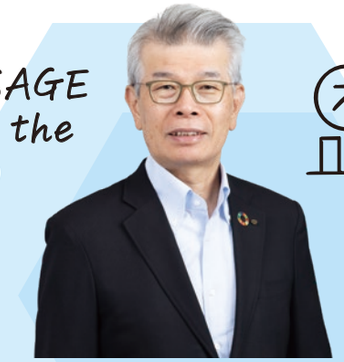
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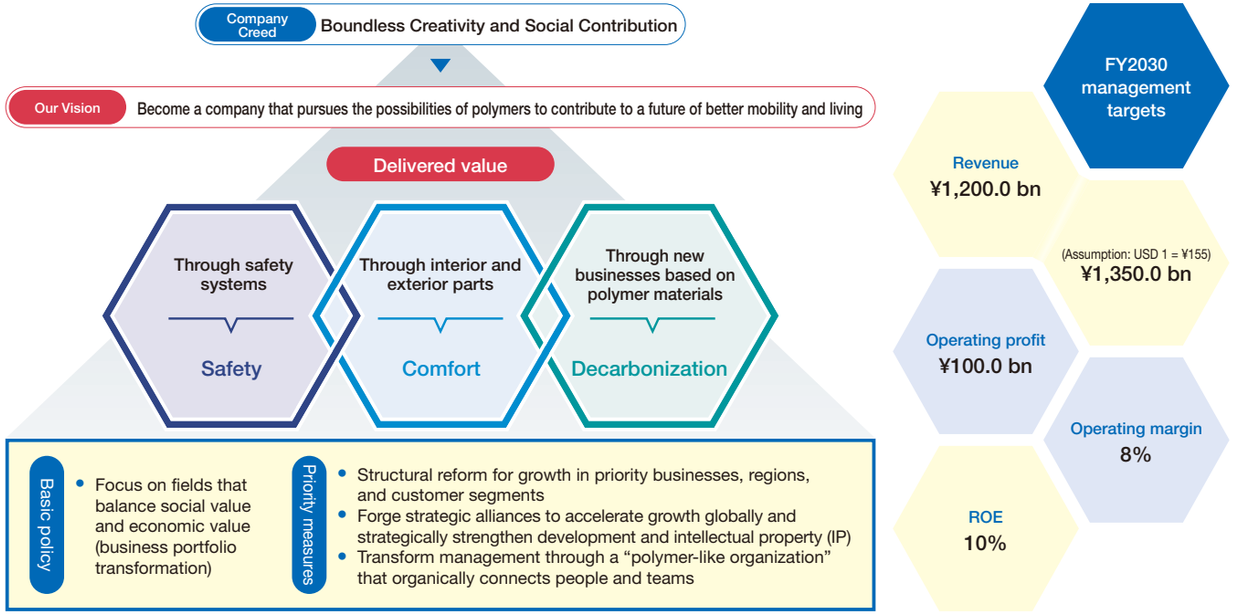
MESSAGE from the COO



Hiroshi Yasuda

Representative Director, Executive Vice President, COO

To realize the 2030 Business Plan, we will strengthen our business foundation and drive value creation.



Drawing strength from a changing environment to drive the next stage of growth

Outline of the 2030 Business Plan

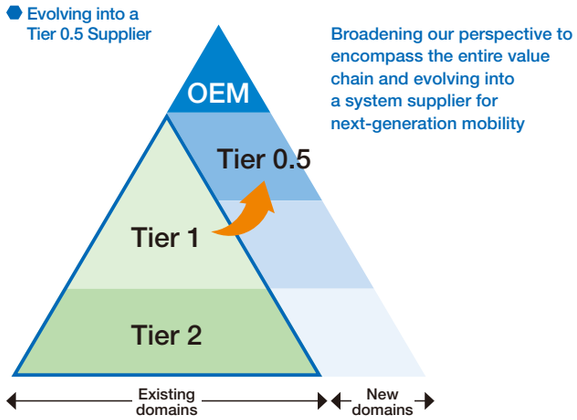
Under our Company Creed of "Boundless Creativity and Social Contribution" and our spirit of self-direction and autonomy, we will quickly identify the future needs and latent challenges of society, end users, and automakers, and turn our expertise in rubber and plastics—our core strength—into new value. Through such value creation, we will help solve the challenges of a mobility society and, beyond that, contribute to the sustainable value creation of the entire Toyota Group. The 2030 Business Plan charts our path toward realizing this vision.

