

Toyota Gosei's Growth Strategy

New Medium-Term Business Plan: The 2030 Business Plan

In August 2023, Toyota Gosei prepared the 2030 Business Plan as our medium- to long-term management plan to achieve sustainable business growth in the future by providing social value in response to changes in the mobility society.

Our goal is to become a company that pursues the possibilities of polymers to contribute to a future of better mobility and living, and we will deliver safety through safety systems, comfort through interior and exterior components, and decarbonization to society through the development of new businesses for polymer materials to society.

Progress of the 2025 Business Plan

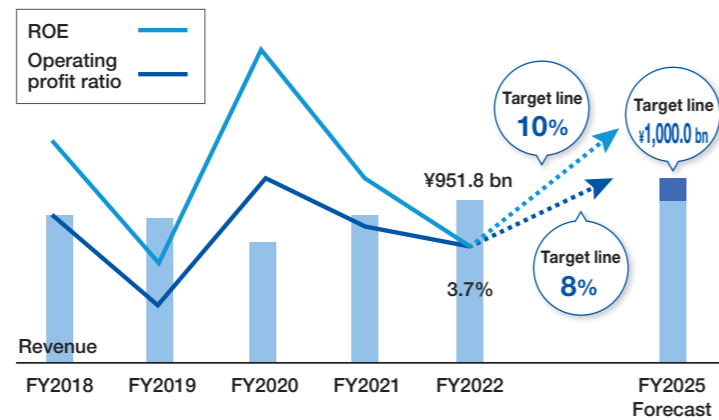
In the 2025 Business Plan announced in 2018, we have set targets of 1 trillion yen in revenue, 8% in operating profit ratio, and 10% in ROE. We are on track to achieve our revenue target due to the growth in sales revenue, which exceeded the increase in automobile production, as well as the impact of the yen's depreciation. On the other hand, operating profit ratio and ROE are projected to fall short of the targets because of production fluctuations due to the COVID-19 pandemic, the impact of the materials market, and the postponement of the development of new products and technologies.

Based on the 2025 Business Plan, we have identified four main issues that we must address in order to achieve our next stage of growth: Adapting to CASE technological advances with a focus on BEVs, Restructuring of our business portfolio, business management with an awareness of capital efficiency, and creating new businesses and products to serve as new pillars in the next generations. These will be addressed in the 2030 Business Plan.

Overview of the 2030 Business Plan

The 2030 Business Plan sets forth our vision of becoming a company that pursues the possibilities of polymers to contribute to a future of better mobility and living, and we aim to further enhance our strengths by expanding our business domain using polymer technologies such as rubber and plastics. The manufacturing of parts rooted in polymer technology is our original business, and at the same time, it is the business we carried on from the rubber research department of our predecessor, Toyota Industries Corporation. We view this as our strength and a source of profits, and we are strongly committed to expanding our business into new areas while maintaining and developing our wealth of knowledge and advanced technological capabilities.

Our specific growth areas are (1) safety, (2) comfort, and (3) decarbonization, and we aim to achieve sustainable business development by focusing on



Challenges for further growth

01. Responding to CASE (Connected, Autonomous, Shared, Electric) technological advances with a focus on BEVs

Roll out different products for different regions and customers. Expand organizations and human capital in each overseas region.

02. Restructuring of business portfolio

Focus on fields that balance both social value and economic value.

03. Business management with an awareness of capital efficiency

Shift resources into high-growth, high-profit fields and manage balance sheets.

