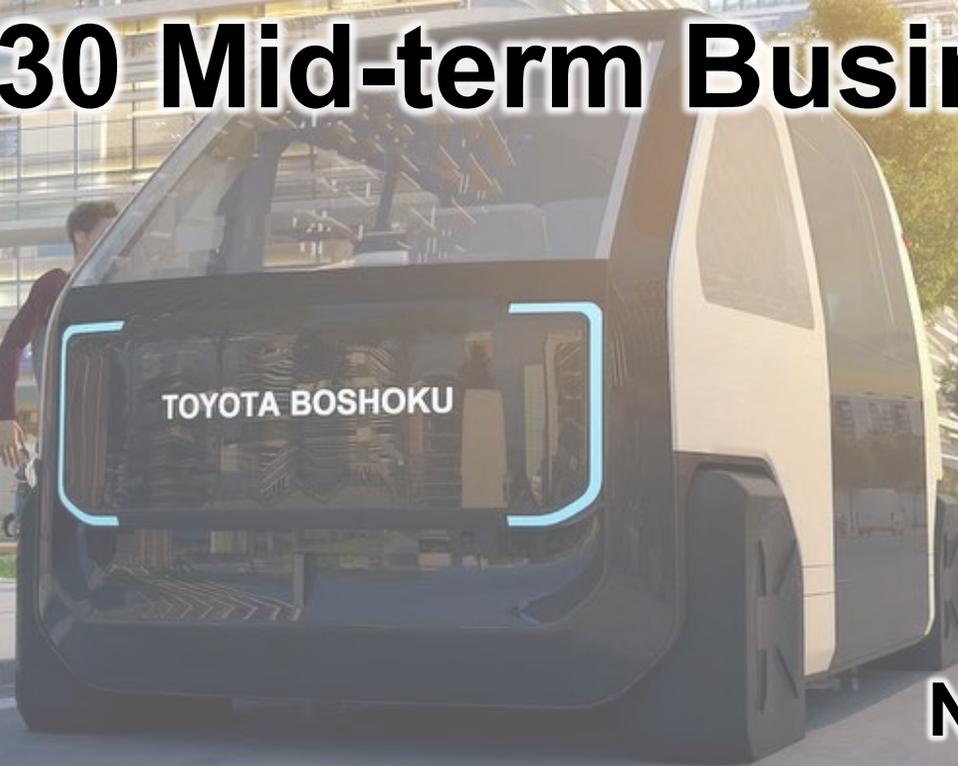


# Briefing on 2030 Mid-term Business Plan



**November 24, 2023**

**Toyota Boshoku Corporation**

# Script

◆ Good morning, everyone. I am Masayoshi Shirayanagi, President of Toyota Boshoku. Thank you very much for attending this meeting and also for your constant support for our company.

◆ Having been striving to be a company that makes all our stakeholders feel “I like Toyota Boshoku,” I have just noticed that a year and a half have already passed since I became president last year.

Looking back over this period, I strongly feel the rapid changes in the world, especially the dynamic changes in the environment surrounding mobility.

I actually saw such changes at the Shanghai Motor Show in April this year and the Japan Mobility Show last month.

# Introduction

## Steadily implementing the Plan toward realizing the Vision



# Script

- ◆ In the 2025 Mid-term Business Plan announced in November 2020, we clarified the “2025 Target” and “our desired status for 2030” to realize the Vision.
- ◆ There, “creating new value as the Interior Space Creator” was declared as our desired status for 2030. Faced by dynamic changes in the environment surrounding mobility, we strongly felt the necessity to give concrete shape to this desired status, draw a path to it, and formulate a new business plan.
- ◆ So, to satisfy the expectations of our stakeholders, we have formulated the 2030 Mid-term Business Plan, which I will present to you today.

# CONTENTS

- 1. Progress of 2025 Mid-term Business Plan**
- 2. Framework of 2030 Mid-term Business Plan**
- 3. Actions to achieve 2030 Mid-term Business Plan**
- 4. Targets of 2030 Mid-term Business Plan**

- ◆ Today, I will explain the Toyota Boshoku Group's mid-term business plan.

# 1. Progress of 2025 Mid-term Business Plan

TOYOTA BOSHOKU

# Script

- ◆ First, I would like to explain about the progress of 2025 Mid-term Business Plan, which we are currently working on.

# Outlook for Achieving Major 2025 Targets

**Most targets are likely to be achieved (with some exceptions).  
Further efforts will be made toward 2025.**

|   | FY2026 Targets                  | FY2024 Forecasts               |                      | FY2026 Forecasts |
|---|---------------------------------|--------------------------------|----------------------|------------------|
|   |                                 | Exchange rate in Mid-term Plan | Actual exchange rate |                  |
| Revenue (100 million yen)                                 | 16,000+α                        | 17,000                         | 19,700               | ○                |
| Operating profit (100 million yen)                        | 1,000+α                         | 800                            | 930                  | ○                |
| Operating profit ratio                                    | 6.0 to 7.0%                     | 4.7%                           | 4.7%                 | △                |
| Non-Toyota sales ratio                                    | 13%                             | 8%                             |                      | ○                |
|   |                                 | (USD: 105.00)                  | (USD: 141.00)        |                  |
| E: Production CO <sub>2</sub> emissions reduction ratio   | -25%<br>(Compared to FY2020)    |                                | -39%                 | ○                |
| S: Number of patent applications submitted                | 320/year                        |                                | 290                  | ○                |
| G: Shortening of lead-time for management decision making | Settlement lead time:<br>5 days |                                | 8 days               | ○                |

# Script

- ◆ Our targets for FY2026 are 1.6 trillion yen for revenue, 100 billion yen for operating profit, 6 to 7% for operating profit ratio, and 13% for non-Toyota sales ratio.

While the target for revenue is likely to be achieved, it seems rather difficult to achieve the target for operating profit ratio partly due to changes in the business environment including soaring inflation.

On the other hand, the target for the ratio of sales to non-Toyota customers is likely to be achieved, with the improvement of our customer portfolio steadily progressing.

- ◆ In addition, regarding the ESG KPIs as indicators to evaluate our ESG initiatives, nearly all the indicators, though only a part of them are presented here, have been showing steady performance.
- ◆ We aim to achieve the 2025 targets by continuously and strongly promoting the ongoing company-wide initiative to strengthen competitiveness.

## 2. Framework of 2030 Mid-term Business Plan

A futuristic white and black Toyota Boshoku vehicle is shown on a city street. The vehicle has a sleek, boxy design with large windows and a prominent front grille. The text "TOYOTA BOSHOKU" is visible on the front of the vehicle. The background features modern skyscrapers and a clear sky, suggesting a futuristic urban environment.

TOYOTA BOSHOKU

# Script

- ◆ I would like to explain the framework of our 2030 Mid-term Business Plan.  
Let me start with our environmental recognition.

# 2030 Environmental Recognition (macro, mobility industry)

## Transformation of automobile market due to entry from different industries

- BEV
- MaaS
- CASE

Interior space becoming a key differentiating factor

## Diversifying user needs

- Z/α generations
- Aging of population
- Regional characteristics

Expanding needs for time and space in vehicles

## Co-existence with nature

- Decarbonation
- Circular economy
- Nature positive

Addressing environmental issues to improve corporate value

## Diversity in working people

- Diversity & inclusion
- Declining birthrate and aging population
- Changes in workstyle

Creating value by utilizing diverse talents

As the image of future mobility is becoming clear, we are aware of the **rising expectations for comfortable vehicle interior space based on safety and environment-friendliness.**

# Script

- ◆ Changes in the business environment expected in 2030 include: **transformation of the automobile market due to entry from different industries** in line with the advancement of battery EV and MaaS; **diversifying user needs** associated with changes in value due to the growing influence of Gen Z and Gen α, who are digital natives, and an increase in the elderly population; **co-existence with nature** taking into consideration not only decarbonization and circular economy but also the nature positive movement; and **diversity in working people** coming from the concept of diversity and inclusion, declining birthrate and aging population.
- ◆ Based on this environmental recognition, the value of enjoying the time inside vehicles will increase and the vehicle interior space will become a key differentiating factor. We believe that this will lead to the rising customer expectations for “comfortable vehicle interior space based on safety and environment-friendliness.”  
We have worked to become the **Interior Space Creator** as our desired status in the future. Now we have confirmed that this direction is correct, and we see this changing environment as a big chance for further growth.

# Framework of 2030 Mid-term Business Plan

## Change in external environment

Rising expectations for comfortable vehicle interior space

## TB's strengths

Technologies for products closest to users

R&D

Global deployment capabilities

MONOZUKURI

Abundant global human resources

HITOUZUKURI

Strength as a member of the Toyota Group

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 ratio: 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 ratio  
-30% (Compared to FY2020)  
S: Ratio of female managers  
5%  
G: Degree of implementation of the Toyota Boshoku Group Guiding Principles  
90%

## Supporting foundation

Strengthening of competitiveness (R&D, sales, and MONOZUKURI) and management foundation (development of people, organizations, and culture)

# Script

- ◆ Our 2030 Target is to “become a company as the Interior Space Creator which contributes in solving social issues while expanding product range and customer base” by utilizing both the changes in the environment surrounding mobility and our strengths, including the technology development capabilities for products closest to users, the ability to deliver bulky products globally just in time, and abundant global human resources.
- ◆ Financial targets are set to be 2,200 billion yen for revenue, 150 billion yen for operating profit, and 7% for operating profit ratio.  
While maintaining a steady share in each market, we aim to achieve an operating profit ratio far exceeding the past record.  
In terms of shareholder returns, we have introduced DOE as a new indicator and will work to stably achieve at least 3%.  
We have also reviewed the ESG KPIs as our non-financial targets for 2030.  
The representative indicators are shown here.