The specific growth areas we will focus on are safety, comfort, and decarbonization, which also represent the value we provide. We will concentrate management resources on fields that deliver both social and economic value, and so enhance corporate value over the medium to long term. Going forward, we will further enhance our earning power. To achieve an operating margin of 8% or higher, we will steadily turn the initiatives we have pursued so far into profits. At the same time, we will strengthen our business foundation around priority businesses, regions, and customers, forge strategic alliances, and enhance development and intellectual property. We will channel the profits we generate into the next stage of growth.

By building on these efforts, we will establish a business foundation that supports not only the achievement of our 2030 targets but also further growth beyond 2030.

Responding to a Changing Market

The business environment in the automotive industry is now changing at an unprecedented pace, driven by rising geopolitical risks, increasingly complex social issues, and the rise of emerging manufacturers. As the major markets of Japan and the United States reach maturity, Japanese automakers are advancing reforms to regain ground, and we recognize that the industry stands at a major turning point. To turn these changes in the environment into new growth opportunities, it is essential that we



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read them accurately, identify priority regions and businesses, and allocate investment and resources with clear priorities.

Over the past few years, conflicts around the world and the spread of protectionism have significantly changed the business environment, with a major impact on corporate management. In light of chronic inflation, logistics disruptions, and the risk of supply chain interruptions, a stable supply system is more important than ever. Drawing on our global production system, a key strength, we will optimize our production sites and diversify the supply chain to build a supply system that is resilient to changes in the environment.

In addition, with the pace of and approaches to achieving carbon neutrality differing by region, multi-pathway strategies are advancing that use a variety of powertrains, including BEVs, HEVs, PHEVs, CNG vehicles, and biofuel-compatible vehicles. Taking into account policies, energy conditions, infrastructure, and other factors in each region, we will develop products that meet the needs of each market.

Emerging manufacturers are also strengthening their presence in the global market on the strength of overwhelming speed and cost competitiveness. In particular, their expansion into growth markets such as Southeast Asia and Latin America is accelerating. Given these dramatic changes in the competitive environment, we will enhance our competitiveness and accelerate business expansion in growth markets by strengthening our marketing capabilities and rolling out products closely matched to market conditions and regional needs.

Strengthening Our Business Foundation for Growth

To prevail in a rapidly changing market environment and achieve the 2030 Business Plan, we will build a stronger earnings structure centered on four measures. We will reinvest the cash generated through highly profitable and highly efficient manufacturing into the next stage of growth to cultivate new sources of competitiveness. By reliably keeping this value creation cycle running, we will sustainably enhance corporate value.

Creating Value-Added Products

We will focus on developing products that meet the market needs of each region, centered on the value we provide: safety, comfort, and decarbonization. In particular, we will draw on our strengths in rubber and plastics and in new business development, where we have produced world-first products, to create high-value-added new technologies and products such as safety technologies, environmental technologies, and high-performance materials.

» Development Strategy (P.19)

Strategic Investment in Priority Regions

With improving investment efficiency as our basic principle, we are making strategic investments in priority regions to achieve growth that outpaces the market. In particular, in India, where growth is strong, we will expand our customer base and drive future growth by investing ahead of demand and moving swiftly to expand production capacity and launch new products.

» Regional Strategy (P.37), Financial Strategy (P.45)

Maximizing the Earning Power of Existing Businesses

Growth in BEV demand has entered a temporary plateau. Energy conditions and regulations differ by region, and we expect a market environment in which diverse powertrains will continue to coexist.

While maximizing the profitability of fuel-system components for which we anticipate demand, notably those for HEVs, we will make effective use of existing resources and expand our business into next-generation markets such as those for BEVs, FCEVs, and CNG vehicles. We will also flexibly review our business portfolio in response to changes in the business environment, based on future growth potential and profitability, to improve capital efficiency.

» Business Strategy (P.27)

Cutting Fixed Costs and Production Costs

We expect competition to intensify further as emerging manufacturers expand globally. To counter the cost competitiveness and development speed of emerging manufacturers, reform across the entire value chain, not simply cost reduction, is essential. Under the banner of reducing production preparation lead time by 30% and halving production lead time, we will reform manufacturing across the entire value chain to make it highly efficient. This includes using AI and digital technologies to bring drawings and processes to a high level of completion at an early stage, stabilizing processes through predictive management, optimizing inventory planning, and shortening information lead times. We will also streamline indirect operations to build a lean business foundation that is resilient to change.

