

FY2026 (Year ended March 2026)

Business Briefing

May 22, 2026

Toyota Boshoku Corporation



Evaluation of business strategies

- Steady progress, including sales expansion for strategic OEMs
- For further growth, investments made in growth markets such as India and in-house production of seat device components (establishment of TBWK in the Americas)
- Although CASE/MaaS is progressing more slowly than expected, planning and development for entire mobility interior space were strengthened

Achievement of financial targets

(billion yen)

	FY2026 results	FY2026 Mid-term Plan	Achievement in FY2026
Revenue	2,037	1,600+α	○
Operating profit	53.9	100+α	×
Operating profit ratio	2.6%	6.0%-7.0%	×

Exchange rate

(USD: JPY151)

(USD: JPY105)

Introduction

Performance evaluation of the 2025 Medium-term Business Plan

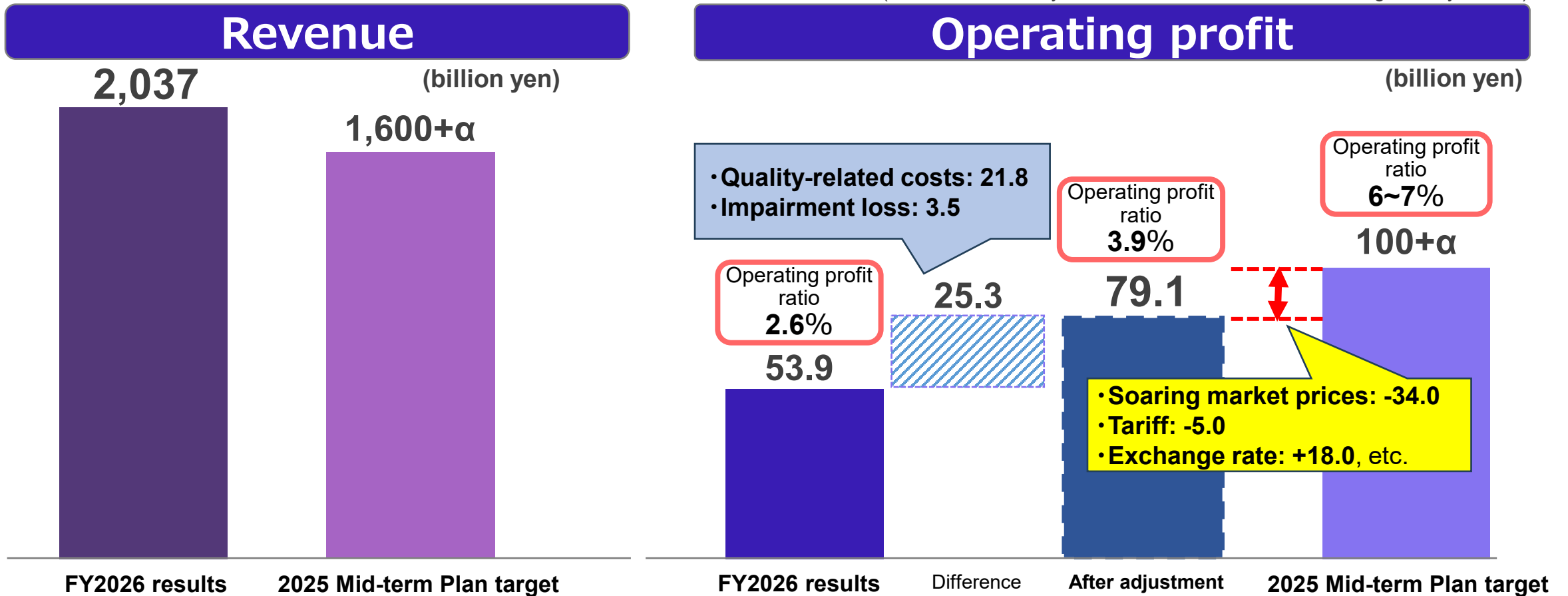
Revenue achieved the target, partly due to exchange rate effects and inflation (soaring market prices).

Operating profit clearly fell short of the target, with adjusted profit of 79.1 billion yen, mainly due to rapid inflation (soaring market prices).

It is necessary to

- (1) Achieve solid results from resource allocation to accelerate future growth, and
- (2) Further reduce costs to offset the impact of tariffs and soaring market prices.

(FY2026 result: 151 yen/USD; 2025 Medium-Term Plan Target: 105 yen/USD)



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 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 targets)

Introduction Growth strategy and profit vision

Aim to achieve our financial targets for 2030 through growth strategies toward becoming the Interior Space Creator



ISC revenue growth strategy for profits perspective (significant increase in added value)



* Double the value added per hour

FY2026 (Year ended March 2026) **Business Briefing**



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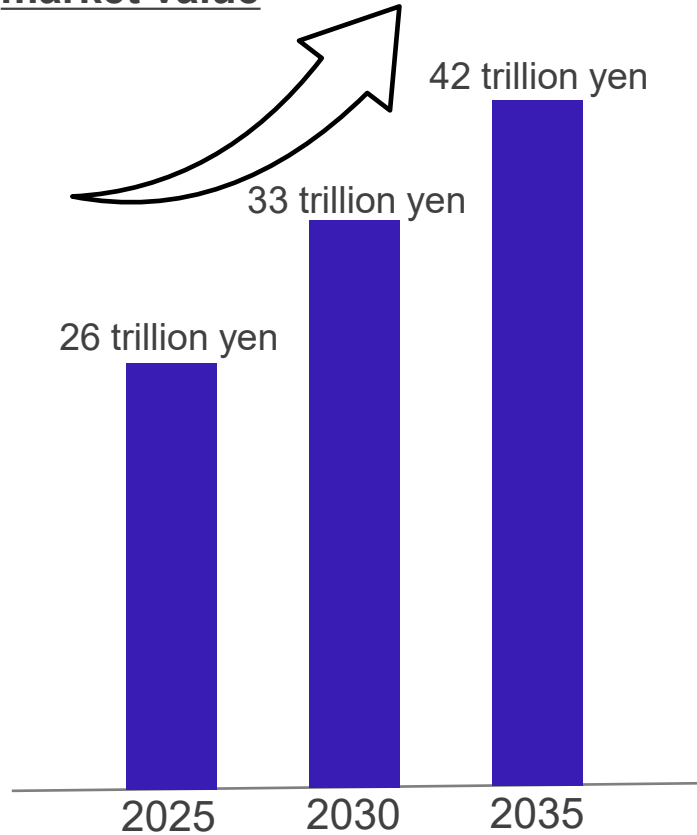
Toward becoming the Interior Space Creator

1. Growth strategies
2. Regional strategies
3. Financial strategies

1. Growth strategy toward ISC — Market environment —

Market environment

Forecast for the automotive interior market value



Source: Calculated in-house based on data from Future Market Insights, Inc. (Assumed exchange rate: 151 yen/USD)

Rising expectations for comfortable mobility interior space

Personalization and customization
Increasing demand



EVs and autonomous vehicles
Widespread adoption



Luxury and premium vehicle
Market growth



Advanced infotainment features



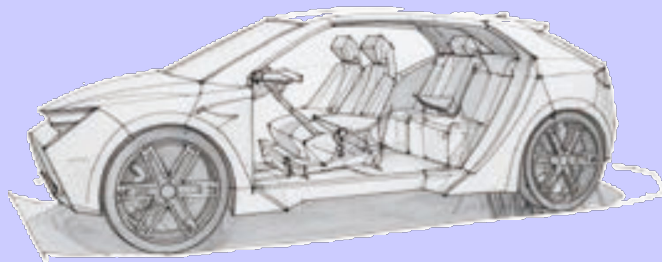
1. Growth strategy toward ISC — 2030 Target —

2030 Target

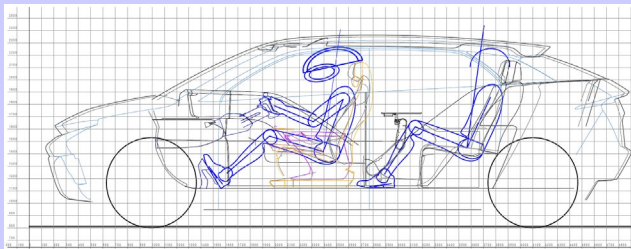
Become a company as the Interior Space Creator which contributes in solving social issues while expanding product range and customer base

What is the Interior Space Creator?

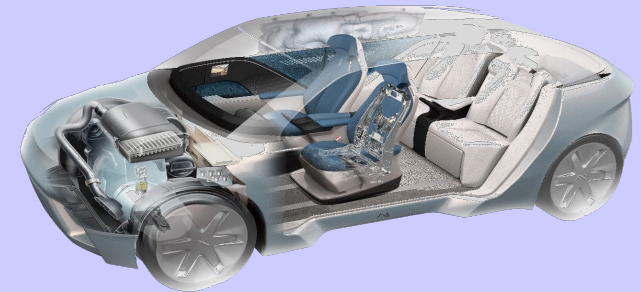
A company delivering new spatial value that exceeds customer expectations by possessing both planning and proposal capabilities for the entire mobility interior space and the R&D capabilities to realize them, and proposing seats and interiors as integrated systems from the vehicle planning stage.



