




Letter from the President



We will overcome the current crisis and achieve a sustainable rise in corporate value

Toru Koyama
President

My deepest sympathies go out to all people who have contracted COVID-19 and to those who have been affected by the spread of this infection. We at Toyoda Gosei pray that calm and peaceful days will return at the earliest possible time, and we will do our utmost so that we can contribute to society through our business activities.

Self-introduction and aspirations

I would first like to extend my gratitude to our shareholders, investors and all other stakeholders.

After joining Toyoda Gosei in 1982, I worked for 25 years as an engineer in the development of safety systems, and then for eight years as vice president and president at our regional headquarters for the Americas. Afterward, as a director at the World Headquarters, I was responsible for the Corporate Planning Division, where I sought resolutions to management issues.

I recently became the first president to come up entirely through the company in 38 years. I believe Toyoda Gosei's strengths lie in its continuous efforts to pioneer new businesses such as LEDs and e-Rubber while growing its core automotive business using its rubber and plastic expertise. Its worldwide locations also give the company a global reach. We will continue to take full advantage of these strengths, while accelerating each of the strategies in our 2025 Business Plan, following the key words of "Sincerity," "Activity and Unity" and "Strategy." We will strive for further increases in corporate value with a long-term perspective and sustainable growth.

Huge changes in the business environment

The spread of the novel coronavirus has greatly affected our business, and we have made efforts to prevent infections, contribute to social recovery, maintain our production network and more. At the same time, we have all worked together to cut costs and taken other measures to get through this difficult time.

We need to carefully anticipate the post-coronavirus world

and the automotive market. We expect China will continue to grow and are working to develop our business in that market as our second pillar after the Americas. Meanwhile, the pandemic has heightened social needs for safety and security, and we need to meet those needs by pushing ahead with technical development and commercialization.

A look back on FY2019

Under the banner of "overwhelming speed," we have worked to develop our positions in growing markets. In China, we reorganized our production locations. In India, we established a sales and development office and started up a new plant. In Asia, the automotive market is currently stalled, but the region is sure to grow in the future. With the aim of keeping pace with the speed of business in China, we have established a new "BR China Product Engineering Department" that is dedicated to developing products for the Chinese market. In India, we will continue to build a production foundation to accommodate future increases in production volume, ensure profitability, and raise our positions.

Improving our business in Europe has been a major issue for years, and we have reformed our business structure by selling Toyoda Gosei Meteor in Germany. In the fourth



Toyoda Gosei booth at Tokyo Motor Show 2019

quarter of FY2019 we achieved a return to profitability. Our efforts have begun to show effects.

In the technical field, we are collaborating with other companies to swiftly develop new products for CASE technologies. At the Tokyo Motor Show, we exhibited steering wheel modules and next-generation safety systems in cooperation with other Toyota Group companies. We have also been investing in startups that promise synergy with our key strengths. The outstanding technologies of these companies will help to improve the value of TG products and shorten the development time.

We have also been working to pioneer new businesses. In January 2020, we showed the world our e-Rubber technology at CES, the world's largest electronics exhibition held in Las Vegas, USA. e-Rubber is a novel material that can virtually reproduce the sense of touch. In the coming years we intend to bring products to the market in the three areas of IoT sensors, haptics, and tactile hands. We also plan to move ahead with activities for commercialization in many fields, with a view to possibilities that will meet social needs in areas such as telemedicine.



e-Rubber haptics and augmented reality

FY2020: A year to display our true abilities

With the resolution of our major structural issues in Europe, we are ready to display our true abilities and turn to full offense as we work to achieve the goals in our 2025 Business Plan.

In the field of new technologies, we will introduce products that contribute to solving social issues at the earliest possible time. This includes the use of e-Rubber in the medical and other fields and commercialization of sterilization with deep UV LEDs, based on the needs for safety of post-coronavirus society.

By focusing resources on product fields and geographic regions with high potential for profitability and growth, we will strive for the further growth of our automotive business. Specifically, we are focusing efforts on safety systems and functional products, and the growing markets of China and India.

On our production floors, we adopt the thinking of “reducing costs by thoroughly eliminating waste” that is the aim of the Toyota Production System. We will accelerate the global spread of innovative production technology for labor savings and automation as we move to strengthen our manufacturing abilities. We are also moving ahead to reduce loss with IoT and raise productivity, and utilizing Special Skill Dojos to pass on TG skills to the next generation.

To achieve business growth in the future, we are actively advancing communication measures and personnel development for all employees, who support our global operations.

SDGs / ESG efforts

Based on our management philosophy, Toyoda Gosei supports the Sustainable Development Goals (SDGs), which are shared goals of international society to be achieved by 2030. All Toyoda Gosei employees are making efforts to contribute to the achievement of these 17 goals.

We have decided on eight goals that are closely related to our business and established a dedicated organization to further accelerate our activities.



As a company, we believe that we can increase our corporate value by conducting our businesses in ways that contribute to the solution of social issues. As a company of integrity, we will enhance and promote activities related to SDGs/ESG.

We have been implementing corporate culture reforms in recent years in recognition of the extreme importance of enhancing the vitality and sense of unity that forms the basis of corporate growth.

In the field of governance, in order to increase the transparency and objectivity of executive appointments and compensation, we have made outside directors the chairpersons of the Executive Appointment Committee and the Executive Compensation Committee, the majority of whose members are also outside directors. To assist outside directors in properly performing their monitoring functions, we endeavor to share information on the company's situation through means such as individual explanations by each department and outside director liaison meetings attended by all outside directors. We also provide advisory opportunities outside the Board of Directors, and we will continue to utilize the wealth of experience and deep insight of outside directors to improve corporate value over the medium to long term.

In April 2020, we held our first ESG briefing session for institutional investors. We would like to deepen our relationships with all of our stakeholders by providing them with opportunities for active dialogue.

Moving toward achievement of the 2025 Business Plan

The Toyota Gosei 2025 Business Plan was adopted in May 2018 with the aim of sharing more specific goals and initiatives throughout the TG Group as we look to the future for sustainable growth. Two years have passed since the formulation of the plan, and the first step, the elimination of losses through structural reforms, has come into sight. The next step is to increase sales revenue and improve profit margins by pursuing growth in the automobile business. To do this we have been developing our production network to achieve steady growth in sales. We will also continue efforts to accelerate commercialization of technologies in new business fields beyond automobiles.

