Autonomous driving

- Rotating seats
- Universal interior design
- System to ease carsickness
- Relax & safety seats

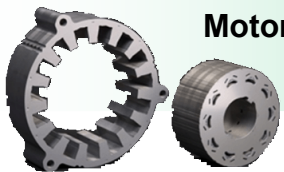


Relax & safety seat

BEV

- Motor core
- Slim seats
- Heat management system
- NV system

Motor core



MaaS

- MX ACCESS (wheelchair)
- Changeable interior system
- Small FC stack

Based on the R&D roadmap, accelerate development to become an interior space creator

R&D capabilities

Response to BEV/electrification

Slim seat

Seat

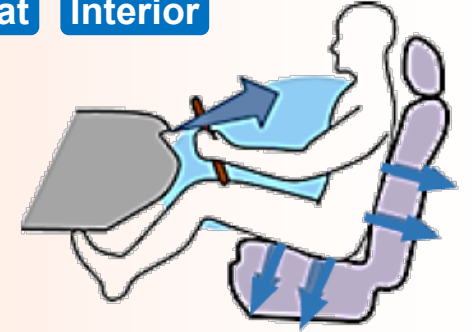
By making the seat thinner, secure more interior space and suppress the increase of vehicle height and air resistance



Next-generation heat management system

Seat Interior

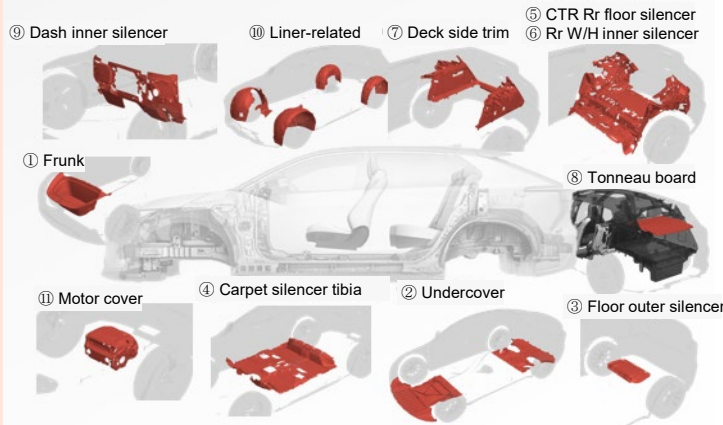
Curb electric power consumption for air conditioning with the combined use of shield headliner and seat ventilation



Next-generation NV system

Interior Exterior

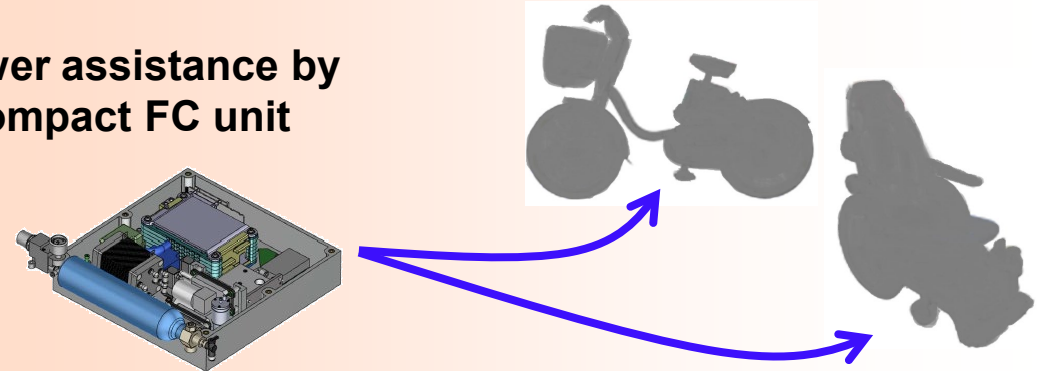
Optimize vehicle interior and exterior noise absorption /insulation materials



