Q3

What are our strengths, and how do we give shape to them? What is top management committed to?



Section 3

Realization of Interior Space Creator

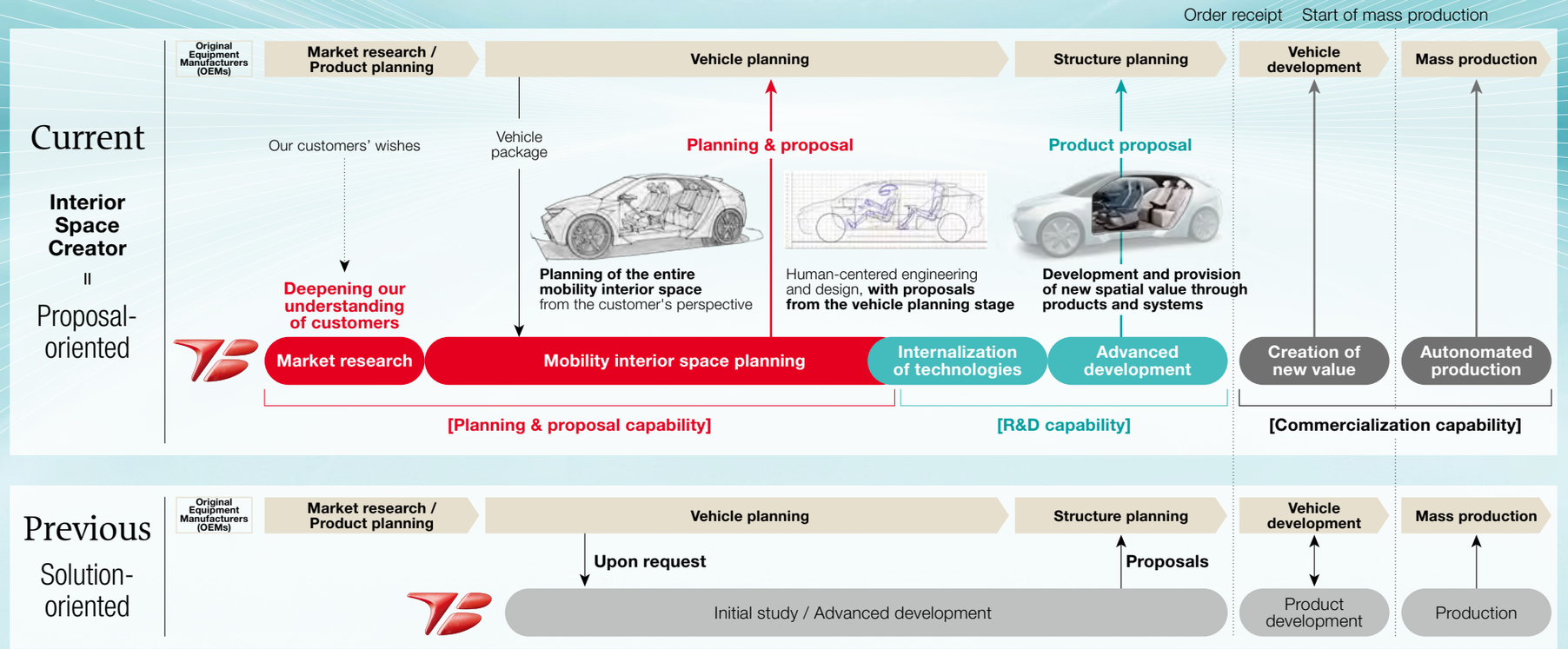
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What is the Interior Space Creator (ISC)?

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, planning and proposing seats and interiors as integrated systems from the vehicle planning stage.

To provide our customers with new spatial value, we are shifting our process from the previous solution-oriented approach to a proposal-oriented one.
We will build a system that allows us to identify customer needs at the market research and product planning stages, and deliver the necessary products finished to a very high standard.



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Message from the President

Maximizing the value of experience in the mobility interior space



Masayoshi Shirayanagi
President
Chief Executive Officer

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Q. What is the Interior Space Creator (ISC), which you have set out as your 2030 Target?

A mobility space platform provider that maximizes the experiential value of automobiles.

When we first introduced the ISC concept, it was initially an aspiration that served as a kind of rallying point. However, over the past year, I've come to realize that the value of the mobility interior space has increased more than ever before. As I experienced firsthand the growing anticipation at auto shows in China and Japan, my conviction became even more unshakable that, as the ISC, we could establish a solid position.

The reason I'm so focused on the ISC concept stems from my own personal experience. During the COVID-19 pandemic, I used to commute four hours by car from Tokyo to my home almost every week. Alone in the car, I developed work ideas, thought about my family, and immersed myself in the world of movies while taking breaks in the service area parking lot. In those moments, I realized once again that a car is not just a means of transportation, but something that brings about thoughts and emotions that can only be encountered or felt while you are in that space.