» Manufacturing Strategy (P.23)

Enhancing Competitiveness

Creating Value-Added Products

Centered on the values of safety, comfort, and decarbonization, we will create new technologies and products to build our future competitiveness.

Capturing Growth Markets

Strategic Investment in Priority Regions

We will invest ahead of demand in fast-growing regions and expand our customer base to ensure solid future growth.

Enhancing Earning Power

Maximizing the Earning Power of Existing Businesses

We will improve capital efficiency by maximizing profitability in fields where demand is expected and optimizing our business portfolio.

Strengthening the Management Base

Cutting Fixed Costs and Production Costs

We will build a lean business foundation that is resilient to change by reforming the entire value chain and streamlining indirect operations.

We will pursue these initiatives in an integrated manner, accelerate the virtuous cycle of earnings and growth, and sustainably enhance corporate value

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Steady Execution of Growth Strategies

Initiatives in Growth Businesses

To deliver safety and security, the first value we provide, around the world, we held discussions with stakeholders in European automotive safety assessments during the previous fiscal year. Drawing on these discussions to track future assessment trends, we put forward proposals for occupant protection systems that are both safe and easy to adopt. By making Ashimori Industry a wholly owned subsidiary, we have also accelerated development that combines airbags and seat belts to further enhance occupant protection technologies. Building on these efforts, we will apply our safety technology expertise to actively participate in discussions on the latest safety assessments and rulemaking, and lead the way in raising safety levels in mobility worldwide.

» Business Strategy: Safety Systems Products (SS) (P.28)

Next, to pursue comfort, our second delivered value, we have been developing products with refined design and texture and enhanced functionality that enrich the mobility experience. Our initiatives have included developing light-transmission technologies that support signage functions and new coating technologies that enhance exterior styling, as well as reducing weight for a comfortable ride and extended driving range. In weight reduction in particular, we are pursuing a technological innovation that overturns conventional wisdom: making the vehicle frame from plastic. We aim to create new value for next-generation mobility.

» Business Strategy: Interior and Exterior Parts (IE) (P.31)

Finally, to achieve our third delivered value, decarbonization, we have established advanced recycling technologies by leveraging our core expertise in rubber and plastics. These technologies have earned high acclaim from outside the Company. By applying our established recycling technologies to turn waste materials into new products, we will accelerate product development that meets tightening environmental regulations, particularly in Europe, and lead the world with advanced technologies that support resource circulation.

» Development Strategy (P.19), Business Strategy: Weatherstrips (WS) (P.35)

Through these three delivered values, we will strengthen our market competitiveness, help automakers become more competitive, and grow our business as a result. To make these efforts more effective, we are investing strategically, with clear priorities tailored to the characteristics of each region.

In India, a market showing particularly strong growth, we are drawing on the business foundation we have built over more than 30 years to make forward-looking investments that anticipate the future tightening of safety regulations as well as regional needs. In addition to expanding production capacity, we are strengthening our local development framework to reliably capture growing demand and achieve further share gains and earnings growth.

» Regional Strategy: India (P.39)

Meanwhile, in North America, which underpins the Company's earnings base, we are accelerating efforts to automate existing lines, apply digital transformation more widely, and expand production capacity to capture the growth of key customers, with the aim of further improving productivity and profitability.

» Regional Strategy: The Americas (P.38)

We also use TG-ROIC as a guide for investment decisions. With disciplined resource allocation that keeps capital efficiency in mind, we pursue both growth initiatives and efficiency improvements according to regional characteristics to improve profitability globally.

» Financial Strategy (P.45)

Business growth to 2030
(prepared based on Mobility Global's production volume forecast)

Region \ Business Domain	SS Safety Systems Products	IE Interior and Exterior Parts	FC Functional Components	WS Weatherstrips
Japan	◎	○	○	△
The Americas	◎	○	○	○
China	△	△	△	△
India	◎	◎	○	○
ASEAN	△	○	△	△
Europe and South Africa	◎		△	△

◎ Above market growth, ○ In line with market growth, △ Maintain current level

Business Process Reform

We have newly appointed a CDXO and are renewing core systems for accounting, production control, human resources, and other functions to achieve lasting improvements in the efficiency and productivity of indirect operations. We view AI and digital technologies as a critical management foundation that determines corporate competitiveness, and are strengthening AI education and the development of digital talent to shift administrative functions toward higher value-added work. By embedding the use of digital technologies across the Company, we will build a management foundation that anticipates change and enables rapid decision-making.

