



FY2024 (Year ending March 2024)

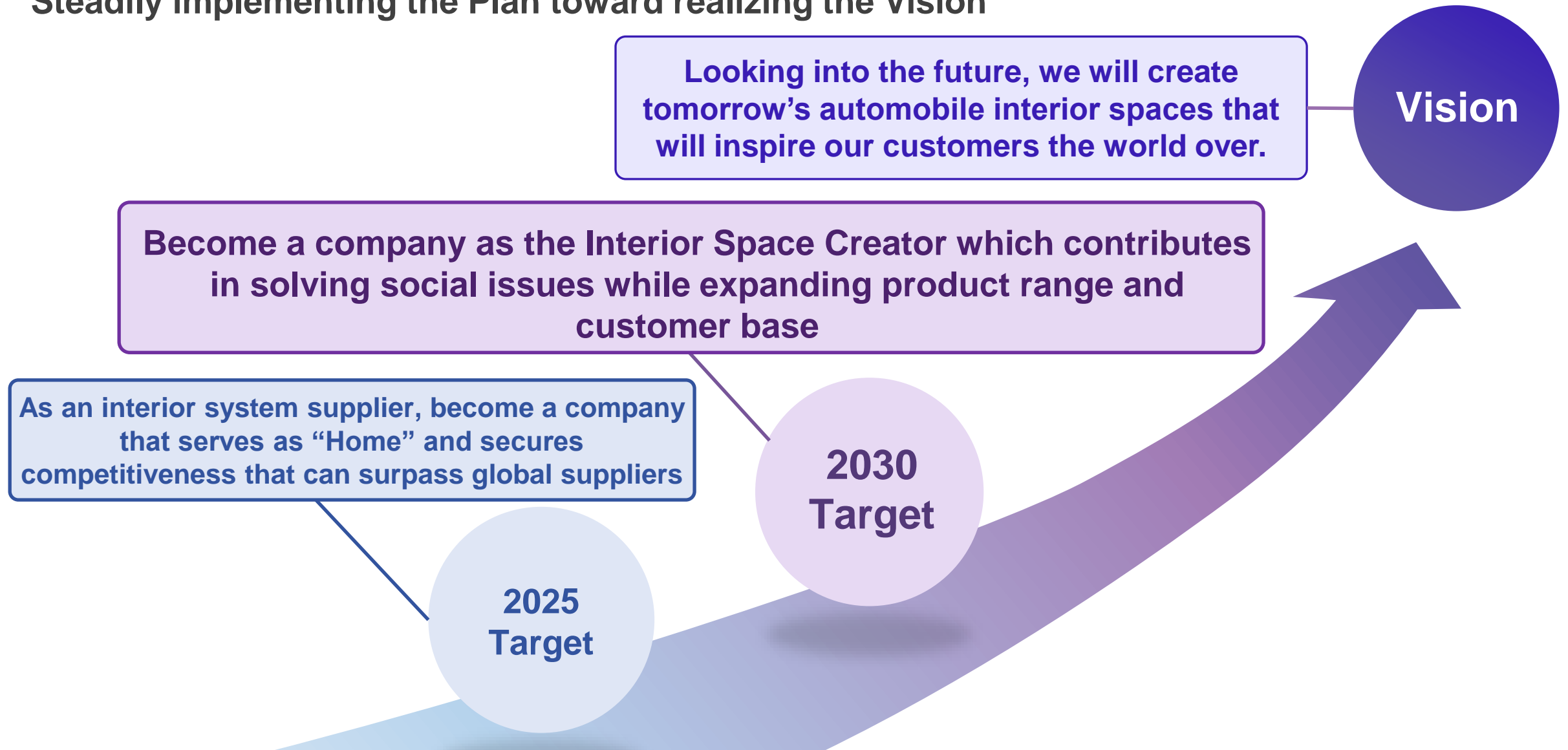
Business Briefing

May 24, 2024

Toyota Boshoku Corporation

Introduction

Steadily implementing the Plan toward realizing the Vision



Introduction

Change in external environment

Rising expectations for comfortable vehicle interior space

TB's strengths

Technologies for products closest to users

Technology development

Global deployment capabilities

MONOZUKURI

Abundant global human resources

HITOUZUKURI

Strength as a member of the Toyota G

Lacking abilities are mutually complemented within the Group.

2030 Target

Become a company as the Interior Space Creator which contributes in solving social issues while expanding product range and customer base

Financial targets for 2030

Revenue: 2,200 billion yen

Operating profit: 150 billion yen

Operating profit margin: 7%

DOE: 3% or more

(Dividend payout ratio around 30% is considered)

Equity ratio : around 50%

(USD: 135.00)

Non-financial targets for 2030

E: Scope 3 emissions reduction rate

Down 30% (compared to FY2020)

S: Ratio of female managers

5%

G: Degree of implementation of the Code of Conduct

90%

(Excerpts from representative target)

Corporate Strategy

Establish competitiveness (in (i) technology development, (ii) MONOZUKURI, and (iii) sales) and management foundation (development of people, organizations, and culture)

Progress of 2030 Mid-term Business Plan

CONTENTS

1. Financial results and targets
2. Regional issues
3. Enhancing planning & proposals capability and R&D capability
4. Strengthening MONOZUKURI competitiveness
5. Strengthening sales capability
6. Strengthening management foundation

1. Financial results and targets

Toward achieving the 2030 mid-term targets, eliminate current profitability issues and accelerate advance investment for the future.

	FY2024 results	FY2025 forecasts		(100 million yen)
				2030 targets
Revenue	19,536	19,800		22,000
Operating profit	786	750		1,500
Operating profit ratio	4.0%	3.8%		7.0%
DOE (Dividend payout ratio)	3.7% (27.6%)	3.4% (34.0%)		3% or more (Around 30% is considered)
Equity ratio	39.8%	-		Around 50%
Exchange rate	(USD:145.00)	(USD:145.00)		(USD:135.00)

Strategically allocate the created cash to growth investment, strengthening of management foundation, shareholder returns, etc. to achieve sustainable growth

Cash in

Cash out

(Forecast for 5 years from FY2027 to FY2031)

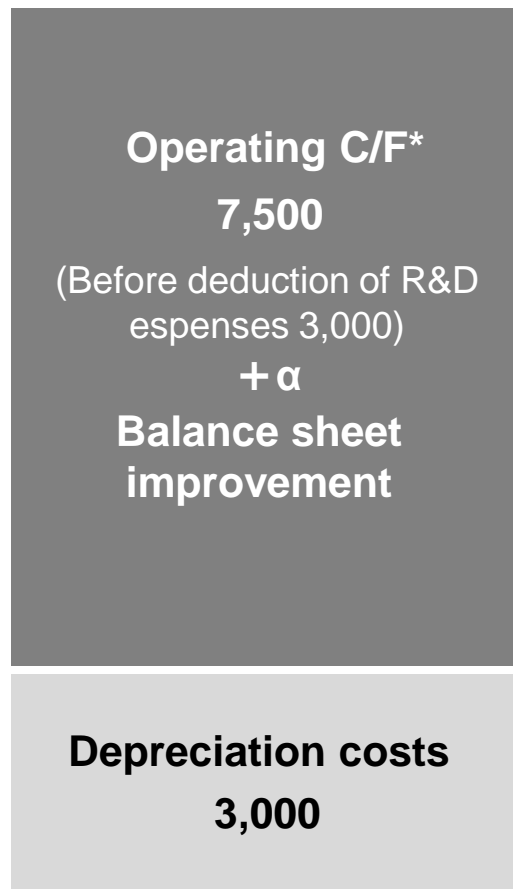
(100 million yen)

Maximizing operating C/F

Achieving the 2030 Target by carrying out management strategies

Improving asset efficiency
Reducing cash in hand
Reducing cross-shareholding etc.

* Assuming operating profit margin of 7% is achieved in FY2031



R&D expenses 3,000

→ Focus investment on electrification and initiatives to become an Interior Space Creator, as well as creating new businesses

Flexible reallocation according to change in external environment

Capital investment 3,000

→ Accelerate enhancement of competitiveness through MONOZUKURI innovation and sales expansion activities

Strategic investment 1,500 (alliances, etc.)

Strategic allocation in view of management environment, etc.

