

FY2022 (Year ending March 2022)
Mid-Term Business Briefing

Date: November 11, 2021



Reforestation Activities (China)



Reforestation Activities (Thai)



Reforestation Activities (France)

1. Measures against COVID-19

Continuation of business by proceeding measures against COVID-19

(1) Measures against the infection

◆ Workplace vaccination



[Subject]

- Employees (temporary employees)
- Assigned Employees to our company
- Affiliated companies (partial)
- Contractor employees

We continue our business without causing anxiety to the local community and our employees. It also led to an increase in labor productivity.

(2) Further Promotion of telework

① Improvement of IT infrastructure

- Increased network connectivity
- Improvement of the use of PC cameras

③ Active use of remote meetings

The case of the "Production Conference"

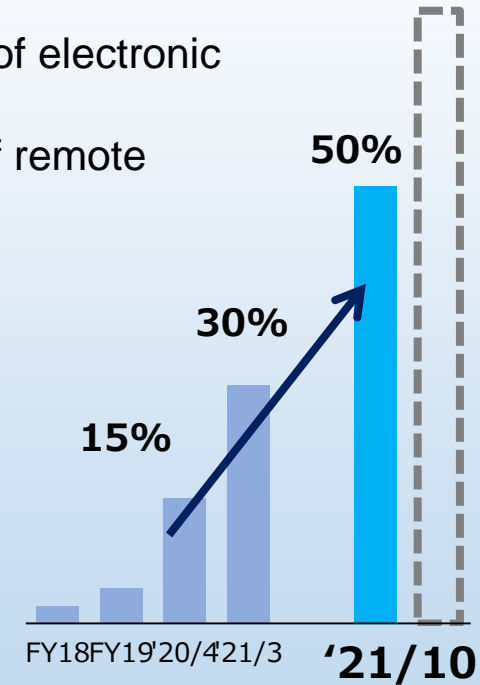


② Improvement of internal systems

- Introduction of electronic approvals
- Expansion of remote systems (e.g. CAD)

◆ Telework Rate (Administrative Employee)

Target 70%



1. Measures against COVID-19

Enable safe, free movement despite COVID-19

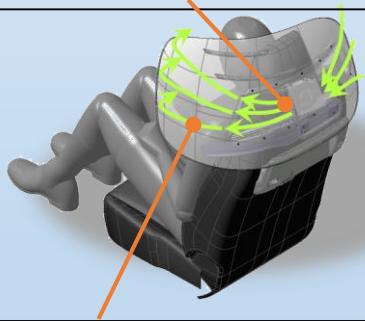
(1) Anti-droplet partitions (sales started in September)

Provide taxi drivers with a safe environment in COVID-19 pandemic

- Developed only in a year to quickly response to concerns of taxi drivers.
- Trial of the partitions was evaluated as “elimination of the fear” from the drivers

Supply Clean Air

Use of a high-performance filter



Purified air is supplied through the filter.

Example: Partitions in taxis



(2) UVC (deep ultraviolet) light-emitting device

Providing a safe environment for vehicles used by many and unspecified people, such as cars for car-share or rent-a-car services

- Development under way for a safe, user-friendly UVC device
- Optical design to effectively sterilize necessary places in the vehicle interior
- Aiming to start sales at the beginning of the next fiscal year

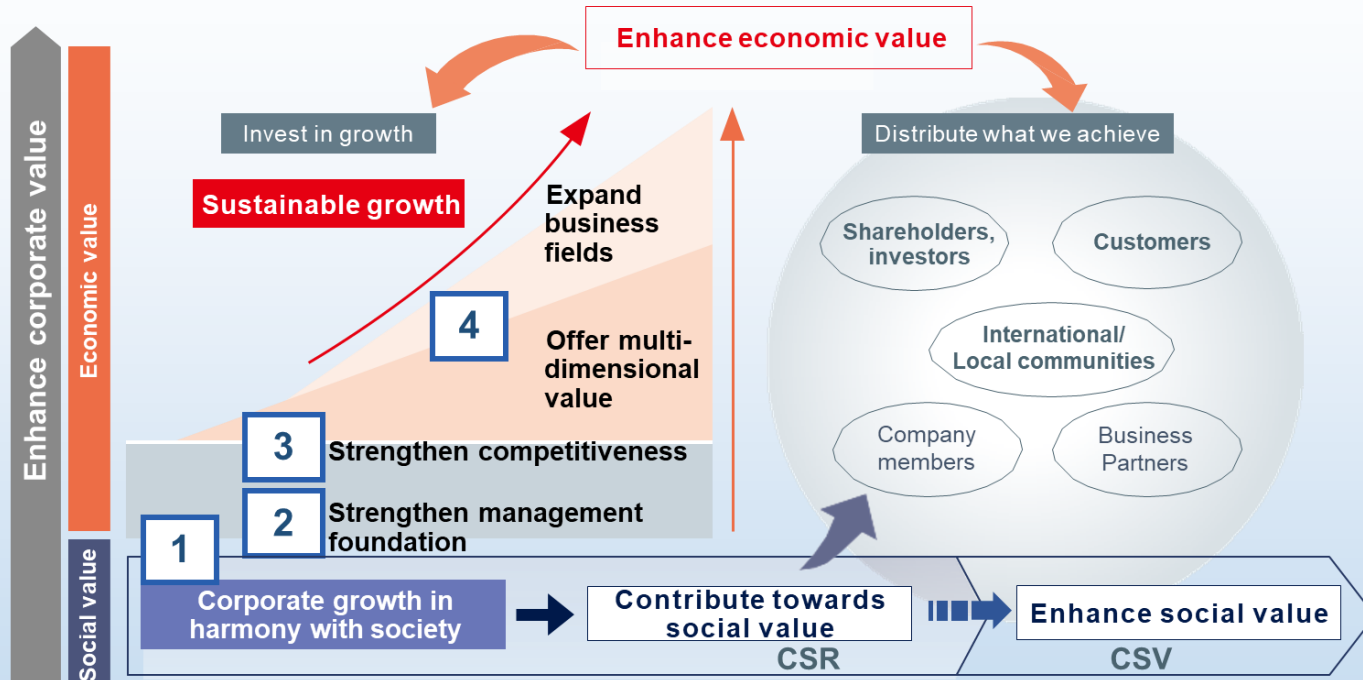
Safety design with a visual and auditory warning function and a human detection sensor



2. Summary of 2020 Business Plan

Actions toward enhancement of corporate value

[Sustainability Basic Policy]



For the world and for people, resolve social issues through our business operations.(Implementing CSV management)