04. Creating new businesses and products to serve as new pillars in the next generation

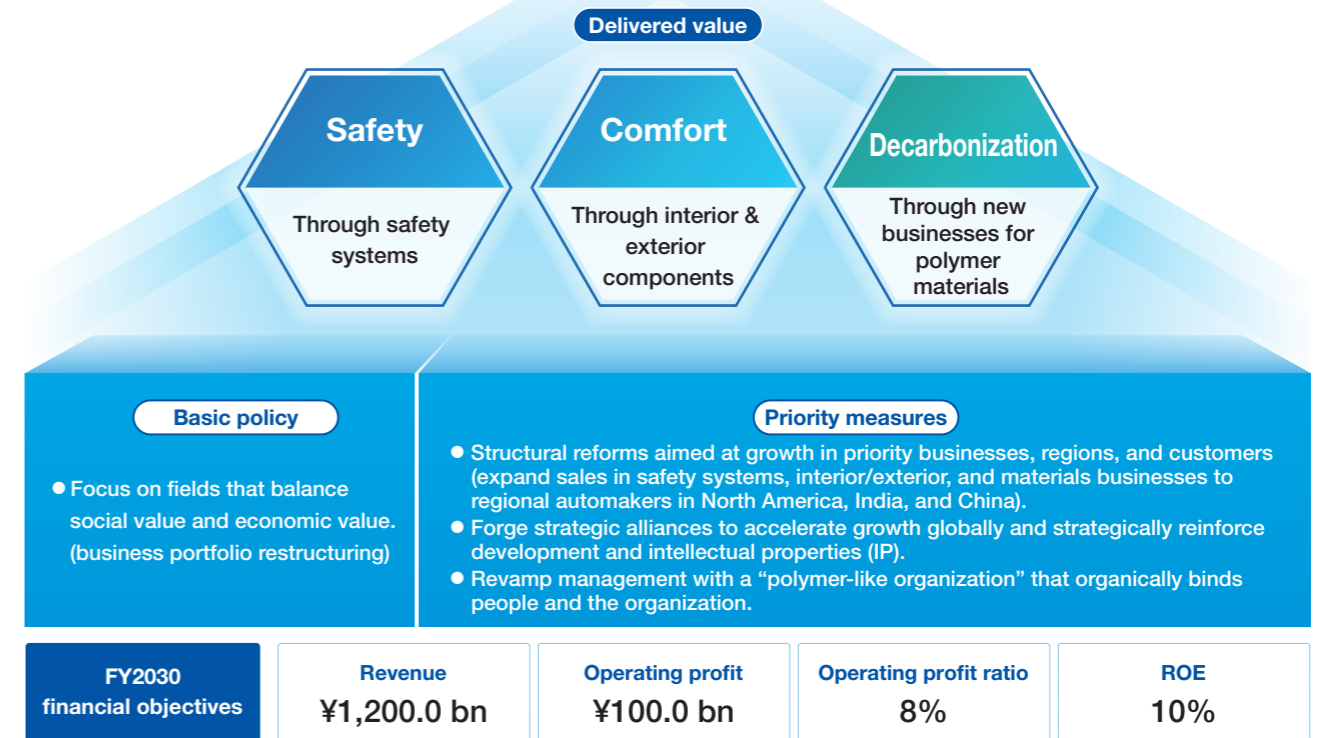
Speed up the generation of ideas and ascertain their commercial viability. Develop products from the customer's point of view and market them as solutions.

areas that combine social and economic value. We aim to achieve revenue of 1,200 billion yen, operating profit of 100 billion yen, operating profit ratio of 8%, and ROE of 10% by increasing our economic value while enhancing our presence value. To achieve these goals, we will implement structural reforms for priority businesses (safety systems, interior and exterior components), regions, and customer service, as well as forge strategic alliances to accelerate growth globally and strategically reinforce development and intellectual properties (IP). At the same time, we will implement the invigoration of our people and organizations. By evolving into a "polymer-like organization," in which people and departments work closely together and demonstrate high creativity and productivity, we will be able to respond to changes in the environment while freely changing the shape of the organization and create new value.

Outline of 2030 Business Plan

Vision for the company

Become a company that pursues the possibilities of polymers to contribute to a future of better mobility and living.



Business portfolio restructuring for growth

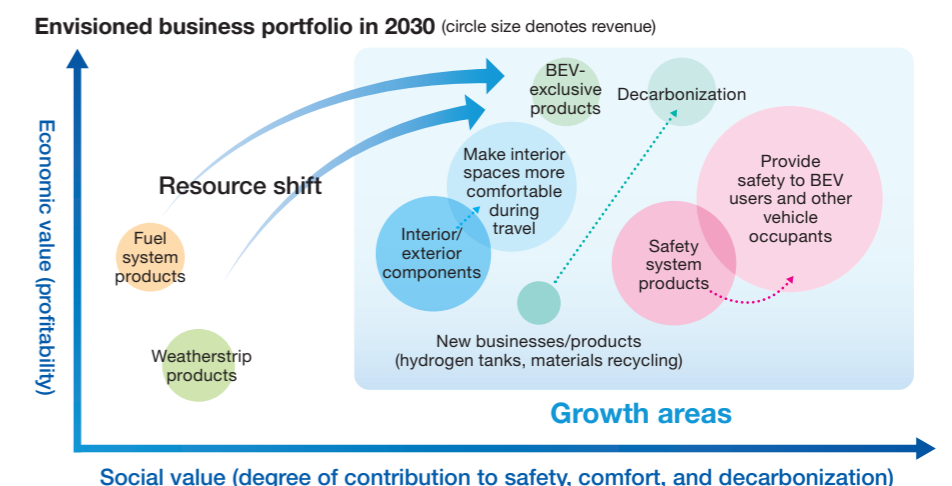
We will shift our resources to growth areas that deliver both social and economic value.