Additional shareholder returns 500

Keeping long-term sustainable dividends
(Dividend payout ratio around 30% and DOE 3% or more)

Start growth investment toward 2030, with alliances and share buybacks as soon as possible

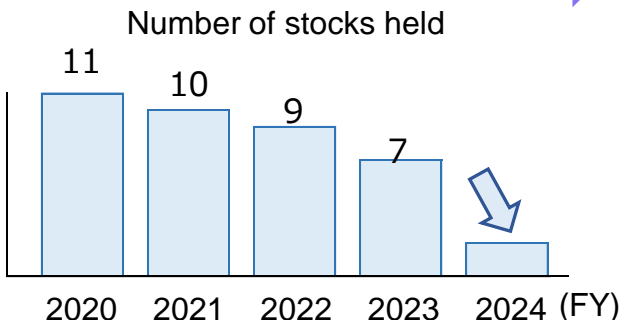
(Total of FY24 results and FY25 forecasts)

Maximizing operating C/F

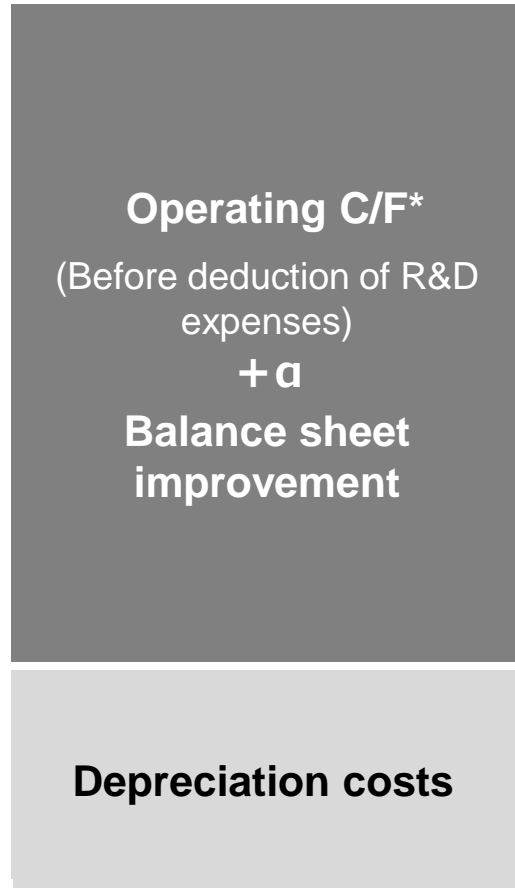
- Profit improvement (The Americas, China)
- Receiving new orders from Non-Toyota (Europe, India, Indonesia)
- Enhancing planning & proposals capability and R&D capability and strengthening MONOZUKURI competitiveness
- Expanding existing businesses and creating new businesses based on human capital management

Improving asset efficiency

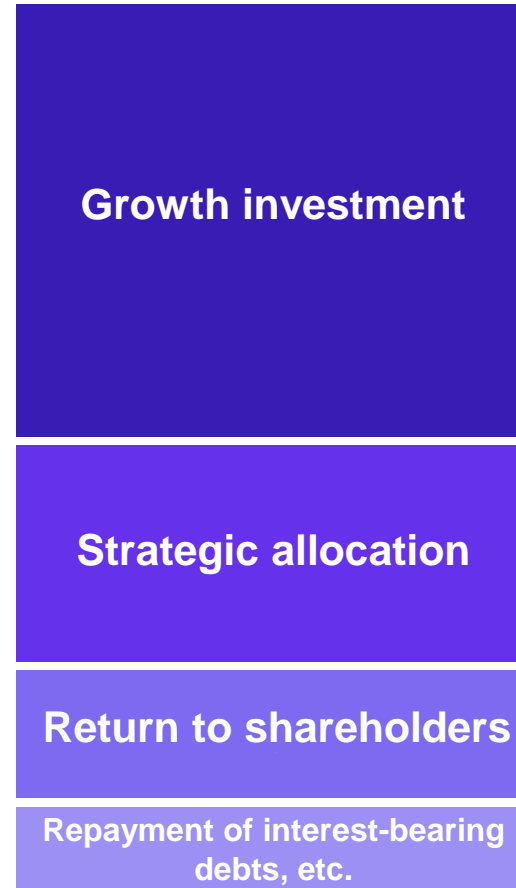
- Reducing cross-shareholding



Cash in



Cash out



R&D expenses 103.3 billion yen

- ISC, multi-pathway, creation of new businesses
- Personnel investment

Capital investment 165.3 billion yen

- New sites (TBWK*1, Guangzhou Xiaohudao, new logistics base in Japan)
- Strengthening MONOZUKURI competitiveness (autonomation, DX)
- Sales expansion for new customers, new businesses (electrification, airplanes)

Strategic investment 36.3 billion yen

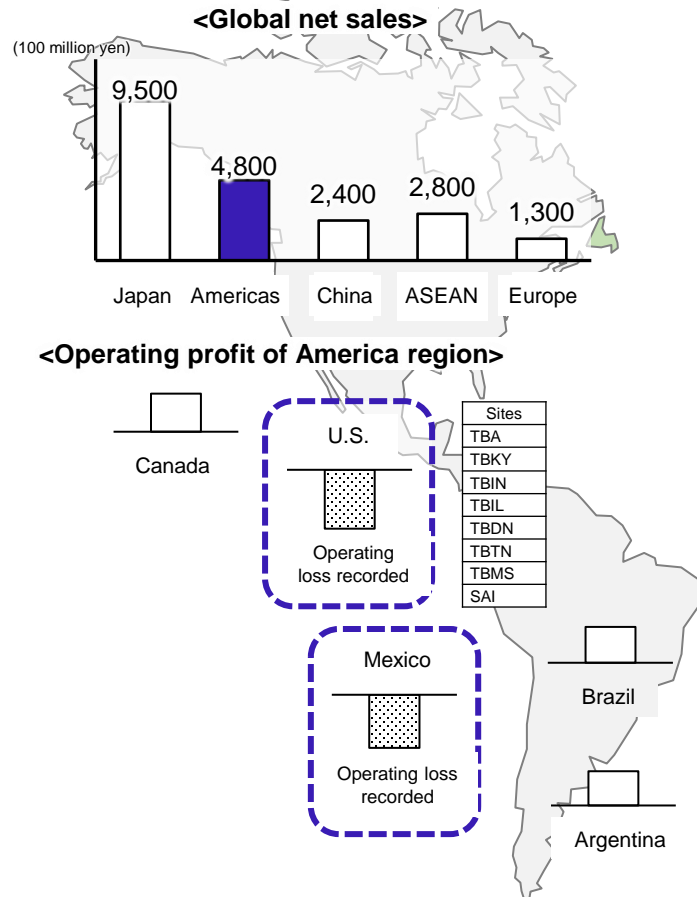
- Alliances (seat device business) 16.3 billion yen (TB Hirose, TB Seiko, SID*2, TBDI*3)
- Share buybacks 20.0 billion yen
- DOE 3% or more
- U.S. financial health improvement (elimination of Japan-U.S. interest rate difference)
 - *1 TBWK: Toyota Boshoku Western Kentucky
 - *2 SID: Shiroki Indonesia
 - *3 TBDI: Toyota Boshoku Device India

2. Regional issues - The Americas

◆ Promote profit improvement and cost reduction activities at America region

FY24 Profit and loss of America region

Decline in profitability in the Americas, where the scale of sales is large



Actions to improve profit in the Americas

(1) Setting up BR America Support Office to support improvement efforts

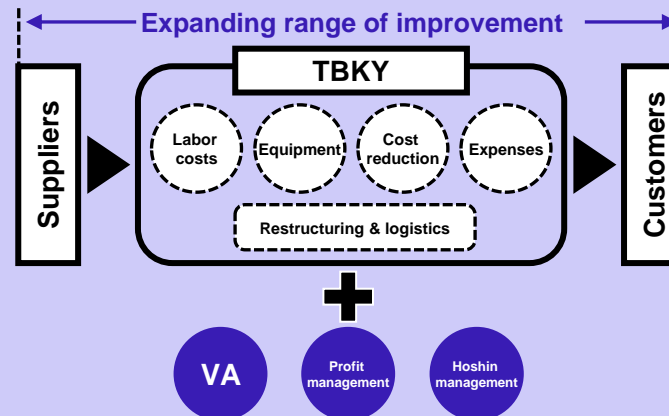
Conventional support

Supporting production preparation for new products, mass production, and frontline capabilities

BR America Support Office

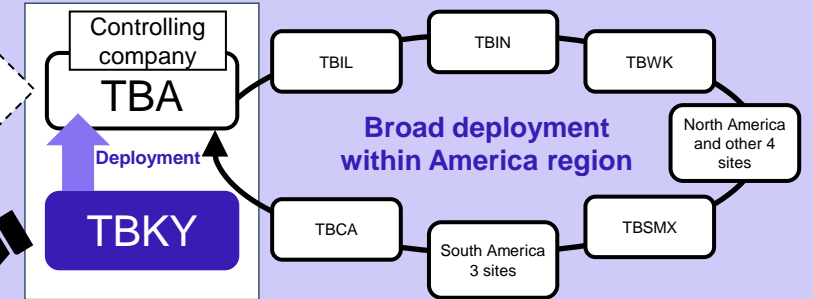
Strengthening relations and providing support not only in MONOZUKURI field but also in profit management and Hoshin management to increase value

(2) Expanding improvement activities



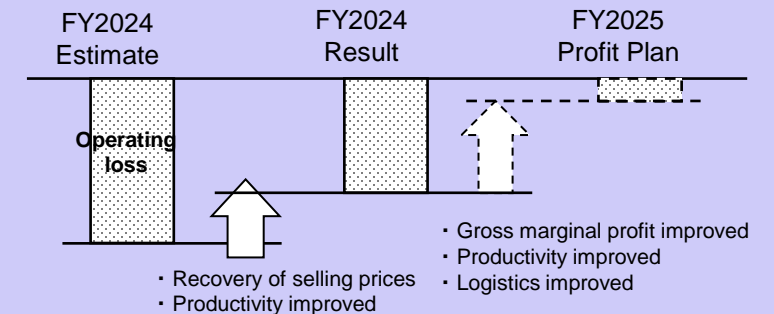
(3) Profit management

Deploying TBKY's improvement initiatives within the region to enhance financial health