# Framework of 2030 Mid-term Business Plan

## 2030 Target

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

### Economic value

- Growing into a supplier capable of planning and proposing an entire interior space
- Expanding product fields and interior space business
- Responding to multi-pathway
- Research and development for new business creation
- Pursuing innovations for the future
- Activities to expand sales
- Strengthening MONOZUKURI competitiveness

P12

P13·14

P15·16

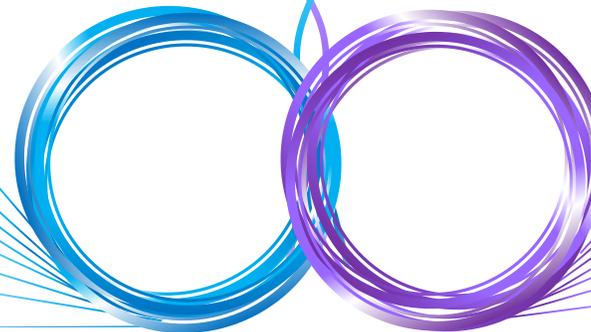
P17

P18

P19

P20·21·22

### Enhancing corporate value



### Implementing CSV management

### Social value

- Providing comfortable and quality vehicle interior space and time
- Supporting the elderly and persons with disabilities with medical vehicles and mobility independence support
- Contributing to carbon-free society with new techniques
- Contributing to solving future food problems and realizing a circular society
- Providing more customers with good and reasonably priced products
- HITOZUKURI and utilization of human resources
- Creating an organization and culture

P23

P24

# Script

- ◆ Aiming to achieve the Target, we will carry out the initiatives listed here.  
By implementing the CSV management, which pursues both social value and economic value by resolving social issues through business operations, we aim to enhance our corporate value.  
For example, with medical vehicles and mobility independence support, we will contribute to solving social issues and thereby create new businesses as the Interior Space Creator .
- ◆ Inheriting our founding spirit of “for the world and for people,” we aim to grow stably by making steady efforts to be helpful for society and link such efforts to our businesses.

# Environmental Vision

## Revised Environmental Vision as guidelines for implementing CSV management and activities to enhance corporate value

### Three Priority Actions



\* ELV: End of Life Vehicle

\* PCR: Post-consumer Recycle

### Challenge 6



### <Activities toward 2030>

- **Reduction target (compared to FY2020)**  
**Scope1/2: -50%**  
**Scope3: -30%**

- **Response to ELV\* regulations: Promoting use of PCR\* materials**

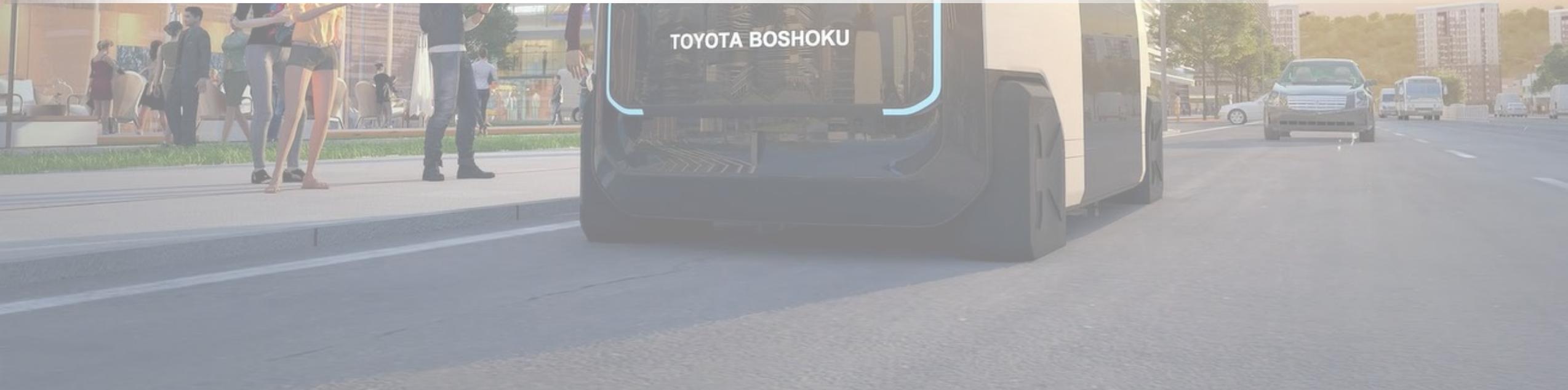
- **Enhancing “nature positive” activities**
- **Information disclosure in line with TNFD**

We will work together with all stakeholders with the aim of creating a sustainable global environment where children can lead their lives with a smile.

# Script

- ◆ We revised our Environmental Vision as guidelines for implementing CSV management and activities to enhance our corporate value.  
We defined our priority actions in three categories of global warming prevention, resource circulation, and co-existence with nature, and reestablished Challenge 6.  
We will accelerate and promote efforts to respond to environmental requirements that society asks for companies, advance information disclosure, respond to ELV regulations, and preserve/restore natural capital.
- ◆ For global warming prevention, along with the 50% reduction for Scope 1 and 2, we aim for 30% reduction for Scope 3.  
For resource circulation, we aim to achieve the use rate of recycled plastics demanded by customers.  
And for co-existence with nature, we will enhance the activities for conservation of ecosystems for a nature-positive world, and will also advance information disclosure in accordance with the TNFD.

### 3. Actions to achieve 2030 Mid-term Business Plan



# Script

◆ Now,

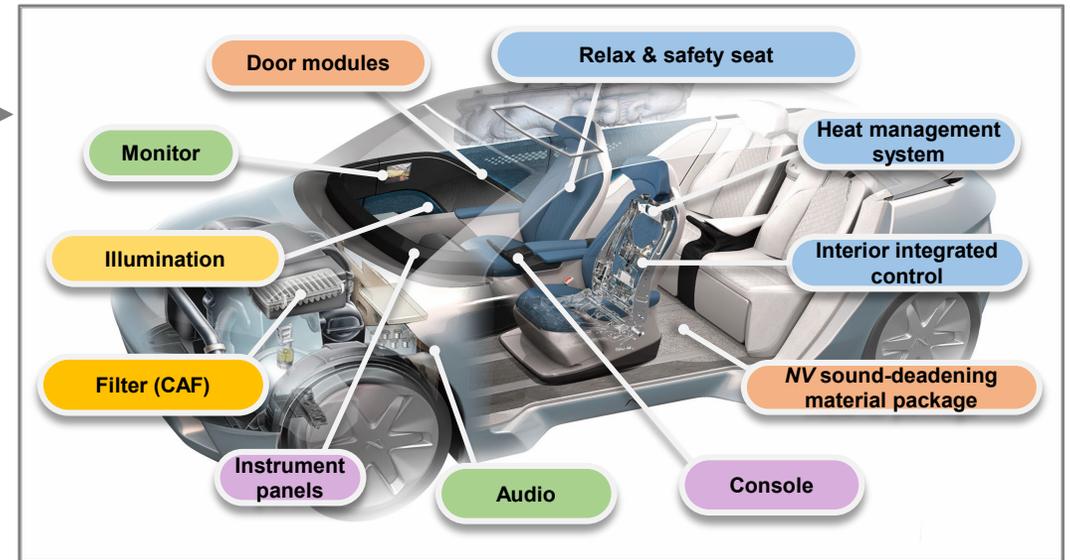
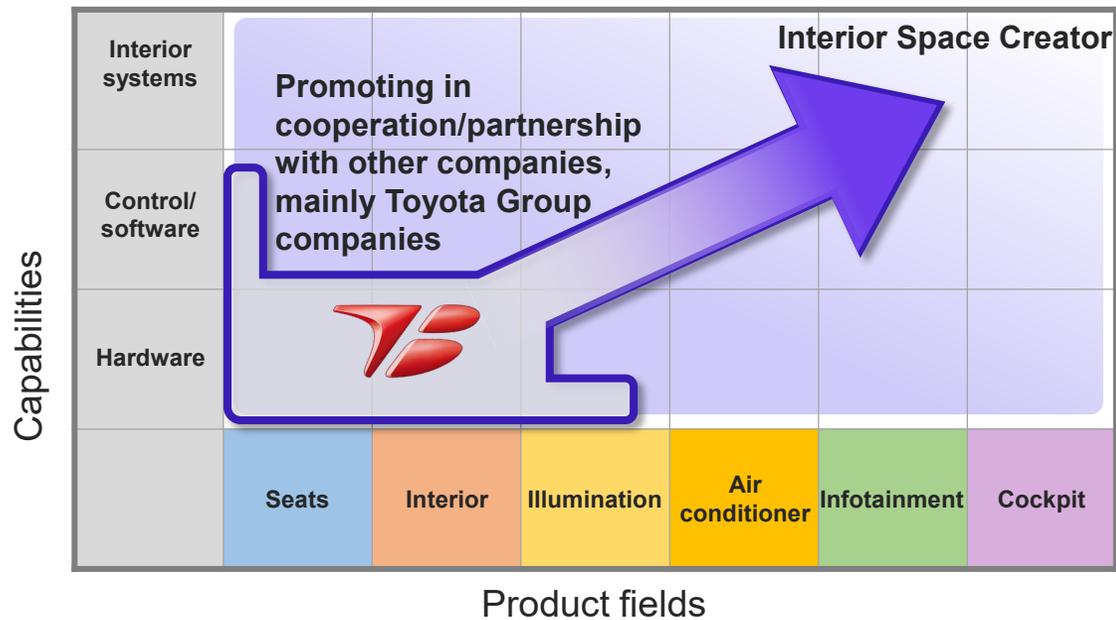
I would like to explain the actions to achieve the 2030 Mid-term Business Plan.

# Growing into a Supplier Capable of Planning and Proposing an Entire Interior Space (Interior Space Creator)

**By planning and proposing an entire interior space as the Interior Space Creator, increase added value and thereby expand total sales**

## Expanding capabilities

- Acquiring capabilities to receive orders for interior systems (increasing added value)