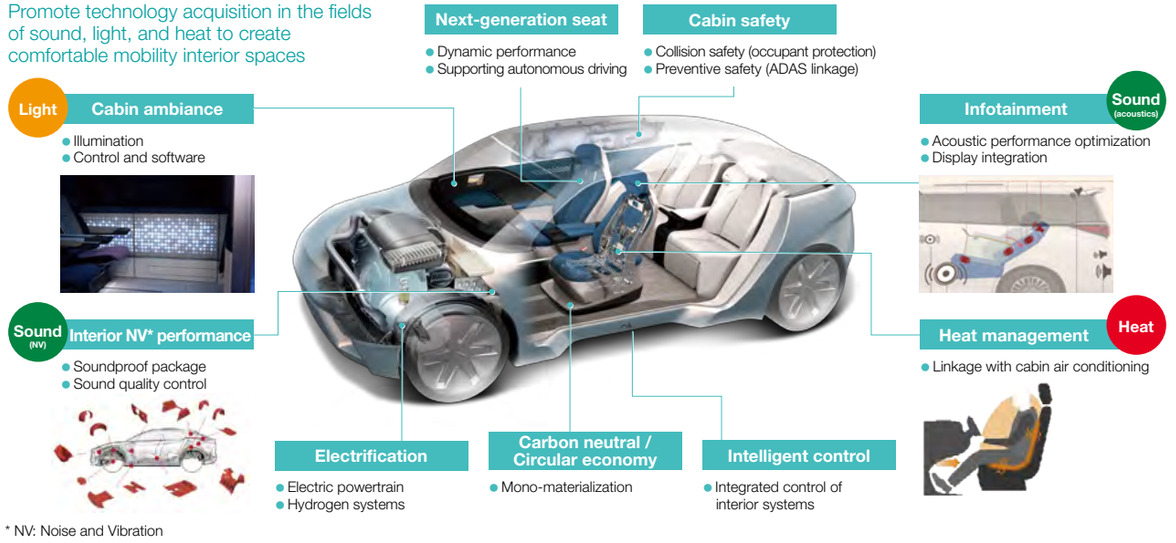
In a future where autonomous driving is widespread, cars could become a "third place"—neither home nor workplace—that offers us meaningful time. The moment you sit down in your seat, you forget that it's simply a means of transportation and find yourself spending truly fulfilling time—we want to share that experience with as many people as possible. That is the source of my sense of mission to realize our vision of the ISC during my tenure.

As original equipment manufacturers (OEMs) shift course toward Software-Defined Vehicles (SDVs), whose functions and performance are defined by software, the mobility interior spaces we create serve as the most critical touchpoints for delivering to passengers the user experience (UX) they envision. Rather than competing on the excellence of component specifications, we will focus on elevating the quality of the mobility interior space to the highest possible level.

Our goal is to maximize the experiential value of the mobility interior space. Directly linking product development and manufacturing to that single goal, and becoming a platform provider that delivers mobility interior spaces of ever higher value—that is Toyota Boshoku's future path to success. I believe that becoming the ISC is not merely about strategic positioning, but is rather the vision that our times demand.

Specific actions required to realize ISC

Promote technology acquisition in the fields of sound, light, and heat to create comfortable mobility interior spaces



* NV: Noise and Vibration

Maximizing the experiential value of the mobility interior space, as the ISC, is Toyota Boshoku's future path to success.

Q. Some have questioned whether this will lead to profitability.

We are entering an era in which the world values quality of time over quantity of travel.

While I feel confident that we are making solid progress toward becoming the ISC, I also understand that the question of when and how much profit we generate is of the utmost importance.

Value perceived through the senses, such as comfort and a sense of well-being is often considered difficult to quantify. However, people around the world are already paying for the quality of their time, as demonstrated by the price differential between business class and economy class on aircraft. As autonomous driving becomes more widespread, I see similar value emerging in the automotive sector as well. I believe that value which enhances the quality of time spent in a

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p. 41: Product roadmap



p. 62: Message from the CTO



car—such as seats that relieve fatigue, lighting and sound systems that set the right mood, and spatial designs that foster conversation among family members—will ultimately translate into profit.

We possess four competitive advantages (P.32) that will enable us to realize this latent value.

First, an unparalleled connection with the vehicle occupants. From the seats to the door trim, carpeting, and headliner, we occupy a position at the forefront of designing the experiential value of everything the occupants see and touch within the mobility interior space.

Second, our sensibility-based expertise refined over 100 years. Our design techniques rooted in the human senses, such as the texture of materials and seating comfort, are the culmination of ergonomics and accumulated craftsmanship.

Third, our integrated spatial capabilities from planning through to the supply of seats, interior and exterior products, electric components, and filters. As an interior system supplier, we have a proven track record of providing complete sets of products to OEMs for over 25 years. The integrated capabilities we have cultivated here have become a source of strength for optimizing the entire space, clearly differentiating us from our rivals.

And fourth, global execution and human resource capabilities. We have built a system that ensures a stable supply of Toyota-quality products from more than 90 sites worldwide. The people around the world who make this possible are our greatest asset.

To turn this competitive advantage into profit, we will work to raise awareness of our position as designers of experiential value. The SRT (Smart Roadway Transit, P.18) system, which has begun operations in Nagoya, is one such step toward that goal. Such initiatives broadly raise awareness of the value of the spaces created by Toyota Boshoku, and so they are also of great significance for our branding. We have also appointed an outside director with expertise in corporate branding to further refine our strategy.

The benefits for stakeholders extend beyond financial returns. We will provide OEMs with comprehensive solutions for the in-vehicle user experience; end users with mobility interior spaces that serve as a “third place”; our company members with the pride that comes from creating innovations that are changing society; and our shareholders and investors with sustainable earnings growth driven by our transition to high-value-added models.

The answer to the question “When? How much?” lies at the end of this step-by-step process. As a corporate leader entrusted with capital, I will carefully explain how we use it and the results we achieve. At the same time, being keenly aware of my responsibility to incorporate the feedback we receive into future management decisions, I will continue to report with transparency on the progress of our roadmap.

Q. What are your current challenges in realizing the ISC?

Broadly, there are two: software R&D capabilities and a culture of making proposals.

What we are aiming for, as the ISC, is a world in which travel time is more than just getting from one place to another. To make this a reality, there are two areas where we need to grow.

First, our software R&D capabilities. With the shift toward SDVs, OEMs have begun to focus on designing experiential value through software, and major IT companies are also entering the automotive industry. As the business environment changes, simply supplying hardware is not enough to maintain a competitive advantage. Rather than insisting on in-house development, we will achieve a high level of integration between digital and analog through fast-paced partnerships. In April 2026, we signed a joint venture agreement with Huaqin Technology Co., Ltd., a company with agile and advanced system development capabilities. Furthermore, in June 2026 we launched Toyota Boshoku Huaqin (Shanghai) Automotive Electronics Co., Ltd., and are currently proceeding with development.