Planning the entire mobility interior space from the customer's perspective



Designing seats and interiors with a human-centered approach, proposing them from the vehicle planning stage

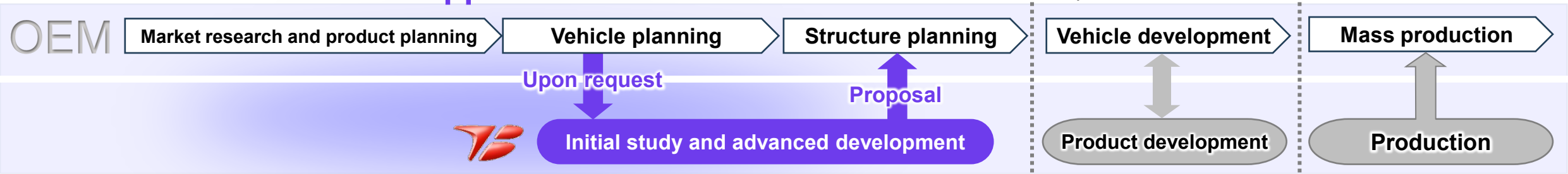


Developing and providing new space value as products and systems

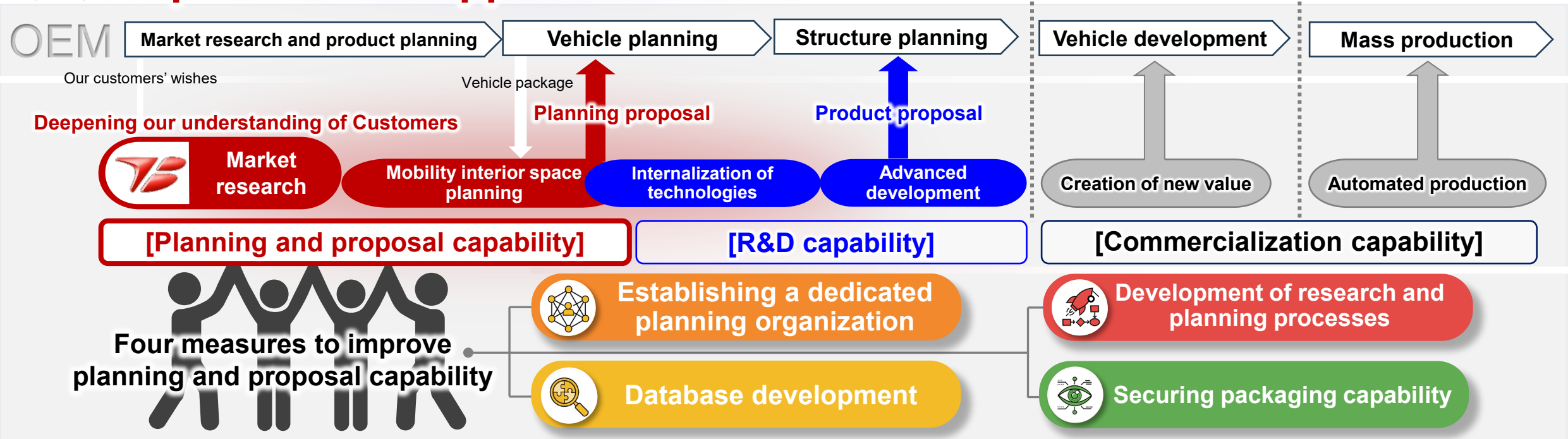
1. Growth strategy toward ISC — Establishing a new process for market research, planning, and proposals —

To deliver new value in interior spaces to customers, transform our process from "solution-based" to "proposal-based"

<Traditional> Solution-based approach



(ISC) Proposal-based approach



1. Growth strategy toward ISC — Specific actions required to realize ISC—

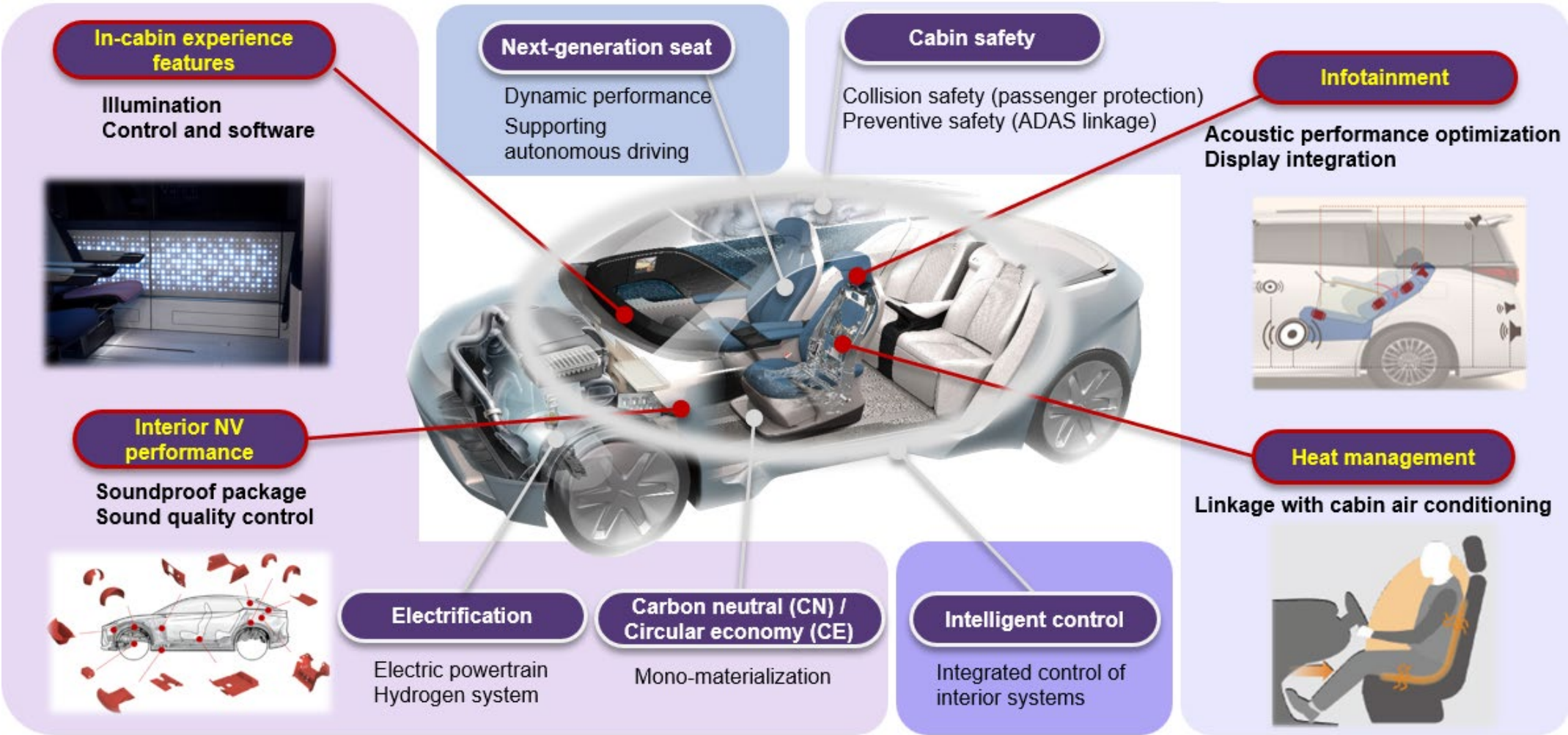
Promote the acquisition of technologies for sound, heat and light to create comfortable mobility interior spaces

Light

Sound
(Acoustics)

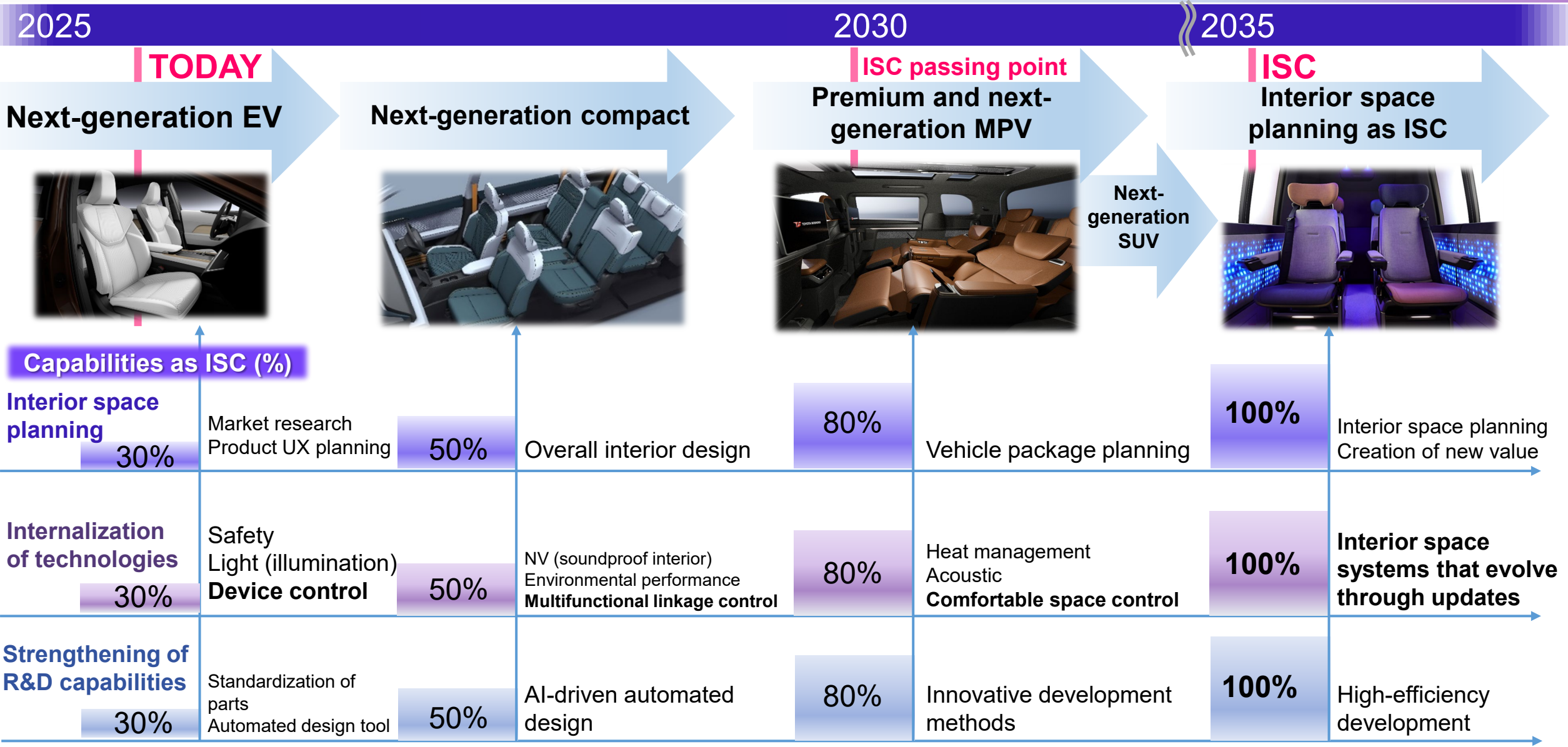
Sound
(NV)