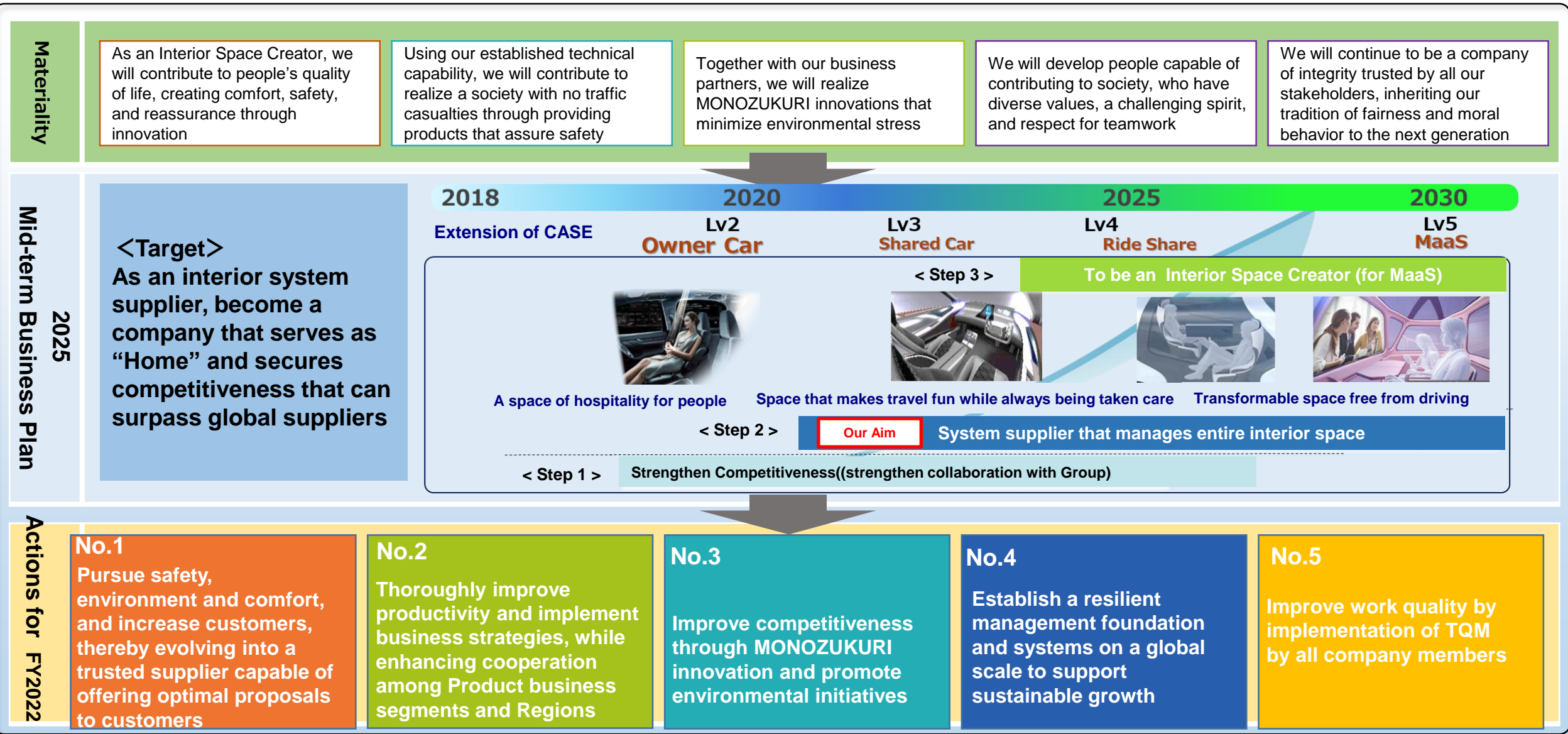
→ Fulfill the matters of materiality identified from the current issues and future social needs.

<Issues from 2020 Business Plan>

- 1** • Further promote ESG
 - Promote carbon neutrality, respect for human rights, etc.
- 2** • Create **management information infrastructure**
 - Further promote **vibrant workstyle innovation**
- 3** • Plan commercialization of **growth strategic items**
 - **Expand business fields**
 - **Promote digitization**
 - Utilize **global R&D**
 - Realize an **optimal production and supply system**
 - **Re-establish supply bases** to strengthen competitiveness
- 4** • **Establish mass-production technology** in response to market electrification

3. Concept of 2025 Mid-term Business Plan

Actions for FY2022 based on the 2025 Mid-term Business Plan



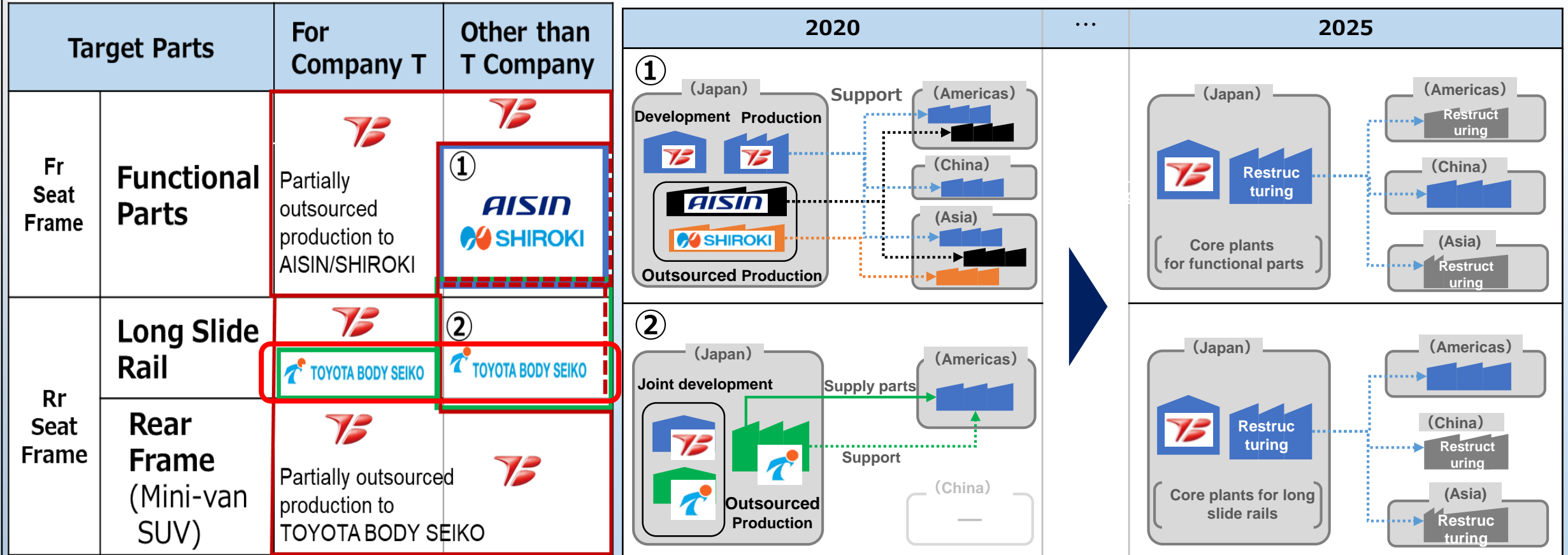
4. Actions for FY2022

Action No. 1

Seat frame parts business strategy

(1) Development (Enhance alliance)

(2) Production (①Fr frame (functional parts) ②Rr frame (long slide rail))



**By further strengthening the competitiveness of the seat frame business ,
We will expand our business, including the acquisition of other sales.**

4. Actions for FY2022

Action No. 1

Seat fabric and covers business strategy

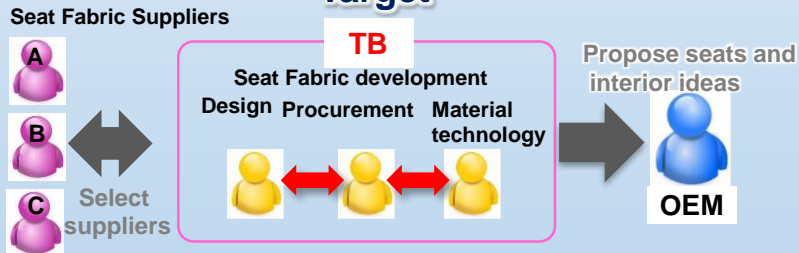
(1) Development

Design development and fabric development are separated, resulting in reworking several times until just before mass production



TB improved efficiency by conducting design and fabric Development simultaneously.

