

Expansion Strategy

Message from the CSMO

In response to the dynamic changes in the automotive industry, we are defining strategic directions for regions, customers, and products globally to ensure Toyoda Gosei's sustainable growth. We are committed to expanding sales and improving profitability.

Makoto Hasegawa
Corporate Officer, CSMO



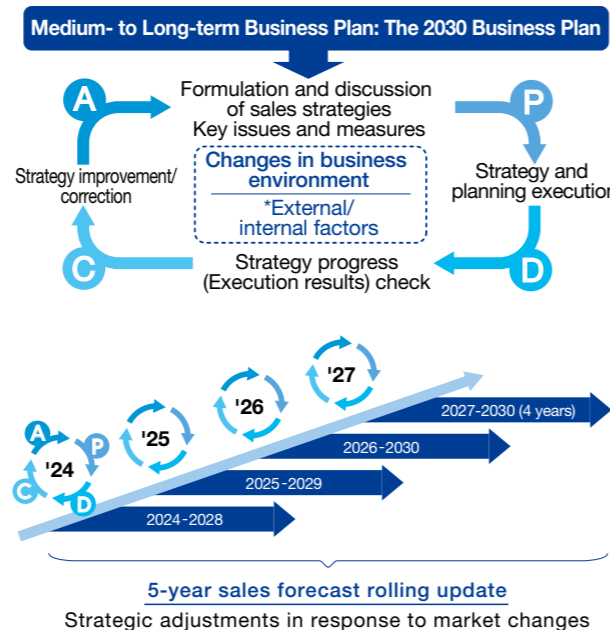
Role of the CSMO

Until now, we have expanded our business in line with the growth of our key customers. However, as we look toward future growth, we recognize the need to proactively anticipate trends and make our own flexible decisions. We are building a framework that allows us to flexibly adapt our sales strategies in response to market and competitor movements, as well as end-user needs.

To optimize the allocation of company-wide resources, we are clarifying the regions, products, and customers that require focused efforts, forecasting market sizes by powertrain in each region, and conducting discussions and proposals on business risks. Furthermore, in light of changes in the external environment, we are developing sales forecasts for the next five years. These projections will support the formulation, execution, and progress management of mid- to long-term strategies, which we will adjust as necessary.

Environmental Perspective (1) Opportunities in the BEV sector and slower BEV growth for opening opportunities for HEVs and PHEVs

- The automotive industry is rapidly shifting towards electrification as part of efforts to achieve decarbonization. Although the initial surge in demand has stabilized, we anticipate steady growth in Battery Electric Vehicle (BEV) adoption.
- At the same time, demand for Hybrid Electric Vehicles (HEV) and Plug-in Hybrid Electric Vehicles (PHEV) is on the rise. For our company, this demand for HEV and PHEV-specific components, alongside our existing product lineup, offers a significant opportunity to drive further sales growth.



Environmental Perspective (2) View on the Chinese market: Expanding sales to local OEMs

In China, which has become the world's largest automotive market, BEV market share has expanded significantly, presenting challenges for Japanese automobile manufacturers. While we expect competitive response measures, we are also actively pursuing market expansion among local customers in China as part of our strategy to ensure our survival in this market, and we are beginning to see positive results.

Progress toward Achieving the 2030 Business Plan

Regarding the sales outlook through 2028, we are on track to meet targets by expanding sales in key regions, specifically the Americas and India, and with major customers. In order to achieve our 2030 sales targets, current order activity is increasingly important, and we are aiming to expand sales comprehensively, including in the BEV sector.

1. The Americas Aiming to expand sales opportunities by leveraging BEV growth

- While we anticipate a modest increase in vehicle production, we expect the progress of BEV adoption to expand business opportunities. This includes products combining new functionalities, such as illuminated interior and exterior components, as well as cooling hoses essential for thermal management. We aim to drive sales growth by proposing new high-value-added products that align closely with market needs.
- For foreign clients, we are working to establish executive-level connections and adopt a balanced, targeted order acquisition strategy, aiming to build medium and long-term business relationships and expand sales.

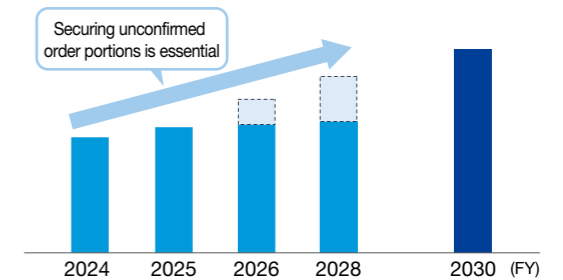
2. India Targeting business growth that outpaces market growth

- In the Indian market, where Japanese customers represent half of our market share, we anticipate steady market growth driven by the ongoing advancement of motorization. Indian OEMs are also showing strong interest in expanding their market share. With rising awareness of safety, along with stricter regulations and crash safety assessments, we expect increased demand for airbags. Our goal is to achieve business growth exceeding overall market growth by expanding sales not only to Japanese customers but also to new customers. To support this, we are enhancing our local sales framework and enhancing facilities within India that allow for complete technical and evaluation processes to swiftly meet customer needs.

Forecast for Production Volume in the Indian Market



Medium- to Long-Term Sales Projection



3. Safety Systems business Aiming for the world's No. 2 market share and sales of over 500 billion yen

- In addition to the growing focus on safety in emerging markets, the trend of increasingly stringent regulations and crash safety assessments in developed countries is also a key pillar of our business growth.
- Furthermore, with the progress of BEVs and the future of autonomous driving, airbags designed to protect passengers will require enhanced functionality and added value to adapt to changes in vehicle interior spaces.
- Currently, we are advancing collaborative development of integrated seat belt and airbag systems with Ashimori Industry Co., Ltd., aiming to foster mutual growth.

4. Interior and Exterior Components business Opportunities presented by growth in BEVs

With the growing BEV adoption, there is increasing demand for our specialized plastic products that support innovative design and further lightweighting to extend driving range. Additionally, as customers' manufacturing processes undergo significant changes, the opportunity to supply in modular units presents a substantial growth opportunity for our business.