We currently have four main product areas: safety system products, interior and exterior components, functional components, and weatherstrip products.

While implementing restructuring of these businesses, we will shift and expand our business domain to contribute to the improvement of safety, security, and comfort of society. Also, we will develop new businesses and products, such as hydrogen tanks and material recycling, to contribute to decarbonization.

In restructuring of our business portfolio, we will adopt TG-ROIC^{*1} management and invest efficiently for each region and business.

$$*1 \text{ TG-ROIC} = \frac{\text{Operating profit}}{\text{Non-current assets} + \text{Inventories}}$$



Enhancing Social and Economic Value

Changes in the mobility society and anticipated needs

In preparing the 2030 Business Plan, we began by creating a concrete image of what the world will be like in 2030 (the future mobility society). We predict that mobility will change in 2030 due to advances in CASE* and decarbonization, and that people's relationships with cars will also change significantly.

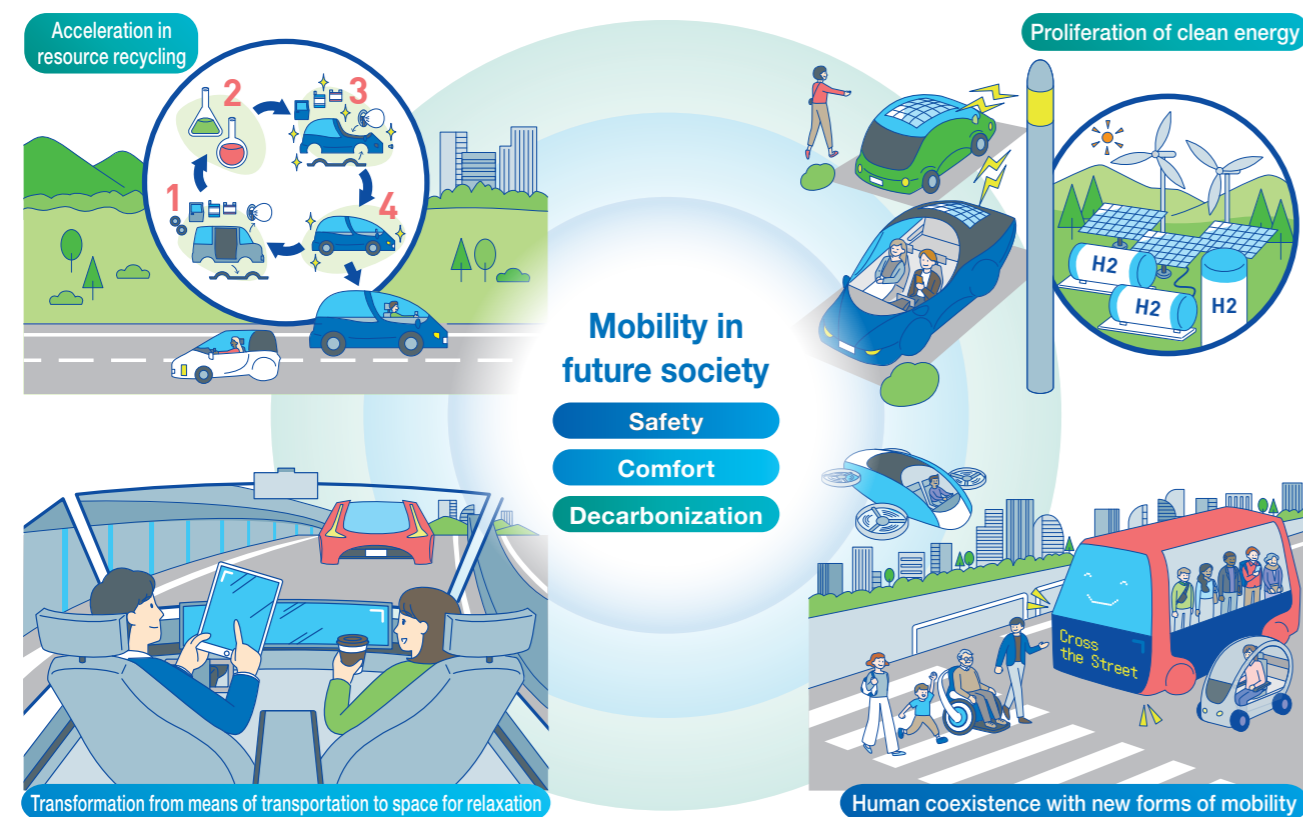
The first change is the acceleration in resource recycling. We envision the creation of a social system that will create a large cycle, including the final disposal of ELVs (End-of-Life Vehicles). The second change is the proliferation of clean energy. As the energy mix is rapidly changing, there is expected to be a need to improve energy efficiency, including fuel efficiency, in mobility as well. In addition to the environment, we believe that there will be a shift from