TBKY activities results (Dec. 2023 to Mar. 2024)

* Based on FY2024 estimated result as the standard (%)

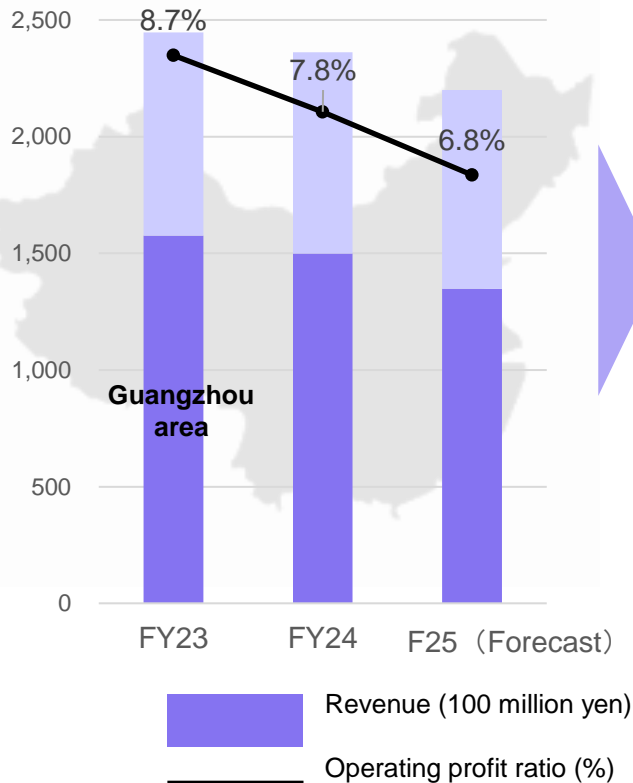


2. Regional issues - China

Actions toward strengthening competitiveness in the Guangzhou region

Profit and loss of China region

Operating profit margin is declining due to intensifying competition

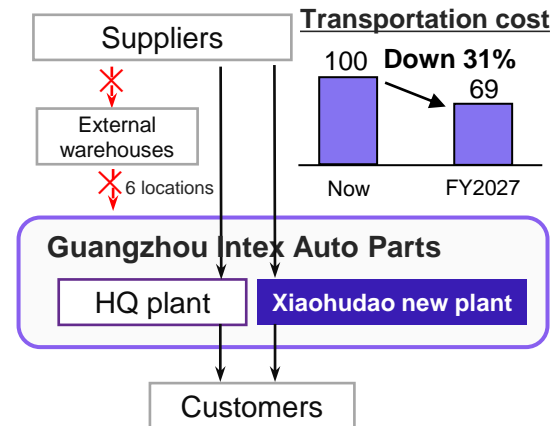


Xiaohudao new plant (operation start scheduled in Oct. 2024): Creating “smart factories” by improving logistics efficiency and promoting DX

Deployment to other sites to strengthen earnings structure of the China region

1. Improving logistics efficiency

- (1) Elimination of external warehouses (44,000 m²)
- (2) Improving transportation efficiency



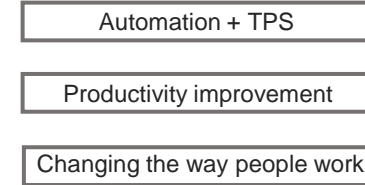
2 Improving efficiency by promoting DX

Digitization of things and information

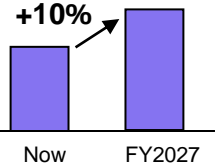
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Intellectualization

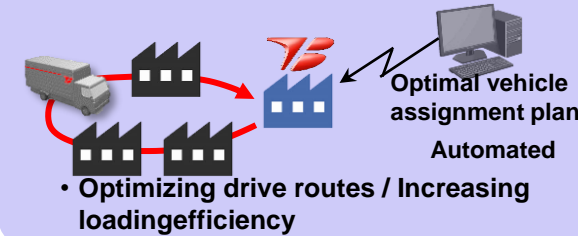
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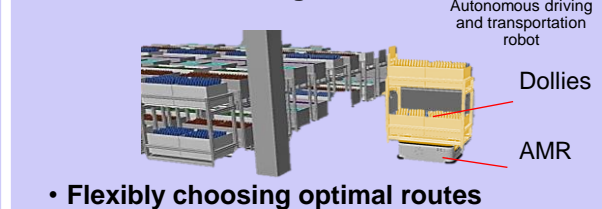
Added value per person



① Streamlining of supply chain logistics <Logistics management system>



② Automated transport by AMR <Free location management>



③ Automation <Seat inspection by a cooperative robot>



④ IoT network <Shift to management without input>

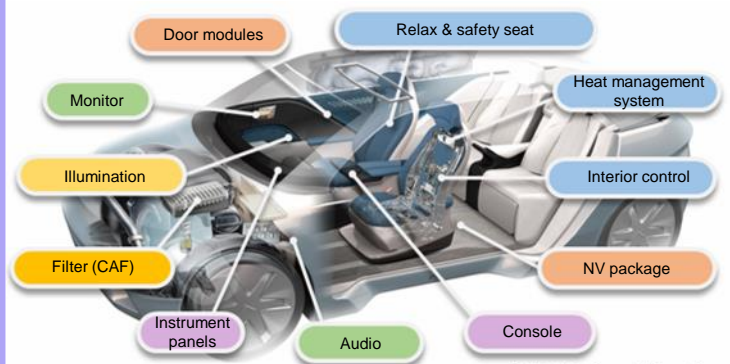


3. Enhancing planning & proposals capability and R&D capability - Promoting technology strategies

Promote technology strategies based on three pillars: Interior Space Creator, multi-pathway, and creation of new businesses

[Interior Space Creator]

Promote introduction of technologies to expand product fields (identify technologies for acquisition or for collaboration with other companies)

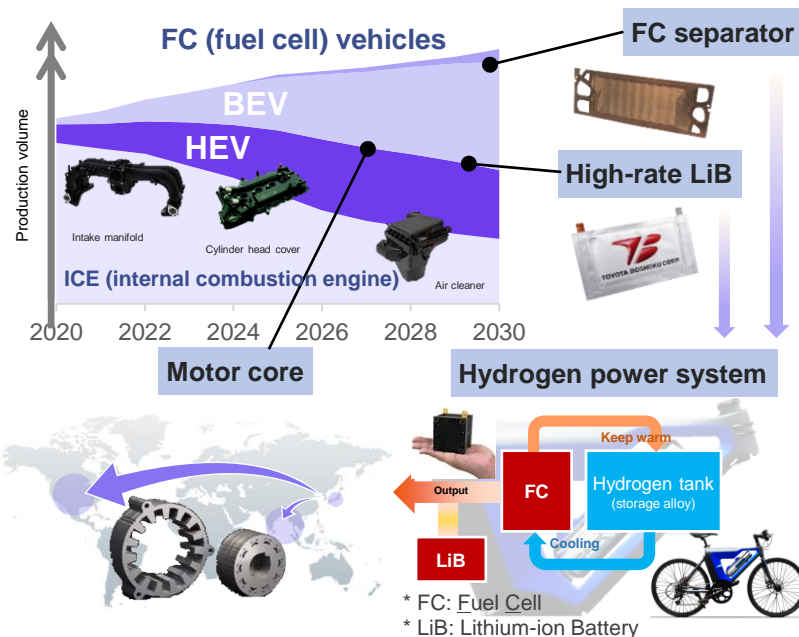


Focus shifting from hardware to control, software, and interior systems

Propose solutions for the entire interior space based on collaboration within Toyota Group

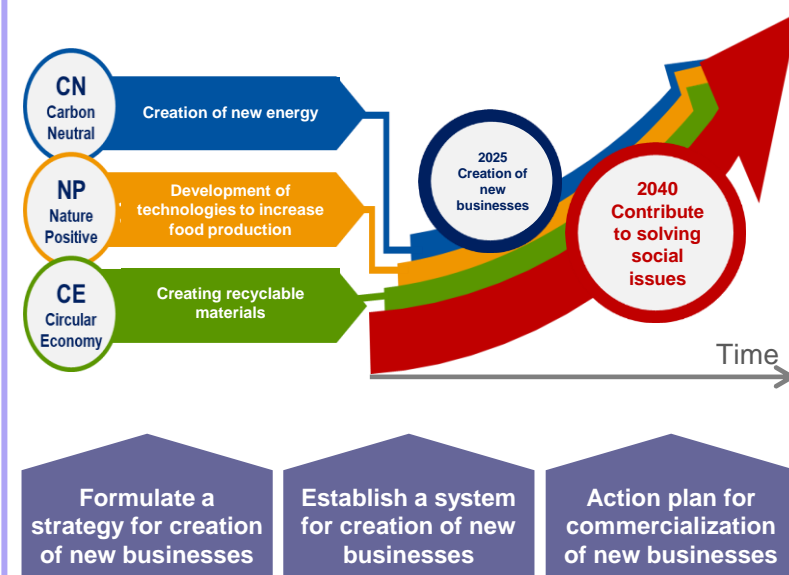
[Multi-pathway]

Promote a product strategy for unit parts that keeps up with diversifying car manufacturing



[Creation of new businesses]