Target

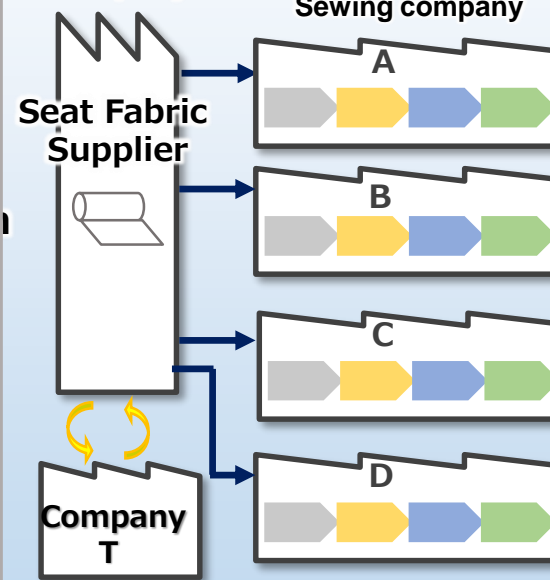


(2) Production



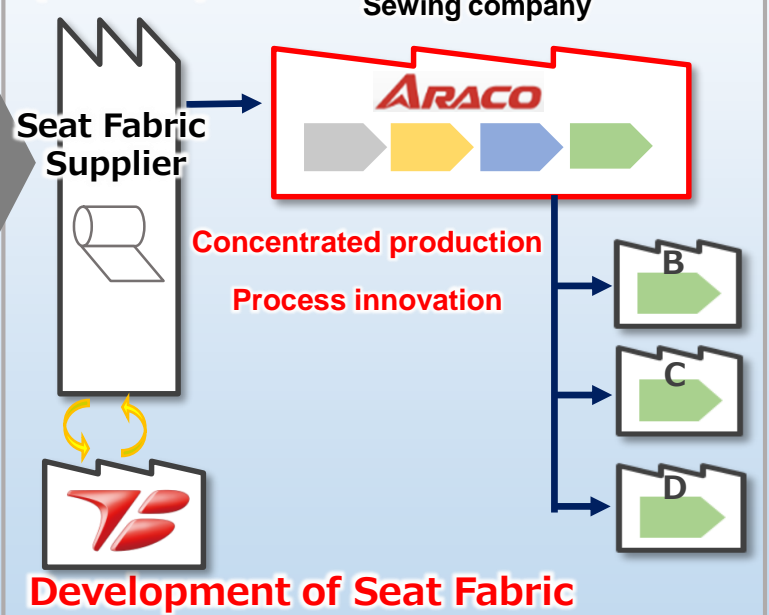
Now

Processes from fabric control to finishing sewing by each sewing company



Our desired status for FY2025

Concentrated production by integrating fabric control, cutting and piece sewing (from 2025)



Concentrate production by integrating fabric control, cutting and piece sewing

Realization of a sustainable seat fabric complex developed by TB

Promote development efficiency and centralized production to strengthen competitiveness of seat fabric and cover

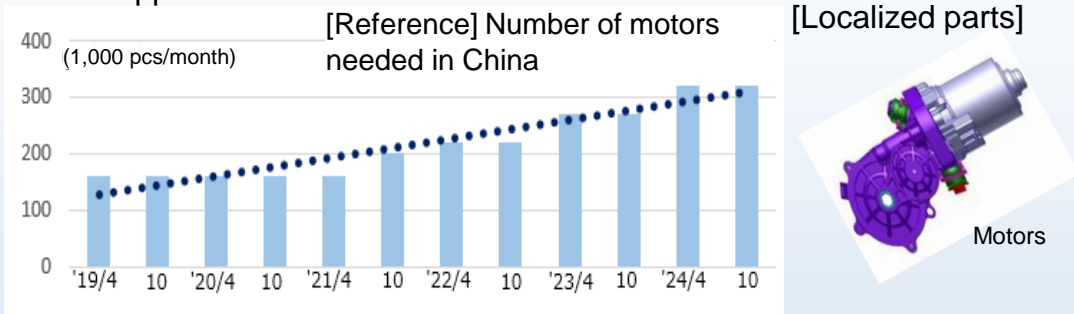
4. Actions for FY2022

Action No. 2

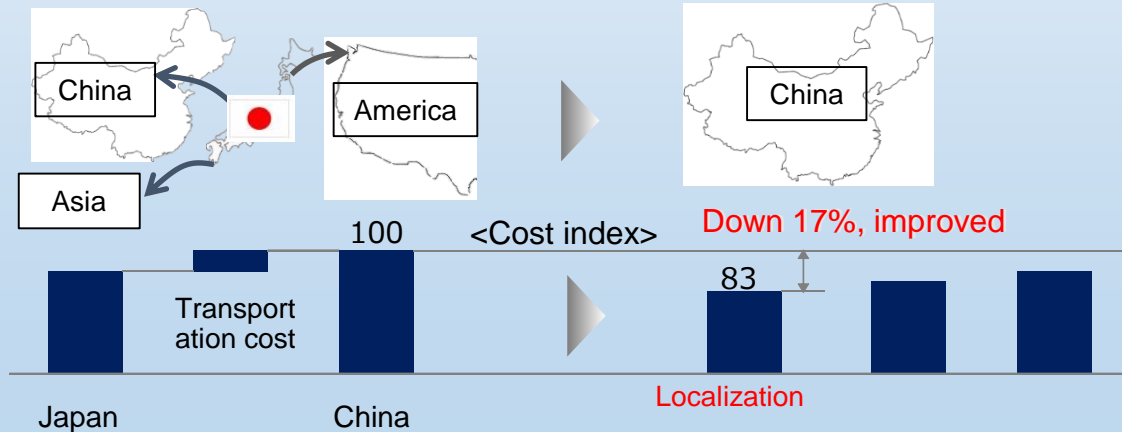
Completely local procurement

(1) Promote True localization in China

In preparation for production increase due to new orders received, promote activities to enhance price competitiveness by developing and introducing new local suppliers



[Current] Exporting from Japan to other countries **[After the activity]** Developing/introducing local suppliers in China



Further promote localization to achieve "local production for local consumption"

(2) Promote True localization in Asia

With localization of bolts (a safety part) achieved, localization of parts in Asia is expected to be completed soon.