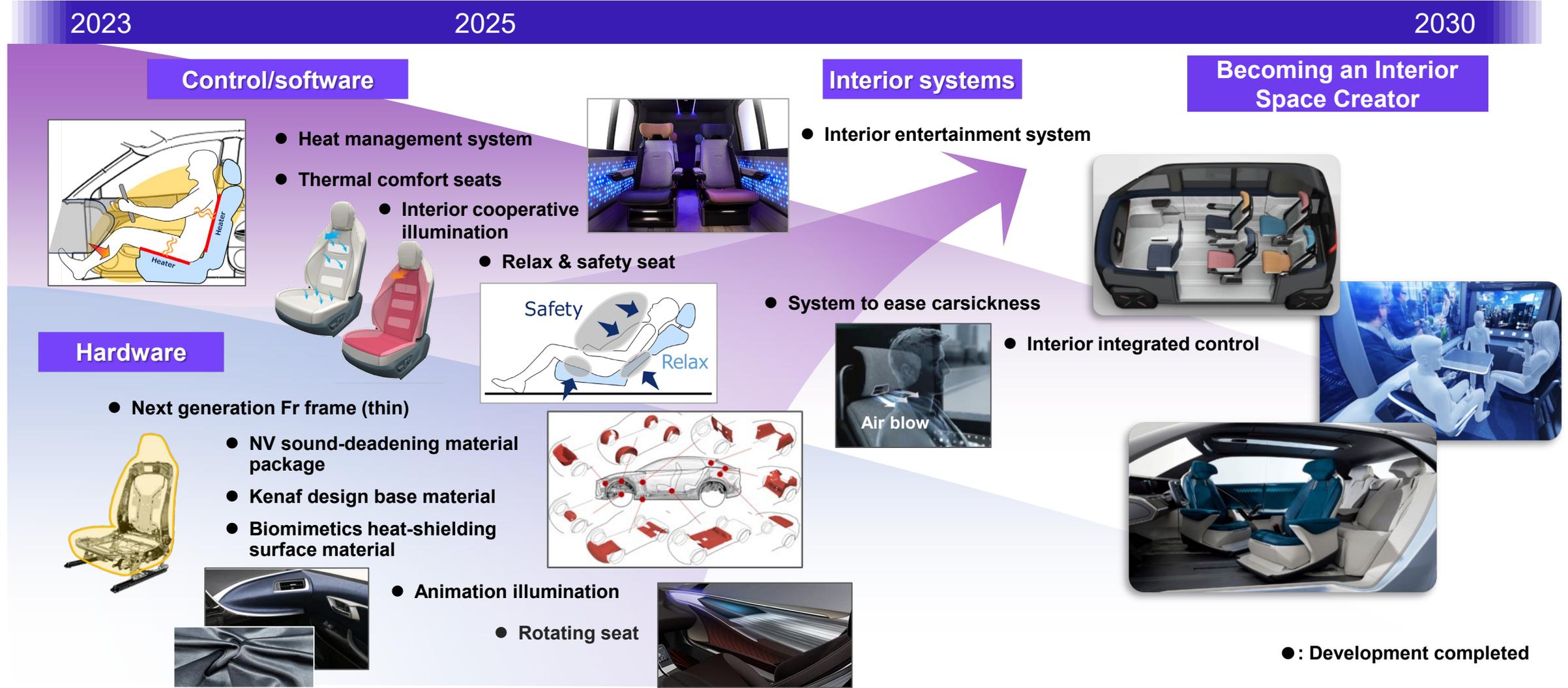


# Script

- ◆ I would like to explain how we will grow into the Interior Space Creator, which is a supplier capable of planning and proposing an entire interior space.
- ◆ To strengthen organizational competitiveness, in addition to the seats and interior hardware, we will become capable of proposing control/software and interior systems, and also expand the product fields such as infotainment and cockpit.  
We will promote these initiatives in cooperation and partnership with other companies, mainly Toyota Group companies, with the aim of acquiring capabilities necessary to receive orders for interior systems.
- ◆ By planning and proposing an entire interior space as the Interior Space Creator, we will increase the added value of our business and thereby expand total sales.

# Expanding Product Fields (Roadmap)

Connect/integrate various roadmap items and expand each field to increase added value



# Script

- ◆ As a specific measure, I would like to explain about the expansion of product fields toward becoming the Interior Space Creator.
- ◆ In addition to the existing fields of hardware, such as seats and interior/exterior products, we will develop and promote new capabilities, such as control and software, thereby advancing the development of attractive products.
- ◆ Furthermore, by connecting and integrating these various roadmap items, we will increase added value, with the aim of becoming the Interior Space Creator.

# Expanding Interior Space Business

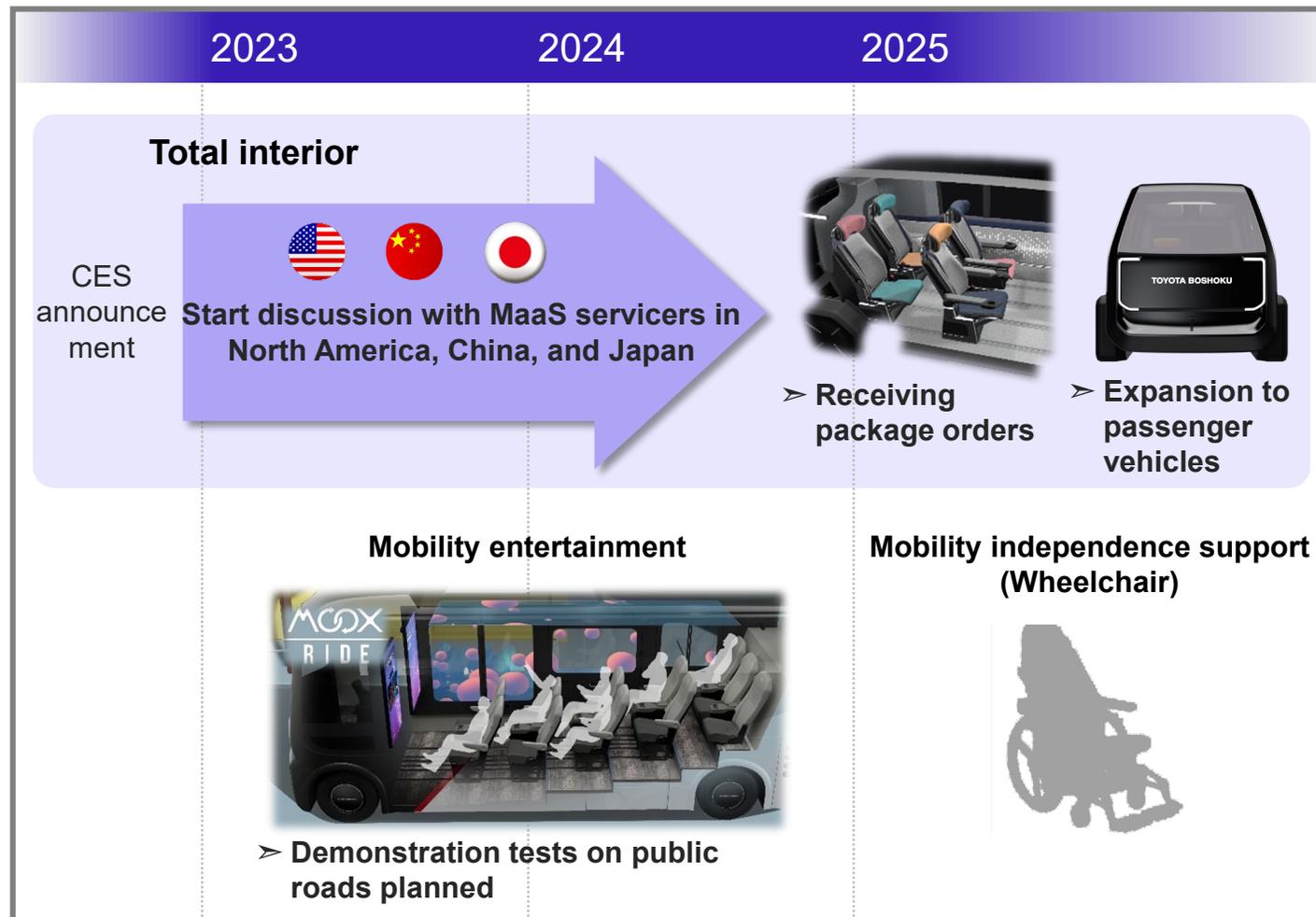
## Acquiring new interior space business opportunities and making efforts for commercialization

### Total interior proposals (MX2221)



Diversity

Versatility

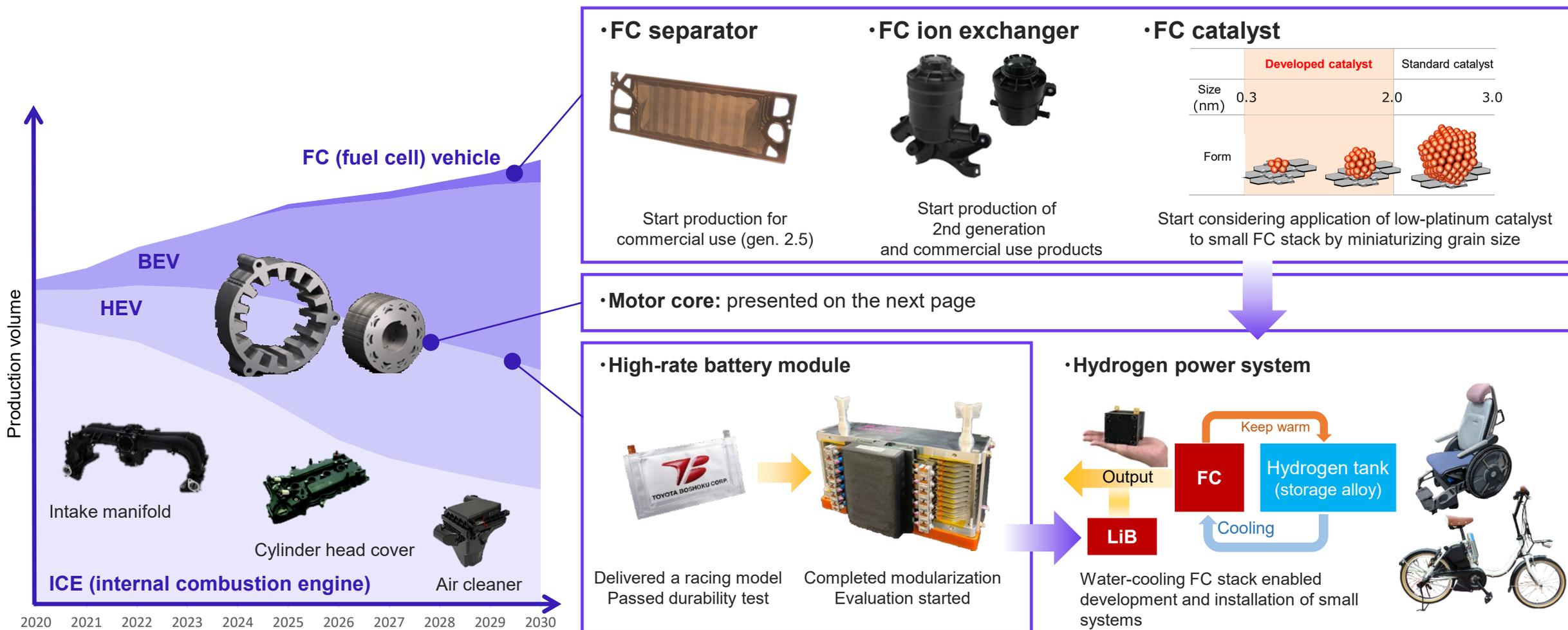


# Script

- ◆ As a result of our efforts to expand capabilities, we have been acquiring interior space business opportunities.  
For example, as a result of continuing to offer total interior proposals, like MX221 released at CES, we have started discussion with MaaS servicers in North America, China and Japan for commercialization.  
In Japan, we have funded a startup company Near Me, a sharing service provider, and started considering new mobility experiences.
- ◆ At the Japan Mobility Show 2023, we presented “mobility entertainment” called MOOX-RIDE to provide exciting 4D mobility experiences. We have recently carried out a demonstration test on public roads. Based on the results of the test, we are planning to consider commercialization.
- ◆ We will continue to acquire new business opportunities and make efforts for commercialization.