Heat



*NV: Noise Vibration

1. Growth strategy toward ISC — Specific actions required to realize ISC—



1. Growth strategy toward ISC — Competitive advantages of Toyota Boshoku products —

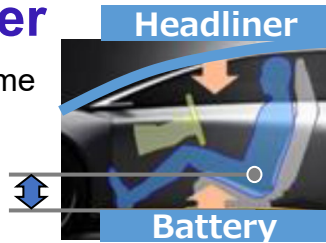
Product roadmap item

Next-generation seat

(1) Next-generation FR seat frame

1. Thinner

Cushion frame height (mm)



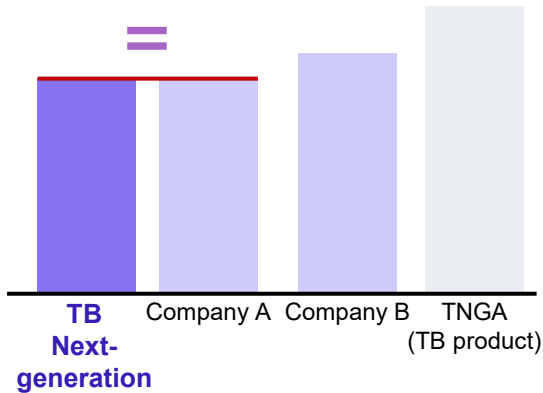
2. Lightweight

Seat frame mass (kg)

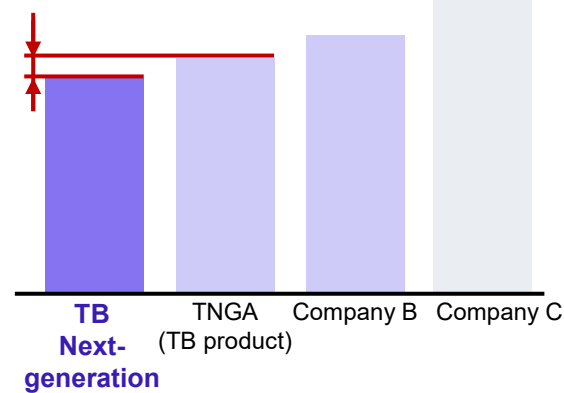


Ensuring a comfortable cabin space

Equivalent to the thinnest competitive product



5% lighter than the lightest product



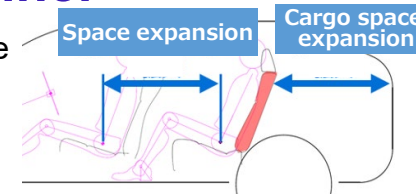
Product roadmap item

Next-generation seat

(2) Next-generation RR seat frame

1. Thinner

Back frame thickness (mm)



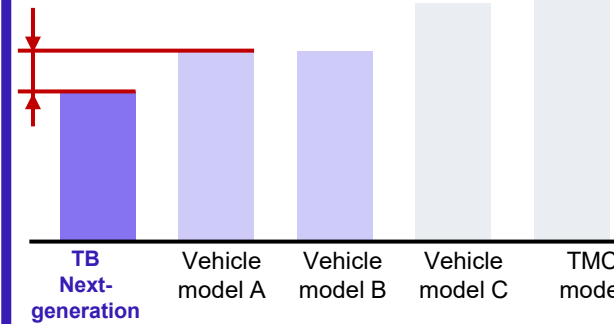
2. Lightweight

Back frame mass (kg)

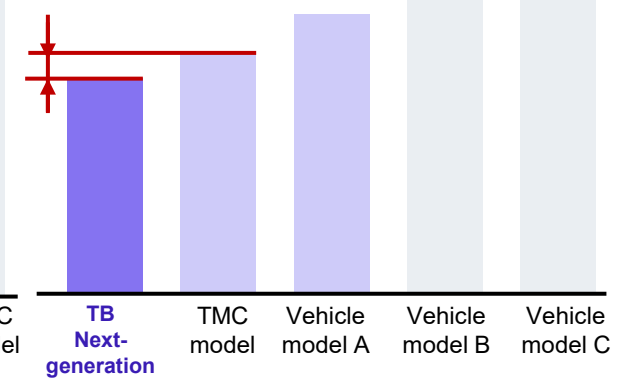


Effective use of cabin space

20% thinner than the thinnest competitive product



5% lighter than the lightest product



- 1) Improved seating posture and enhanced cabin space utilization through thinner design, and
- 2) improved fuel efficiency (electrification-related energy efficiency) through weight reduction

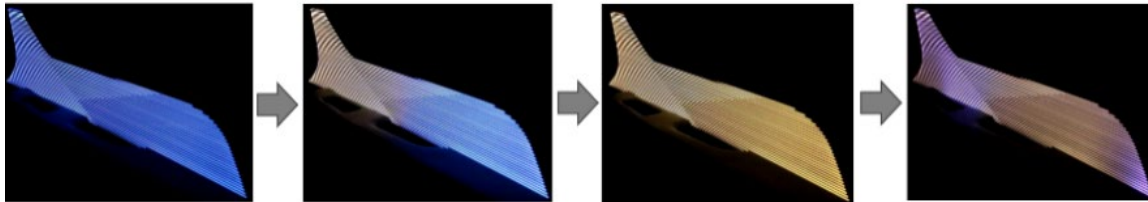
1. Growth strategy toward ISC — Cases of roadmap item adoption—

Product roadmap item

In-cabin experience features

(3) Illuminated door trim with uniform surface lighting

Light



Diverse animated expressions are possible.

Utilizing surface materials and light-transmission technology, this door trim enhances the cabin ambiance with lighting effects. It enables uniform large-area illumination and realize diverse animated lighting expressions.

Adopted in the LEXUS ES (overseas model)

Product roadmap item

Next-generation seat

CN·CE

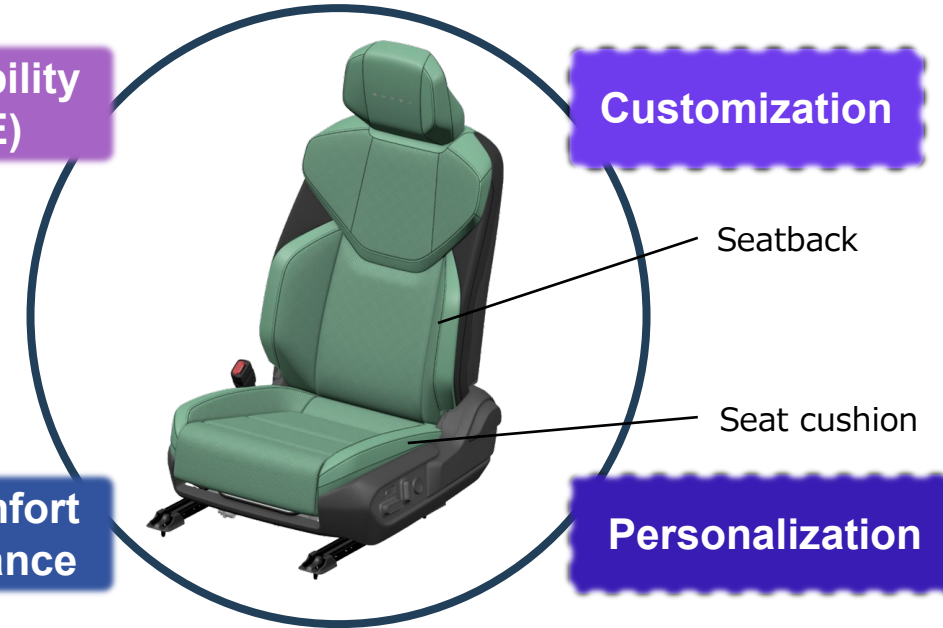
(4) “TBlocks”, a multifunctional block seat

Sustainability (CN/CE)

Customization

Ride comfort performance

Personalization



Customization: Users can arrange settings according to their preferences
Personalization: Providing comfort optimized for individual body types

Modularizing the seatback and seat cushion improves ride comfort performance and contributes to sustainability (CN/CE). Going forward, it will enable customization and personalization to further increase added value.

Adopted in the LEXUS ES (overseas model)

1. Growth strategy toward ISC — “TBlocks”, a multi-functional block seat—

Sustainability (CN/CE)

Each part recyclable

- Improved recyclability through easier disassembly
- Use of recycled resin materials for parts with no color requirements
- Reduced CO2 emissions (lower urethane usage)
- Improved recyclability through resin material standardization

Side part
Cushion part
Base resin
Urethane reduction area



Customization Personalization

- Design flexibility through combinations
- Flexible customization of colors, surfaces, and decorative elements*
- Customizable functions (heater, ventilation, stain-resistant surfaces)
- Personalization to suit individual body types and preferences

Ride comfort performance

- Improved ride comfort performance

Modularizing the main and side sections enhances body support, comfort, and driving stability.