a means of transportation to a space for relaxation. The trend toward viewing mobility not simply as a means of transportation, but as something that must provide value, such as relaxation or entertainment, will accelerate. The final change is human coexistence with new forms of mobility. As various forms of mobility are created, we believe that functions for communication between cars and between cars and pedestrians will be required.

As the automobile industry and other companies work to implement the mobility society of the future, and as vehicle manufacturing changes, we also will support new vehicle manufacturing while reexamining what our products should offer.

* CASE: A term coined from the initial letters of Connected, Autonomous, Shared, and Electric.

Mobility society envisioned in 2030: Advances in CASE and decarbonization



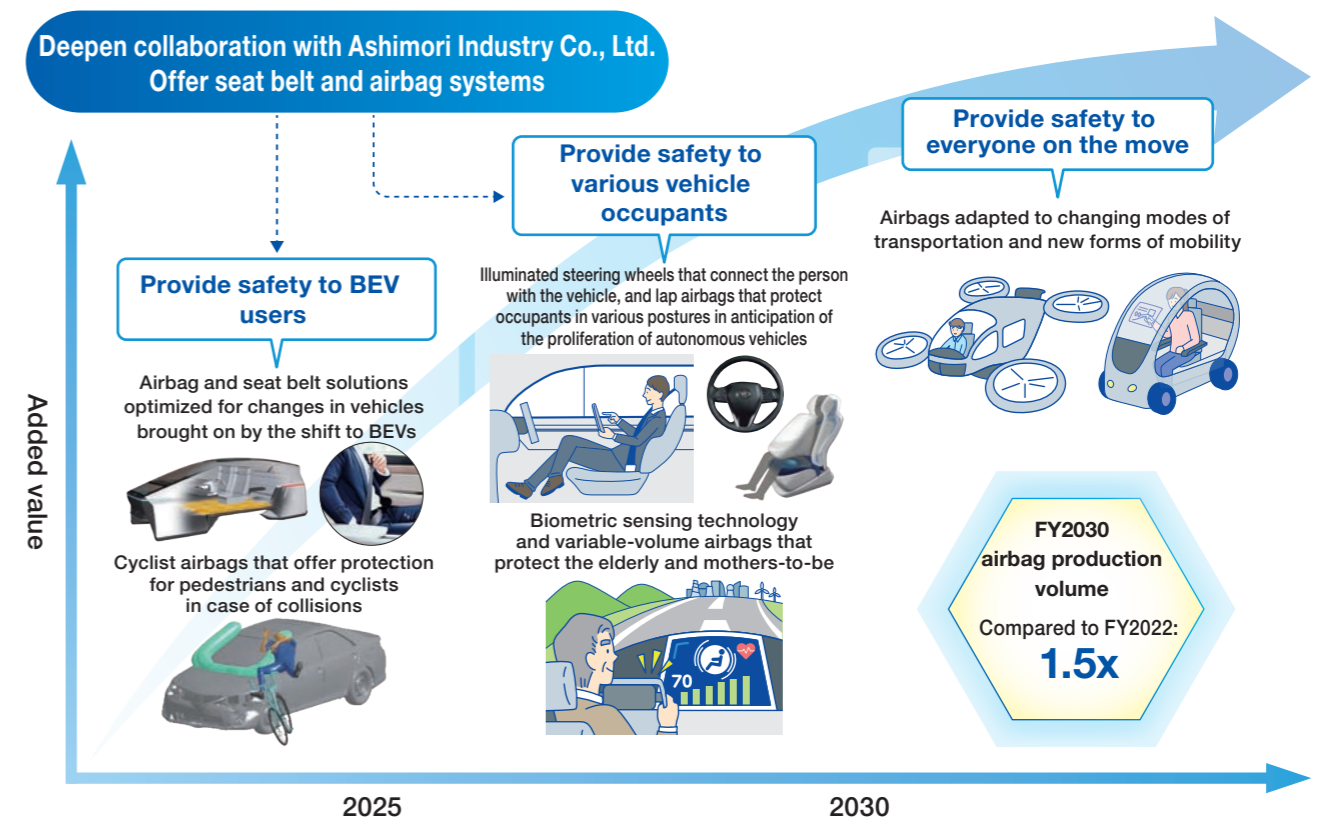
1. Contribution to Safety

Over the years, Toyota Gosei has contributed to the reduction of traffic fatalities by providing various types of airbags. Safety system products such as airbags, seat belts, and steering wheels will be required to evolve in terms of both function and performance as BEVs and self-driving vehicles become more commonplace. Also, demand continues to grow as safety regulations are tightened around the world. We will continue to develop and provide more advanced occupant protection products to achieve a