FC for compact mobility

Unit component

Power assistance by a compact FC unit



Develop various items responding to BEV in urgent necessity

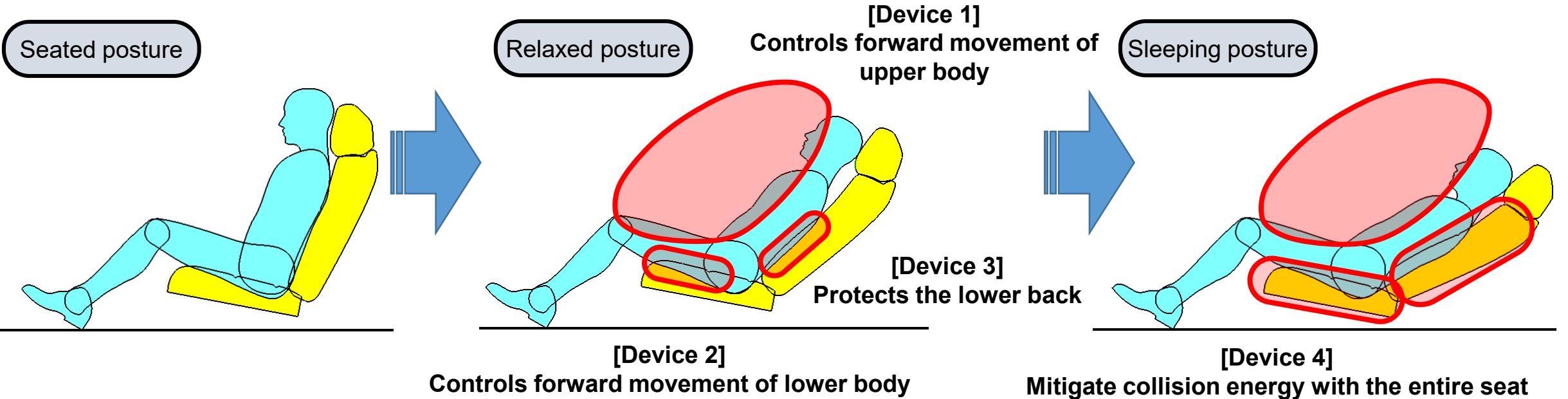
3. Activities to Achieve Mid-term Business Plan and 2025 Target

R&D capabilities

Relax & safety seat for autonomous driving

Objective: Development of measures to mitigate collision energy on passengers in a relaxed or sleeping posture

Development status: Effects under various conditions are being analyzed. Seat structures for devices under development are being examined.



Balancing comfort and mitigation of collision energy for passengers to realize an interior space with greater freedom

3. Activities to Achieve Mid-term Business Plan and 2025 Target

R&D capabilities

Creation of new value towards Maas market



A rideshare space assuming autonomous driving level 4
Exhibited "MX221" at CES

"Diversatility" (= Diversity + Versatility)
Versatile spaces to suit a variety of users



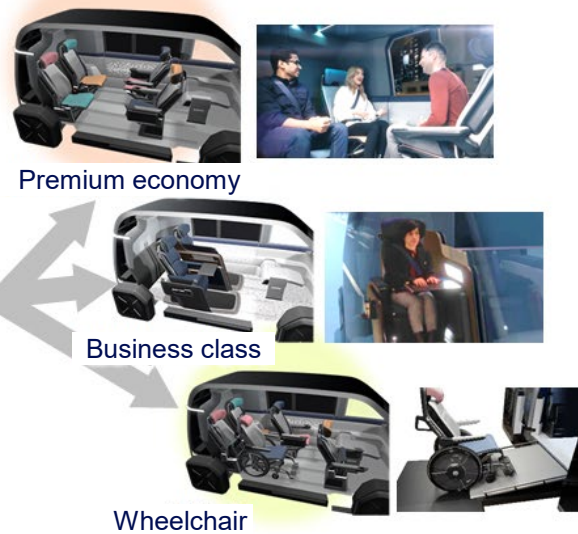
New value creation by 6 companies collaboration

"MX ACCESS wheelchair" enables users to move safely and freely without a helper

A vehicle's interior space can be changed into multiple forms



Economy modules (standard)



- Can be fixed to the car within a minute without a helper (Easy docking system, easy-to-fasten seat belt)
- Wheelchair developed using know-how of car seats (Safety, comfort, etc.)

In addition to exhibition at CES, we held individual presentations. Having attracted high attention, we are seeing new business seeds.