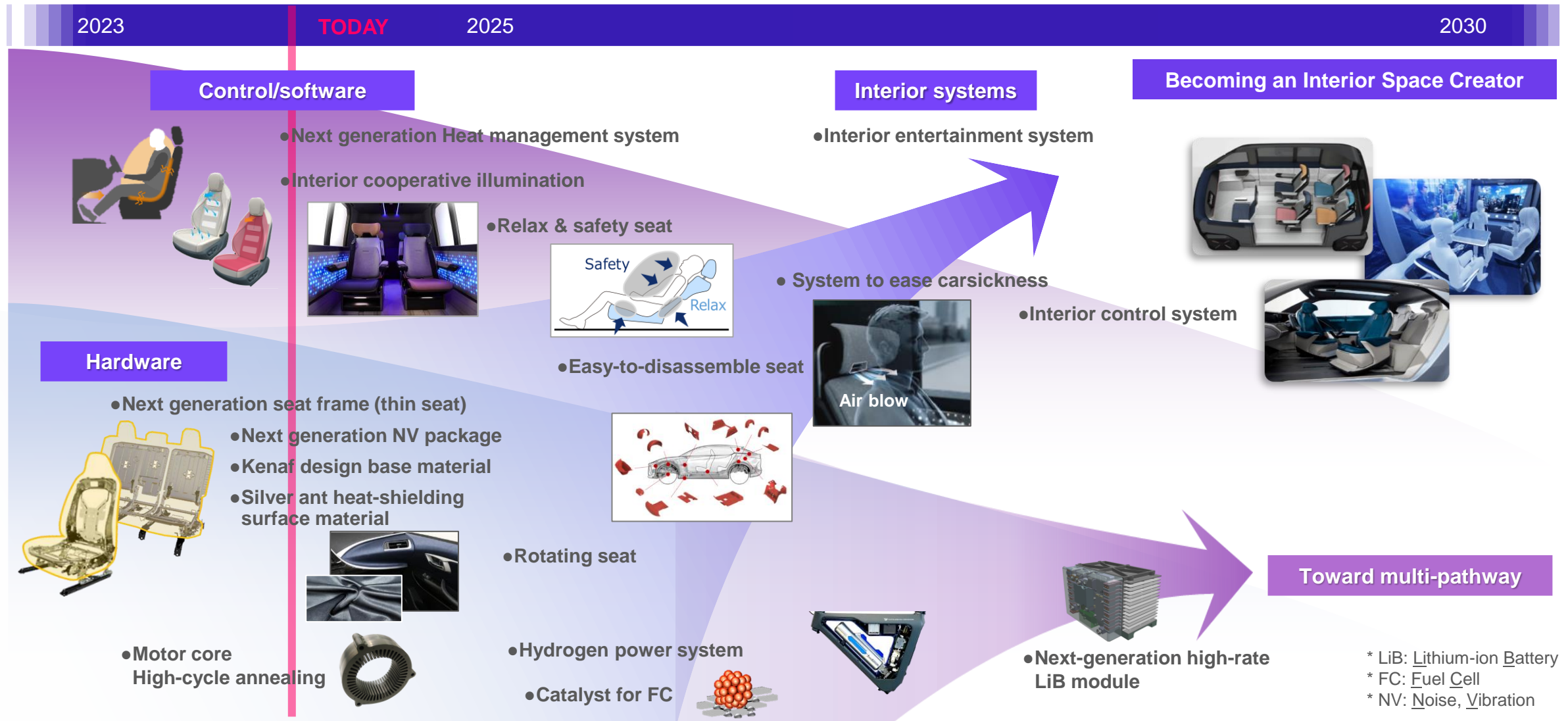
Promote a commercialization strategy toward creating new businesses



[Intellectual property strategy]

3. Enhancing planning & proposals capability and R&D capability - Progress in technology roadmap

Developing items for which technologies should be introduced in-house toward 2030



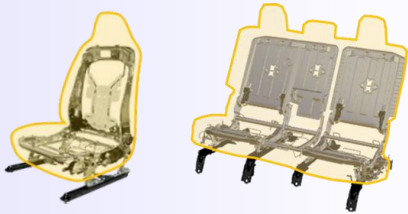
3. Enhancing planning & proposals capability and R&D capability – FY2024 achievements(Progress in technology roadmap)

[Examples of item development]

Next generation seat frame (thin seat)

Thinner seats to maintain interior space while reducing vehicle height and vehicle aerodynamic drag

Seats



Next generation Heat management system

Reduced interior air-conditioning consumption through the combined use of thermal ceilings and sheet air-conditioning

Seats

Interior

[Entire interior]



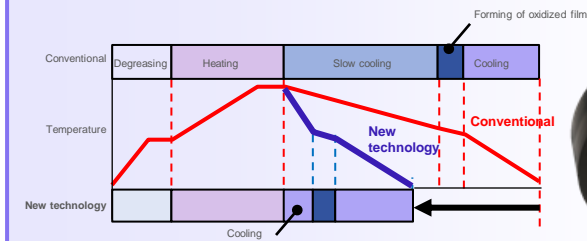
[Human-centered]



Motor core

High-cycle annealing to reduce CO2 emissions

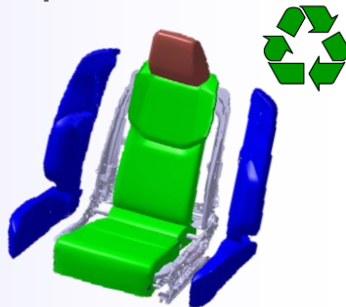
Units



Easy-to-disassemble seat

Easy-to-disassemble structure with split and module design improves recyclability

Seats

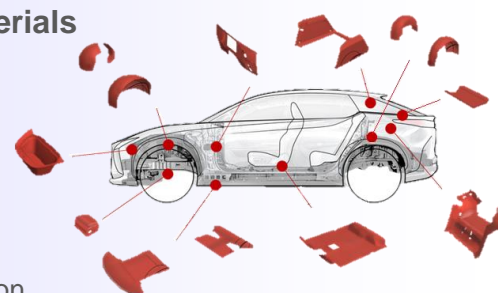


Next generation NV package

Optimized interior/exterior sound absorption and sound insulation materials

Interior

Exterior

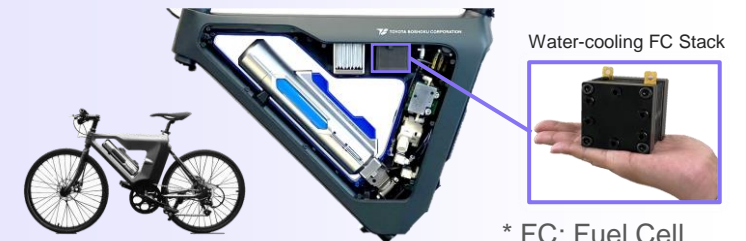


* NV: Noise, Vibration

Hydrogen power system

Development of a FC system that can be installed in small mobility means

Units

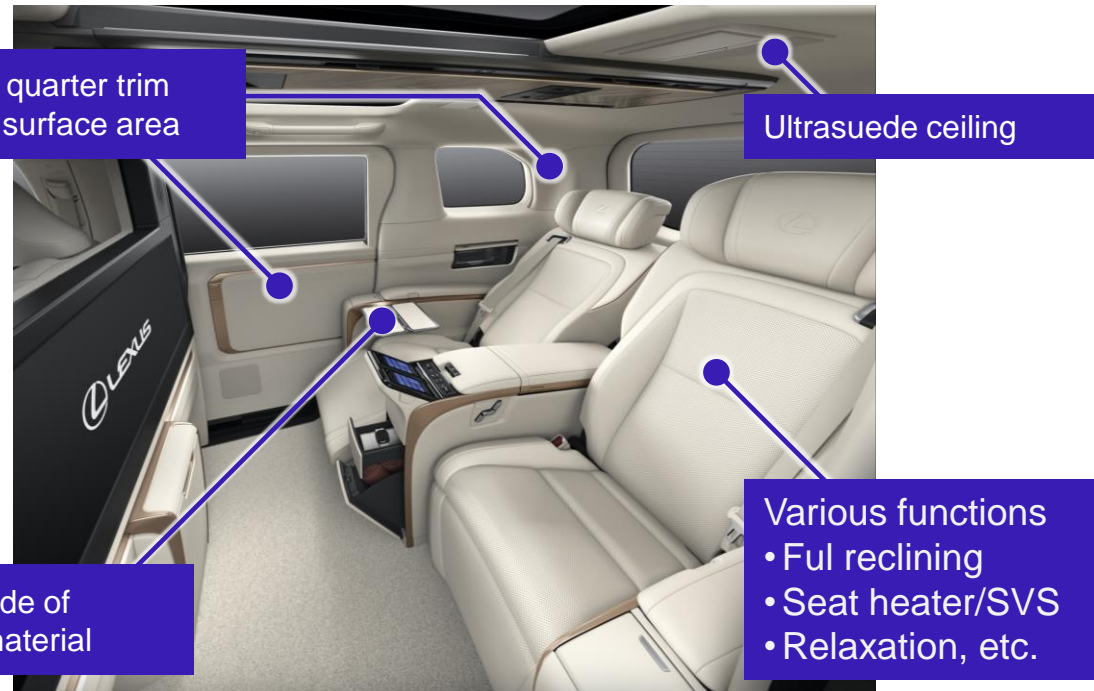


3. Enhancing planning & proposals capability and R&D capability - Achievements in FY2024 (Seat and Interior/exterior businesses)

Our seats and interior products were adopted and installed in the new LEXUS LM and LBX.