Second, a culture of making proposals. Our strength lies in our ability to accurately mass-produce products in strict accordance with the specifications provided by OEMs. At the same time, to become the ISC, it is essential that we build on this strength, anticipate the expectations of OEMs and

Clear differentiation

through four advantages





Left: At the VA (Value Analysis) exhibition, listening to company members’ improvement proposals aimed at reducing costs while maintaining quality and functionality
Right: Visit to the Shenyang Toyota Boshoku Automotive Parts plant (China)

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Toyota Boshoku’s MOOX-RIDE System Now Used in Nagoya’s Smart Roadway Transit (SRT)—Interview with the Project Team Members



proactively make proposals for mobility interior spaces. By identifying the needs of each region and repeatedly going through the cycle of planning, proposing, and implementing solutions in numerous concrete projects, we will further embed a proactive approach to proposal-making within our organization.

Q. How do you assess the current situation in light of your financial goals?

The gap is 74 billion yen. We are adopting a proactive stance with VT2X.

We currently project fiscal 2027 operating profit of 76 billion yen compared to our fiscal 2031 target of 150 billion yen. We are aware of this gap of approximately 74 billion yen, and will continue to improve our profit structure to address it. To bridge the gap, we will focus on "minimizing the denominator" (maximizing capital and cost efficiency) while "maximizing the numerator" (increasing added value and sales).

A key initiative for implementing these two approaches is Value Time 2X (VT2X). While our previous initiative of cutting processing costs by half through a fusion of the skills of craftspeople and innovative technology was defensive, VT2X is a proactive approach based on the concept of doubling the value added per unit of time invested, thereby simultaneously raising both our cost competitiveness and our value enhancement capability.

To minimize the denominator, we are advancing DX by reducing the number of parts, improving net yield through rigorous implementation of Toyota Production System (TPS), and streamlining operations through autonomation and AI, among other measures. Revitalizing our operations in Japan and North America, where we particularly see profit challenges, is our top priority. In April 2025, to improve profitability with a focus on the Americas region, we launched a Global Craftsmen Team as an organization reporting directly to me. In addition, starting in April 2026, we introduced regional CxOs to clarify responsibilities. Based on the belief that on-site capabilities directly translate into profitability, we are working to implement improvements through *Genchi-Genbutsu* (go, see and study). We are already seeing results not only in terms of increased profit, but also in terms of passing on technical expertise. To optimize fixed costs, we have tightened our investment discipline and significantly improved the accuracy of our Return on Investment (ROI) assessments at the planning stage. We continuously monitor actual returns after the investment and have established systems for visualizing profit accountability. In addition, we are working to improve efficiency at the operational level through measures such as the use of AI agents.

In terms of maximizing the numerator, we will enhance our product portfolio by launching new products based on our product roadmap, while also promoting system integration across the entire mobility space and the incorporation of software-based intelligent systems. As well as developing high value-added products, we will implement monetization models such as MOOX-RIDE, which go beyond one-time hardware sales.

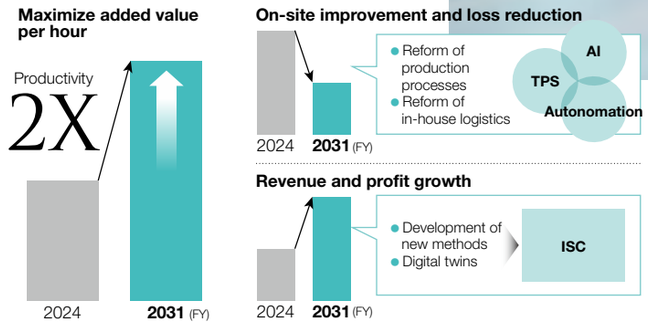
Furthermore, to ensure profitability, it is essential to build in profit ratio during the development phase. We will strengthen cost planning to ensure that we achieve our target marginal profit ratio at the time of order acceptance, and we will rigorously implement project launches in line with target costs from the planning stage.

In fiscal 2027, we will further deepen initiatives related to our capabilities in planning and proposals, R&D, manufacturing, and sales expansion, as well as the management foundation that supports these. We will use KPIs to visualize the progress and results of each initiative and tackle the challenge of reaching our ambitious operating profit target of 150 billion yen with unwavering determination.



VT2X

Realize VT2X to become the ISC, and gain MONOZUKURI competitiveness that surpasses our competitors



Proactive stance with VT2X

Aiming for 150 billion yen

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p. 37: Balancing profitability and capital efficiency within our business model



p. 49: Message from the CFO



p. 67: Message from the CMO



p. 66: DX at the Toyota Boshoku group



Q. What are the strengths and business portfolio that will enable you to achieve your goals?

Toyota quality × On-site capabilities. Rebuilding a growth portfolio to maximize those strengths.

If we compare ourselves to our global competitors, our greatest strength is our customer base centered on Toyota Motor Corporation. I am sometimes asked about the risks of dependence on Toyota, but I do not use the phrase “breaking away from dependence on Toyota.” This is because our corporate culture founded on “for the world and for people” (one of the Principles of Toyoda) and a common language have permeated every corner of the organization. This common language includes TPS, TQM (which aims to improve quality and achieve customer satisfaction across the entire company), and Kaizen (continuous improvement). Such an environment serves as the ultimate training ground for continuously honing our technology to the world’s highest standards, and is a source of great pride for us.

Furthermore, under Toyota Motor’s multi-pathway strategy, our ability to support a wide range of powertrains, including BEVs, HEVs, FCEVs, and PHEVs, is another key strength. The on-site capability and adaptability we have honed while consistently meeting the world’s most demanding standards cannot be easily replicated.

To achieve our operating profit target, it is essential that we build on these strengths to restructure our customer and product portfolios; in other words, to pursue a strategy of selection and concentration. The two criteria for decision-making are: “Does it create meaning and joy for our stakeholders?” and “Can it ensure sustainable profitability and capital efficiency?” If we cannot arrive at a clear solution based on these two criteria, we will decide either not to invest resources or to withdraw.