3. Activities to Achieve Mid-term Business Plan and 2025 Target

sales capabilities

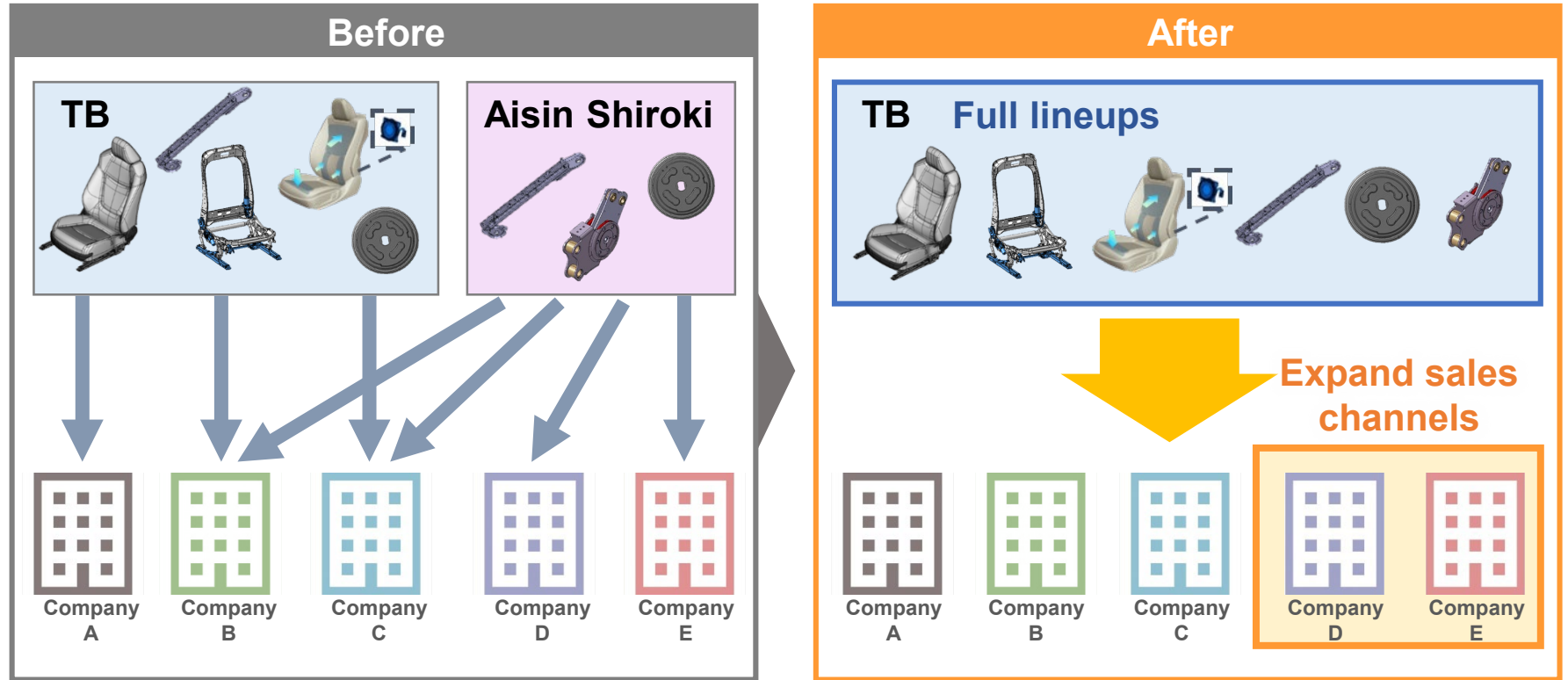
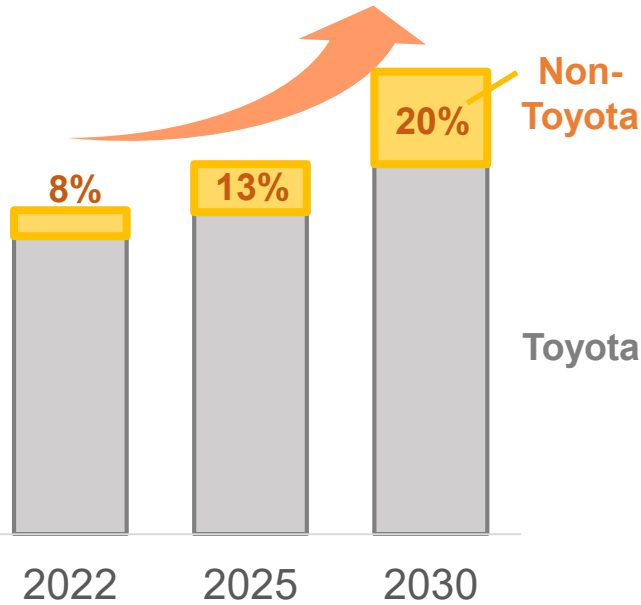
Activities to expand sales toward 2025 and 2030

(1) Expand sales channels to customers other than strategic OEMs

Approach to further expand sales

Use of sales channels that were expanded by transfer of commercial rights from Aisin and Aisin Shiroki

<Revenue target>



In addition to expanding sales to strategic OEMs, we aim to further expand sales by using the sales channels acquired through transfer of commercial rights.