[Localized parts]

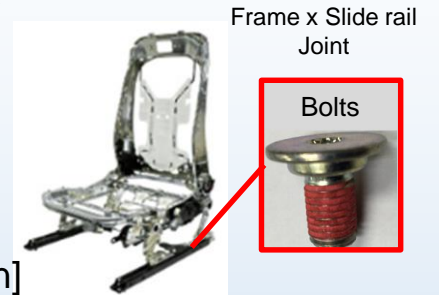
[Current]

Thailand : Importing from Taiwan
India : Importing from Japan



[Localization]

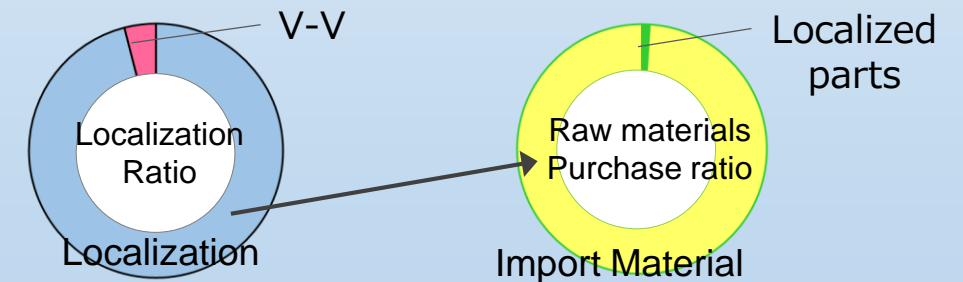
Thailand : 20% Reduction
India : 22% Reduction



<Problem recognized> In terms of raw materials, localization rate is 1%

(Seat Parts)

(Raw material of localization parts)



4. Actions for FY2022

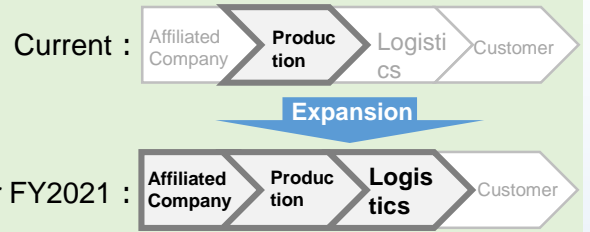
Action No. 3

Realize an optimal production and supply system (Japan and the Americas)

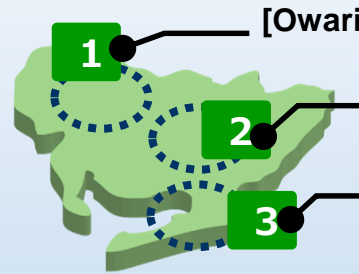
(1) Japan region

Expand framework for comprehensive restructuring throughout the supply chain

[Supply Chain and Scope of reorganization]

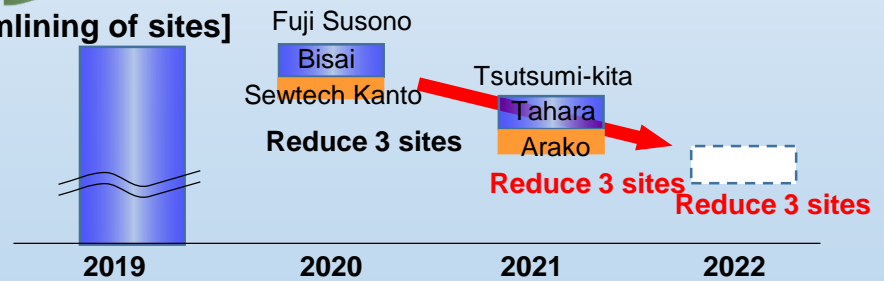


[Actions for priority 3 regions]



- [Owari region] Reallocate processes focusing mainly textile business
- [Toyota region] Concentrate production processes and integrate logistics
- [Toyohashi region] Production restructuring including affiliates

[Streamlining of sites]



(2) The Americas

Process restructuring started in Indiana, Illinois, and Kentucky

	Seat frames			Door trims		
	Press/Welding S/A	Welding S/A	Seat Assy	Middle Board	Upper Board (Vacuum forming)	Door Assy
Process						
Present	Tennessee region	Illinois region Indiana region		Kentucky region	Illinois region Indiana region	Indiana region
FY2022	Tennessee region	Illinois region Indiana region		Kentucky region	Illinois region	Kentucky region
FY2026 (Desired Status)	Tennessee region	Illinois region Indiana region		Kentucky region		Illinois region Kentucky region

For seat frames and door trims, start integration of processes from new models of SOP in 2023.

[Progress] Completed streamlining of 3 sites and merged logistics subsidiaries

[Effects of restructuring] (Effects of restructuring will be gradually created from FY2023)

[Effects of restructuring] Cost reduction of approx. 1,200 million yen/year

Consolidation and streamlining planned and in progress.

4. Actions for FY2022

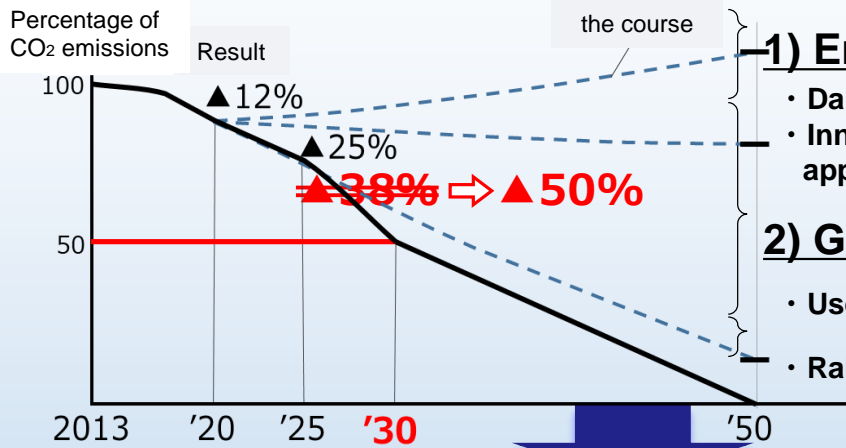
Action No. 3

Commitment to carbon neutrality

1. Toyota Boshoku 2050 zero CO₂ emissions challenge*

* Announced in 2016, from 2050 Environmental Vision

<Scopes 1 and 2>



1) Energy saving

- Daily improvement
- Innovative technology applications, etc.