As a concrete step forward, to capitalize on the enormous sales growth opportunities in India, we established a new India Strategy Department in January 2025 and are pushing forward with product launches optimized for the characteristics of the northern, western, and southern regions. Furthermore, our business fields are also expanding to encompass the entire mobility interior space beyond automobiles. In the field of aircraft seats, our expertise in designing spaces where passengers sit for extended periods, combined with our unwavering commitment to meeting delivery deadlines and maintaining quality, has earned us high regard from the aviation industry, which demands the highest levels of safety. Going forward, we will be looking to expand into the business-class segment in addition to the economy-class segment.

Our goal is not simply to become a company that sells to customers other than Toyota. We are a platform provider that combines the quality and efficiency honed at Toyota with the ability to create spaces through the fusion of different industries and cultures. Our dialogue with customers is also shifting from one based on the preconception that we are simply a Toyota supplier to one based on the expectation that Toyota Boshoku can be entrusted with the mobility interior space. We aim to create spaces that people say they want to travel in precisely because they were designed by Toyota Boshoku.



Going beyond automobiles,
becoming a one-of-a-kind company
chosen because
we are Toyota Boshoku

Q. How are you responding to geopolitical risk?

We will establish a system that enables us to maintain a competitive advantage in any region.

The essence of geopolitical risk is that it is unpredictable. To respond to changes in tariff trends and the balance of power, we will work to establish a highly resilient production system that is not dependent on specific regions or procurement routes.

At the heart of this is the further advancement of local production for local consumption. We manufacture our products very close to our customers’ plants and deliver them immediately. By further refining our JIT and JIS systems, which enable us to handle everything from product planning to supply in an integrated manner, we will minimize the risks associated with fluctuations in tariffs and logistics costs, as well as supply disruptions. Examples include Toyota Boshoku Western Kentucky in North America and the Xiaohudao Guangzhou Smart Factory in China, both of which are pioneers in this area.

At the same time, we will work toward the global rollout of VT2X. Leveraging the culture of continuous improvement and execution capabilities we have developed across our locations worldwide, we will enhance added value not through mere automation, but also through “autonomation” fusing human intelligence with machinery. This will enable us to build a production infrastructure that is less susceptible to rising labor costs and allows us to maintain competitiveness in any region.

While geopolitical risks pose a threat, they can also present new opportunities. Even as supply chains continue to undergo restructuring, I believe that the trust we have built up in local areas is the reason why we continue to be chosen.

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Making “I like Toyota Boshoku” the sentiment of all our stakeholders



Q. What role should you fulfill as president?

Developing human resources who can surpass us, and being uncompromising on quality.

Ever since I became president, I have consistently emphasized to our company members the importance of looking outward and adopting the mindset of “Turn your heads toward the external world and take a *Genchi-Genbutsu* (go, see and study) approach before going astray.” They channel external realities—such as questions from investors, dialogues with leaders from other industries, and the fast pace of the Chinese market—back into the company, while also gathering insights from the front lines. I will continue communicating so that every single company member recognizes the distance between our destination of becoming the ISC and where we stand today as their own issue, and takes the initiative to act. I believe this back-and-forth process will change the organization’s mindset and way of operating, thereby rewriting Toyota Boshoku’s “operating system.”

It is also my responsibility as a member of management to develop leaders who are better than myself. With our sights set on becoming the ISC, I am looking for people with the creative thinking skills to design customer experiences, an open mindset that fosters co-creation across different industries and cultures, and the courage to make decisions and take responsibility in environments where there are no clear-cut answers. We will nurture individuals with these qualities through hands-on experience.

One example of this is to expose members to unfamiliar environments, for example where they have to restructure operations, develop new customers or manage cross-cultural teams in regions facing challenging business conditions, to enable them to gain experience of decision-making amid competing priorities. At the same time, by making my own decision-making criteria and processes visible and engaging in ongoing dialogue with the next generation of executive candidates, I am also enhancing the transparency of the succession planning process. The Management Advisory Council, in which outside directors make up at least half of the members, is also deepening discussions on human resource development and the selection of successors. We will enhance the effectiveness of our succession planning by incorporating external perspectives.

Another responsibility I must shoulder as president is addressing quality issues. The Product Evaluation Segment, established in April 2025, has put in place a system that allows it to say “no” from a position independent of development. We are committed to identifying the root causes of individual issues and ensuring that measures to prevent recurrence are fully integrated into our systems. However, in March 2026, a recall related to the seat reclining mechanism was issued for certain vehicle models. I am keenly aware that our many years of experience and overconfidence in our high-quality manufacturing practices may have, to some extent, dulled the organization’s responsiveness. This is an issue of culture, rather than systems.

That is precisely why we will work to foster a culture where the more difficult the news, the faster it is shared with the right people—accurately and without delay. Safety and quality take precedence over everything else; production and profits are built upon that foundation. Only when these two elements—systems and corporate culture—work in tandem can our confidence in quality be genuine. It is my responsibility as the company’s most senior executive to constantly maintain a sense of the gravity of bringing products onto the market that are entrusted with our customers’ lives.

Ever since I took office in 2022, I have repeatedly stated that my goal is to make Toyota Boshoku a company about which people say, “I like Toyota Boshoku.” If someone asked me right now, “Do you like Toyota Boshoku?” I would answer, “I love it with all my heart.” However, the nature of that fondness has changed significantly since I took office. At the time, what drew me to this company was the potential it held. Technology honed over more than 100 years, a global network of locations, and people who work with unwavering dedication: the desire to unlock that potential was what drove me on.

At first, my questions were often met with silence, but now I receive candid feedback from the frontlines. Company members are gradually but surely beginning to respond to my wish to create a workplace where people can speak their minds. Now, I can truly feel the positive momentum as each and every company member at each workplace and site is taking the initiative to chart their own “Roadmap to 2030” and is working tirelessly with a strong determination to make tomorrow better than today.