safe and secure mobility society. To this end, we will deepen and accelerate our collaboration with Ashimori Industry Co., Ltd., which we have been conducting since 2021. By leveraging each other's business assets and expertise, we will maximize synergies in development, design, sales, procurement, and

production, and aim to become a system supplier that can propose and provide total safety system product solutions.

In proposing seat belt and airbag systems, we expect that the lap airbag, which incorporates an airbag inside a seat belt, will be an innovative turning point. This system can protect occupants in any position, and is adaptable to major changes in vehicle structure. We are developing airbags that can respond to changes in means of transportation and new mobility, such as cyclist airbags that protect pedestrians and bicyclists from collisions, and variable-volume airbags with biometric sensing technology that protect the elderly and pregnant women. We plan to increase airbag production to 1.5 times the FY2022 level by FY2030.

- Over the years, we have reduced traffic fatalities by supplying airbags of various types.
- As BEVs and autonomous vehicles proliferate, our next task is to develop and bring to market sophisticated products for protecting vehicle occupants.



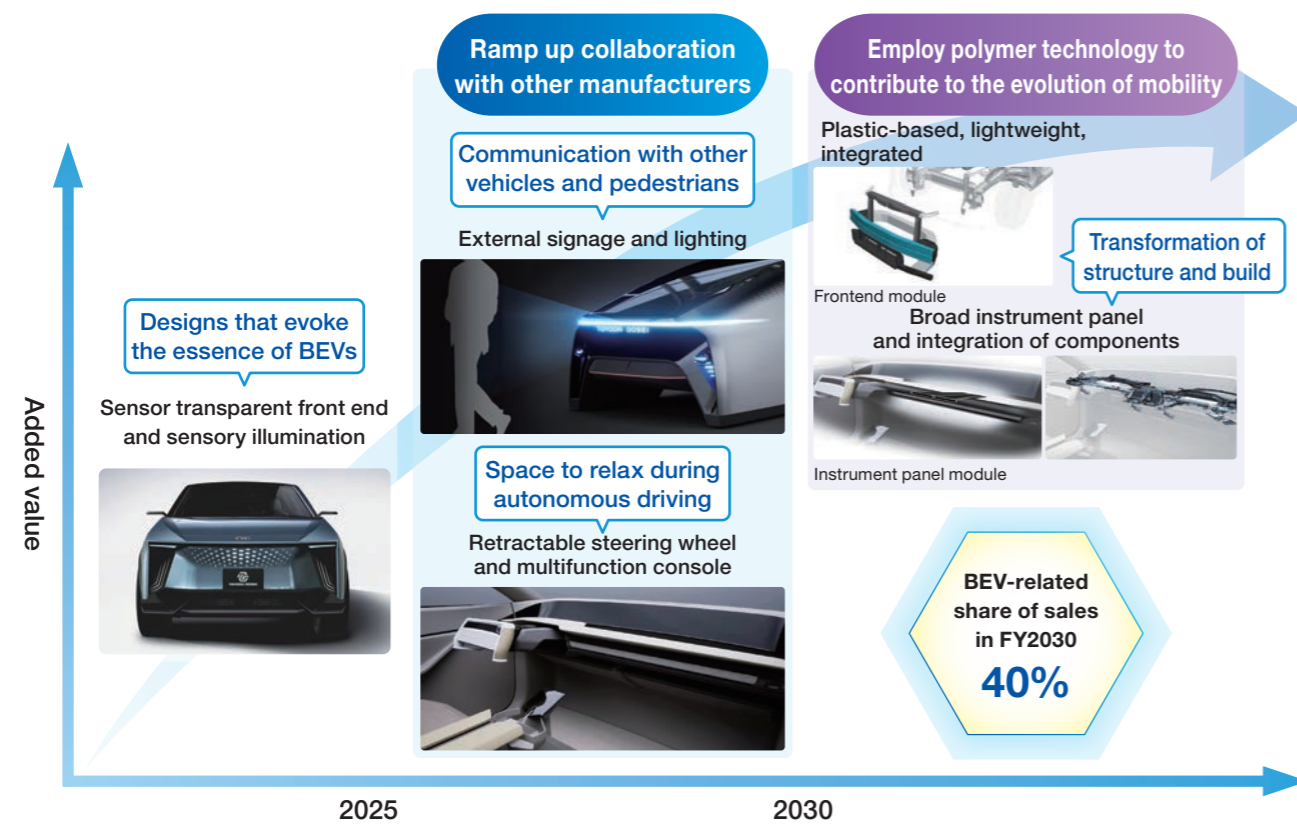
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2. Contribution to Comfort