2) Green energy

- Use of renewable energy
- Raising non-fossil rate in the electricity segment (Scopes 2)

2. Zero life cycle (LCA) CO₂ emissions challenge

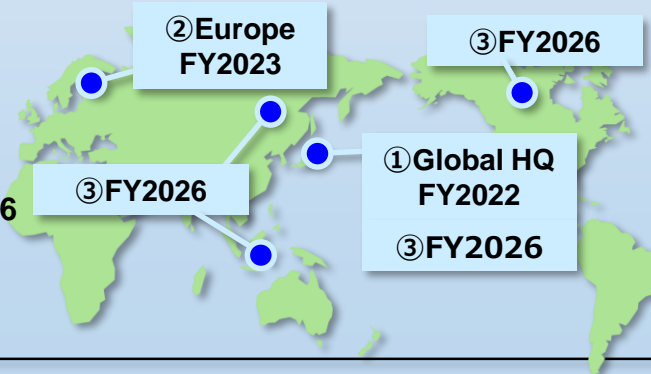
Scope 3 (Upstream)			Scopes 1 and 2	Scope 3 (Downstream)		
Raw materials	Suppliers	Logistics	Production	Logistics	Driving	Disposal/Recycling
(2) Technology development	(3) Collaboration	Joint	Joint	Joint	Joint	(2) Technology development

Expansion of scope from scope 1 and 2 to upstream and downstream of scope 3

Strengthen cooperation with OEMs, industry groups and government

Green energy <100% renewable energy electricity>

- ① Global
Headquarters: Implemented within FY2022
- ② All sites in Europe:
Planned to be implemented within FY2023
- ③ Other Regions: Promote gradually by FY2026



Tackling Scope 3

- (1) Standardize the range of LCA and the CO₂ calculation method
- (2) Tackle development of recyclable materials
- (3) Promote collaboration with suppliers in energy conservation activities

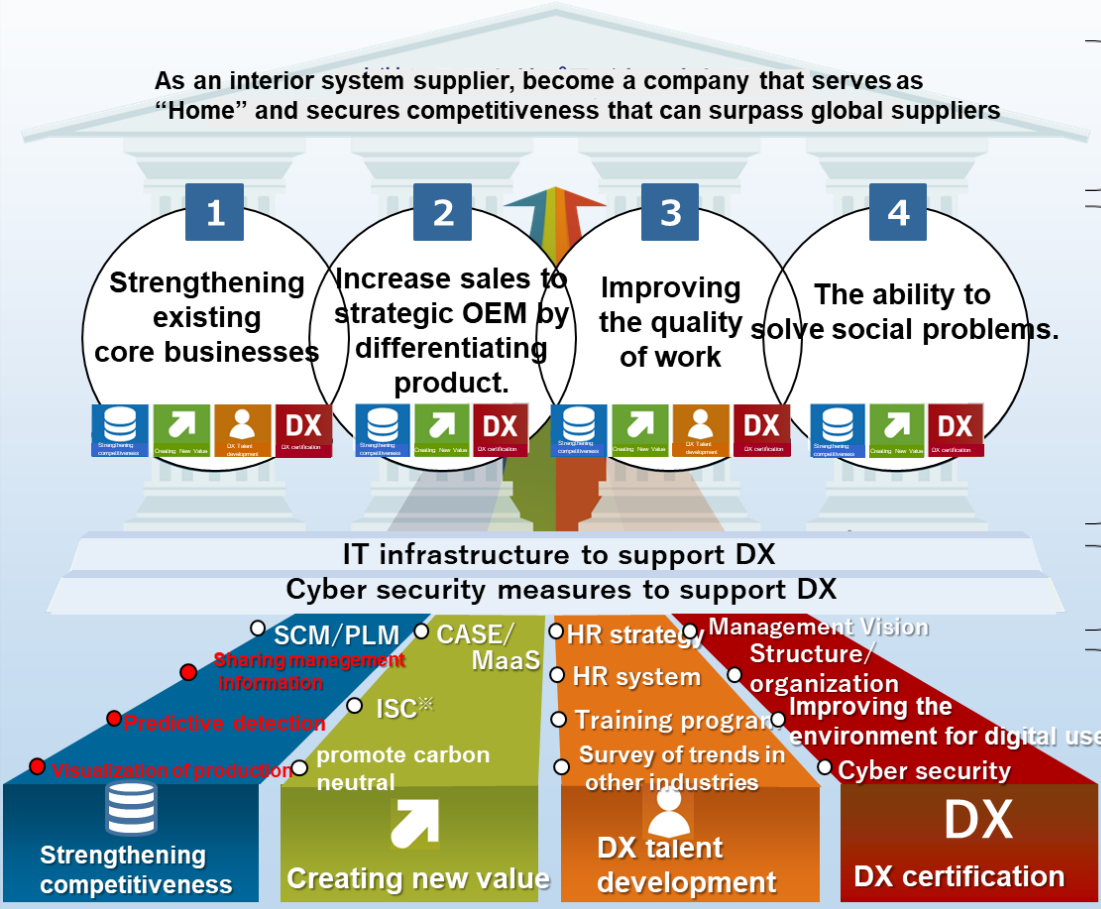
4. Actions for FY2022

Action No.3

Action No.4

Use of DX (Build management information infrastructure Manufacturing information cooperation)

(1) TB's BX strategy (Public Schedule September 2021)



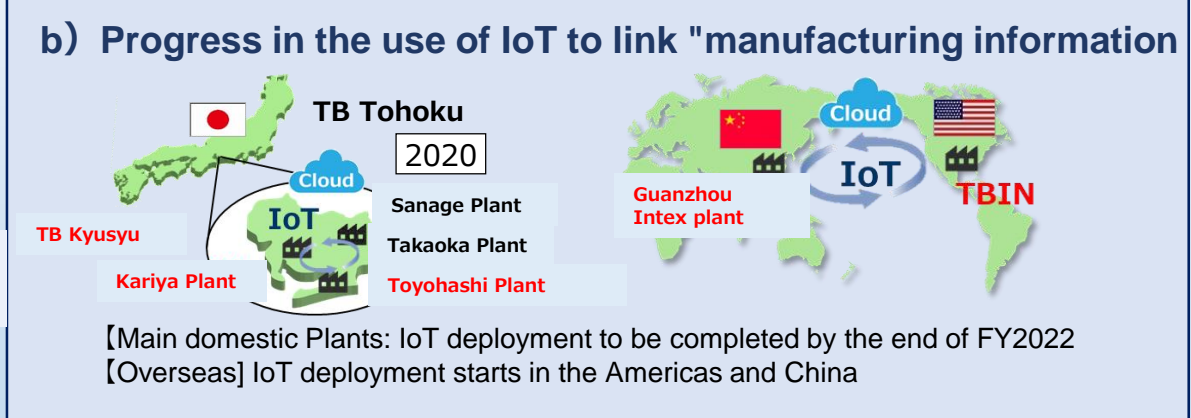
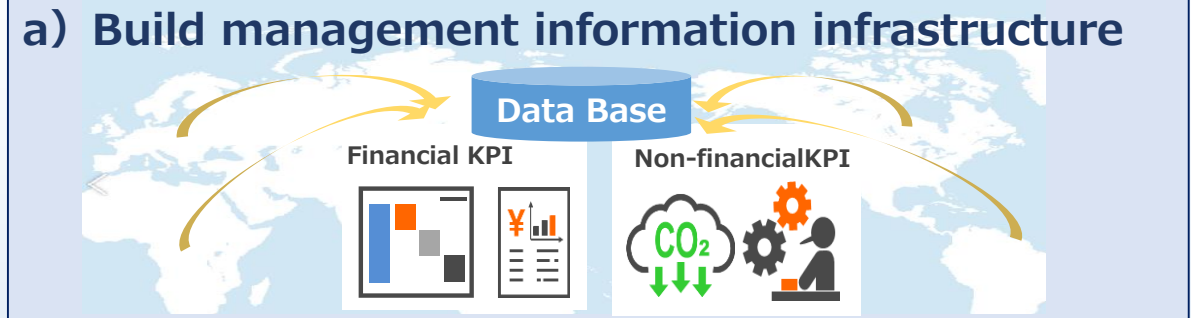
Our desired status for FY2026