# Responding to Multi-pathway

## Keeping up with diversifying next-generation cars and promoting applicable technology/production development



# Script

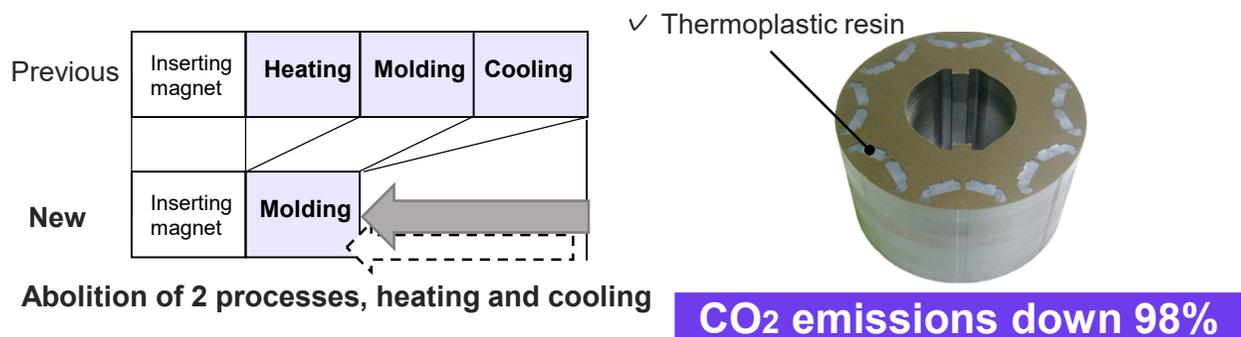
- ◆ To respond to the customer's multi-pathway approach, we are promoting the development of technologies and products that can keep up with diversifying next-generation vehicles, such as internal combustion engines, hybrid EVs, battery EVs, and fuel cell vehicles.
- ◆ Specifically, as actions related to fuel cells, we have started production of new models of FC separators and FC ion exchangers. In addition, we have started considering the application of an internally developed catalyst to small FC stacks.
- ◆ As actions related to lithium-ion batteries, we have completed modularization of high-rate batteries for racing models and started evaluation. Furthermore, we will propose our hydrogen power system, which combines the developed small FC stack and lithium ion battery, for small mobility means.

# Responding to Multi-pathway: Strategies for Motor Core Business

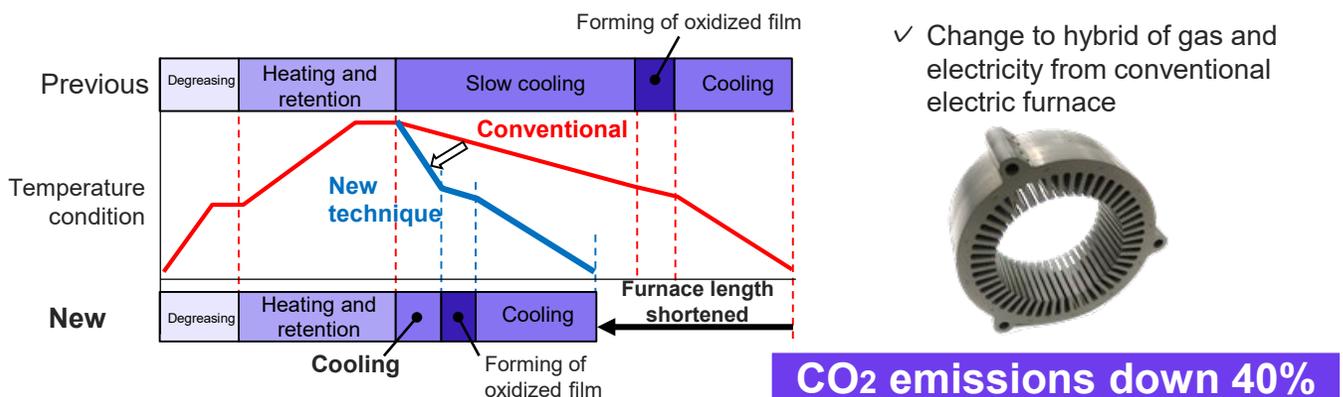
Aiming to expand sales by advancing local production in North America and Asia through utilization of our CO<sub>2</sub> emission reduction technologies and local procurement of electromagnetic steel sheets

[Our proprietary technologies as the source of our competitiveness]

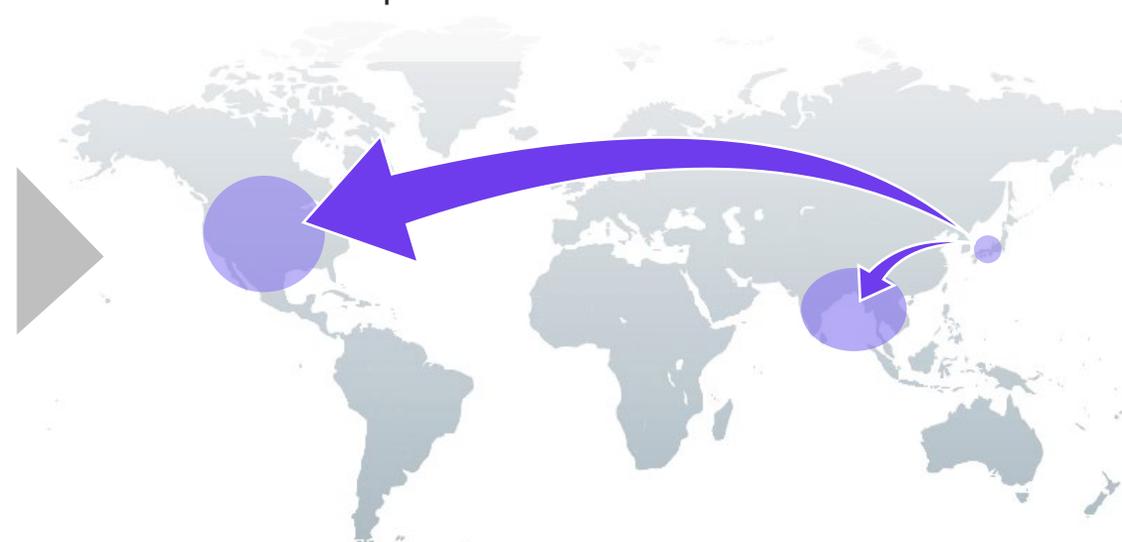
## ① Heatless magnet molding method using thermoplastic resin



## ② High-cycle annealing by high-speed cooling (NEW)



Achieve “local production for local consumption” including electromagnetic steel sheets and expand production sites from Japan to North America and Asia



# Script

- ◆ For the motor core business,  
we will introduce the heatless magnet molding method using thermoplastic resin and a high-cycle annealing furnace with high-speed cooling, with the aim of contributing to CO<sub>2</sub> emissions reduction while maintaining competitiveness.
- ◆ At the same time, we will achieve “local production for local consumption” including electromagnetic steel sheets and expand production sites from Japan to North America and Asia.  
By doing so, we will ride on the global wave of electrification and expand sales.

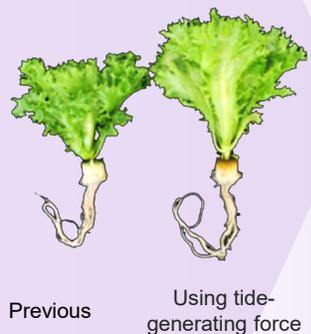
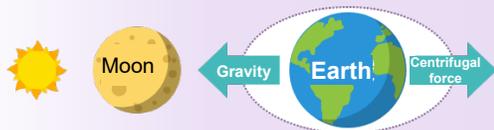
# Research and Development for New Businesses Creation

## Accelerate social implementation of cultivation/aquaculture utilizing tide-generating force and biopolymer to contribute to realization of circular economy and carbon neutrality

### R&D ahead of the times

#### Solving food issues

Technologies using tide-generating force (plant factories, land-based aquaculture)



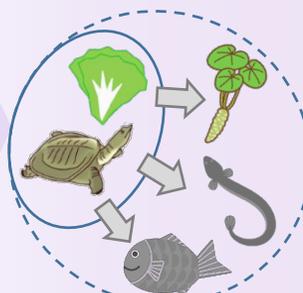
#### Creating recyclable materials

Biopolymer made from non-edible parts of plants



### Verification phase

#### Expand applicable varieties and demonstration tests



Expand applicable varieties



Expand land-based fish farms



Cultivation test in a low-latitude region

#### Start considering mass production and seeking applications and products



Providing material samples



Injection-molded prototype

### Creation of new businesses

For the world and for people



Solve social issues of society and contribute to people's quality of life

# Script

- ◆ I would like to explain about the research and development for creating new businesses for the future. In order to solve social issues of society and contribute to people's quality of life, we have been working to solve food issues and create recyclable materials.
- ◆ In the field of food issues, by utilizing the tide-generating force, which is influenced by the moon and the sun, we have been developing a technology to promote growth of plants and animals. At present, efforts are being made to increase the applicable varieties and expand verification tests, with the aim of contributing to boosting food production.
- ◆ In the field of recyclable materials, we have developed a biopolymer made from non-edible parts of plants. At present, we are seeking applications and products in which the high impact resistance and other characteristics of the material can be utilized. We will continue efforts to create and utilize recyclable materials.
- ◆ We will thus accelerate social implementation of cultivation and aquaculture utilizing tide-generating force and biopolymer to contribute to the realization of a circular economy and carbon neutrality.