“I like Toyota Boshoku” —

It is my hope that these words flow naturally from our company members, customers, and all stakeholders. An organization that has begun to operate autonomously will undoubtedly become stronger and more adaptable. As someone who believes in Toyota Boshoku’s potential more than anyone else—and as its number one fan—I am committed to working alongside our company members to ensure that the future we are building together becomes a reality.

Masayoshi Shirayanagi
President
Chief Executive Officer

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p. 69: Message from the CQO



Competitive advantage

Our core focus is on creating human-centered spaces based around the five senses. Our group's competitive advantage lies in our ability to combine our accumulated knowledge in relation to human sensibilities and comfort with our ability to bring concepts to life through an integrated process from development right through to production, thereby delivering value tailored to the needs of different regions worldwide.

1

An unparalleled connection with vehicle occupants through the five senses

We are positioned at the forefront of designing experiential value, encompassing every point of contact with occupants as they engage with the automobile interior space through the five senses.



2

Sensibility-based expertise refined over 100 years

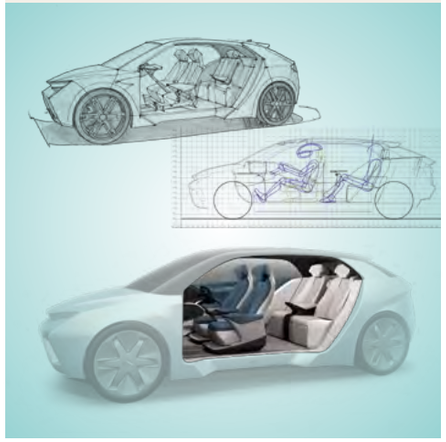
It is the culmination of value creation that fuses ergonomics and the skills of craftspeople, integrating "soft" elements such as upholstery and padding with "hard" technologies including frames and devices in order to deliver dynamic ride comfort that continuously adapts even while on the move.



3

Integrated capabilities from planning through to supply

Because we handle all the elements that make up the space in house, we can incorporate the industrial design, comfort, control, lightweighting, and cost aspects simultaneously from the engineering stage onward, enabling us to propose optimal solutions from the perspective of the finished vehicle in an end-to-end process.



4

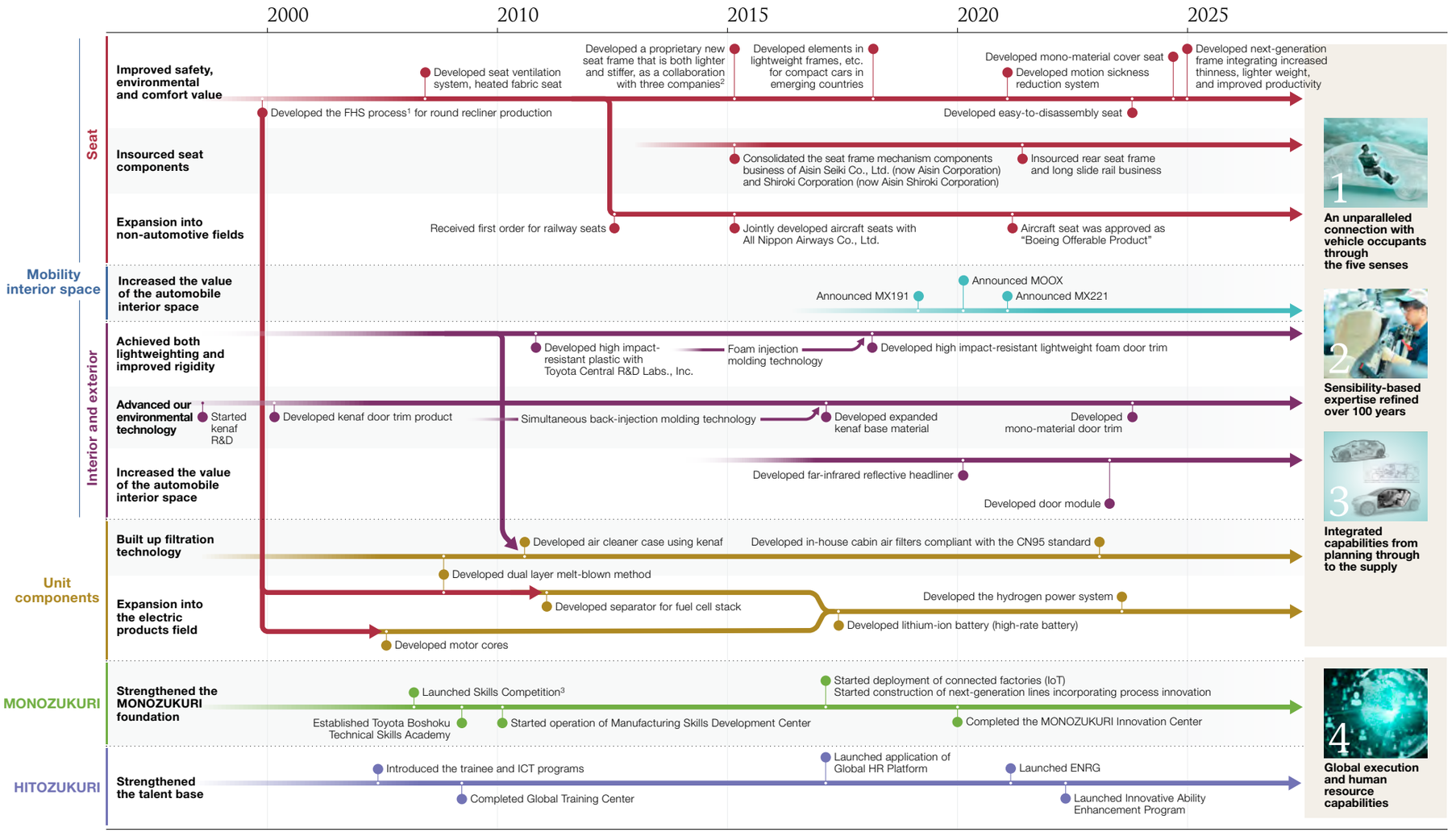
Global execution and human resource capabilities

We have built a system that embodies Toyota Quality at more than 90 sites worldwide, enabling stable supply. It is our human resources around the world, supporting and strengthening this level of quality and supply at our manufacturing sites, who are our greatest asset.