Outline of mid-term business plan

Base Activity

Activities to work on

(2) Management Actions/Accelerated improvement cycle



(※ISC : Interior Space Creator)

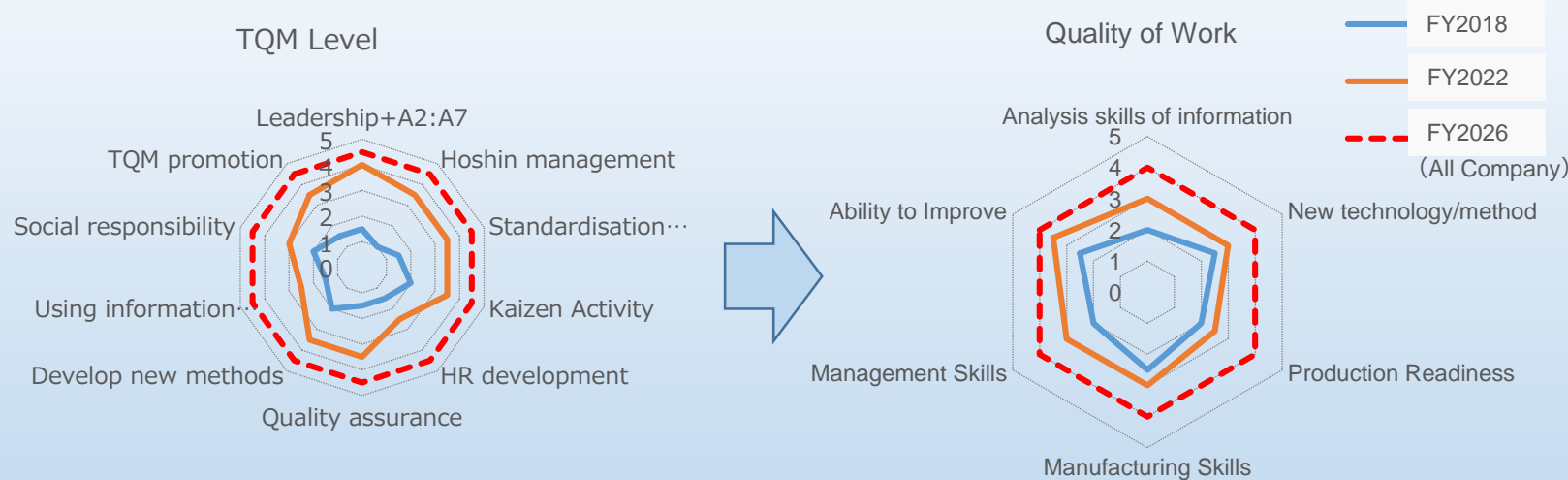
4. Actions for FY2022

Action No. 5

Improve work quality by implementation of TQM by all employees

(1) Promote autonomous TQM through efforts to win the Deming Prize

Kariya Plant, Unit Components Production Engineering Center won the FY2022 Deming Prize



*TQM (Total Quality Management)

To maintain the flexible and resilient corporate structure,

Based on the Corporate Philosophy of "total participation," "customer first," and "continuous *kaizen*," aim to improve work quality by enhancing capabilities of "people," "organization," and "process."

Became able to systematically carry out TQM-based activities, resulting in improvement in the TQM level and work quality

Measures to improve work quality learned from TQM practice by Kariya Plant and Unit Components Production Engineering Center are being deployed throughout the company

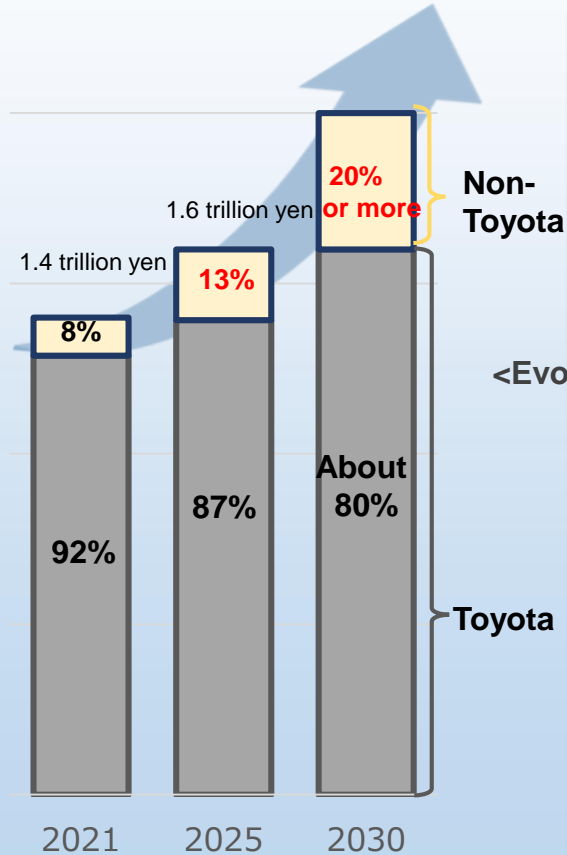
5. Actions in 2025 Mid-term Business Plan

Expand sales for strategic OEMs

Position Toyota alliance manufacturers as strategic OEMs and promote activities to obtain orders from them

<Revenue target>

<Activity examples>



[Case 1] Company A, a global OEM

[Case 2] Company B, a Japan-based OEM

Obtain orders for global models, to become a major supplier

In expanding market areas, obtain orders by taking advantage of high value-added technologies (considering also collaboration with existing suppliers)

<Evolve into a supplier that is trusted and relied on>

<Offer more high value-added products>

<Step 3>



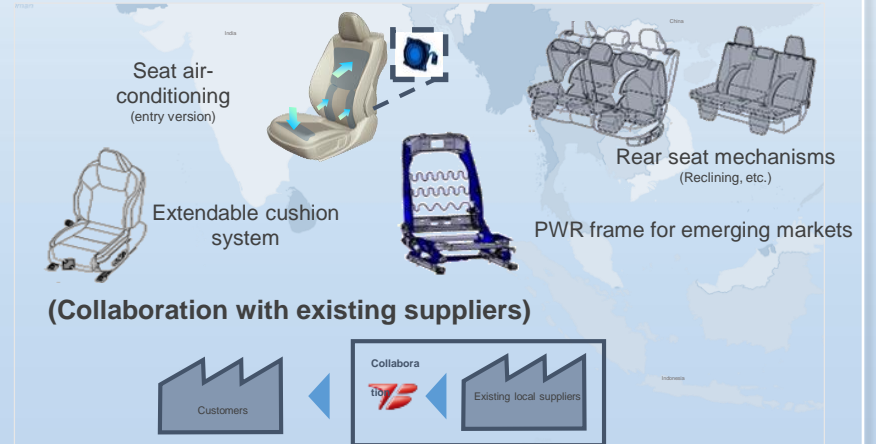
Become a major supplier
Interior space creator