» DX Strategy (P.44)

Expanding Value Creation Areas

We will advance four initiatives in unison to enhance the competitiveness and profitability of our businesses: creating value-added products, making strategic investments in priority regions, maximizing the earning power of existing businesses, and reducing fixed costs and production costs. We will read changes in the business environment accurately and strengthen the business foundation for sustainable value creation while making our strategies more effective.

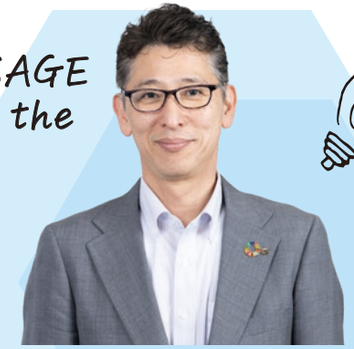
We will also anticipate changes in markets and customers and, by proposing solutions that draw on the strengths we have built up, expand the role we play and create new business opportunities.

We will aim not just to formulate strategies, but to execute them and deliver solid results. By turning change into opportunity and steadily leading the way in making this a reality, we will sustainably enhance Toyoda Gosei's corporate value.

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MESSAGE from the CTO



Mitsuhiro Nawashiro
Director, Corporate Officer, CTO

We will accelerate technology development with an eye to social challenges beyond 2030 and contribute to creating a prosperous society.

Policy for Achieving the 2030 Business Plan

We are developing products that apply the technologies we have cultivated through automobiles to a broad range of fields, aiming to contribute to the overall progress of future society.

Our 2030 Business Plan focuses on delivering value through three key initiatives: “Safety and Security” centered on Safety Systems Products, “Comfort” built on Interior and Exterior Parts, and “Decarbonization” through new businesses leveraging polymer materials.

To achieve the 2030 Business Plan and address social challenges with an eye to 2035 and beyond, we are driving forward three policies:

1. Expanding safety products to eliminate traffic fatalities and developing comfort-oriented products with a focus on autonomous driving
2. Developing technologies that lead the way in carbon neutrality and circular economy
3. Focusing on solutions in the key areas of Healthcare, Smart Homes, and Energy

Expanding Safety Products to Achieve Zero Traffic Fatalities

Globally, traffic accidents claim around 1.2 million lives annually, and efforts across industry, government, and academia are being strengthened to try to achieve zero traffic fatalities.

As an airbag manufacturer, we are working to develop airbags that respond to various types of collision accidents based on our abundant experience and technological capabilities to help reduce traffic accident fatalities and injuries.

We promote the development of innovative safety technology based on the key concepts of safety, security, and comfort, as a company that handles safety products such as steering wheels and airbags.

By analyzing traffic accidents in regions around the world, we are implementing forward-looking measures and responding to safety issues from a global perspective. We will anticipate these needs and work to expand preventive safety technologies linked with autonomous driving and ADAS, extending our focus beyond collision safety.



Biometric-sensing steering wheel
(such as to detect alcohol)



Lap airbag

Specifically, by installing sensing technology and HMI notification technology in steering wheels and instrument panels, we are able to enhance safety according to individual driver conditions.

For example, by using technology to monitor the driver’s condition through biometric sensing, provide driving support tailored to the driver’s physical state, and prevent drunk driving, enhanced safety can be achieved.

In addition, seat-integrated safety devices, such as lap airbags, can create a safe vehicle interior and provide a new form of value: a safe vehicle interior.

We will continue to develop technologies for collision safety assessments, which are set to become increasingly stringent, to reduce the traffic fatalities that conventional technologies have yet to prevent. We also aim to engage in new rulemaking. To this end, we are strengthening collaboration with research institutions closely involved in these assessments through personnel exchanges, including seconding additional staff to Europe.



Safety Summit 2025

Providing Comfortable Spaces for Autonomous Driving

Contributing to Society through Plastic Structural Components

In vehicle development, reducing weight to enhance driving performance and integrating components to simplify vehicle manufacturing are key priorities.

While plastic replacement of metal parts is one solution to reducing weight, our approach focuses on enhancing strength and rigidity through material development, structural design, and

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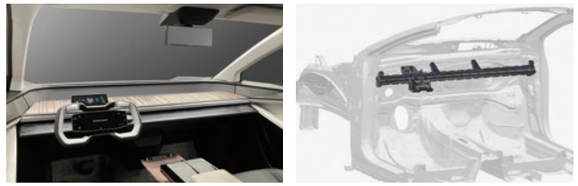
Development Strategy

manufacturing capabilities. By taking advantage of the freedom of design of plastic to integrate surrounding components, consolidate functions, streamline processes, and incorporate peripheral components such as wire harnesses, we propose structural components that contribute to labor savings during vehicle assembly.