Improved side support during lateral G-forces

Low-density urethane Passenger Lateral G Low-density urethane
Base resin Side section Main section Side section
Body movement
Body pressure

1. Growth strategy toward ISC — Cases of roadmap item expansion—

Product roadmap item

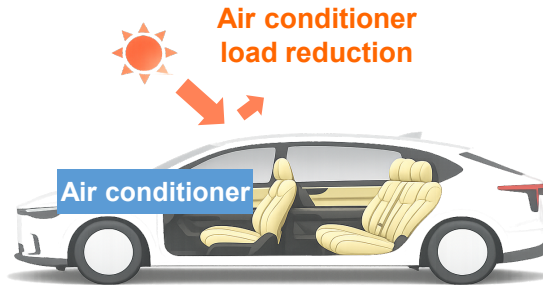
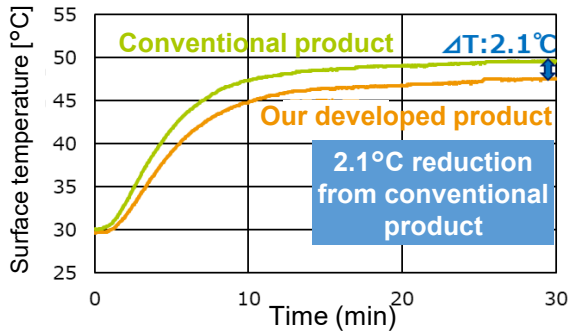
Heat management system

(5) Far-infrared reflective headliner

The headliner reflects far-infrared radiation and incorporates an electrostatic discharge function, contributing to:

1) reduced air-conditioning load and 2) improved drivability.

1) Headliner surface temperature under hot parking conditions



2)



Achieving a more natural driving feel

Adopted in: MIRAI, CROWN, bZ4X Touring, TRAILSEEKER

Product roadmap item

(6) Embroidered in-piece suspender



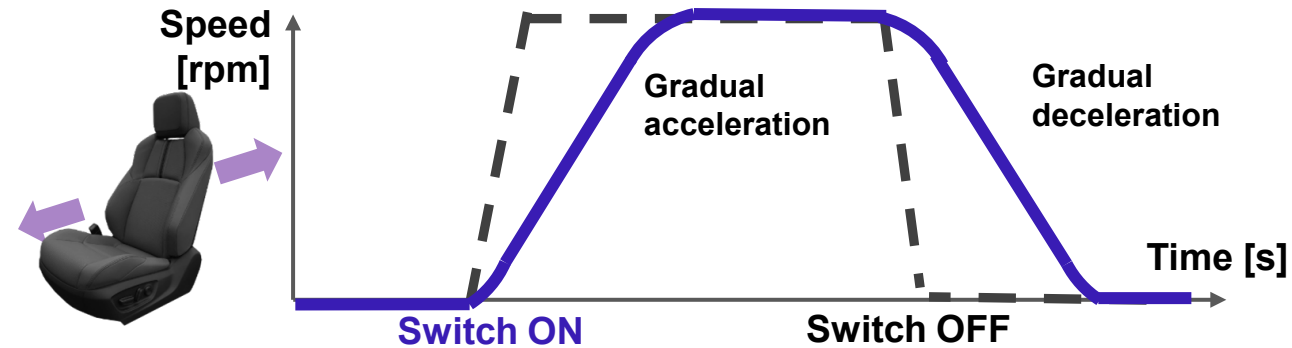
Three-dimensional embroidery decoration enables flexible design expressions.

Adopted in: RAV4

Product roadmap item

(7) Electric slide motion control algorithm

By controlling motor rotation speed, it reduces shock caused by conventional motor operation, improving comfort.

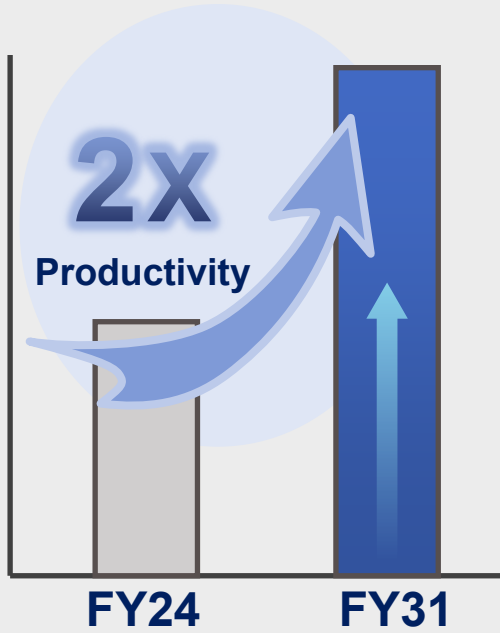


Adopted in: RAV4

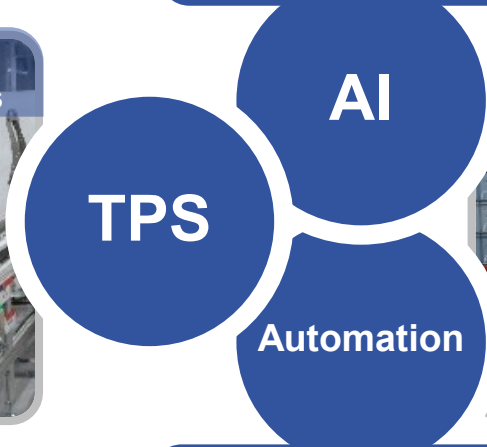
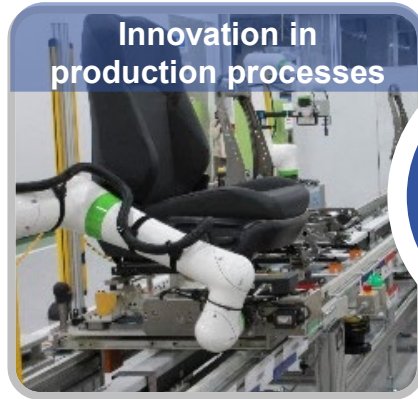
1. Growth strategy toward ISC — MONOZUKURI —