# Pursuing Innovations for the Future

1918

2004

2020

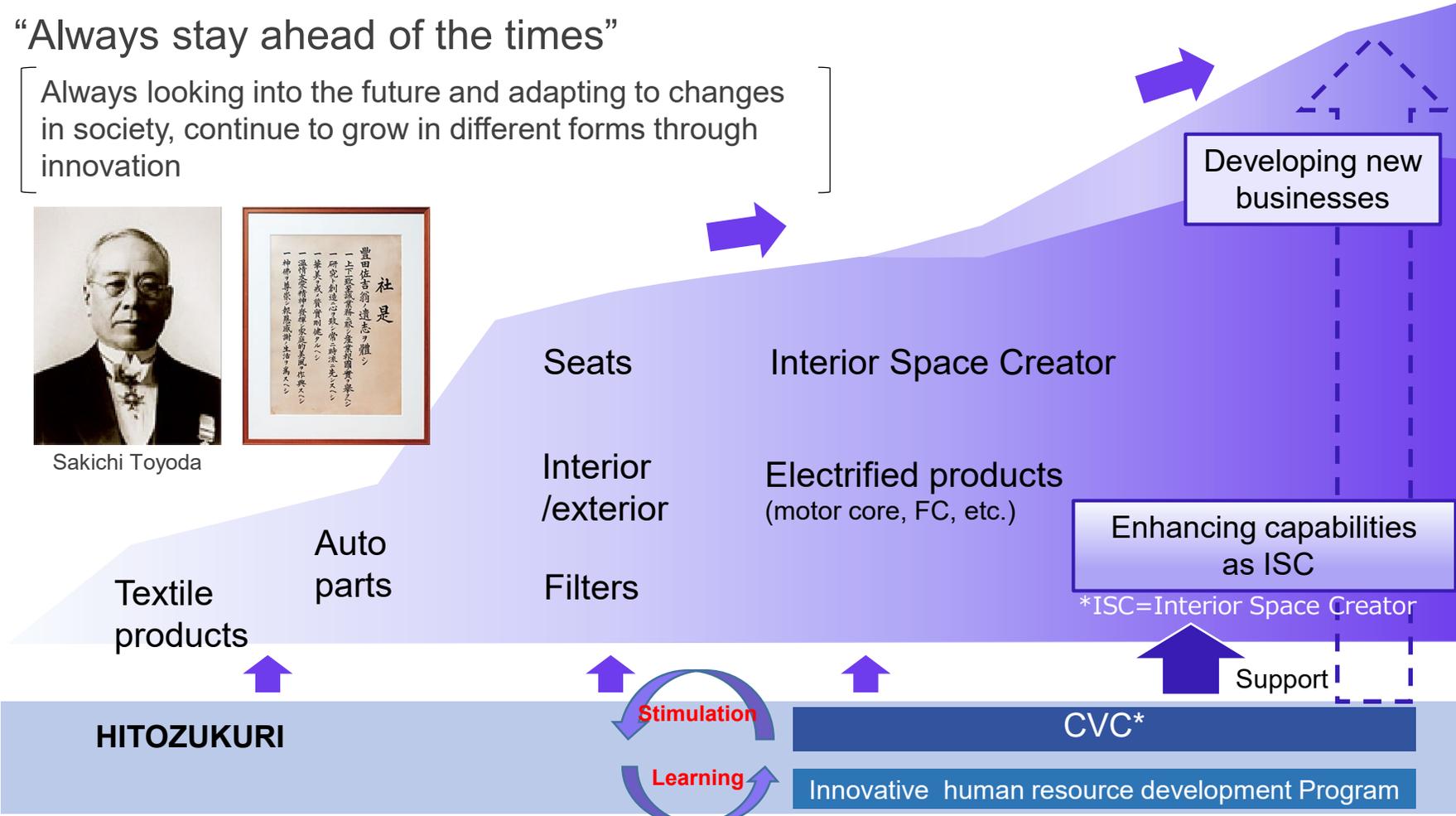
2030

“Always stay ahead of the times”

Always looking into the future and adapting to changes in society, continue to grow in different forms through innovation



Sakichi Toyoda



## For the world and for people

- ❑ Technologies using tide-generating force for solving food issues
- ❑ Development of biopolymer as a recyclable material
- ➔ Contributing to a greener Earth for the next 100 years

## Funding startups and accelerating synergies

- ❑ Motion Lib: Application of real haptics to robots
- ❑ NearMe: Joint development of interior space for ridesharing
- ❑ H2L: Visualization of physical strengths, etc. of operators
- ❑ ABAL: Joint production of infotainment contents

Invested ¥700 million for 10 companies including the above (as of November 2023)

A total of ¥8 billion to be invested until 2030

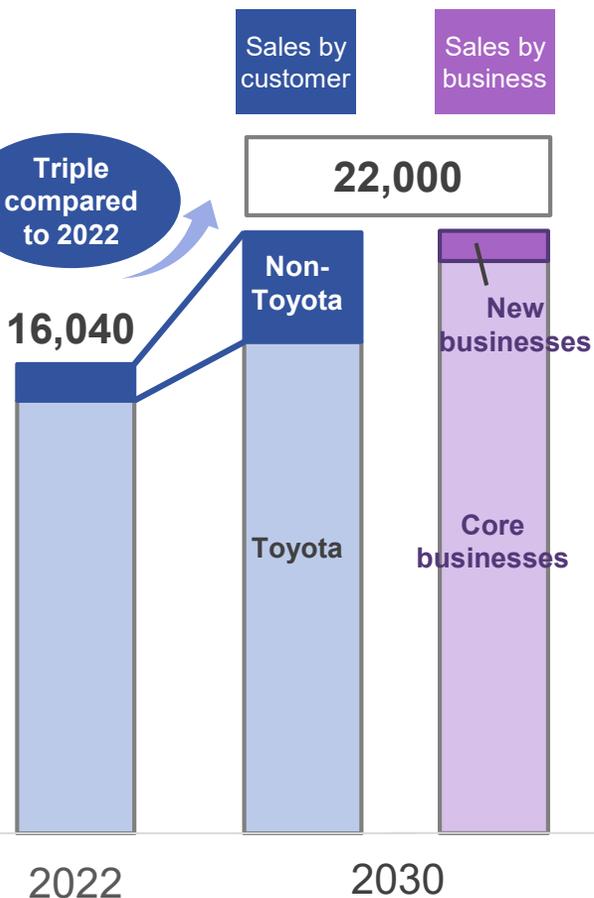
\*Corporate Venture Capital

# Script

- ◆ Inheriting the spirit of the late Sakichi Toyoda “For the world and for people” as the goal, our company, which started with the textile business, has grown into a manufacturer of automobile parts, mainly vehicle seats, interior and exterior components and filters, through developing human resources and enhancing competitiveness.
- ◆ In order to look into the future and adapt flexibly to changes in the times, we believe that the “needs for new businesses” that will solve social issues and other problems of customers, as well as the “exploration for technologies” that will enable us to respond to such needs, and the “initiatives to commercialize” them as business, are important. To develop technologies that will contribute to the prosperity of human beings or technologies that we do not own, we will utilize know-how and expertise of external parties through investing in startups with CVC as well.
- ◆ Through innovation, we will continue to grow for the future and give stimulation inside the company, thereby enhancing human resource development and transforming our corporate culture.

# Activities to Expand Sales

<Revenue target> (100 million yen)



## 1. Strategic OEM

[Case 1] Company A

Received orders for interior parts, including seats, for new BEV model



Ordered items

Seats, general interior parts (Door trims, ceilings, carpets, pillars)

Promoting order-taking activities targeting mainly newly introduced BEVs

[Case 2] Company B



First order for ceiling received in Europe

Activities ongoing to get RFQ for other products

## 2. New BEV OEMs

Approaching for the expanding BEV market



Promoting order-taking activities for new BEV OEMs

Beginning to receive new orders from new OEMs

## 3. New businesses

Expanding sales for new customers (MaaS servicers)



Expanding non-automobile sales



Expanding sales of aircraft seats



Use of Hydrogen power system

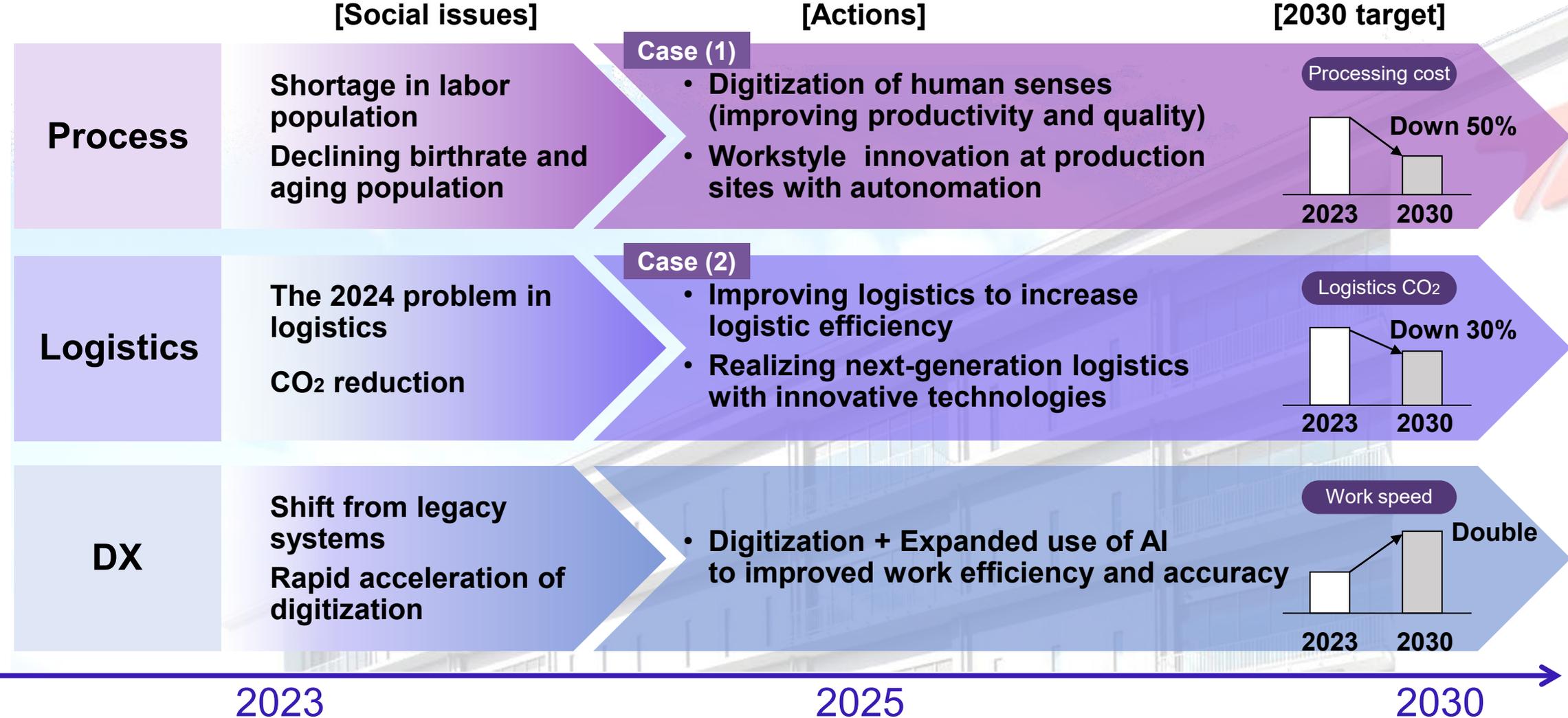
Launching new businesses for further sales expansion

# Script

- ◆ We are working to expand non-Toyota sales to more than tripple from the current level by 2030. We are also promoting activities to acquire orders for new businesses.
- ◆ Regarding our sales expansion activities for strategic OEMs, we promoted activities to receive orders from Japanese company A for Battery EVs to be newly introduced, and acquired orders for a set of interior parts, including seats, door trims, and ceilings.  
Also for European company B, as a result of active order-taking activities for interior parts in Europe, we received orders for the ceiling business for the first time and received inquiries for door trims.
- ◆ In addition, in view of recent changes in the environment, we started order-taking activities targeting new Battery EV OEMs and succeeded in receiving orders for seats and door trims in China and North America.
- ◆ Regarding new businesses, we are promoting sales expansion activities to MaaS servicers toward growing into the Interior Space Creator.  
We are also proactively working to receive orders for aircraft seats, and expand sales of hydrogen power systems for non-automobile applications.