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Accumulated management resources



1 Fine Hold Stamping process: Our proprietary high-precision, high-speed stamping technology
2 Toyota Motor Corporation, Aisin Seiki Co., Ltd. (now Aisin Corporation) and Shiroki Corporation (now Aisin Shiroki Corporation)
3 An annual skills competition for company members working at our manufacturing sites.

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Passing Down the Importance of MONOZUKURI (Craftsmanship) All Toyota Boshoku Skills Competition



This is Diversity & Inclusion at Toyota Boshoku



Awareness of the market environment

The evolving value of the automobile interior space and the diversification of market structures by region

In addition to advances in electrification, autonomous driving, and connected technologies, the automotive sector is undergoing significant changes due to growth in emerging markets and the diversification of regional needs. In this environment, the nature of automotive value and the market structure are set to undergo a transformation, and companies are being required to find new ways to differentiate themselves and take strategic steps to achieve this.

Q How will the advance of electrification affect the automotive seat and interior business?

A While the shift to electrification is leading to a change in the composition of engine-related components, the value of automobiles is shifting toward the interior space, albeit with regional variations. The importance of the in-car experience is growing.

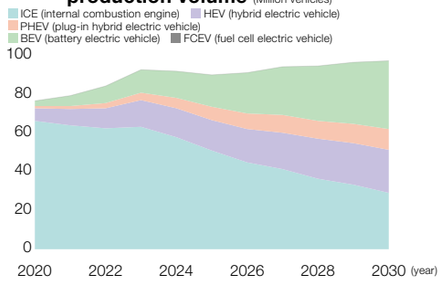
Potential risks

- Reduced value proposition capability due to delays in addressing the need for lighter and thinner designs associated with energy efficiency and cost constraints
- Reduced competitiveness and lost revenue opportunities due to inadequate response to the smaller number of components and need to create added value

Turning challenges into opportunities

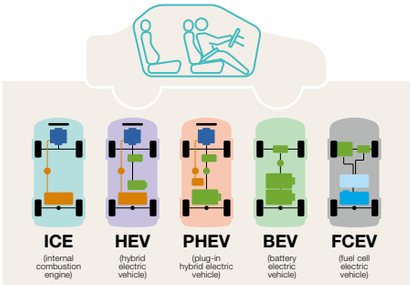
The Toyota Boshoku group views electrification not as a “change in the powertrain,” but as an “evolution of spatial value.” With the automobile interior space—which is not dependent on the drive system—at the core of our value creation field, we are building a business structure capable of delivering value tailored to the needs of specific regions and applications.

Data **Projected global automobile production volume** (Million vehicles)



Source: Calculated internally based on S&P Global Mobility data (May 2025)

The automobile interior space valued by people is common to all vehicles



Q Why is the value of the interior and cabin space increasing now?

A With advances in autonomous driving, electrification, and connected technologies, the factors that differentiate automobiles are expanding beyond driving performance to include the in-car experience. We are moving toward an era in which travel is not merely a means to an end, but is evaluated in terms of quality of time.

Potential risks

- The risk that due to intensifying differentiation-based competition, it will become difficult for a company to realize spatial value on its own
- The risk that the value provided will not meet increasingly sophisticated customer expectations

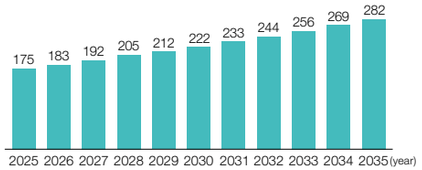
Turning challenges into opportunities

The Toyota Boshoku group views the automobile interior space as the interface that is closest to people. While integrating diverse technologies and features, we offer value through seats and interior products as a complete interior space. And by delivering comfort and well-being not merely as feelings, but as tangible value, we contribute to enhancing the value of the mobility interior space.

Data **The interior market is growing amid advances in the in-car experience**

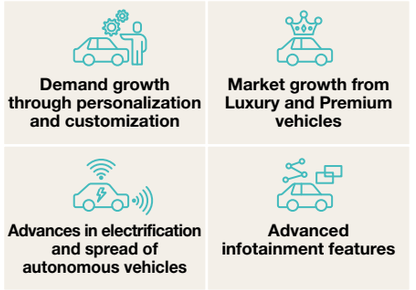
Medium- to long-term growth outlook for the automobile interior market (global) 2025–2035

2025: USD 174.9 billion → **2035: USD 282.1 billion** | CAGR (Compound Annual Growth Rate): **4.9%**



Source: Calculated internally based on Future Market Insights, Inc. data (April 2026)

From driving to spending time: Rising expectations for comfortable automobile interior spaces



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Awareness of the market environment

Q Which regions do you prioritize as growth markets?

A Even among the emerging economies, there are only a limited number of countries that combine growth in vehicles in operation (VIO) with a large future market potential. India is experiencing a high growth rate and is also in a phase of expanding vehicle ownership, while China, although its growth is slowing, has one of the world's largest VIO markets.