Value Time 2X

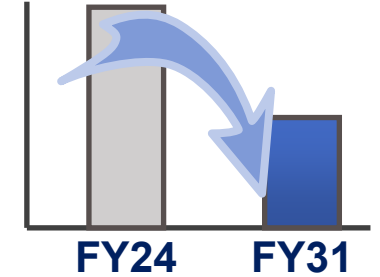
Maximizing added value per hour



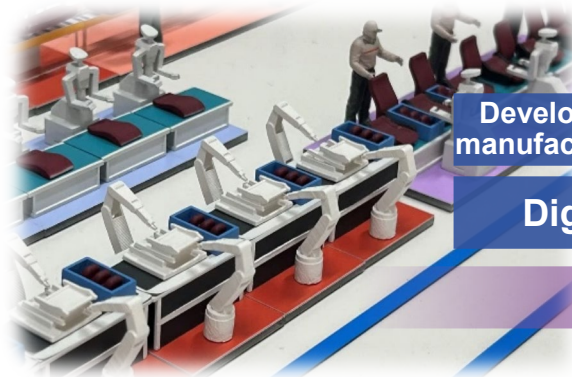
I. Creating additional capacity



On-site improvement and waste reduction



II. Creating new added value



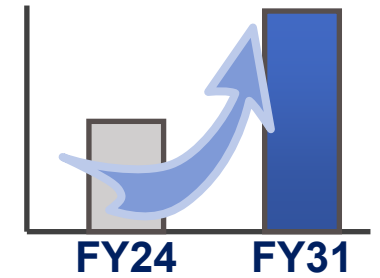
Digital twin

Digital twin

Interior Space Creator



Sales and profit expansion

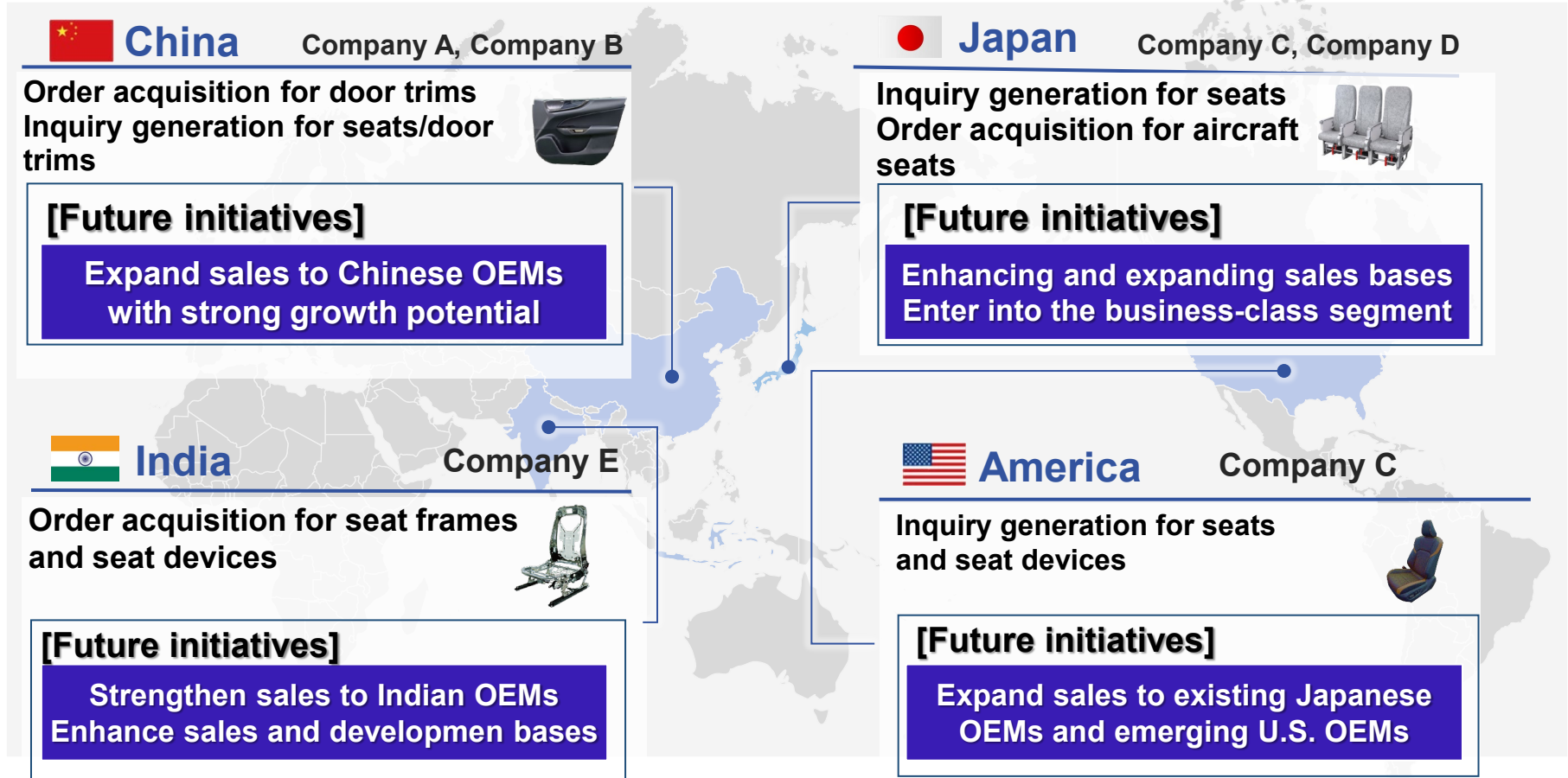
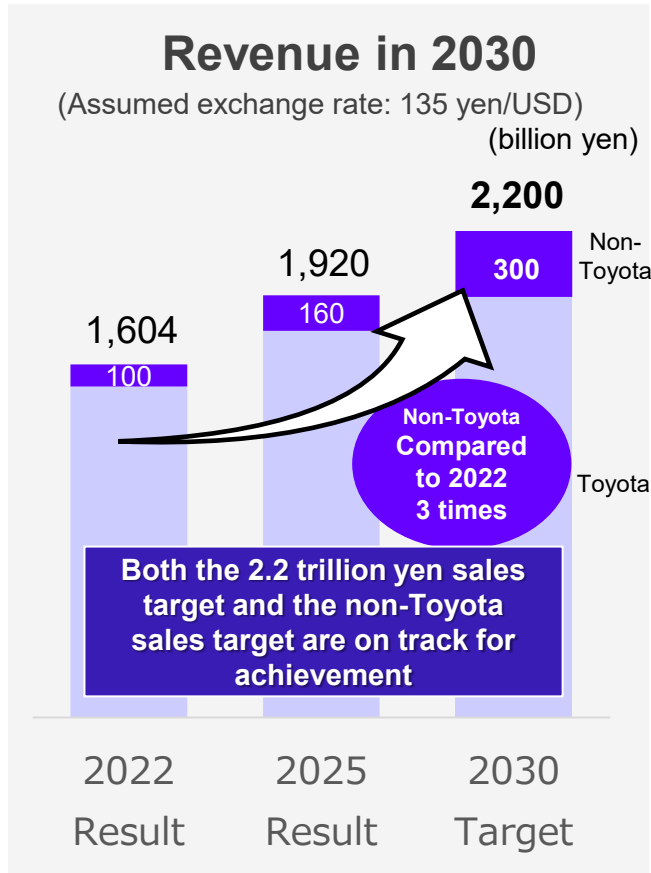


III. Achieving a competitive edge

Achieve “Value Time 2X” toward ISC and establish MONOZUKURI competitiveness that outperforms competitors

1. Growth strategy toward ISC — Strengthening sales capability and status of sales expansion —

Promoting order-taking activities with non-Toyota customers to achieve the 2030 targets



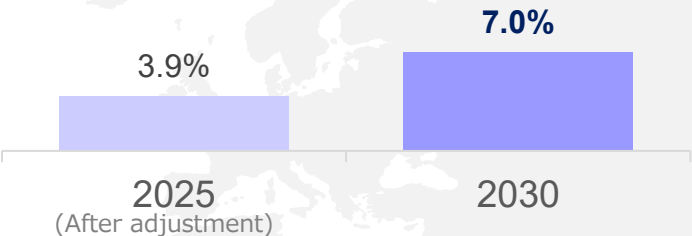
Continuous strengthening and advancement of initiatives in growth markets and new areas

2. Regional strategies toward ISC — Profit image by region —

Achieve the global targets of a 7% operating profit ratio and 150 billion yen in operating profit through initiatives tailored to region-specific environments and challenges

Global

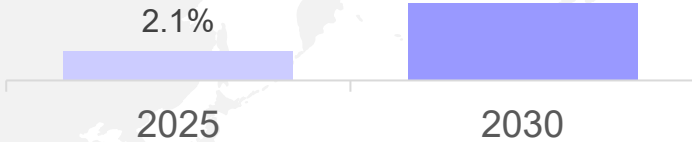
- Enhance Japan’s earning power and eliminate waste in indirect departments
- Reform the earnings structure in the Americas
- Address the Indian market



Japan

Challenge: Improving profitability

- Increase added value at product switching
- Adopt cost-competitive parts
- Value Time 2X



Americas

Challenge: Reforming the earnings structure

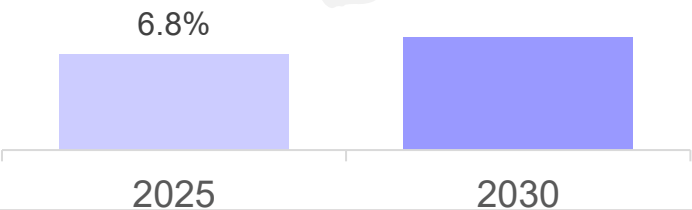
- Promote automation at production sites
- Streamline indirect departments
- Increase in-house production ratio with next-generation frames
- Launch full-scale operations of smart factories



China

Challenge: Enhancing proposal and development capabilities

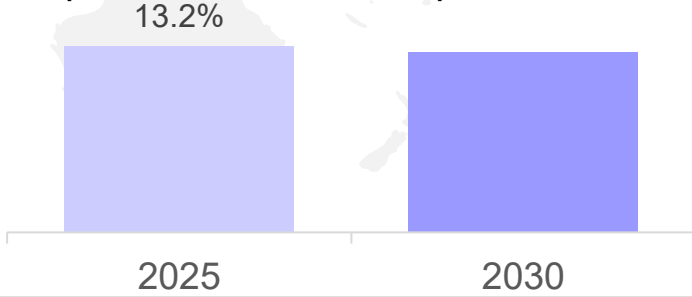
- Strengthen local development capabilities (speed)
- Strengthen interior space proposal ability (local needs)



Asia

Challenge: Enhancing cost competitiveness
Expanding business in India

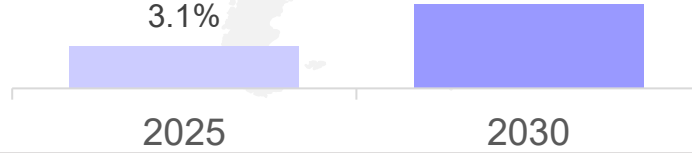
- Process consolidation and improving equipment productivity
- Order expansion in India and promotion of localization



Europe & Africa

Challenge: Market response

- Acquire non-Toyota OEM business
- Expand product lineup to accommodate BEVs



2. Regional strategies toward ISC — Japan —

Establishing a growth trajectory toward 2030

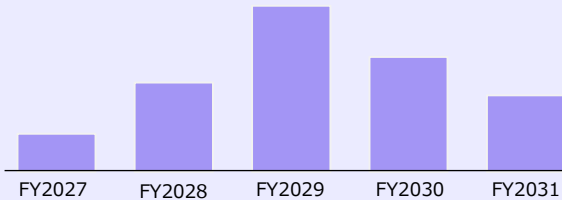
Profit and loss trends of Japan region (FY2024-FY2031)

- Improving earning power through product switching, increasing cost competitiveness, etc.

[Revenue improvement through product switching]

Opportunities for revenue improvement through multiple switching models

[Trends in vehicle model switches]

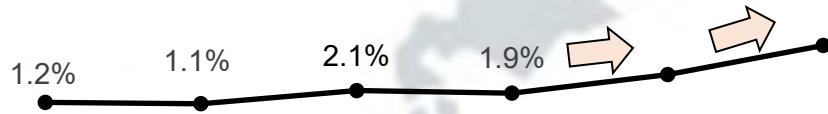


Adopting at product switching

- Adoption of items in the product roadmap
- Initiatives to strengthen competitiveness by product category
Advancement of procurement strategies
- RPT33 [33% reduction in part types]
Building a earnings base through collaboration with OEMs (e.g., 76% reduction in the number of headrest components)

Enhancing product added value

Value Time 2X



[Value Time 2X]

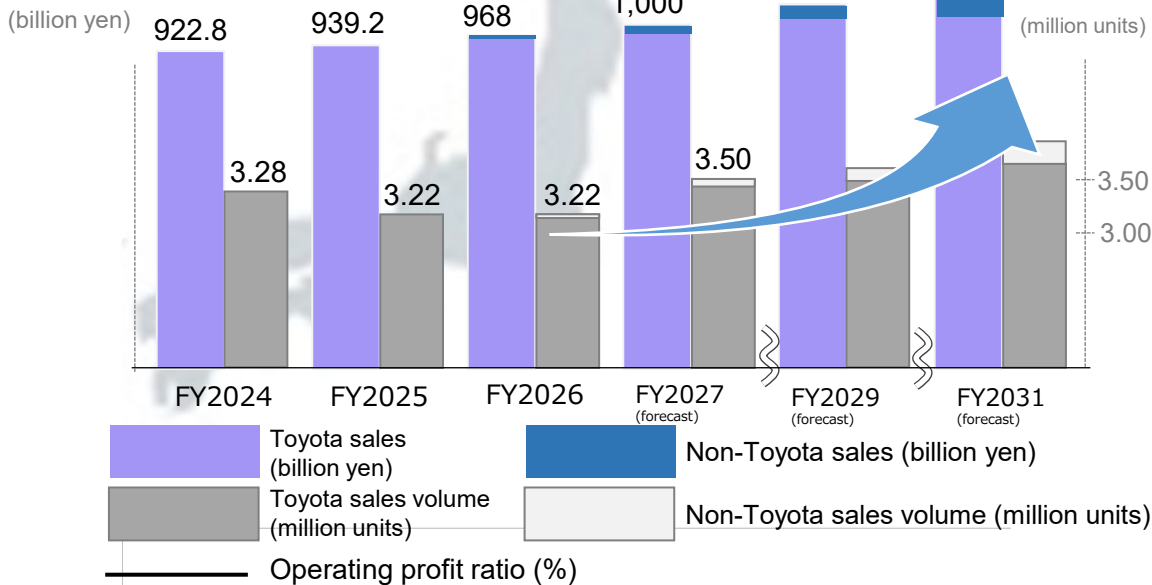
1. Cost Reduction in Processing and Logistics