<Step 2> Others 70%

Obtain orders for global models
System supplier that manages entire interior space

<Step 1>

Participate in advanced development
Enhancement of advanced development



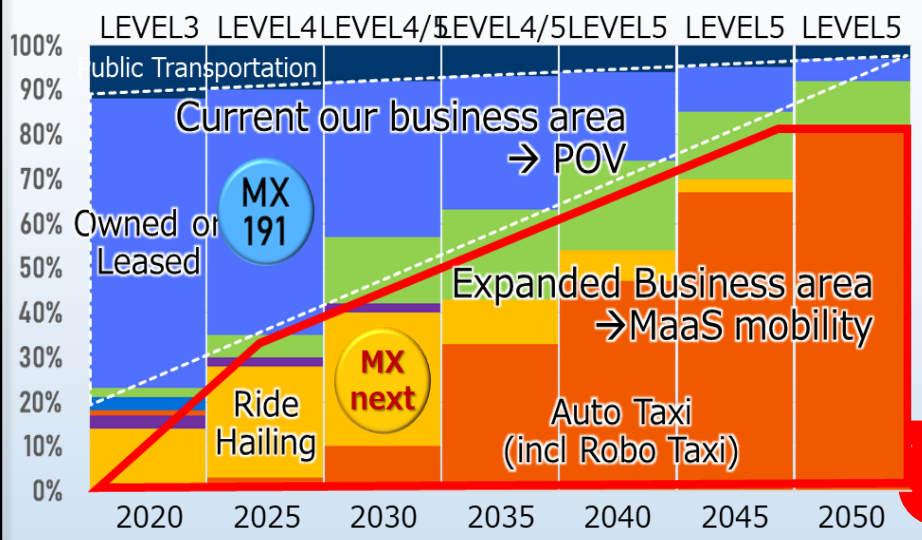
Secure competitiveness that can surpass competitors around the world

Expansion in growth markets, expansion through collaborations

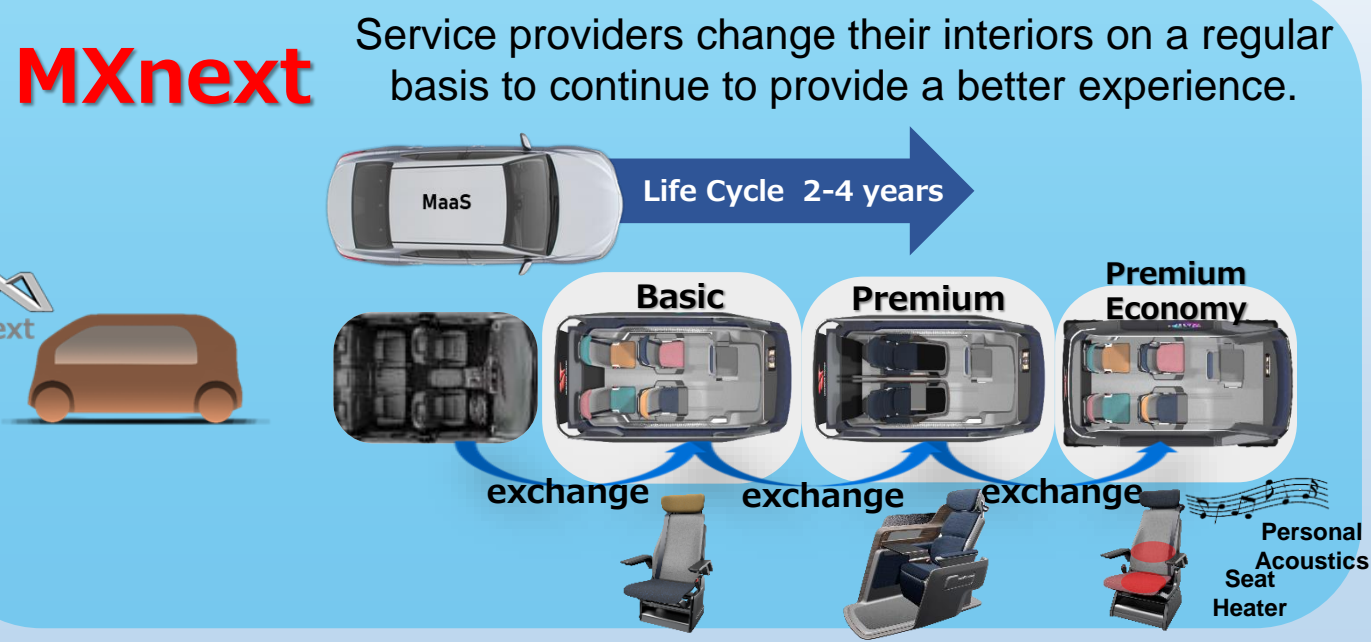
5. Actions in 2025 Mid-term Business Plan

Actions for Interior Space Creators (MX next)

(1) Business expansion: New business models expected in the ride-sharing market



Even if the ratio of owned cars decrease, Interior demand for shared cars is expected to grow



5. Actions in 2025 Mid-term Business Plan

FY2022 full-year forecasts and 2025 Mid-term Management Plan targets

Financial targets

(100 million yen)

	2020 Business Plan targets	FY2022 full-year forecasts	2020 Compared to Business Plan target	FY2026 management targets
Revenue	14,000	14,000	○	16,000 + α
Operating profit	700	720	○	1,000 + α
Operating profit margin	5.0% or higher	5.1%	○	6-7%
ROE	10% or higher	13.3%	○	10% or higher
Equity ratio	Around 40%	41.3%	○	Around 40%
Net asset	4,000	4,060	○	4,000
Dividend payout ratio	Around 30%	25.4%	△	Around 30%
Capital investment	—	500	—	(FY22 to 26 total) 2,500+α
R&D costs	—	420	—	(FY22 to 26 total) 2,000+α

Review
scheduled

Despite risks of further production reduction and soaring materials costs, we maintain the initially released figures through company-wide profit-earning efforts.

5. Actions in 2025 Mid-term Business Plan

Accelerate ESG activities, including formulation of basic policies on environmental response, human rights, etc.

Promote ESG Activity

(1) E <Environment>

2025 Environmental Action Plan

We have formulated a five-year "Environmental Action Plan," to achieve the 2021 target.

<Examples of activities>

1) Reforestation activities: Challenge to plant 1.32 million trees by 2030

21-year annual target : 54,000 trees → 21-year performance : 26,000 trees (Plan to sell 30,000 units in the second half of the year)

2) Introduction of green energy

We plan to sequentially install a total of approximately 4 megawatts of solar power generation equipment at Kariya, Sanage, Toyohashi North and South Plants, and Toyota Boshoku Shiga during fiscal 2009.

◇ Example of solar power generation equipment installation



Kariya Plant



Sanage Plant
Monodukuri Innovation Center



Takaoka Plant



Gifu Plant

(2) S <Society>

Human Rights Policy Formulation

In accordance with the UN Guiding Principles on Business and Human Rights, a human rights due diligence process has been introduced and policy is being formulated.