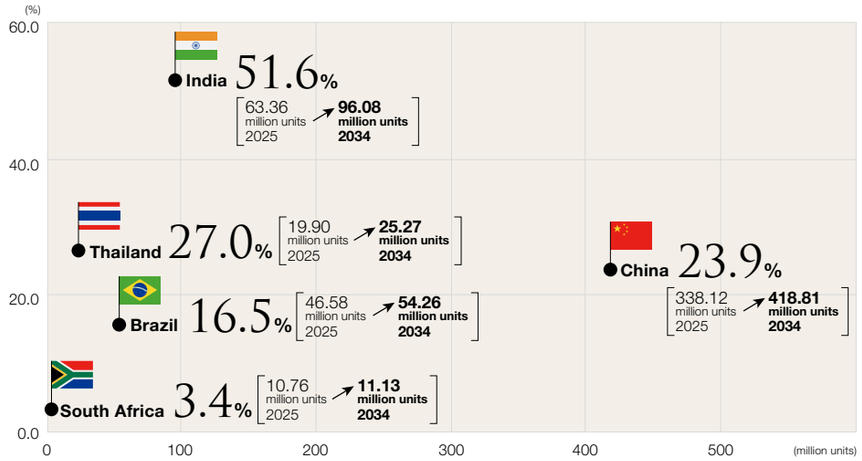
Potential risks

- Loss of business opportunities due to delays in allocating resources to growth markets
- The risk of being unable to implement optimal business expansion tailored to regional needs and market maturity

Turning challenges into opportunities

The Toyota Boshoku group views India as a developing market where the value of the automobile interior space is yet to be fully established, and China as a market with large demand but one that is maturing and becoming increasingly competitive. Based on this understanding, we realize the optimal value proposition for each region by combining products, technologies, and business models in accordance with customer needs and market maturity in each region.

Data **Comparison of vehicle ownership growth rates in emerging markets (2025–2034)**



Source: Calculated internally based on S&P Global Mobility data (April 2026)

Q What kind of automobile interior space is in demand in growth markets?

A Against the backdrop of the changing value placed on travel time, the mix of vehicle models has shifted toward those emphasizing rear-seat comfort, capacity for multiple passengers, and practicality. There is a growing demand for vehicle interiors tailored to regional needs, particularly in India and China.

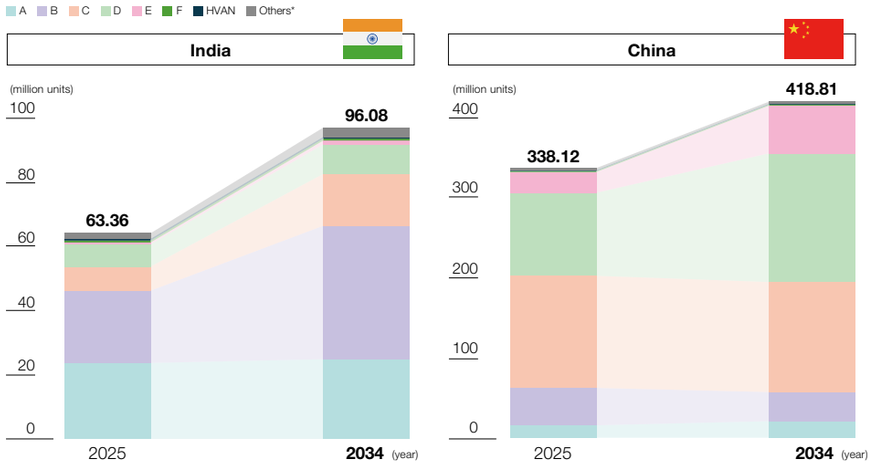
Potential risks

- Competitive disadvantage resulting from an inability to accurately identify local needs
- The risk of being unable to design optimal specifications and cost structures tailored to regional characteristics

Turning challenges into opportunities

Building on the expertise in creating automobile interiors we have cultivated in other regions, The Toyota Boshoku group also works closely with automakers in India and China to accurately identify local needs. Leveraging our extensive experience with vehicles ranging from compact cars to luxury vehicles, we quickly propose and implement optimal automobile interior spaces tailored to regional characteristics and specific uses.

Data **Vehicle ownership by segment**



Source: Calculated internally based on S&P Global Mobility data (April 2026)

* A through F indicate the vehicle class segments (A: entry-level; B: compact; C: midsize; D: upper-midsize; E: full-size; F: premium). HVAN refers to commercial vans and light commercial vehicles.

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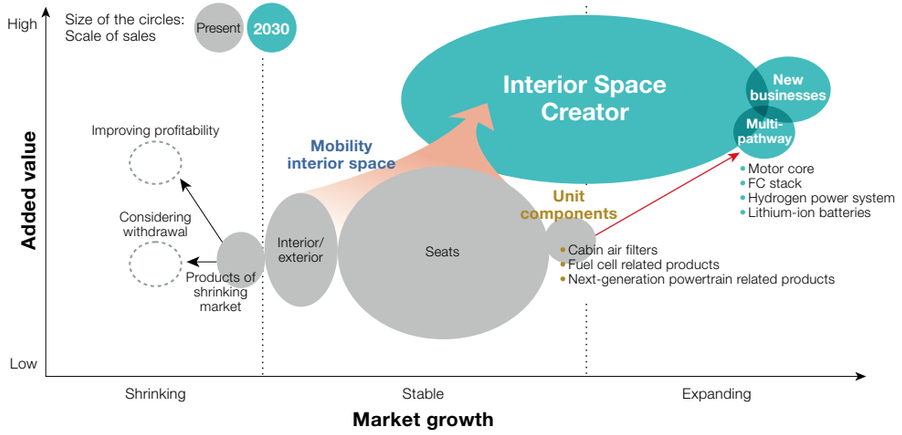
Business portfolio and customer portfolio strategies

Business portfolio

We are reviewing our business portfolio in order to realize our 2030 target to “Become a company as the Interior Space Creator which contributes to solving social issues while expanding product range and customer base.” Rather than viewing seats, interior & exterior, etc. as separate areas, we will increase the added value of the entire mobility interior space as the Interior Space Creator, while also investing resources in electric products, a growth area. We will also nurture new businesses to a level at which they become our next-generation core business.