# Strengthening MONOZUKURI Competitiveness

“Resolving social issues” through MONOZUKURI and “solidifying foundation to support growth strategy”



# Script

- ◆ These days, “shortage in the labor population” and the need to “reduce environmental impact” are identified as the social issues in the environment surrounding our manufacturing, and we believe that proactively addressing these issues will lead to strengthening our competitiveness in the market.
  - ◆ To address these issues, we aim to achieve “improvement in productivity and quality through digitization of human senses,” and “improvement in logistic efficiency, including supply chains.” Also, as the foundation to realize these, we aim to “improve work efficiency and accuracy through promoting DX,” thereby enhancing our MONOZUKURI competitiveness.
- I will present some specific examples next.

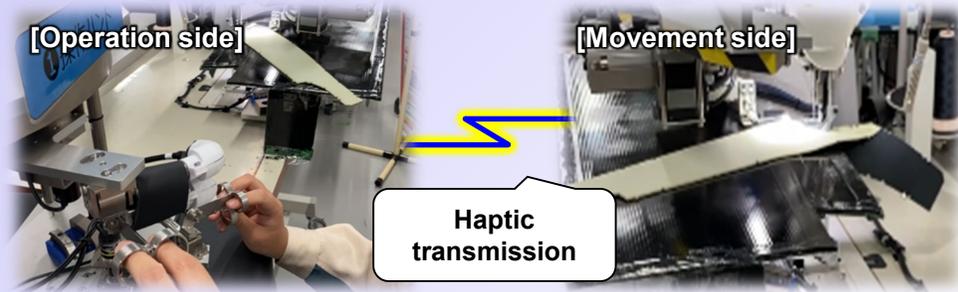
# Strengthening MONOZUKURI Competitiveness Case (1): Digitization of Human Senses

“Improving productivity and quality” and addressing “labor shortage” through MONOZUKURI innovation

## ◆ Introduction of haptic transmission technology

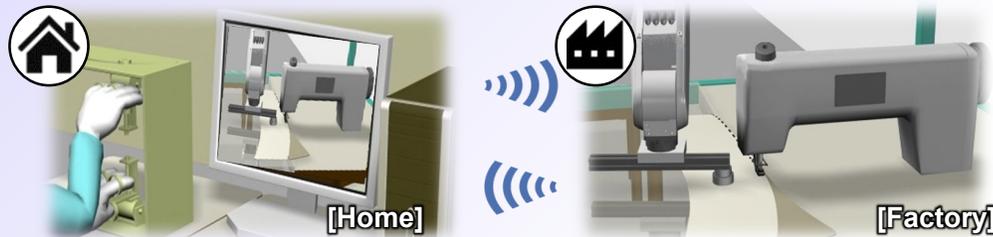
<Autonomation of sewing process>

(Introduction of developed device: Feb. 2024)



Digitize and reproduce movements, procedure and haptic perceptions during sewing

<Application of force and haptic transmission technology>

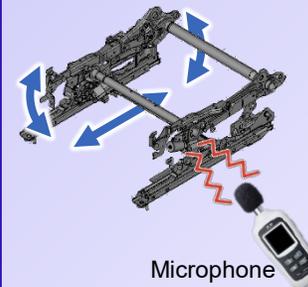


· Workstyle innovation at production sites by utilizing remote operation

## ◆ Establishing an operating noise inspection technology for next generation frames

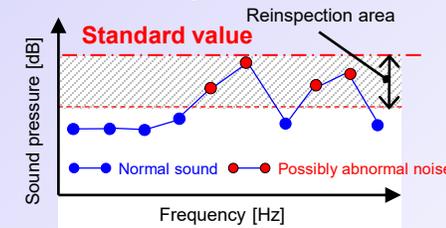
<Visualization of noise that can be recognized only by human>

Frame operating noise inspection



Before Microphone

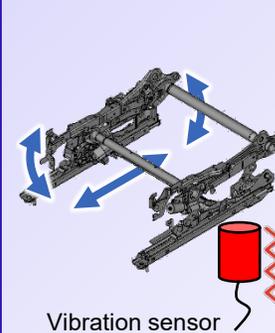
<Previous analysis>



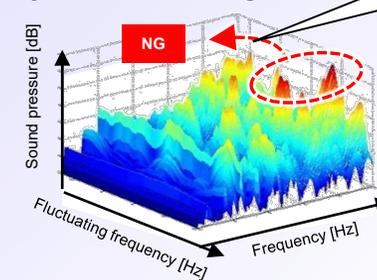
- Need a soundproof room to block external noise
- ➔ Items for reinspection should be rechecked by people

After

Vibration sensor to collect noise + Analysis of fluctuating sound



<Analysis of fluctuating sound>



- Not bothered by external noise and soundproof room is not necessary
- Equal level as human sense of hearing
- ➔ Rechecking by people is not necessary

(Introduction in Japan: from April 2024 ➔ Deployment of global models: from October 2026)

Providing equal quality through global deployment

# Script

- ◆ The first example case is the initiatives for “digitization of human senses.”
- ◆ The left side of the slide shows the initiative to digitize and reproduce the sewing process of seat covers, which requires professional craftsman’s skills, using the “haptic transmission technology” being promoted through industry-academia collaboration.  
An operator on the operation side and a remotely located sewing machine interact with each other so that the touch sensed on the sewing machine side can be fed back to the operator, and the operator in a remote location can work while feeling the touch of holding the surface material.  
By applying this technology, we hope to realize the workstyle reform at manufacturing sites, which has been difficult so far.
- ◆ The right side of the slide shows the initiative to visualize abnormal noises during the frame operation that can be recognized only by a human.  
By combining a vibration sensor to collect noise with an analysis of fluctuating sound, detection of abnormal noises at the same level as the human sense of hearing is enabled, and making the rechecking by people in a soundproof room unnecessary.  
We will introduce this technology in Japan in the next fiscal year and then to other regions to offer equal quality to all our customers globally.

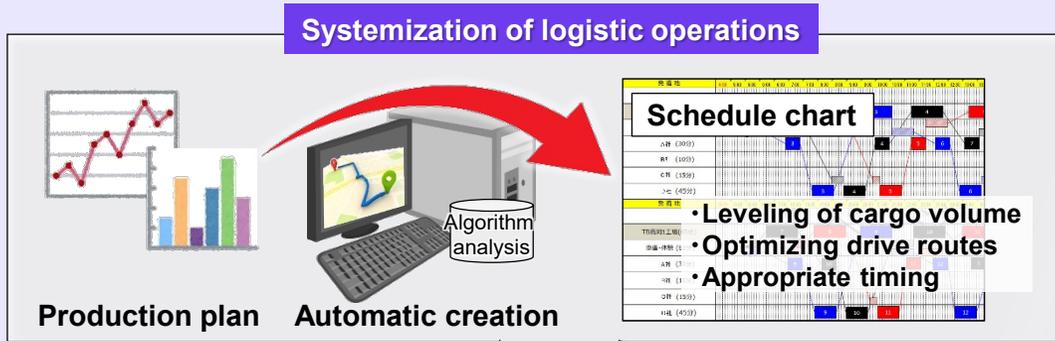
# Strengthening MONOZUKURI Competitiveness

## Case (2): Realizing “next-generation logistics” Bearing the Future

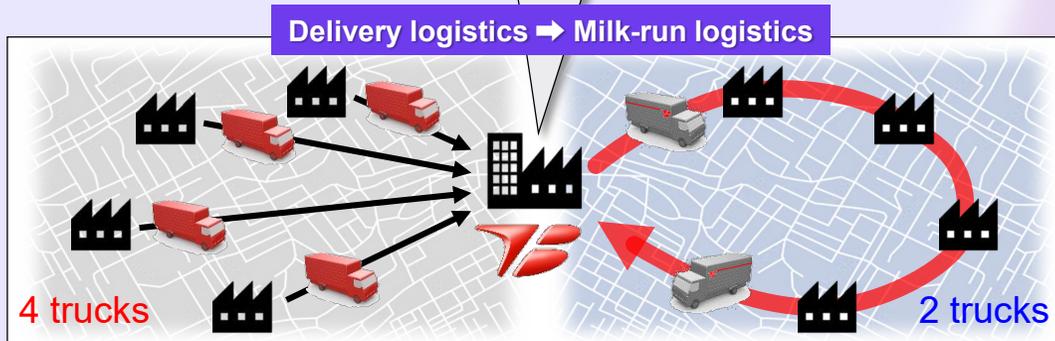
“Addressing shortage in drivers and reducing logistics CO<sub>2</sub>” and “enhancement of competitiveness” through logistics innovation

2020

Solving social issues with high-efficiency logistics



Optimal cargo mixes and schedule charts are smoothly output



Delivery by individual companies → Pickup arranged by TB

2025

Enhancing competitiveness with innovative technologies

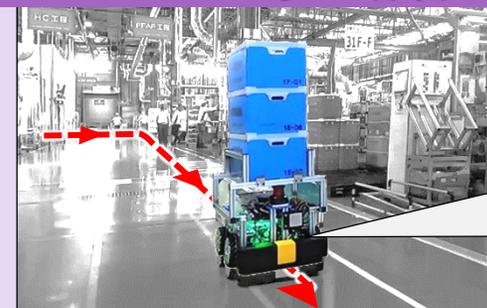


Eliminating track stagnation

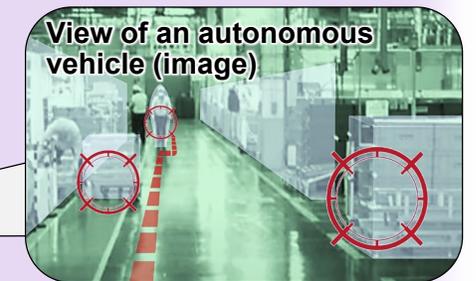


Manpower-saving for loading operations

**Autonomous driving to supply parts**



Autonomous driving on the shortest route



Acquiring 3D views with mapping sensors

2030

# Script

- ◆ The second case is the initiative to realize “next-generation logistics” bearing in the future.