3. Activities to Achieve Mid-term Business Plan and 2025 Target

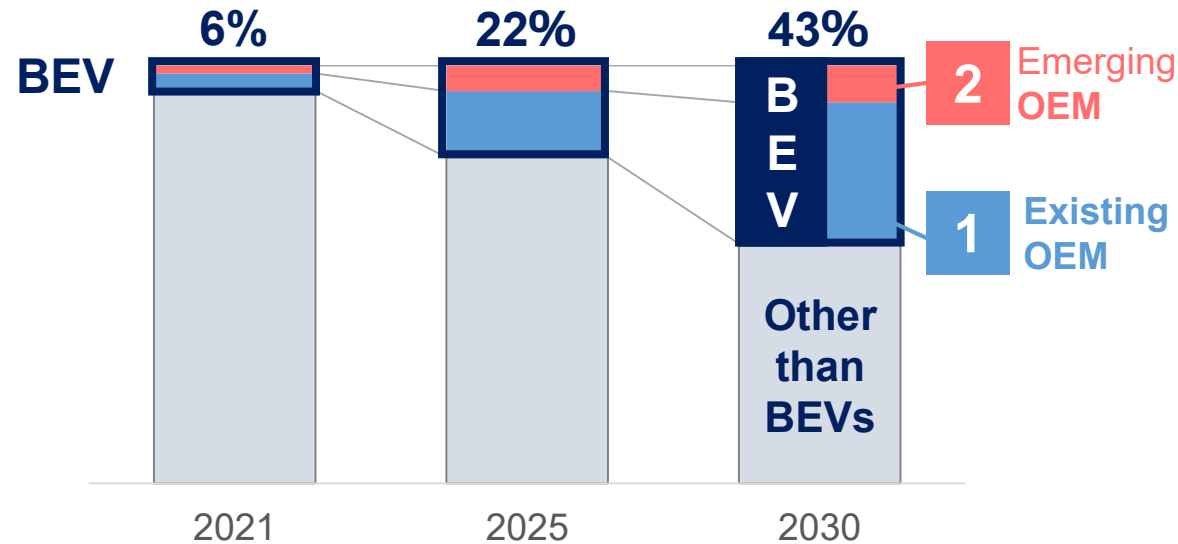
sales capabilities

Activities to expand sales toward 2025 and 2030

(2) Respond to environmental changes

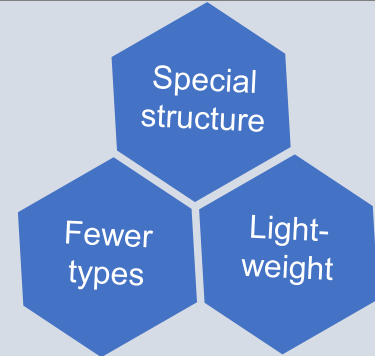
Approach for the rapidly expanding BEV market

<BEV market share in automotive market> ※Reference: SPG Mobility



<Response to BEVs>

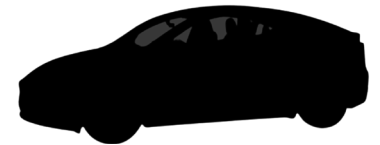
Secure competitiveness by pursuing a **special structure** appropriate for BEVs and **fundamental production method reform**



1 Increase sales to expand BEV share of **existing OEMs**



2 Accelerate order-taking activities for **emerging OEMs** in Europe, the U.S., China, etc.



Over 40% share in 2030
The ratio of emerging OEMs will expand

Toward 2030, active approach for the rapidly expanding BEV market and emerging OEMs

3. Activities to Achieve Mid-term Business Plan and 2025 Target

sales capabilities **Activities to expand sales toward 2025 and 2030**

(3) Electrification product business

Existing products

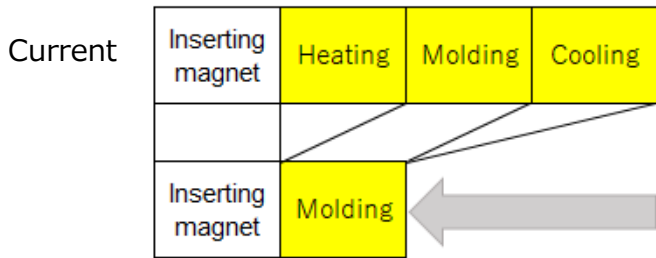
In addition to the high accuracy of the existing products, **introduce new technologies**, such as the magnet molding method using thermoplastic resin, to enhance competitiveness of motor cores, and conduct activities not only in Japan but also in overseas markets, such as North America and Asia