- Process innovation through integration of TPS, automation and AI, and thorough waste reduction of on-site improvements
- Reform of pickup logistics with the opening of new logistics relay hub (Ikoma)
 - Logistics cost reduced by more than 10%
 - Contributing to resolving the driver shortage

2. Fixed cost reform

Doubling added value per hour through process reform

- AI utilization (development and use of automated design tools, reduction of man-hours for holding meetings and preparing documents, etc.)
- Promote “stop, change, and find a better way” across company (e.g., total meeting duration reduced by 42%)
 - Strengthening fixed cost control with minimizing external expenditures



2. Regional strategies toward ISC — The Americas —

Promote a shift to a sustainable profit structure in the Americas

Initiatives of FY2025

1. Setting up Americas Region Support Dept.

Setting up Americas Region Support Dept. to support improvement efforts

Purpose

Improve profitability at loss-making sites in North America, aiming to turn profitable in FY2026.

How to proceed

Focus on improving Kentucky and Mexico, which have large losses, and deploy the activities to other loss-making sites in the Americas.

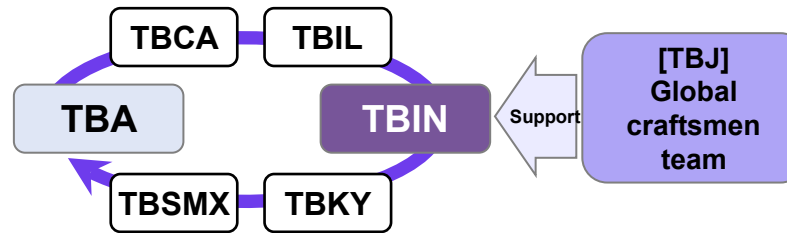
Activities of America Region Support Dept. in FY2025 resulted in an increase in marginal profit and achieved significant improvement in profits(*)

*Before impairment loss

Initiatives of FY2026

2. Accelerating profit improvement activities

Deploying the activities conducted in FY2025 to other sites. In FY2026, focused on TBIN.



Accelerating activities to increase marginal profits while simultaneously promoting reform to strengthen competitiveness

1. Promote DX/automation at production sites
2. Elimination of duplication/standardization in indirect departments

Initiatives of FY2027

3. Promoting structural reform

1) Sales expansion activities

Production start for **new customers**

2) Full-scale operation of the first smart factory in North America

Promoting automation through next-generation transport system

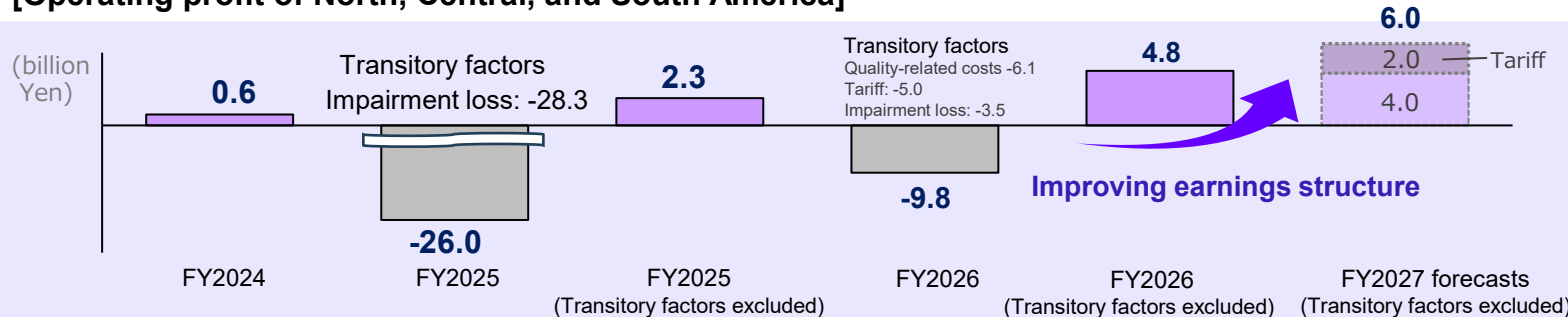
3) Full-scale deployment of next-generation seat frame

Strengthen cost competitiveness through increased in-house production

4) Promoting integrated management across the entire region

Maximizing organizational strength through structural reform

[Operating profit of North, Central, and South America]



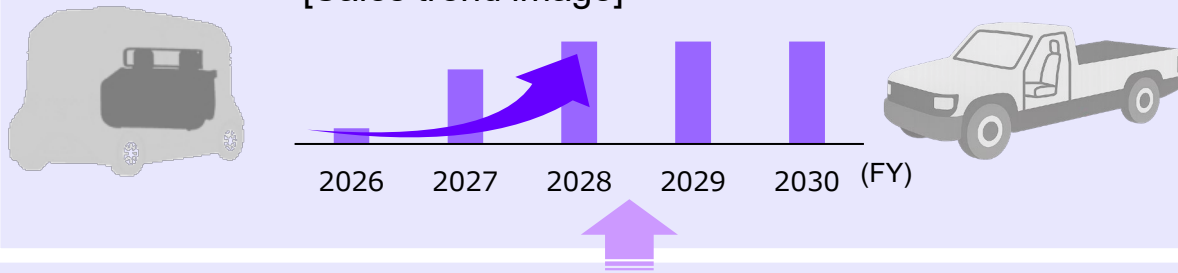
2. Regional strategies toward ISC — The Americas —

Initiatives of FY2027

1) Sales expansion activities

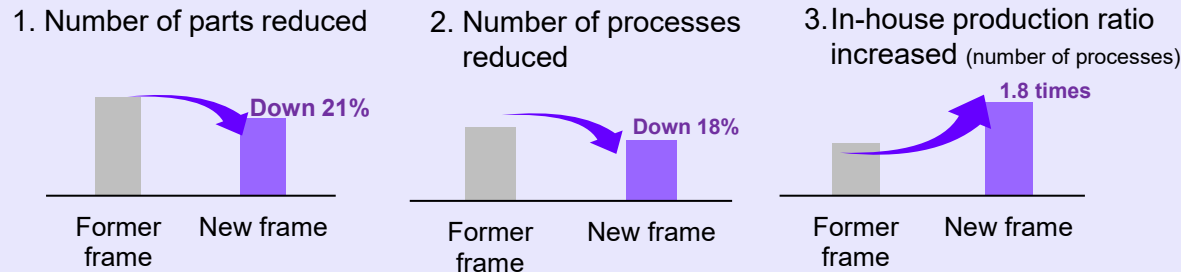
Launch of automotive seat supply **for emerging MaaS companies** and seat component supply (next-generation frames) **for emerging BEV manufacturers**

[Sales trend image]



3) Full-scale deployment of next-generation seat frames

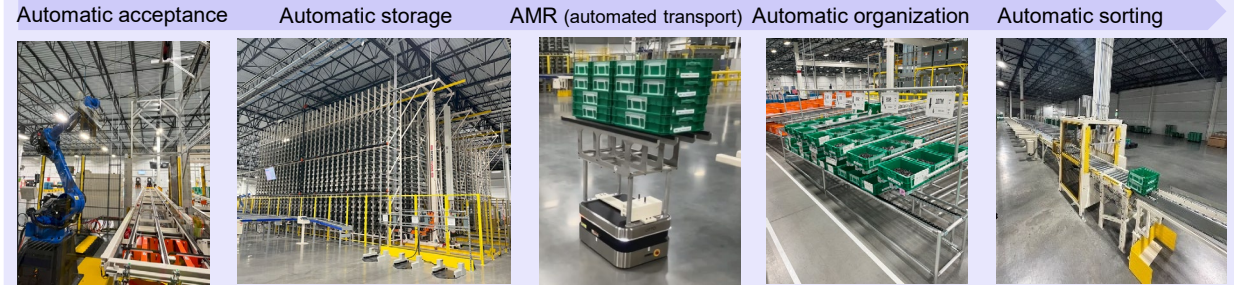
Launch of production for six vehicle models integrated next-generation seat frames between FY2027 and FY2031
 → Achieve cost reduction and **strengthen cost competitiveness**



2) Full-scale operation of the first smart factory (TBWK) in North America

Promoting automation through next-generation transport system
 → Profitability expected in FY2028 upon full-scale production

[In-plant logistics automation with next-generation transport system]



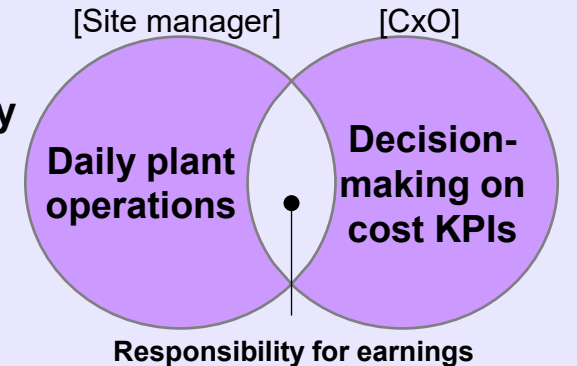
4) Promoting integrated management across the region