In response to the shortage of truck drivers, known as the 2024 problem in the logistics industry in Japan, and other social issues for reducing environmental impact, such as logistics CO2 emissions, we are working to establish a logistic operation system to automatically optimize the cargo volume, drive routes, and the number of trucks to be arranged.

This enables a switch from delivery by each supplier using individual transportation trucks to the milk-run pickup arranged by Toyota Boshoku, which will lead to realizing highly efficient logistics involving the supply chain.

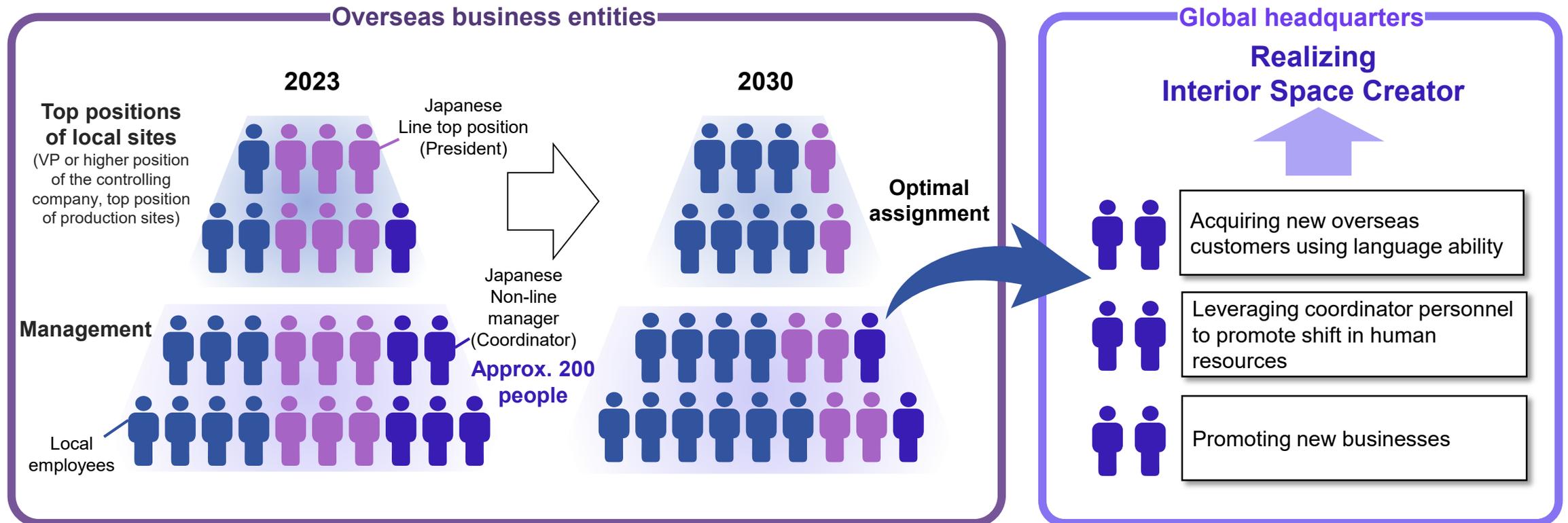
- ◆ For logistics inside plants, we will introduce autonomous operation and other innovative technologies that do not rely on people, with the aim of further enhancing our competitiveness.

# HITOUZUKURI and Utilization of Human Resources

## Based on results of human resource development, efficiently improve organizational capabilities

Accelerate implementation of business strategies toward the Interior Space Creator by expanding human resources development and utilization globally

- ① Promoting more local personnel ⇒ Ratio of local personnel in top positions of local sites: 80% or more
- ② Reducing coordinators ⇒ Relocation to new fields/operations leading to the Interior Space Creator



- ◆ To secure the personnel necessary for new fields and new operations in line with our business strategies, we are working to improve our organizational capabilities.
- ◆ We have a distinctive feature of having many overseas entities. As a result of the efforts to develop overseas local human resources, 40% of the top positions of overseas sites have been taken by local personnel. We are planning to accelerate this trend and raise the ratio of local personnel to over 80% by 2030.
- ◆ At the same time, about 200 Japanese coordinators who are currently assigned to support local members will be relocated to different positions leading to the Interior Space Creator. This will lead to a reduction of over 5 billion yen in labor costs overseas.
- ◆ Specifically, by assigning some of them to projects in which they use their high language ability to acquire new overseas customers or leveraging coordinator personnel to promote transfer of members with DX knowledge, we will proceed with both direct and indirect personnel shift to new fields and new operations.
- ◆ Through these initiatives, we will make efficient entry into new fields.

# Creating an organization and culture

## Improving “Well-being” of members and creating a culture that makes everyone feel “I like Toyota Boshoku” around the world

Listen to real voices of employees, reflect them in improving human resource systems/measures, and thereby create a workplace where members can work with enthusiasm

- 1 Promote D&I to activate innovation ⇒ Become a company where all members, including women, senior, young, and disabled, can play active roles
- 2 Become a real global company capable of responding to needs of affiliates both in Japan and overseas

<sup>energy</sup>  
**ENRG Activity**  
(Employee, Network, Resource, Group)

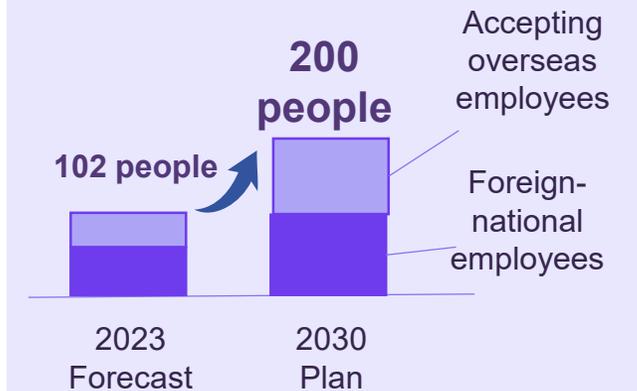
### 100-Member Committee

100 members from Toyota Boshoku and overseas/domestic sites consult on human resources strategies and measures

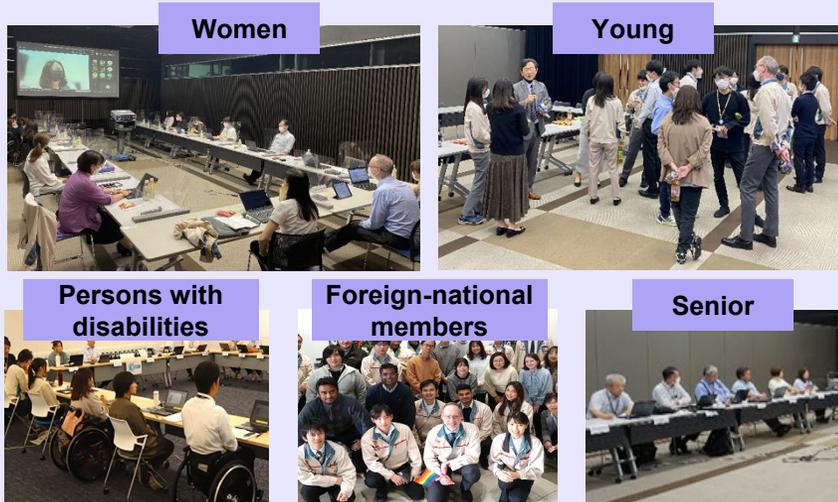


### In-house globalization

Accepting overseas members in Japan and establishing an environment for an increase in foreign-national employees



Groups by attribute, such as women and senior, give proposals to top management



- ◆ To ensure the diversity of members, we are promoting activities to create a workplace culture.

- ◆ The first is the activity to promote diversity & inclusion to activate innovation.

Aiming to be a company where all members, including women, seniors, and those with disabilities, can play active roles, we have started the ENRG (Energy) Activity, in which members of different attribute groups are working to solve issues.

- ◆ The second is the activity toward becoming a real global company capable of responding to the needs of affiliates both in Japan and overseas.

- ◆ We started the “100-Member Committee,” in which opinions on human resources strategies and measures from a hundred members selected from different sites both in Japan and overseas were gathered and reflected on formulating better measures.

- ◆ To enhance the capabilities to adapt to the Toyota Boshoku’s globalization, we invite many overseas members who are the candidates for top positions of their sites to help them deeply understand the values of Toyota Boshoku, while actively promoting the enhancement of the language ability of the human resources in Japan.

- ◆ By reflecting the members’ real voices in our human resource systems and measures, we will improve the “Well-being” of members and push forward our innovation for creating a culture that makes everyone feel “I like Toyota Boshoku” around the world.

## 4. Targets of 2030 Mid-term Business Plan

A futuristic white and black Toyota Boshoku vehicle is shown on a city street. The vehicle has a sleek, boxy design with large windows and a prominent front grille. The text "TOYOTA BOSHOKU" is visible on the front of the vehicle. The background features modern buildings and a clear sky.