These technologies also offer enhanced freedom of design, with the potential to realize vehicle-transforming architecture*1 and create a spacious interior.

Through these initiatives, we will improve fuel efficiency through weight reduction, increase freedom of design through functional integration, and change logistics, processes, and work styles through modularization, thereby contributing to the future of vehicles, the environment, and society.

*1 Architecture: A design philosophy for combining more efficient development and production with “making ever-better cars”



Achieving a Spacious Interior Through the Use of Plastic-Based Structures (Instrument Panel Reinforcement)

Carbon Neutrality/Circular Economy

As a manufacturer specializing in polymer materials such as rubber and plastics, we are promoting carbon neutrality and circular economy initiatives worldwide. One such goal is to reduce Scope 3 (Category 1) CO_2 emissions by 27.5% compared to 2019 levels (SBTi-validated target) by 2030.

To achieve this target, we will steadily advance our efforts by incorporating items that contribute to reducing emissions into our design specifications based on the three pillars of utilizing recycled materials, reducing material use, and utilizing bio-derived materials. The following achievements in utilizing recycled materials, an area of particular focus, received high praise.

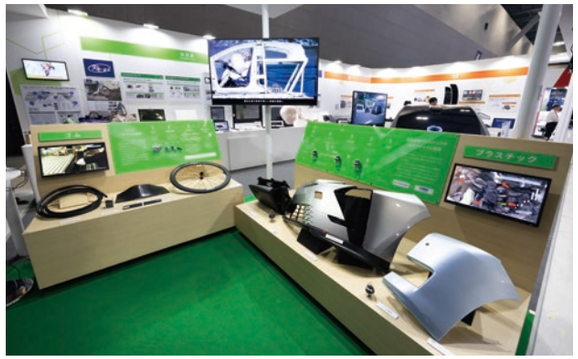
In rubber, we raised the recycled rubber content from 5% to 20% and received the Minister of Economy, Trade and Industry Award at the 39th Chunichi Industrial Technology Awards. In plastics, we achieved mass production of interior components containing 50% polypropylene recovered from end-of-life vehicles and received the “Japan Power (Nippon Brand)” award at the 22nd “Cho” Monodzukuri Innovative Parts and Components Awards. Going forward, we will continue to accelerate the practical application of circular materials, including “X to Car,” and contribute to achieving carbon neutrality (CN) and a circular economy (CE).

Recycled Rubber Initiatives

With our proprietary rubber devulcanization and recycling technology at the core, we aim to produce and use 1,200 tons of recycled rubber by 2030.

To achieve this goal, we are pursuing two initiatives: collaborating with partner plants and using waste materials from other companies.

In our collaboration with partner plants, we collect EPDM waste materials generated by Toyoda Gosei East Japan Co., Ltd. and are working to mass-produce recycled rubber at our Morimachi Plant. To make use of waste materials from other companies, we are running a rubber recycling initiative involving 22 member companies of the Chubu Rubber Manufacturers Association. With the coordinating company taking the lead, we are devulcanizing and recycling in-process waste materials from EPDM and other rubber types and testing the technology with varying ratios of recycled rubber added to virgin rubber. We showcased these initiatives at the Automotive Engineering Exposition 2026 in Yokohama and Nagoya, where they drew a strong response. Going forward, we will set priorities based on each company’s demand volume and work to establish efficient collection methods.



TG’s recycle-themed booth, Automotive Engineering Exposition 2026 Nagoya

Recycled Plastic Initiatives

In Europe, the ELV*1 Regulation is expected to require the use of ELV-derived materials and PCR*2 materials as recycled content in automotive parts from 2032. In light of this regulatory trend, we are focusing on developing recycled plastic materials to improve circularity and reduce CO_2 emissions across the entire vehicle life cycle. In FY2024, we partnered with recycled materials manufacturer Isono Co., Ltd. to establish proprietary foreign matter removal and polymer modification technologies for ELV-derived polypropylene (PP) materials, and brought these materials into mass production.