(3) G <Governance>

(1) Compliance with the revised Corporate Governance Code

- (1) Formulation of Basic Sustainability Policy
- (2) Compliance with TCFD
- (3) Formulate basic business portfolio policy

(2) Renewal of ESG KPIs (to be announced in the next IR)

Updating ESG KPIs to strengthen monitoring of ESG activities

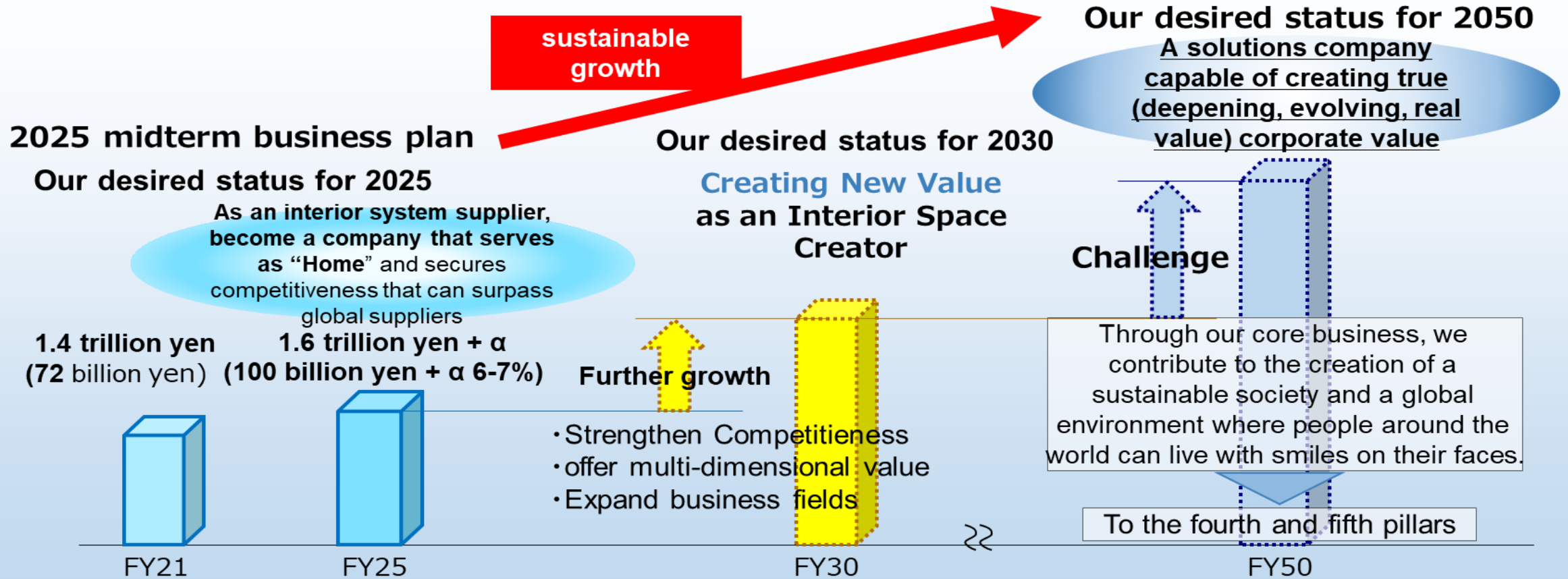
<Schedule until the Transition to the New Market Segmentation of TSE>

Nov	Dec	Jan,2021	Feb	Mar	Apr
	★ Submission of Corporate Governance Report ★ announcement of basic policies				★ Transition to TSE Prime Market

6. Our desired status for 2030

Towards 2030

Aiming to be a company that continues to be needed by society



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

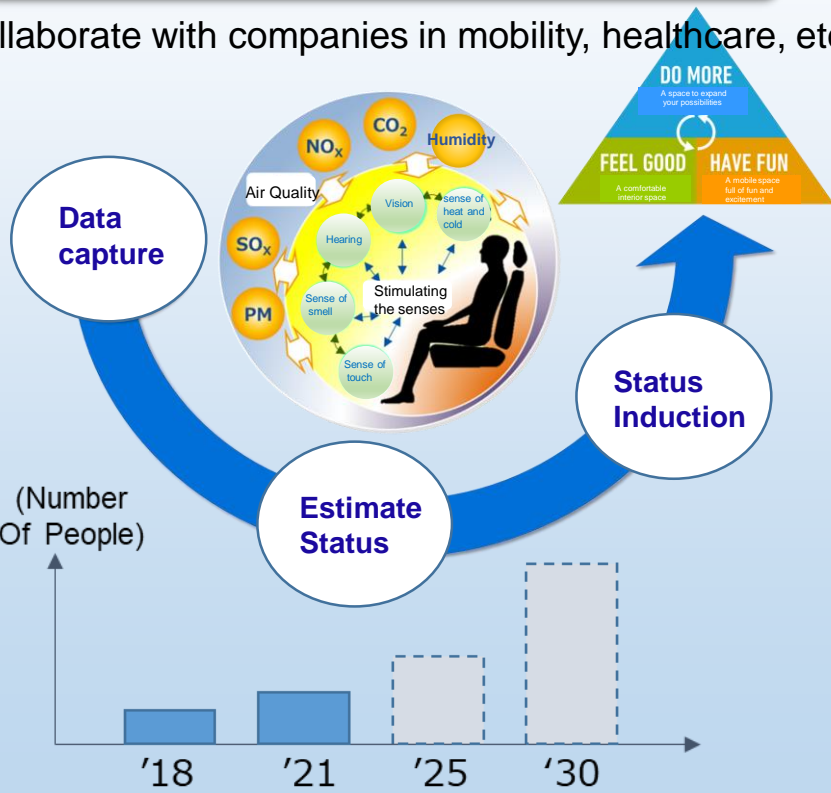
6. Our desired status for the 2030

Efforts to become a solutions company capable of creating true corporate value

Promoting advanced research and development in Tokyo for interior space creators.

Development of human-centered systems

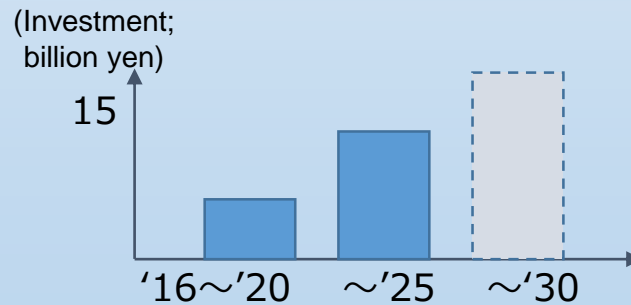
Collaborate with companies in mobility, healthcare, etc.



Open Innovation

Acquiring Human Resources

Antenna function



Creation of the fourth and fifth pillars

Venture Capital

Other Industries

Universities and other research institutions

Joint Research and Development / Mutual Dispatch of Human Resources

Beijing

Tokyo

Silicon Valley

BUSINESS INCUBATION DEPT

INTERIOR SPACE PLANNING & DEVELOPMENT

NEW VALUE CREATION CENTER

Human resource exchange with universities and research institutions in the Tokyo metropolitan area

Accelerating open innovation in Tokyo to produce the seeds for new growth

A New 100 Years of Working Together Open the door!



<Disclaimer>

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

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