[LEXUS LM]

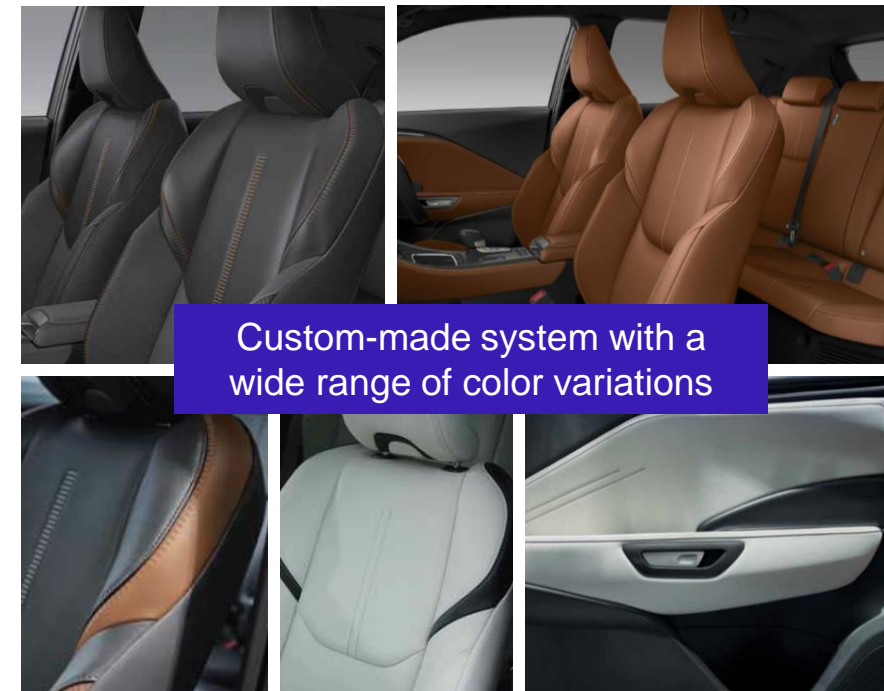
- Providing easy-to-use, high-quality hospitality
- Proposing a private, relaxing space



Rear seats designed for ride comfort and quietness, and a luxurious interior offering both comfort and convenience

[LEXUS LBX]

- Providing a sense of individuality and specialness through premium-quality furnishings and a wide range of color variations



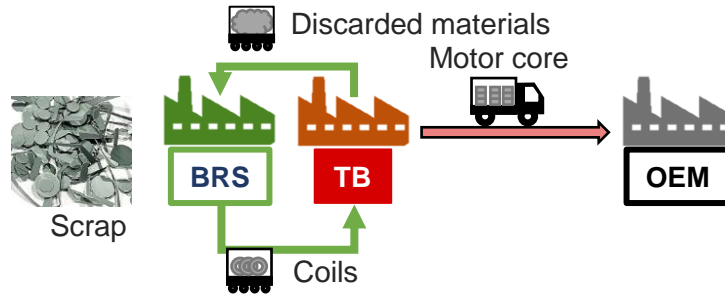
“Bespoke Build” custom-made system
Seats and interior with various customizations available

3. Enhancing planning & proposals capability and R&D capability - Achievements in FY2024 (Unit components business)

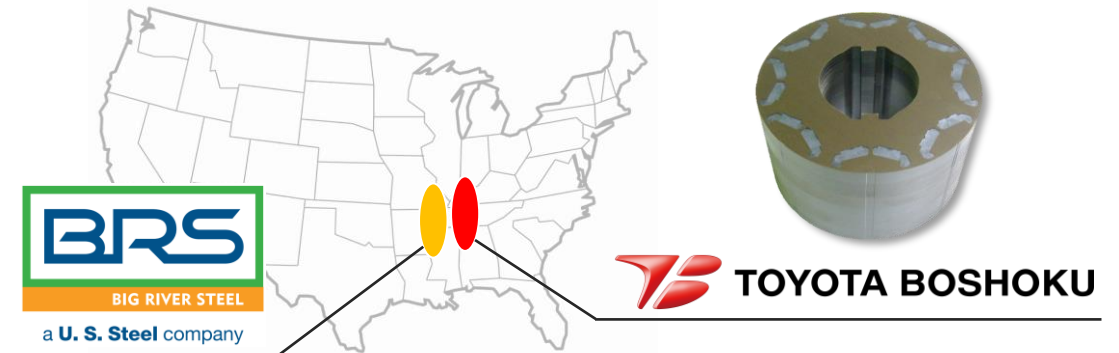
Contributing to the promotion of carbon neutrality with motor cores and the hydrogen power system

Motor core

Utilization of recycled electromagnetic steel sheets (New)



Discarded materials of our motor cores are reused



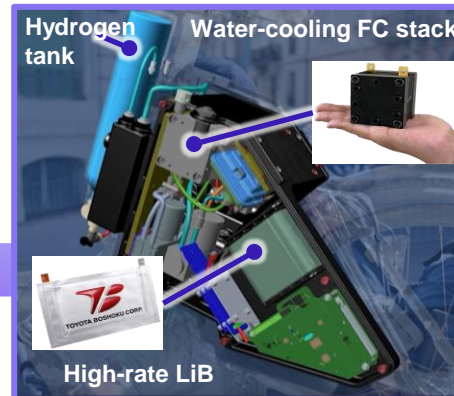
Promoting local production in North America

Hydrogen power system



Exhibited at the Hokuriku Shinkansen extension event

Electric assist for longer distance



Hydrogen power system

Carbon neutrality of robots



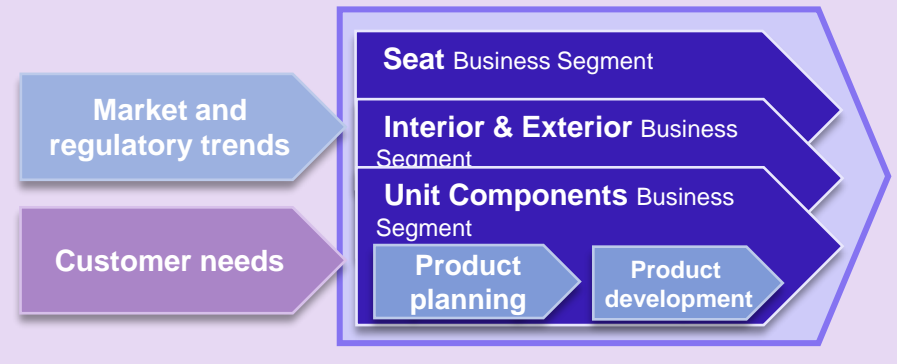
Started collaboration with Kawasaki Heavy Industries

3. Enhancing planning & proposals capability and R&D capability - Renewal of R&D system

Toward achieving the 2030 Mid-term Business Plan targets, renewed the R&D system to promote technology strategies

<R&D system to date>

Based on market trends/customer needs, **Product planning and development in each Business Segment**

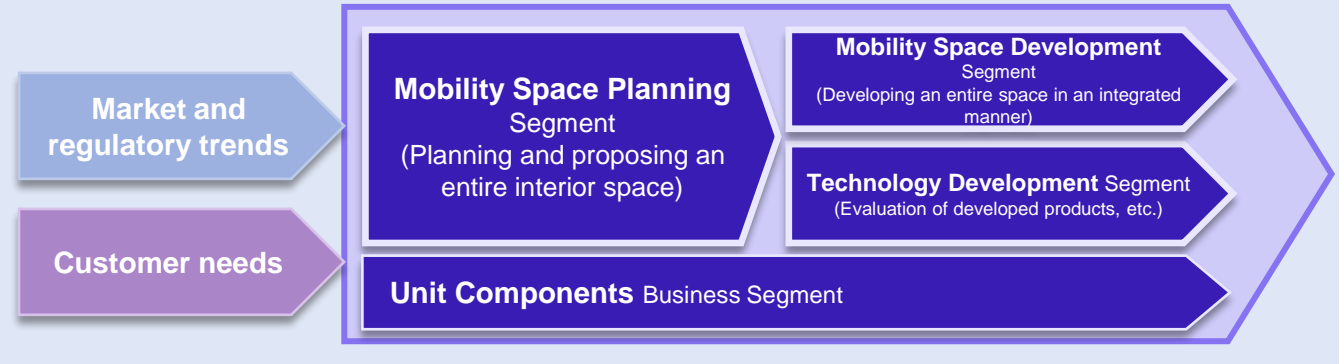


Each Business Segment proposes its **developed products** to customers and aims to **receive orders**