In addition, to accelerate material development using PCR materials, we are strengthening collaboration between the upstream and downstream sides of the material flow through the Cabinet Office’s Cross-ministerial Strategic Innovation Promotion Program (SIP). In testing to date, we have confirmed that a recycled material content of around 30% could meet the initial performance requirements of interior components. Going forward, we will push development further with a view to practical application.

*1 ELV: End-of-life vehicle
*2 PCR: Post-consumer recycled material

Target	Modified recycled material 30%	Recycled material 100%
No noticeable difference in appearance	No noticeable difference 	Visible foreign matter or molding defects 

PCR Materials: Product Evaluation Results

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Strengthening Advanced Development through Comprehensive External Partnerships

In July 2026, we established the Co-Creation Research Center for Functional Materials Contributing to Safety, Comfort and Decarbonization with Tohoku University, strengthening our advanced development capabilities through comprehensive external partnerships.

In addition to our polymer materials technologies, we will use the university's advanced technologies for analyzing mechanisms at the atomic and molecular levels to plan and develop innovative functional materials across a broad range of fields and create functional materials for future mobility and other applications.

New Businesses

Creating New Value to Enhance Corporate Value and Address Social Issues

To accelerate the process from creating new businesses to commercialization, we established the New Value Business Headquarters in January 2025. We aim to enhance corporate value and achieve sustainable growth by balancing social and economic value and making existing and new businesses the twin engines of growth.

One of the initiatives for achieving this is our CVC activities. Through them, we invest in five priority areas under a policy of favoring fields that offer strong synergies with our core technologies (automotive-related technologies such as plastics, rubber, airbags, and hydrogen tanks, and GaN-based semiconductor technologies such as blue LEDs). We are also pursuing joint development and other initiatives with startups we invest in, developing new products that combine technologies from different industries and opening up new markets.

As one of these efforts, we invested in ElevationSpace Inc., a Tohoku University startup developing artificial satellites capable of returning to Earth using atmospheric reentry technology, to explore fields in which our technologies can be applied and deepen our knowledge of the space sector. The small satellites the company develops use special materials to withstand the intense heat of atmospheric reentry, enabling a safe return to Earth. Drawing on our polymer materials technologies, we will explore the potential for creating functional materials that can withstand the harsh environment of space, and contribute to realizing a future mobility society.

Energy: Perovskite Solar Cells

To help achieve carbon neutrality and a decarbonized society, we are working with startups we invest in to develop products that use perovskite solar cells.

As one such application, we built a system combining these thin, lightweight, and flexible cells with an in-house power control unit that efficiently stores generated electricity in storage batteries, and prototyped smartwear that can be used to protect against heat. Through demonstration tests at Expo 2025 Osaka, Kansai, Japan and on golf courses, we are collecting and analyzing data on power generation efficiency and durability in outdoor environments and identifying specific issues for practical use. In this way, we are making improvements toward commercialization.

We are now considering test sales targeting outdoor workers and continuing improvements that reflect customer feedback.

Going forward, we will also begin developing products for other uses based on the system, established through demonstration tests, that combines the perovskite solar cell panels and the power control unit. In this way, we aim to accelerate the adoption of next-generation energy and achieve early commercialization and practical application.



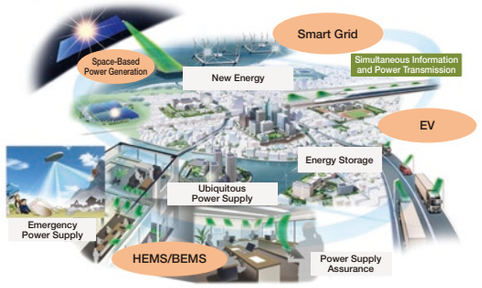
Smartwear prototype and power control unit



Field Demonstration of Perovskite Solar Cells

Energy: Wireless Power Transfer

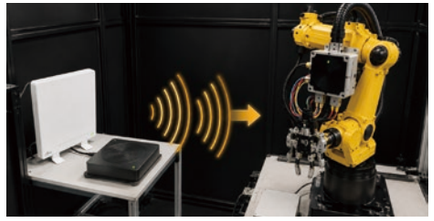
As one of our development projects in the energy field, we are currently working in-house on microwave-based next-generation wireless power transfer technology. We have been advancing development using the 5.75 GHz frequency band permitted in Japan. In March 2026, we conducted trial sales of factory-IoT prototypes to two companies.



A next-generation energy society based on wireless power transfer and other technologies

In addition, we are accelerating validation of the technology's maturity and its value to customers through demonstration tests at our manufacturing plants.