New Products

While working to enrich our high-accuracy FC separators (FC Product Group), we will apply ultrasmall FC stacks for the “last one mile” Mobility, and enter the market for next-generation mobility using the characteristics of high-rate batteries

Introduction of new technologies

Heatless magnet molding method

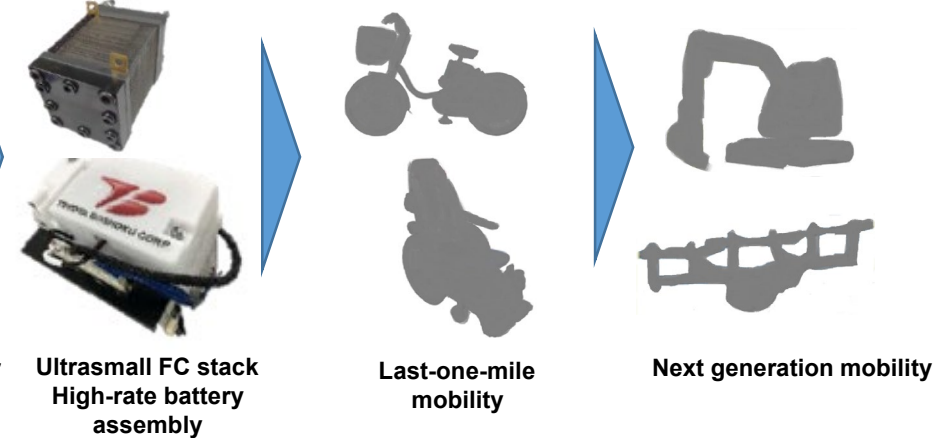


Abolition of 2 processes, heating and cooling

Existing products



New products



In response to the shift to electrification in society, expand sales of products that meet the customer needs at proper time

VISION

Looking into the future, we will create tomorrow's automobile interior space that will inspire our customers the world over.

Our desired status for 2030

To become a sustainable, leading global company by enhancing corporate value

[Creating new value as an Interior Space Creator]

2025 Target

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

Reference) ESG KPI results and targets

E (Environment)				S (Society)				G (Governance)			
	Item	FY23 results	FY26 targets		Item	FY23 results	FY26 targets		Item	FY23 results	FY26 targets
1	Production CO ₂ emissions reduction ratio (total) (compared to FY2014)	-31%	-25%	8	Number of patent applications submitted	355/year	320/year	18	Number of environmental abnormalities and complaints	1	0
2	Renewable energy installation ratio	23%	15%	9	Number of external presentations and papers	66/year	90/year	19	Number of serious cyber security incidents	1	0
3	Logistics CO ₂ emissions reduction rate (compared to FY2012)	-30%	-14%	10	Rate of new product development leading to Interior Space Creator	5%	15%	20	DX certification	DX certification acquired	DX-Excellent company
4	Waste emissions reduction rate (compared to FY2012)	-20%	-14%	11	Ratio of vehicles that are expected to use products that contribute to traffic safety	-	20%	21	Number of violations of antitrust laws	0	0
5	Water consumption reduction rate (compared to FY2014)	-35%	-8%	12	Number of participants in social contribution activities (annual)	2,980	2,000	22	Number of violations of anti-bribery laws	0	0
6	Symbiosis with nature (number of trees planted)	Cumulative 660,000	Cumulative 640,000	13	Degree of implementation of the Code of Conduct	87%	100%	23	Response to human rights risks in the supply chain (development of human rights due diligence)	Held study sessions with suppliers	Deployment rate 100%
7	Ratio of revenue from unit components of electrification products that will lead to minimization of environmental impact	6.5%	10%	14	Number of stress checks conducted for all employees	1/year	1/year	24	External awards from customers	8/year	5/year
				15	Percentage of people taking a health checkup	99.98%	100%	25	Compliance with timely and appropriate disclosure	100%	100%
				16	Number of serious accidents involving employees	0	0				
				17	Number of serious accidents involving outside contractors and visitors	0	0				



TOYOTA BOSHOKU

<注意事項>

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