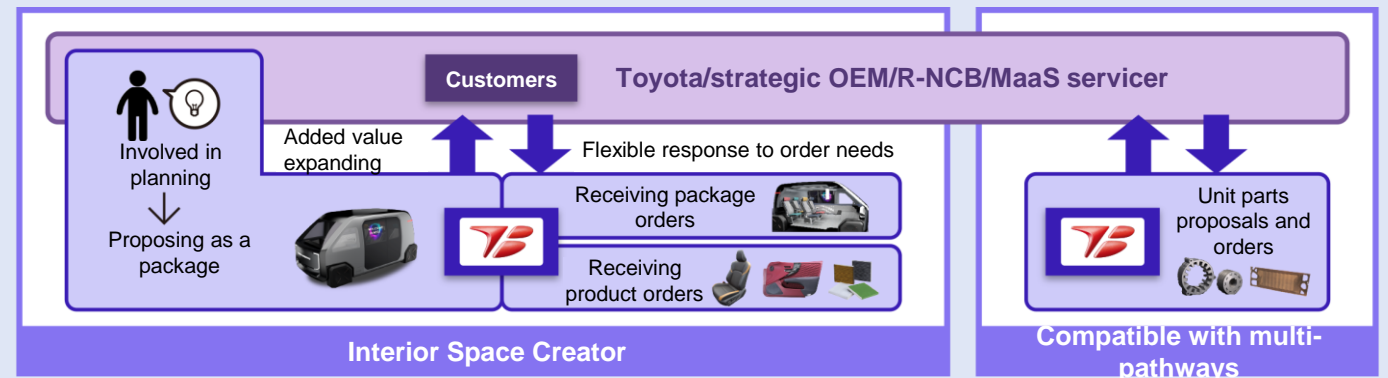


<New R&D system for FY2025>

Based on market trends/customer needs, Planning and development of products **for Interior Space Creator/Multi-pathway**

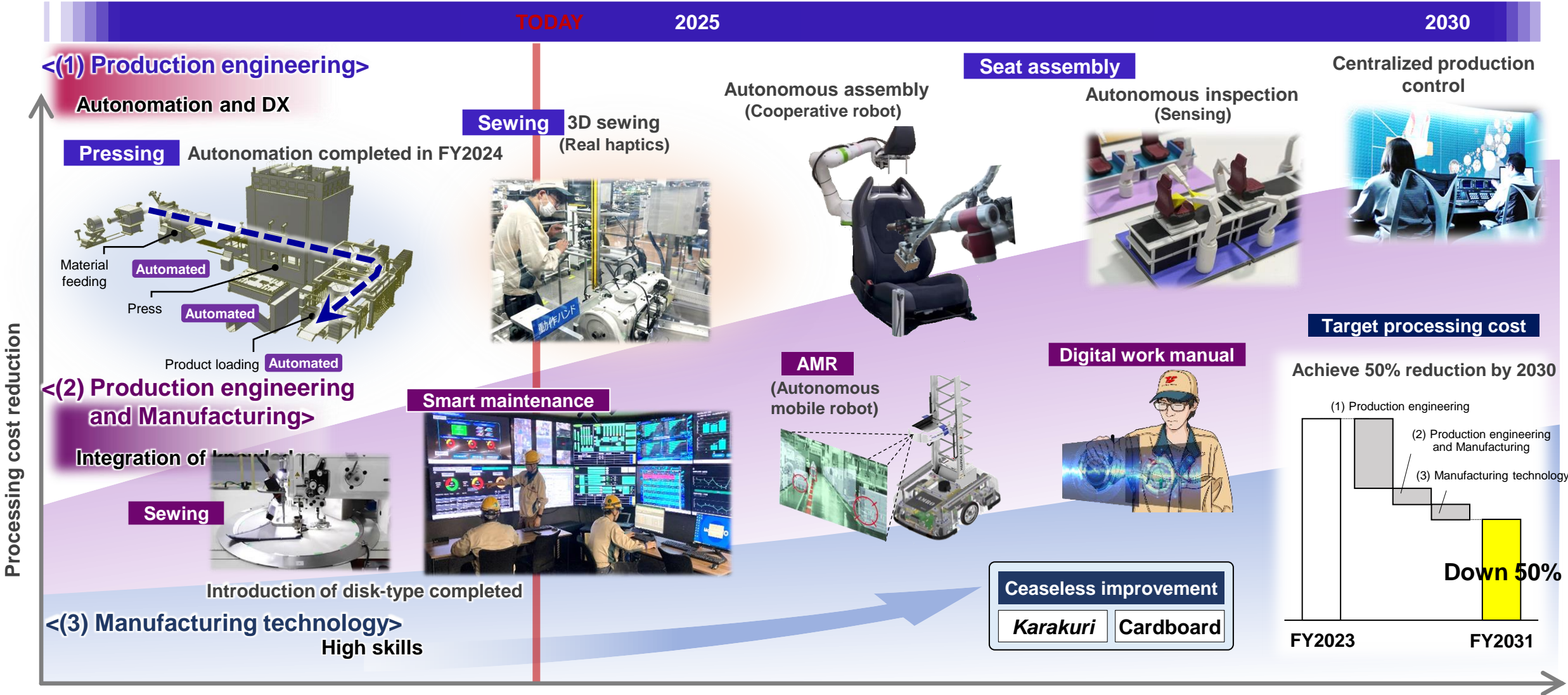


Propose to each customer and aim to **receive package orders and product orders**



4. Strengthening MONOZUKURI competitiveness - 2030 automation roadmap

Realizing a “diversity line where everyone can work,” with cost halved and allowing coexistence of people and robots



4. Strengthening MONOZUKURI competitiveness - Actions for FY2024

■ Automation of 3D sewing

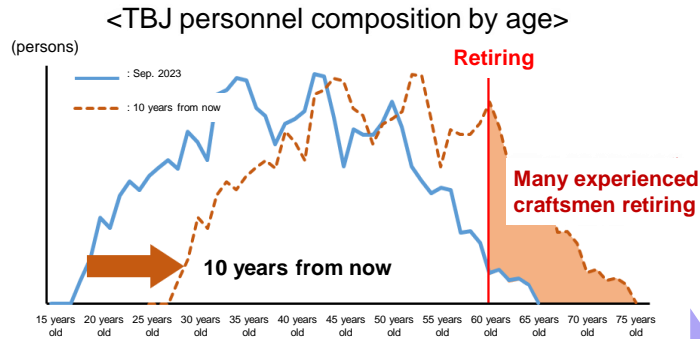
Promotion of automation to cope with labor shortages and pass down skills

Issues and development phase

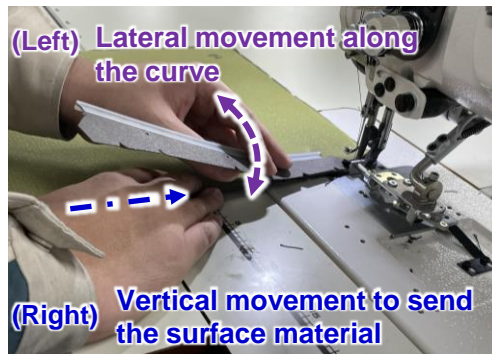
Now

2030

Issue 1: Many skilled workers are retiring



Issue 2: Sophisticated sewing operations

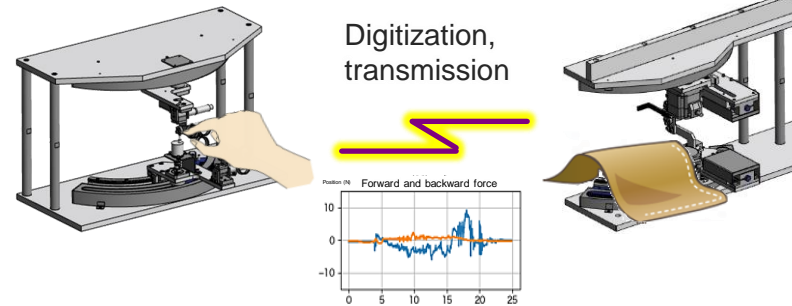


Sewing while manually adjusting the force

- Digitization of craftsman's skills by haptic transmission

Operation hand

Movement hand



Verification started at Sanage Plant (from May 2024)

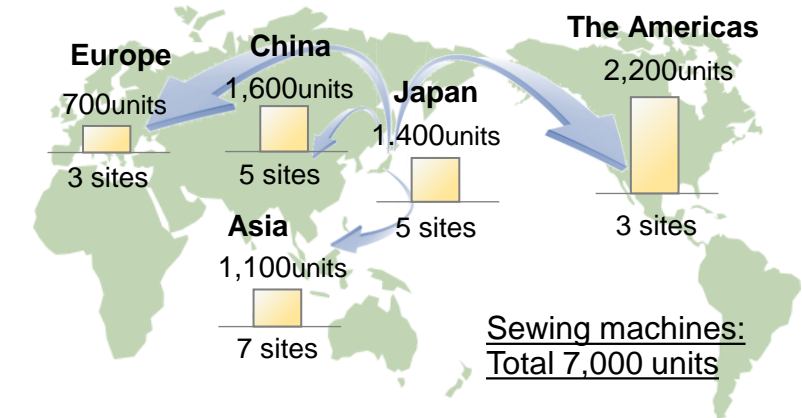
Automation × Karakuri × Real haptics



Equipment that integrate manufacturing and production technologies

- Global deployment to maximize the effects

(1) Master craftsmanship and quality anywhere



(2) Synergies can be expected in global models

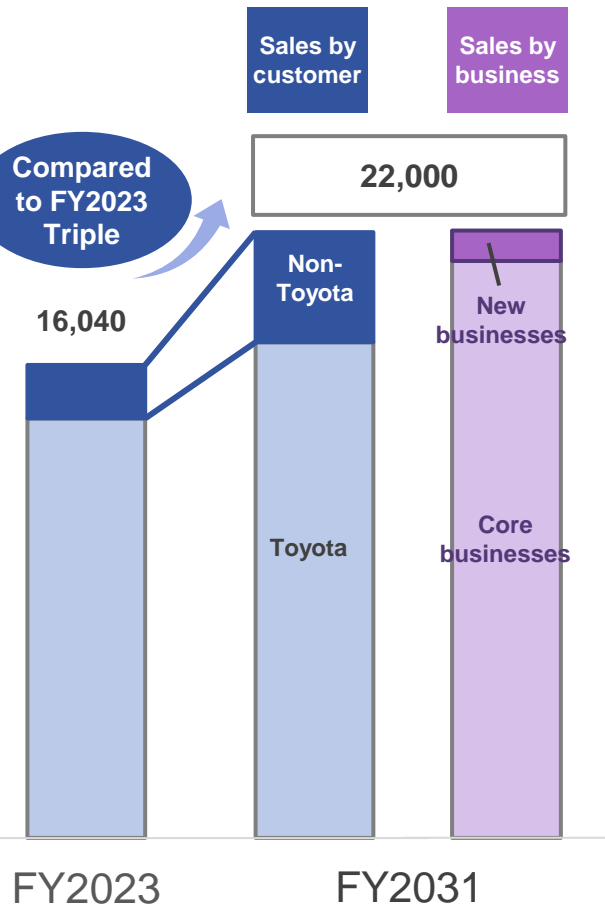
Camry					
Corolla, etc.					