TOYOTA BOSHOKU

# Script

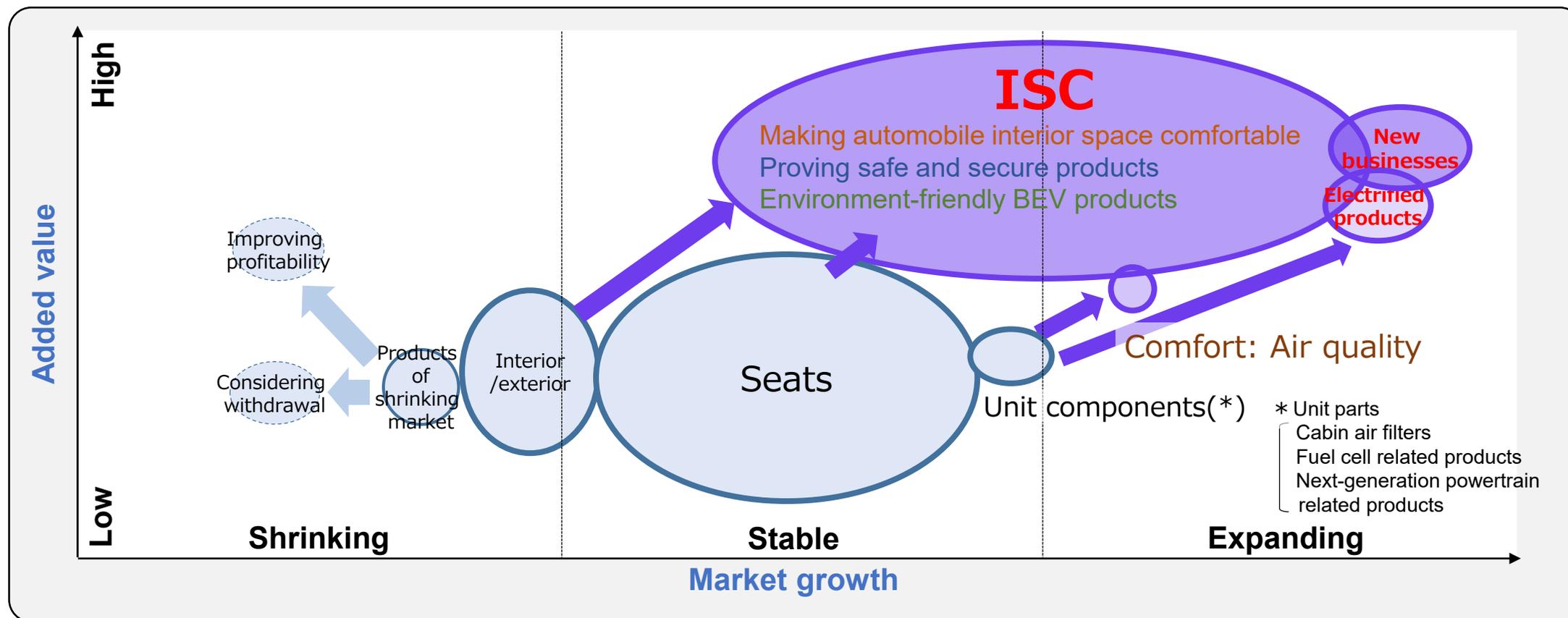
- ◆ Next, I will explain about the targets of the 2030 Mid-term Business Plan.

# Image of a Business Portfolio We Aim at

- ◆ Expanding added value beyond the classification of seats and interior/exterior components as the Interior Space Creator (ISC)
- ◆ Investing in growth fields such as electrified products and developing new businesses

Size of the circles: Scale of sales

Present 2030



# Script

- ◆ After the various efforts I have explained so far, we will revise our business portfolio in 2030 as shown here.  
While expanding added value as the Interior Space Creator beyond the classification of seats and interior/exterior components, we will invest our resources in electrified products, which is a growth field.  
For new businesses, we will also work to grow them into next-generation core businesses.
- ◆ Furthermore, after examining growth potential, profitability and capital costs, we will identify non-profitable businesses and implement thorough measures to improve their profitability, or eventually consider withdrawal from them.

# Financial Targets

**Revenue: 2,200 billion yen**  
**Operating profit: 150 billion yen**  
**Operating profit ratio: 7%**

**While maintaining a share in the Toyota business, expand non-Toyota sales and create/acquire new businesses to achieve revenue that exceed the market growth**

**Equity ratio\* : around 50%**

\* Ratio of equity attributable to owners of the parent company

**Enhance financial foundation while considering capital efficiency through increasing transactions with new customers and creating new businesses with the consideration of CVC**

**DOE\*: 3% or more**  
**(Dividend payout ratio around 30% is considered)**

\* Dividend on equity ratio

**Since net profit may significantly fluctuate due to external environmental changes, DOE is introduced in accordance with the policy of keeping long-term sustainable dividends**  
(The 2025 Mid-term Business Plan's target of ROE 10% or more is expected to be achieved.)

# Script

- ◆ As I explained earlier, we set the figures shown as our financial targets.
- ◆ For revenue, by enhancing competitiveness, expanding business fields, and creating new businesses through the initiatives I have explained so far, we will achieve an improvement in revenue exceeding the market growth.
- ◆ We will also work to expand transactions with new customers and alliances, while enhancing financial foundation taking capital efficiency into consideration.
- ◆ Regarding shareholder returns, to avoid the influence of profit, which may significantly fluctuate due to external environmental changes, we have introduced DOE as a new indicator with the aim of keeping long-term sustainable dividends.

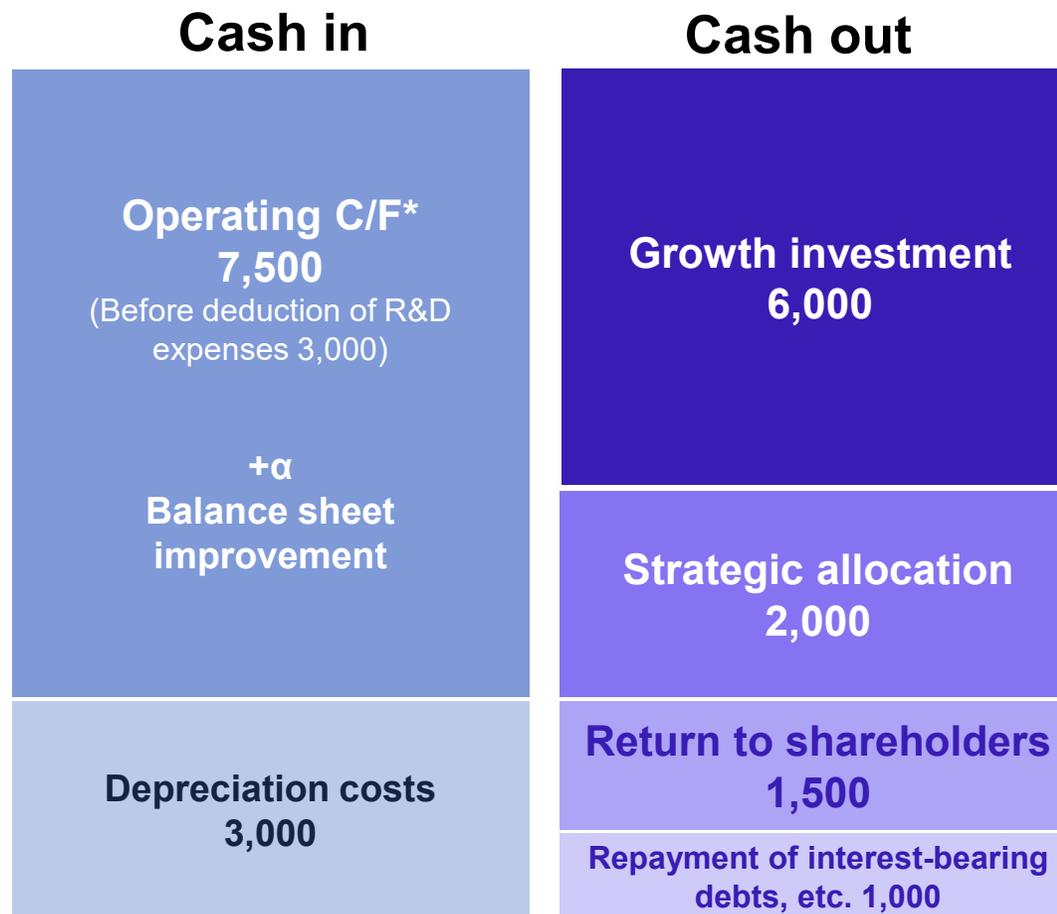
## Strategically allocate the created cash to growth investment, strengthening of management foundation, shareholder returns, etc. to achieve sustainable growth

(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 grow into the 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)

# Script

- ◆ Next, I would like to explain about our cash allocation toward 2030.  
The figures shown are the total amounts estimated for the five fiscal years from FY2027 to FY2031.
- ◆ For cash-in on the left side of the graph, we will work to maximize operating cash flow by carrying out the management strategies, as well as to improve the balance sheet.
- ◆ For cash-out on the right side of the graph, we will focus on growth investment, namely, the response to electrification, initiatives to become the Interior Space Creator, and creating new businesses. At the same time, we will accelerate initiatives to strengthen competitiveness, such as MONOZUKURI innovation and sales expansion activities.
- ◆ As for strategic allocation, we are considering establishing alliances and implementing additional shareholder returns.
- ◆ By strategically allocating the created cash, we aim to achieve sustainable growth.

# Non-financial Targets (ESG KPIs)

**Become a company which all our stakeholders feel an affinity and are able to say, “I like Toyota Boshoku”**

|                         | Major KPIs   | Targets for 2030  |
|-------------------------|--|---|
| <b>E</b><br>Environment | <ul style="list-style-type: none"> <li>❑ Production GHG emissions reduction ratio (total volume) <b>New</b></li> <li>❑ Scope 3 emissions reduction ratio (total volume) <b>New</b></li> <li>❑ Number of products developed taking recyclability into consideration <b>New</b></li> </ul>   | Down 50%<br>(compared to FY2020)<br>Down 30%<br>(compared to FY2020)<br>Under consideration |
| <b>S</b><br>Society     | <ul style="list-style-type: none"> <li>❑ Number of AI/IoT-based “people-friendly” advanced technologies installed <b>New</b></li> <li>❑ Ratio of people who take regular exercise (aged 40 or more) <b>New</b></li> <li>❑ Ratio of female managers <b>New</b></li> <li>❑ Ratio of local employees in presidents of overseas entities <b>New</b></li> </ul> | Under consideration<br>30%<br>5%<br>80%   |
| <b>G</b><br>Governance  | <ul style="list-style-type: none"> <li>❑ Degree of implementation of the Toyota Boshoku Group Guiding Principles</li> <li>❑ Number of serious cyber security incidents</li> </ul>  | 90%<br>0  |



**Realize  
“I like Toyota  
Boshoku”**

# Script

- ◆ Finally, I would like to explain about our non-financial targets, which indicate our social value.
- ◆ To become a company in which all of our stakeholders feel an affinity and are able to say, “I like Toyota Boshoku,” we set targets for 2030 as ESG KPIs.
- ◆ Regarding the environment, we set the Scope 3 reduction ratio and the number of products developed by taking recyclability into consideration as indicators.

For society, we set the number of technology applications for “people-friendly” production lines and the ratio of local employees in presidents of overseas entities as new indicators.

Governance is also very important as our management foundation, and we will work to solidify this through achieving the KPIs.



<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.

# Script

- ◆ This is the end of my explanation of the 2030 Mid-term Business Plan.
- ◆ I would like to ask for your continuous understanding and cooperation.
- ◆ Thank you very much for participating in this meeting.