Maximizing organizational strength across the region

[Scope of responsibilities of the site managers and CxOs]

Redefining roles and authority to clarify responsibilities and accelerate decision-making

Introduction of CxOs and integrated plant management

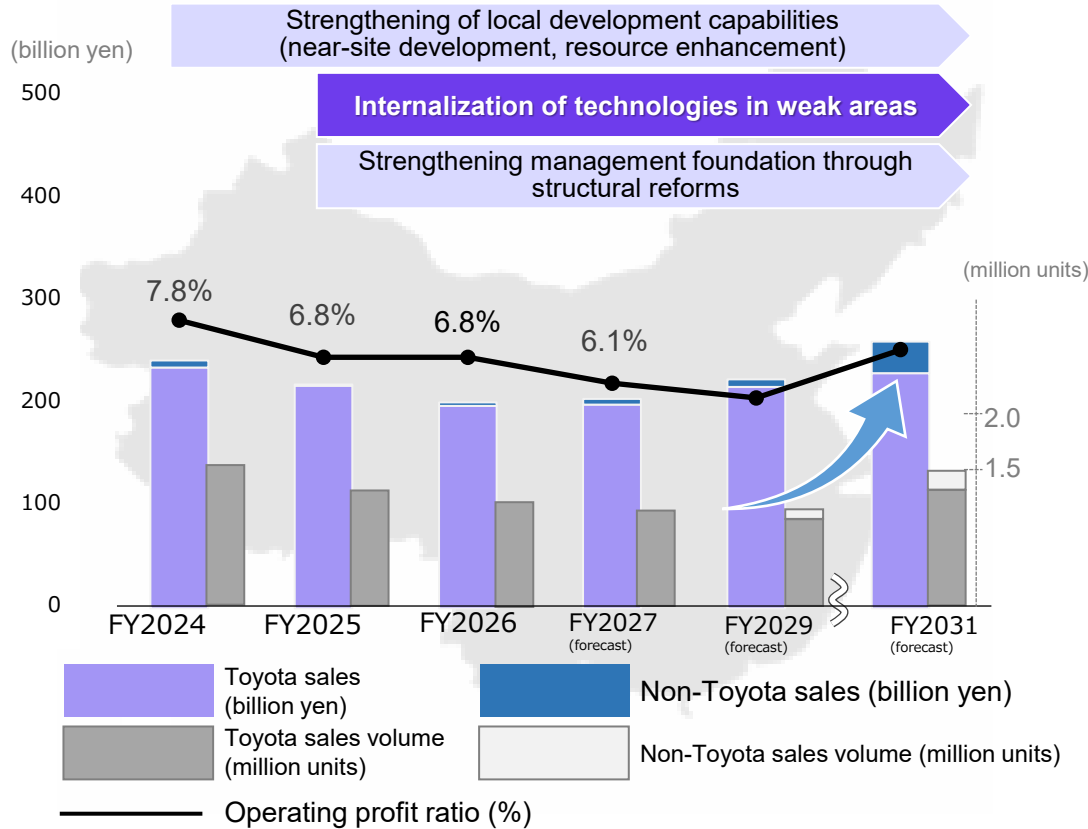


2. Regional strategies toward ISC — China —

By strengthening local development capabilities, we aim to achieve sustainable growth through proposal and implementation of interior spaces that resonate with Chinese users.

[Profit and loss trends of China region (FY2024-FY2031)]

- The next two to three years will be a period of weathering the impact of lower production volumes.
- During that period, we will lay the groundwork for future growth by enhancing our management foundation through structural reforms and strengthening local development capabilities.



[Technologically weak areas and internalization]

Control and software field

Collaboration with Huaqin Technology* strengthen to JV (May 2026)

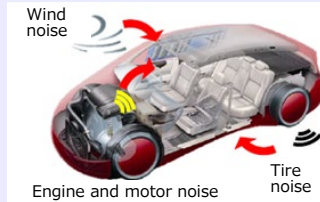


ECU Display Illumination

* Smart device design and manufacturing

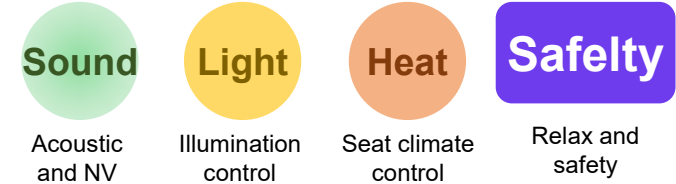
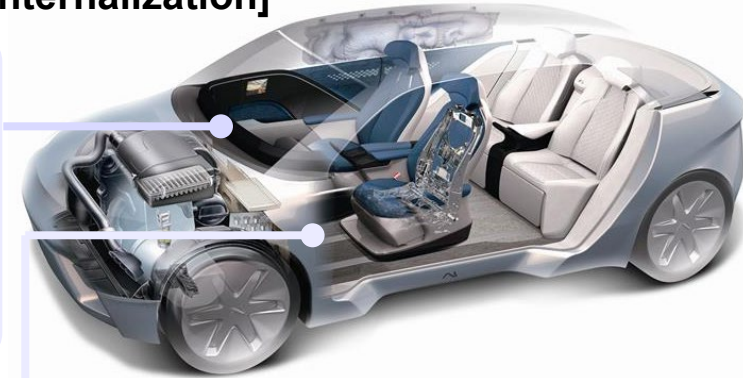
NV* field

From exploring alliances to implementation (within 2026)



Creating a quiet and comfortable cabin environment

* Noise and Vibration Sound insulation and sound absorption



Enhancing partnerships

[FY2026 activities results]

<Non-Toyota>

- Company A: Order acquisition for door trims for 2 models
- Company B: Inquiry generation for seats and door trims
- Company F: Inquiry generation for interior parts



<Toyota>

- Order acquisition for LEXUS BEV interior
- Continued orders for seats and door trims in next-generation models of existing vehicles

2. Regional strategies toward ISC — Asia —

Securing sustainable profitability through enhanced cost competitiveness and human resource development

[Enhancing competitive advantages]

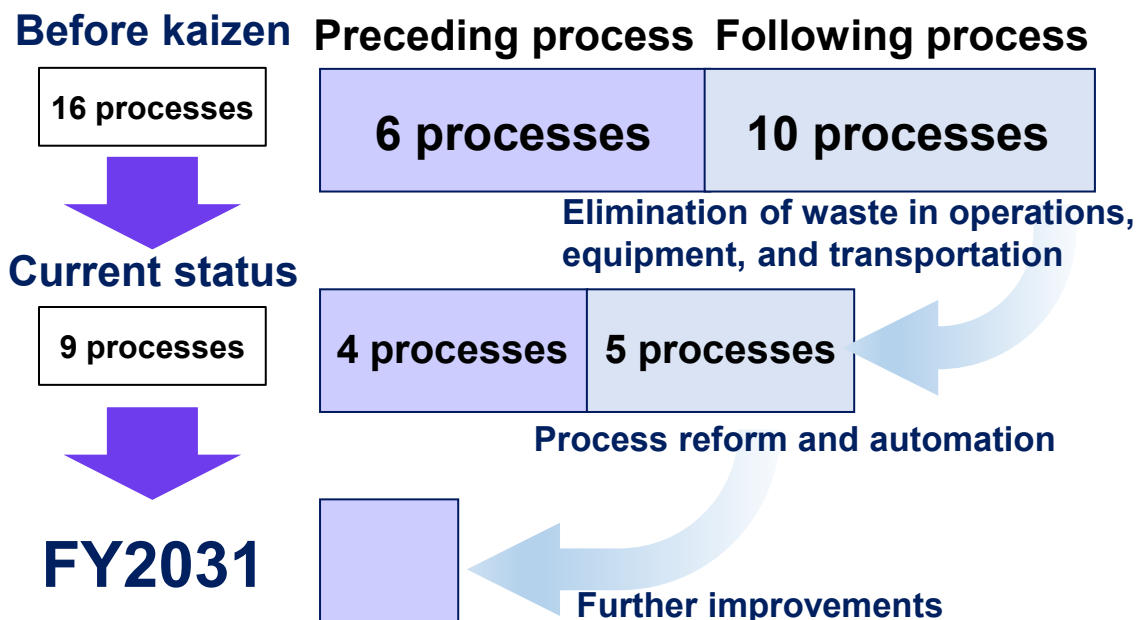
—Thorough cost reduction to outperform competitors in China and India—

- Promote process reform and automation with a focus on eliminating waste

[Human resource development]