Changing scale of sales

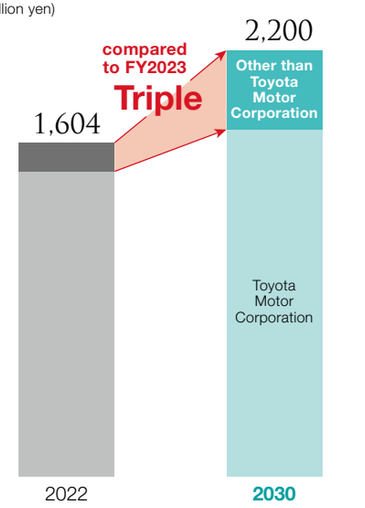
- **Expanding added value beyond the classification of seats and interior/exterior components as the Interior Space Creator**
- **Investing in growth fields such as electric products and developing new businesses**



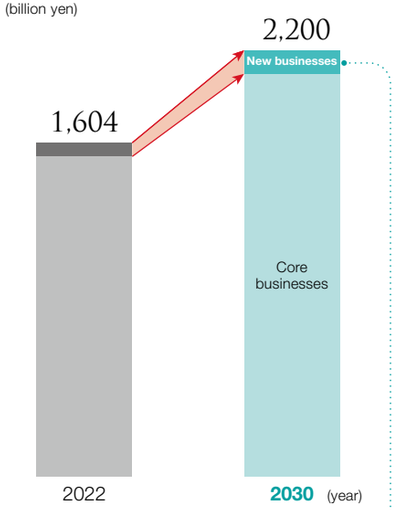
Customer portfolio

By strengthening our sales capability, the Toyota Boshoku group will further expand sales channels by 2030 in addition to ensuring our existing Toyota business. To expand sales channels, we will proactively promote order-taking activities to customers other than strategic OEMs based on sales channels we have acquired in the reorganization of the seat frame mechanical components business through the transfer of commercial rights. We will also work toward acquisition of orders from new businesses.

Changing ratio of revenue by customer



Changing ratio of revenue by business



(Assumed exchange rate: 135 JPY/USD)

Expanding sales for new customers (MaaS servicers)

Expanding non-automobile sales

- Expanding sales of aircraft seats
- Use of a hydrogen power system

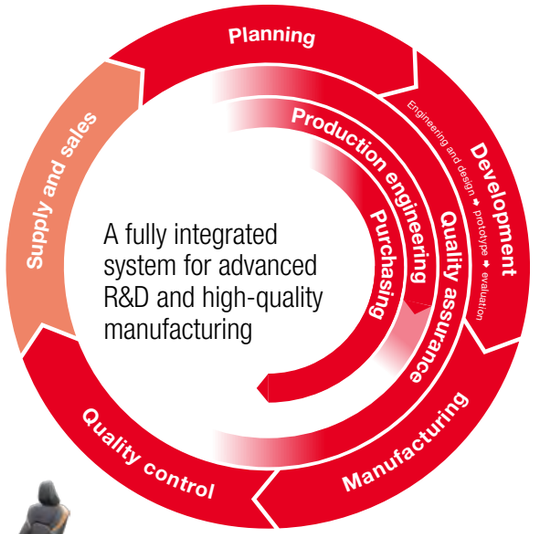
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Balancing profitability and capital efficiency within our business model

Given the nature of our business, which involves upfront capital and development investments, the Toyota Boshoku group is enhancing profitability by increasing added value (the numerator) while optimizing costs (the denominator: capital investment and fixed costs) in every process from planning through to supply. In addition, since the market environment, customer needs, and revenue generation structures vary by region and country, we optimize our business model to suit the specific characteristics of each market, thereby improving capital efficiency across the entire group.



Business model







Numerator: Maximizing added value
Denominator: Minimizing cost
= ISC growth strategy from a profitability perspective

		By region		
		Mature market Maximize profits through higher value-added offerings	**Common**	**Growth market** Expand market share through volume and speed, and achieve early profitability
Planning	Numerator: ● Increase adoption through planning & proposals for the entire automobile interior space (value proposals at the planning stage) ● Create medium- to long-term adoption opportunities based on the product roadmap Denominator: ● Optimize structures and cut costs through reduction in the number of parts ● Optimize procurement ● Reduce design workload through the use of automated design tools	● Implement proposals emphasizing not only functionality, but also experiential value and differentiated value ● Increase unit prices and improve profitability through higher value-added offerings	● Create value by leveraging the strengths of an end-to-end system (from planning to supply)	● Design specifications and cost structures tailored to regional needs
Development	Numerator: ● Increase orders through a shift to proposal-oriented development (differentiation through technical proposals) ● Create opportunities to win orders through expansion in the control and software fields Denominator: ● Advance design capabilities through AI (drawing accuracy and design quality) ● Reduce development lead times	● Enhance spatial value through total design of the space	● Ensure quality and reliability	● Achieve rapid development response through standardization
Manufacturing	Numerator: ● Achieve MONOZUKURI competitiveness through new methods ● Optimize processes and equipment through the use of digital twins Denominator: ● Reduce loss and innovate processes through TPS and AI ● Reduce fixed costs through line autonomation	● Balance early support for high value-added specifications with quality and productivity	● Balance profit generation with cost competitiveness	● Secure supply capacity and achieve rapid start-up through local procurement
Quality control	Numerator: ● Create opportunities to win orders by providing reassurance and trust based on market needs and the user perspective ● Provide quality assurance and reliability through enhanced traceability Denominator: ● Streamline inspections through the use of digital tools ● Prevent defect outflow and recurrence by strengthening quality consistency through standardization	● Ensure consistent quality to support the brand and user experience	● Improve quality, brand, and market reputation	● Achieve stable quality tailored to regional characteristics
Supply and sales	Numerator: ● Create opportunities to win orders through stable supply ● Increase orders from existing and new customers ● Increase proposal opportunities through customer response capabilities leveraging insights from existing business Denominator: ● Achieve autonomation of optimal inventory management ● Improve the inventory turnover ratio ● Improve load factors and optimize transportation routes through data utilization ● Minimize additional investment by maximizing existing assets	● Create continuous value through data and improvement feedback	● Reflect market feedback in planning and development	● Increase opportunities through supply stability

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