5. Strengthening sales capability - Activities to expand sales

As a result of order-taking activities, new orders began to increase.

1) 2030 revenue target

(100 million yen)



2) Results of non-Toyota activities in 2023

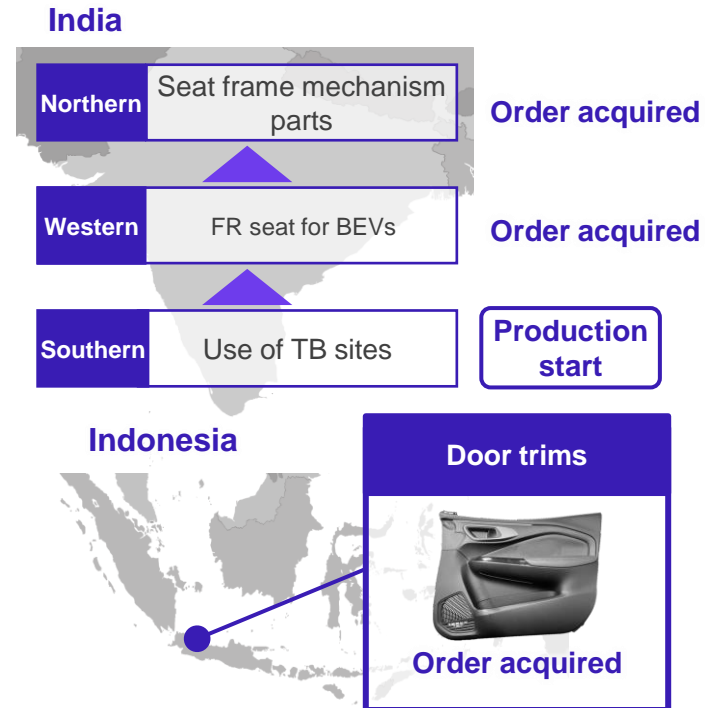
[Case 1] Company A

In addition to **first order for ceiling received** in Europe, received **a new order for BEV seats**
Received first inquiry for door trims in Europe
(Established a steady position as a major supplier of seats and interior.)



[Case 2] Company B

Northern India
Received orders for seat frame mechanism parts
Indonesia
Received new orders for door trims

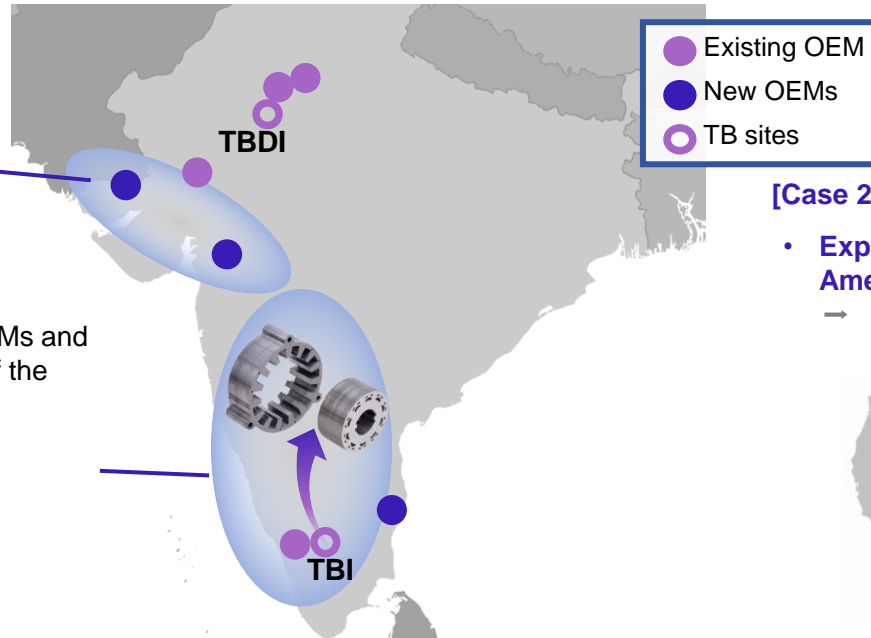


5. Strengthening sales capability - Activities to expand sales

Aiming to expand sales for non-Toyota OEMs in addition to securing orders from Toyota business

1. Actions in the Indian market

- 1) Promote efforts to continuously receive orders from existing **Japanese OEMs**
- 2) Expand sales to **new OEMs that are expected to increase market share**
- 3) Promote order-taking activities for OEMs and ASSY manufacturers in anticipation of the **expansion of electric vehicles**
Aim to acquire orders through **local procurement of motor cores**

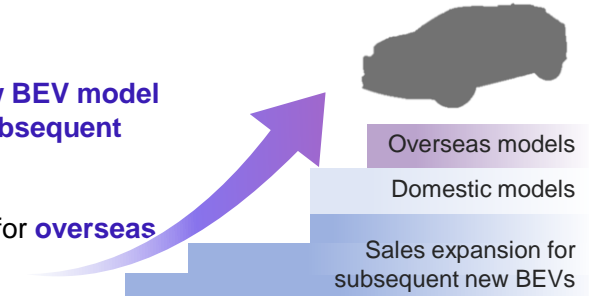


Increase customers and products in the growing Indian market

2. Non-Toyota OEMs

[Case 1] Company C

- **Receive orders** for seats and interior for **new BEV model**
- Expand sales (proposing parts sharing) to **subsequent new BEV model**
- **Expand sales** for domestic models
- Expand sales (proposing local procurement) for **overseas models**



Receive new orders for BEVs (seats and interior)

[Case 2] Company D

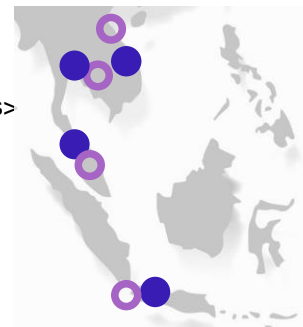
- **Expand sales of parts to North America models**
→ **Based on JV,** propose seat parts sharing



- **Expand sales to Asia models** (proposing local procurement)

<Proposal target areas>

Thailand
Malaysia
Vietnam
Indonesia



Aim to acquire new orders by expanding target regions and products

5. Strengthening sales capability - Activities to expand sales

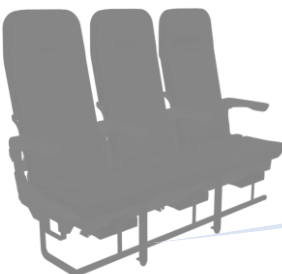
Besides automobiles, aiming to expand aircraft and new businesses

1. Sales expansion to aircraft business

Steadily expanding business: Promoting activities to receive orders from domestic and overseas airlines and airframe manufacturers

- 1) Japanese airlines: Supply for B787 started
Our first seats for new aircraft in service from March 2024
- 2) Sales expansion to Japanese/overseas and new airlines
Approved as Offerable Products for Boeing 737 and 787
⇒ Received inquiries from several new airlines and acquired steady orders.
Ongoing activities to receive more orders

▼ March 2023 Seats for B737 approved as Offerable Product
▼ August 2021 Seats for B787 approved as Offerable Product



- ★ Installation expanded to Japanese and overseas airlines and airframe manufacturers
- ★ B787 for international flights, B737 for domestic flights
- ★ B787-10 new aircraft for domestic flights

B787 for domestic flights replacement

B777 for domestic flights replacement

B767 for domestic flights replacement



2. Sales expansion to new businesses

Promote sales expansion to new customers

[Case 1] Company E

Received a order for seats
→ Expand sales to subsequent new BEV model



[Case 2] DiDi

Started collaboration on smart interior space for Robotaxi
Demonstration tests are underway in an autonomous driving model zone in China