Aiming to create more comfortable in-car spaces while responding to changes in mobility, we have set a target to increase the ratio of BEV-related sales revenue to 40% by FY2030. Specifically, we will work to provide new functions that are unique to BEVs, such as combining interior and exterior components with safety systems and illumination products. Also, for self-driving vehicles, we will develop retractable steering wheels and multifunctional consoles that can expand the interior space during automated driving. Furthermore, we will provide new comfort value in response to the new era of mobility through plastic-based, lightweight, and integrated designs for front-end modules and other components, as well as improvement of instrument panel modules. We will

contribute to the improvement of comfort for new mobility by utilizing the polymer technologies that we have developed over the years and by strengthening our cooperation with other manufacturers. We will also develop and propose signage and lighting using LED light as a means of communication between cars, and between cars and pedestrians, in collaboration with other companies. Signage, for example, can be used in the new mobility society to signify "please go ahead" to pedestrians at pedestrian crossings when the driver is not present in a self-driving vehicle.

- By integrating safety systems and illuminated products into interior & exterior components, we will offer new functionality suited to BEVs
- With our polymer technology, we will also upgrade car designs and manufacturing to bring about new forms of mobility



3. Contribution to Decarbonization

We will harness our knowledge of polymer materials to focus on the development of high-performance materials and the formation of businesses for material recycling. In the recycling of products and materials, since many products are incorporated into automobiles, it is difficult for us to go it alone and we need to proceed on the premise of collaborating with other companies. We will implement initiatives with the entire supply chain in mind, including how to collect and recycle materials and products up to and including final disposal of automobiles. For some products, such as plastics, rubber, and airbags, we are already working on a system to collect waste materials from outside the company and recycle them into recycled materials, which we will develop into businesses and monetize, including sales outside the company. We will accelerate the pace of our energy-conservation efforts by implementing production technology

innovations as well as daily improvements in manufacturing processes. Our manufacturing processes mainly emit CO₂ through painting, plating, rubber extrusion molding, and plastic injection molding. We aim to achieve carbon neutrality by production technology innovations in each process, such as developing decorative elements with low environmental impact in the painting and plating processes, optimizing vulcanization conditions during the rubber molding process, and using electric power and low pressure in the plastic molding process, as well as utilizing renewable energy and other resources. We have moved up our goal of achieving carbon neutrality for Scopes 1 and 2 to 2030 from the previous target of 2050. We will contribute to the realization of a wide range of decarbonization and recycling promotion in society by establishing a system that enables us to provide CO₂-free, high-added-value products as early as possible.

- Harness our knowledge of polymer materials (formulation, kneading) to focus on development of high-performance materials and recycling materials.
- Contribute to decarbonization and recycling promotion in society at large by not only utilizing the materials ourselves but also selling them externally.