Going forward, we will focus development on this technology as a foundation for physical AI systems. By providing an AI- and robotics-enabled society with wire-free operation, charging wherever needed, and safety and security, we will support the evolution of manufacturing processes and create a sustainable and prosperous future.

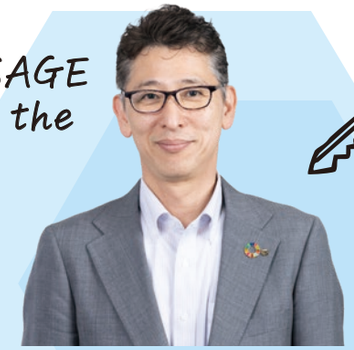


Wireless power transfer to robot hands

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Intellectual Capital Strategy

MESSAGE from the CTO



Mitsuhiro Nawashiro

Director, Corporate Officer, CTO

Through proactive and defensive intellectual property activities centered on IP landscape (IPL), we will strengthen existing businesses and create new ones to achieve sustainable business growth.

Policy for Achieving the 2030 Business Plan

We promote IP landscape (IPL) through two approaches: “Forecast IPL” to build patent portfolios that can compete effectively with rivals in key development themes in each business and region, and “Backcast IPL” for creating new businesses.

Details of IP Landscape Activities

Forecast IPL

a. Building a market-leading patent network

By clearly identifying our competitors, obtaining stronger patents, and avoiding patent infringement, we are building a market-leading patent network that lets us outperform them.

b. Differentiating ourselves in priority areas

We are evolving IPL so that it anticipates technological changes in response to market trends and helps create the core and differentiating technologies that will support our future business portfolio.

Backcast IPL

a. Supporting the realization of new businesses

We support the realization of new businesses such as perovskite solar cells, microwave wireless power transfer, and GaN-based power devices by generating ideas and helping strengthen external relationships, among other activities.

b. Collaborating from upstream development stages to create new development themes

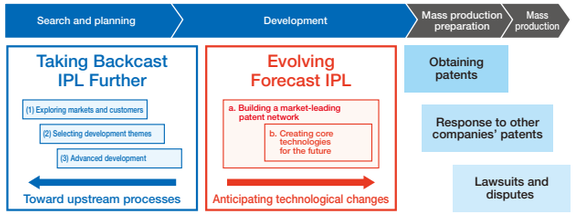
To create new businesses, we are taking IPL further by strengthening collaboration between planning/advanced development and intellectual property, and by feeding IP information into development from the concept stage.

Specifically, our activities center on the following three points.

(1) Integrating IP information into market and customer analysis
We identify social challenges and end-user needs by analyzing patent information together with technology trends, and improve the precision with which we select promising areas.

(2) Establishing uniqueness and superiority early when selecting development themes
From an IP perspective, we propose concepts with strong technical superiority and uniqueness, and link them to “winning formulas” that will become future sources of earnings.

(3) Accelerating advanced development and reducing IP risks
From an IP perspective, we identify what differentiates our development and reduce risks, building strong barriers to entry by the time of market launch.

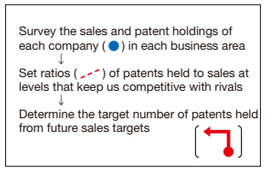


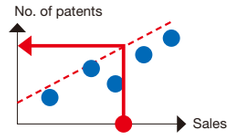
Patent portfolio management

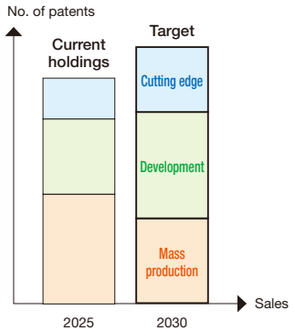
The number of patents registered in FY2025 was 200 in Japan and 94 outside Japan. The total numbers of patents held as of March 31, 2026 are 2,354 in Japan and 1,797 outside Japan.

Considering trends among other companies in each business area, we define our vision for our patent portfolio to optimize the number of patents held relative to future sales. We take a strategic, medium- to long-term approach to filing, registering, and maintaining (or abandoning) patent rights to achieve our business plans and enhance corporate value.

