

Medium-term business plan, “2025 Business Plan”

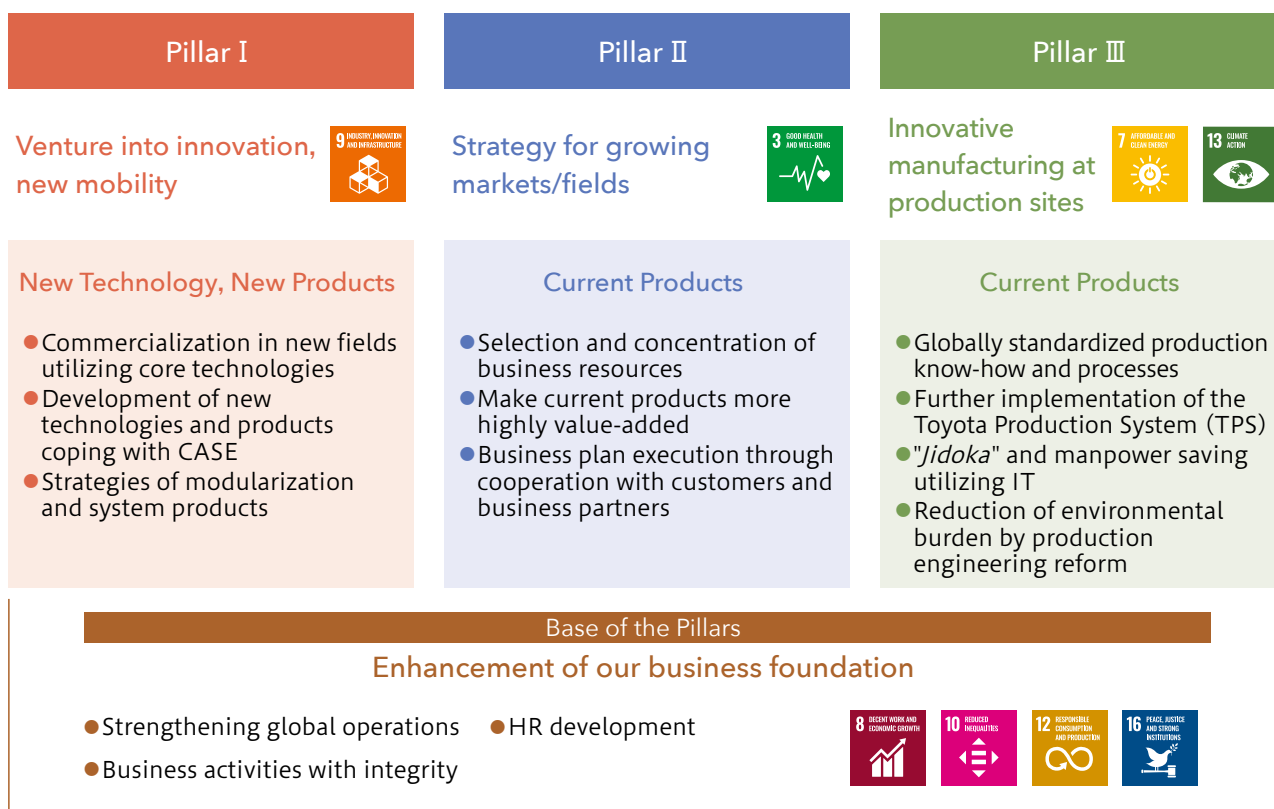
To deal with the significant changes in the business environment and achieve sustainable growth into the future, Toyota Gosei’s 2025 Business Plan for the medium term lays out three key areas that take advantage of the Toyota Gosei Group’s cultivated strengths. We are making efforts tied to materiality that will provide both social and economic value.

What we aspire to be

Toyota Gosei aims to grow as a global company that acts flexibly and swiftly in today’s dramatically changing business environment, delivering the highest levels of satisfaction to customers worldwide through **safety, comfort, well-being and the environment**

Financial objectives

	FY2017 (J-GAAP)	FY2025 (IFRS)
Revenue	¥806.9 billion	More than ¥1 trillion
Operating profit ratio	5.1%	8%
ROE (Return on equity)	6.6%	10%



Financial Policy

Shareholder returns

Regarding shareholder returns for the time being, we will work wholly to reward shareholders based on a consolidated payout ratio of 30% or greater, from a variety of perspectives.

Capital investment

We will secure 50 billion yen by FY 2025 as funding for capital investment for growth.

Cash reserves

In view of the prevailing circumstances, we will secure cash reserves* of consolidated monthly turnover + 30 billion yen including funds to cover risk.

*Short-term borrowings (less than one year) are excluded.

The situation before us and key future strategies

The situation before us

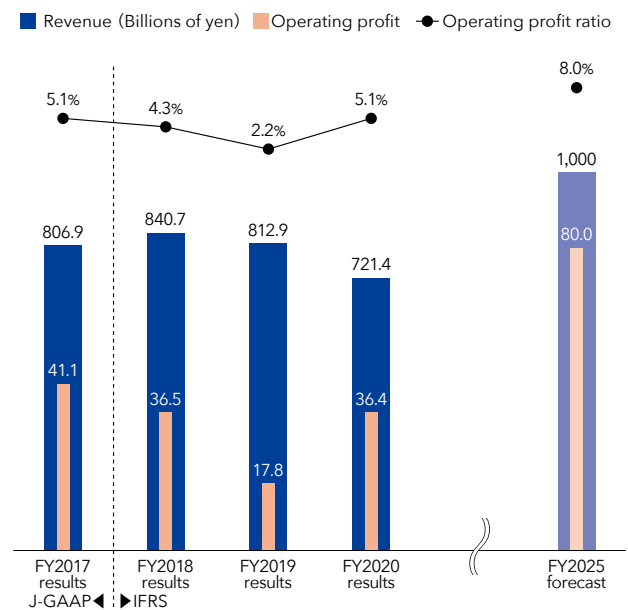
Sales decreased in the first half of FY2021 due to the coronavirus, and profits were also negatively affected.

To counter this, we implemented revenue measures with the full, united power of the Group, including cuts in labor costs and business expenses. In addition, profits significantly increased from rationalization efforts as well as assistance payments and a rebound from losses resulting from reorganization of our European business in FY2019. As a result, we maintained profitability at the same level as normal years even during the coronavirus pandemic.

We aim to achieve an operating profit ratio of 8% in FY2025 with the three steps shown at the bottom of the page, as we work toward achieving the goals in our 2025 Business Plan. For the first step of “Completion of current structural reforms,” we are preparing for the end of production at our British subsidiary following the sale of our German subsidiary in 2019, which will complete our restructuring in Europe.

For our LED business, which has been shrinking for years, we have also decided to end production at our domestic subsidiary. We will also end in-house production. This concluded our general aims for immediate structural reforms, and raised profitability 1%.

Performance trends since FY2017 (when plan was formulated)



Key future strategies

Next, we will work on the other two steps to raise the remaining 2%.

In a shift of resources to growing regions and customers, we are moving to expand sales in the Americas and Asia, centered on the existing businesses of Safety Systems and Functional Components. By prioritizing investment of resources in product areas and geographical regions with outstanding growth and profitability, we are attempting to improve and

optimize our portfolio.

In “Venture into innovation, new mobility,” we are working toward achieving the 2025 Business Plan by growing businesses with new technology, including the development of products for CASE and the vehicle electrification that is accelerating in recent years, high pressure hydrogen tanks, UV-C (deep UV) LEDs, and e-Rubber.

Our thinking with regard to higher profitability