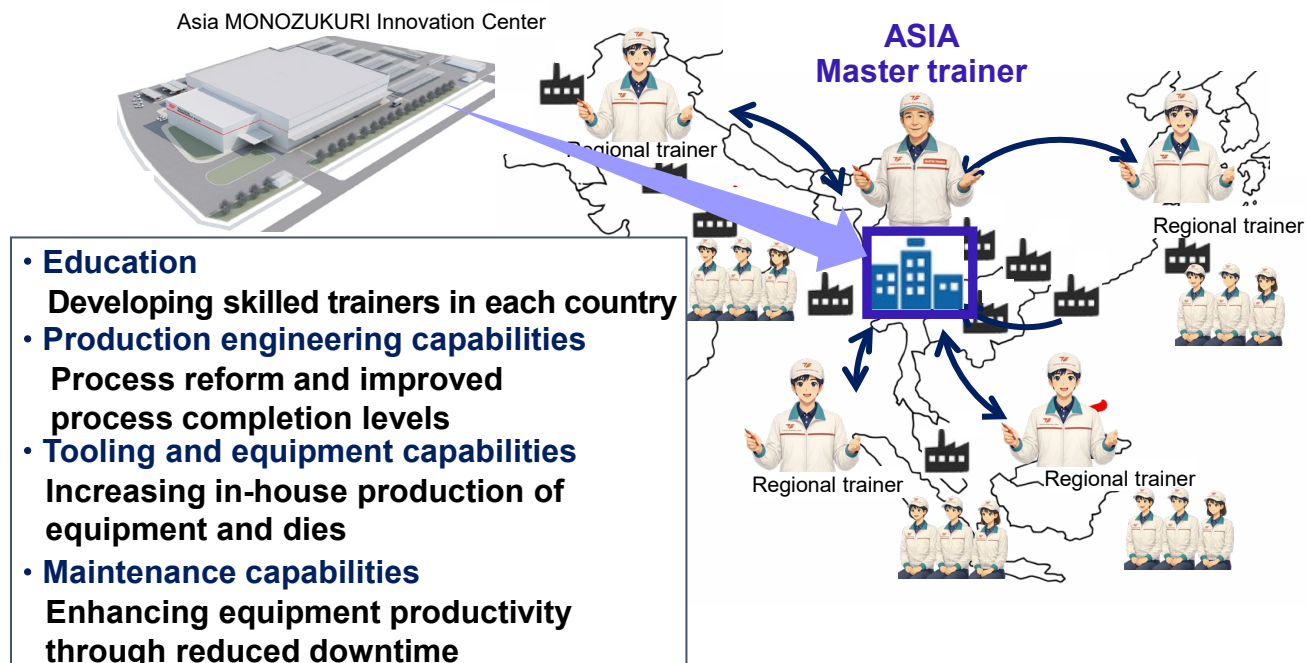
- Strengthening on-site capabilities in the region (by employee level, specialized training, and skill certification)
- Strengthen production engineering, tooling and equipment, and maintenance capabilities

<Activity example of manufacturing process A>



<Specific measures>

Establishing the Asia MONOZUKURI Innovation Center to accelerate initiatives (Planned in 2028)



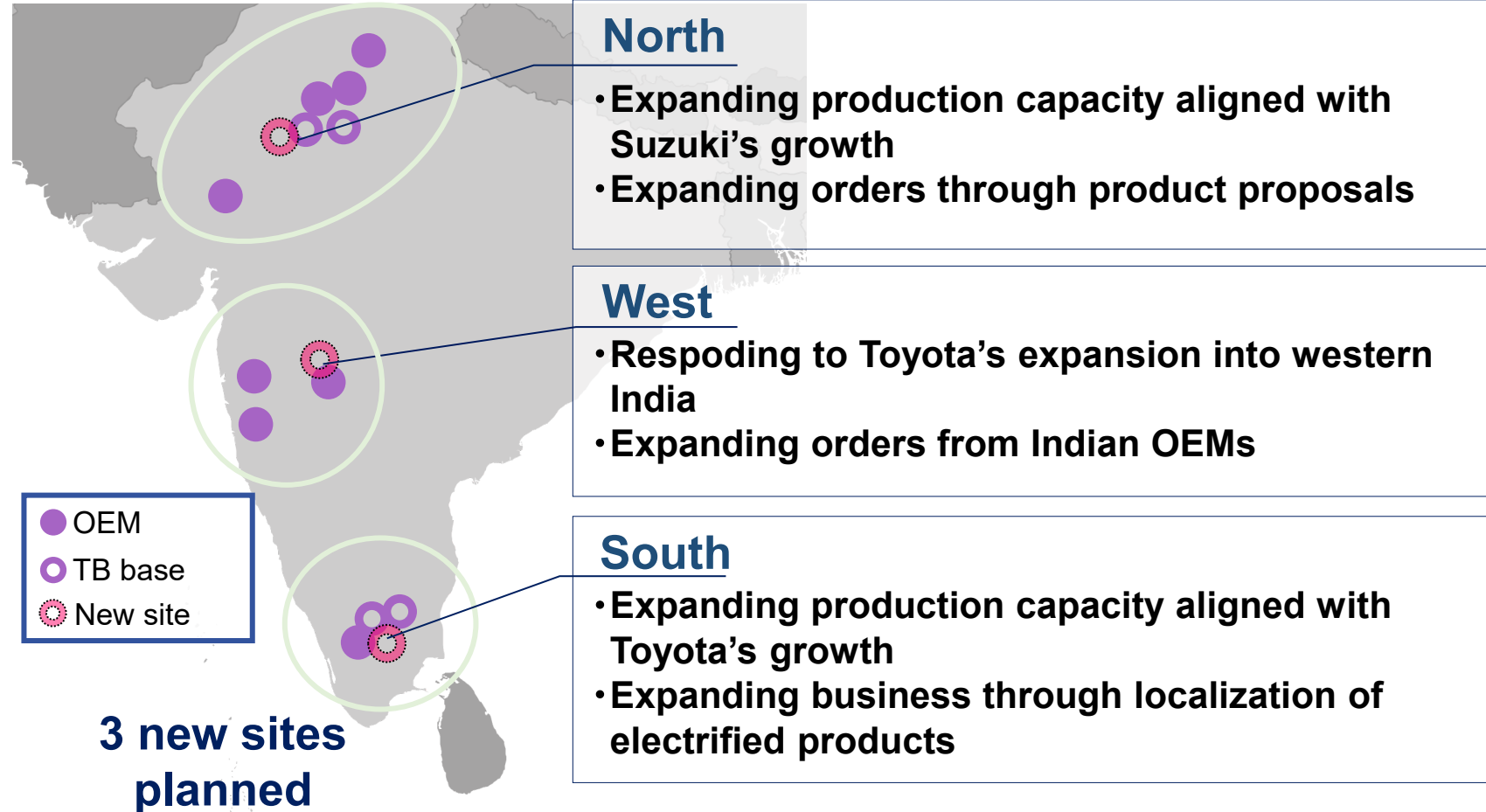
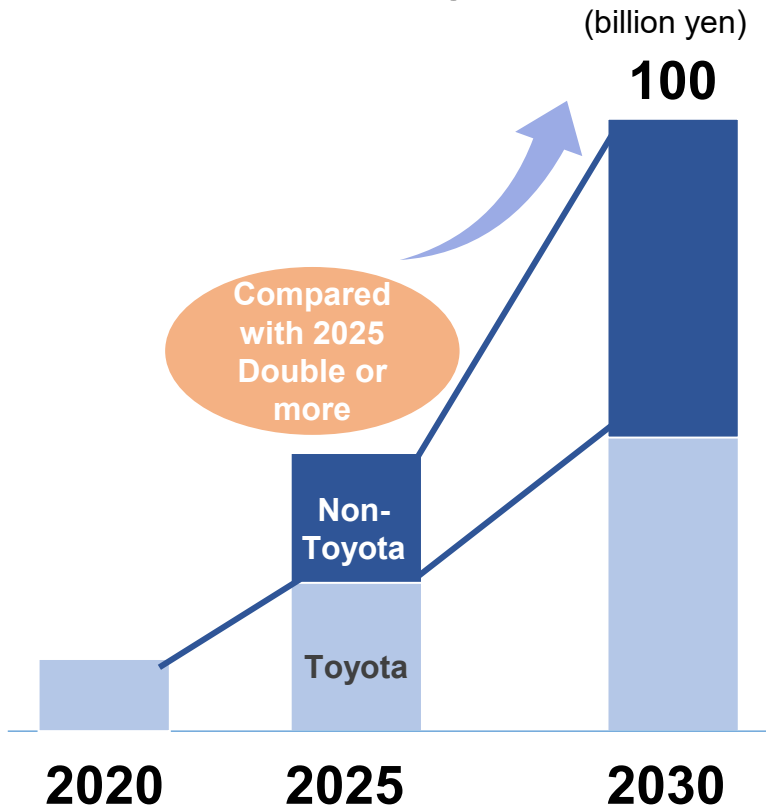
2. Regional strategies toward ISC — India —

■ “India Challenge 1000” Expand businesses by capturing growth markets

Strengthening product development capabilities tailored to the needs of the Indian market

× Enhancing competitiveness through localization

<2030 revenue target>



3. Financial strategies — Cash allocation toward 2030 —

We will strengthen our earnings power, maximize cash inflows, and strategically allocate capital to enhance corporate value.

(Cumulative forecast for the 5-year period from FY2027 to FY2031) (Billion yen)

Maximizing operating C/F

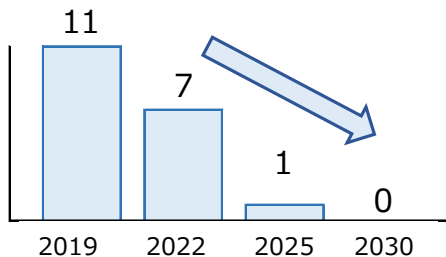
Aim to achieve the 2030 financial targets through ISC's growth strategy

- **Customer base expansion**
(Orders from non-Toyota customers (Japan, U.S., China, India))
- **Product switching**
Control technologies that deliver comfort (sound, light, and heat)
- **Value Time 2X**
(New methods, digital twins, process innovation)

Increasing asset efficiency

- **Reduction of cross-shareholdings**
- **Reduction of cash on hand**
(Global cash management)

Number of stocks held (number of issues)



Cash inflows

Operating C/F*

750

(before deducting R&D expenses of 300)

+α

Balance sheet improvement

Depreciation expenses

300

Cash outflows

Growth investments

600

Strategic allocation

200

Shareholder return

150

Repayment of interest-bearing debt, etc. 100

R&D expenses: 300 billion yen

- **Internalization of technologies for ISC**
(Device control, multifunctional linkage control, etc.)
- **New product development**
(Multifunctional block seats, animated illuminations, etc.)

Capital investment: 300 billion yen

- Investment associated with product switching
- Investment for strengthening competitiveness

Strategic investment: 150 billion yen

- **Sales expansion** (new bases in India etc.), VT2X (process innovation, etc.)
- **Implementing strategic alliances**

Additional shareholder returns: 50 billion yen

- **Maintain dividends with a DOE of 3% or higher, while targeting a payout ratio of around 30%.**

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

VT2X: Value Time 2X



<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.