Exhibiting at Beijing International Motor Show 2024

Launching new businesses for further sales expansion

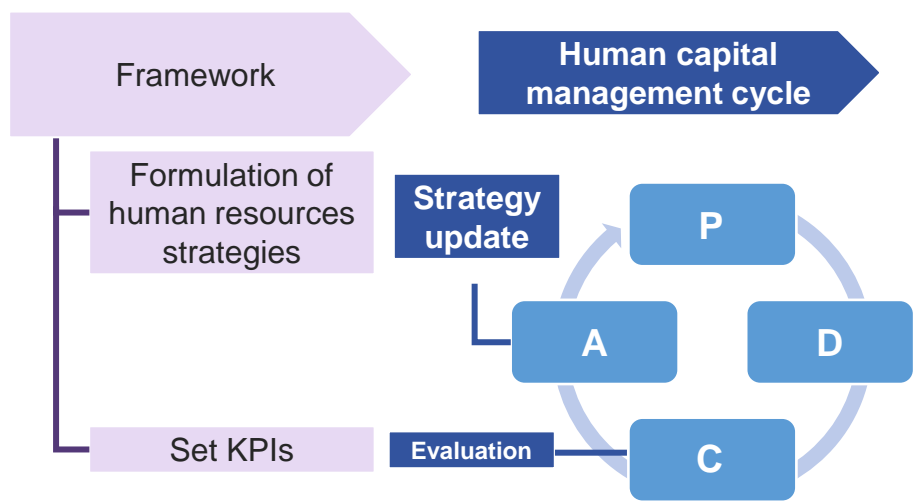
6. Strengthening management foundation - Disclosure of human capital information

Start a cycle of human capital management to realize the 2030 Target and business strategies

Cycle of human capital management

(Implemented in FY2024)

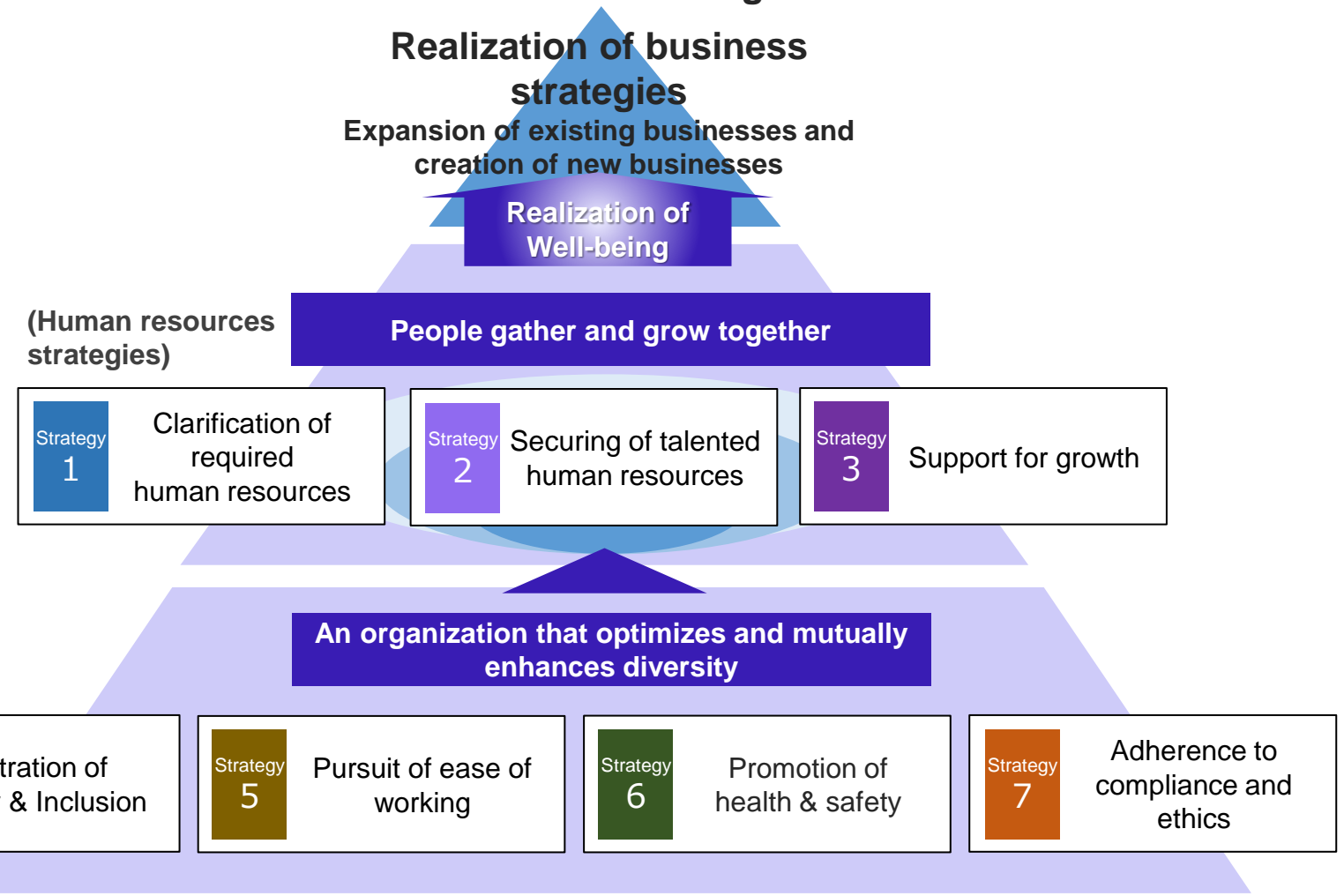
(from FY2025)



Human Capital Report 2023



1. Overview of human resources strategies



6. Strengthening management foundation - HITOZUKURI and utilization of human resources, development of organizational culture

Steadily implementing human resources strategies toward achieving our desired status for 2030

Actions for FY2025 in human resources strategies

Organization where people gather and grow together

- ◆ Update and execute human resources portfolio
(Number of people and timing of recruitment/training)

Strategy
1

Strategy
2

Strategy
3

Organization that leverages and enhances diversity

- ◆ For recruitment of local executive personnel and women's advancement, formulate specific plans ▪ for training and promotion
- ◆ Continue activities to promote diversity & inclusion
- ◆ Create a workplace where members can speak their mind
→ Introduce an employee engagement survey that allows easy comparison with other companies for improvement

Strategy
3

Strategy
4

Strategy
4

Strategy
5

Strategy
7

[Areas of human resource engagement and the personnel needed]

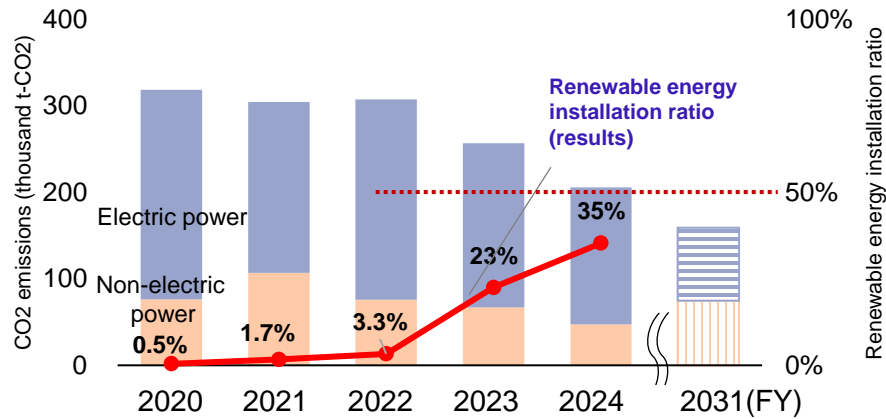
Area	Personnel needed
Core	<ul style="list-style-type: none">• Strengthening of electronic control and information technology fields• Ability to utilize DX• High sewing technique• Maintenance skills (in both hardware and software)
Customer expansion	<ul style="list-style-type: none">• Local executive talents• Global planning and negotiation skills• Experience in other industries ▪ Marketing ability
New value	<ul style="list-style-type: none">• Advanced technology integration and trend insight• Space design (sensibility and ergonomics)• Ability to think/act in view of future• Solving social issues and contributing to society



6. Strengthening management foundation - Environment

Suppression
of global
warming

Received the highest A rating in the CDP assessment for the second consecutive year in both the Climate Change and Water categories (top 12%).



Construction and operation of solar power generation farm in Turkey

Signed a 12-year long-term renewable energy purchase agreement in North America

Advance introduction of renewable energy to achieve 50% emissions reduction by 2030 globally (SCOPE 1 and 2)

Resource
circulation

Participating in industry-government-academia collaboration projects aimed at realizing a recycling-oriented society

Circulation model (1) (Car to Car)

Project to Promote Collaboration to Increase the Use of Recycled Materials in Automobile Recycling: led by the Ministry of the Environment



Circulation model (2) (X to Car)

Circular Partners: led by the Ministry of Economy, Trade and Industry



Establish technology and secure quantity of recycled materials, including those derived from end-of-life vehicles, to achieve the target by 2030.

Symbiosis
with nature

30by30 related activities

(1) Promote activities for biodiversity conservation



Activity at Shiodawa tidal flat



Activity at Fujimae tidal flat



New symbol for biodiversity conservation activities

(2) Promote activities aimed at OECM registration (restoration of natural capital)

OECM: Other Effective area based on Conservation Measures

Greening activity at a test course in Tajimi City, Gifu



Contribute to natural capital restoration through nature symbiosis activities



<Disclaimer>

The forecasts relating to future business performance provided in this document 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.