» For details of these initiatives, please visit our website.
https://www.toyoda-gosei.com/csr/governance/chizai/



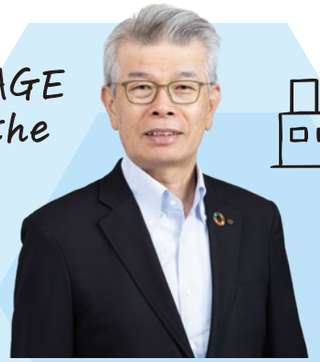




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Manufacturing Strategy

MESSAGE from the CMO



Hiroshi Yasuda

Representative Director, Executive Vice President, CMO

We are transforming every process to be self-directed and autonomous, thereby achieving both shorter lead times and greater well-being so that we can respond rapidly to change.

Responding to Accelerating Change

Across countries and regions worldwide, alongside an accelerating decline in the working-age population, various factors are causing drastic change. Demand for electric and gasoline-powered vehicles is diversifying, shaped by geopolitical risks and wide-ranging energy backdrops. AI technology is not only changing work processes, but in some cases replacing what workers do.

For example, in addressing labor shortages and skills transfers, we need everyone to be instantly productive yet also maintain high levels of quality. This makes it essential to construct a framework that can codify and utilize the vast pool of historic frontline data, expertise of skilled workers, and other information. In responding to rapidly changing vehicle trends worldwide, we cannot afford to delay, but neither can we stop delivering the value to satisfy customer needs.

To address these challenges promptly and create the manufacturing systems to deliver high-value-added products to customers, we are transforming processes across our entire supply chain.

Transforming Processes to Be Self-Directed and Autonomous

Despite increasingly complex conditions, we must also be able to respond immediately to any kind of change while continuing to deliver customers just the required quantity of items at the required time.

To achieve this aim, we are deploying digital and AI technology to gather and analyze the information from across the entire supply chain so we can dramatically shorten the time required to acquire such multifaceted, evidence-based insights. By allowing people to make rapid, optimized, data-led decisions, we will transform all manufacturing processes so that people think and act on their own initiative to create new value.

For example, building a framework to integrate and analyze real-time information from every step of the process—from procurement to forming, fabrication, assembly and delivery—enables us to centralize not only data from facility operation such as temperature, pressure and vibration, but also bottlenecks in the flow of materials and information, such as work-in-process inventory and time spent waiting for instructions. While revealing any points in the process that require improvement, this approach also enables elimination of waste and informed decision-making on preventive maintenance, based on analysis of equipment trends before faults occur. Overall, this yields a continuous production process generating zero defects that still allows us to react instantly to changes in conditions or to evolving customer needs.

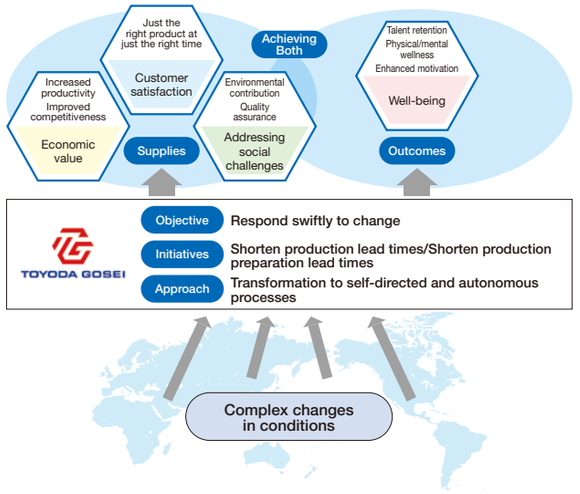
These initiatives also free people from cumbersome data compilation and analysis and from physically and mentally demanding frontline tasks, enabling them to shift to work that makes use of their individual creativity.

Achieving corporate growth while addressing social issues

In transforming systems to shorten lead times in ways that promote well-being, we are not just targeting more economic value from higher productivity and gains in competitiveness. Achieving shorter lead times through thorough elimination of waste and other losses allows us to maintain stable production even when securing energy is more challenging, resulting in an approach to manufacturing that contributes to the environment by minimizing energy consumption.

Moreover, creating a workplace where everyone feels motivated and energetic promotes physical and mental wellness, which ultimately can help people find a true sense of fulfillment from their work by taking ownership of their work.

To realize these goals starting from the TPS-based concept of total waste elimination, we are focused on achieving dramatic increases in productivity through Smart Plant initiatives that engineer the evolution of the factory by utilizing the latest digital tools and AI technologies. By maintaining this virtuous cycle, we will deliver sustained value for all our stakeholders by increasing our manufacturing competitiveness while at the same time creating value in the form of becoming a corporate partner of choice.



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Transforming Processes to Be Self-Directed and Autonomous

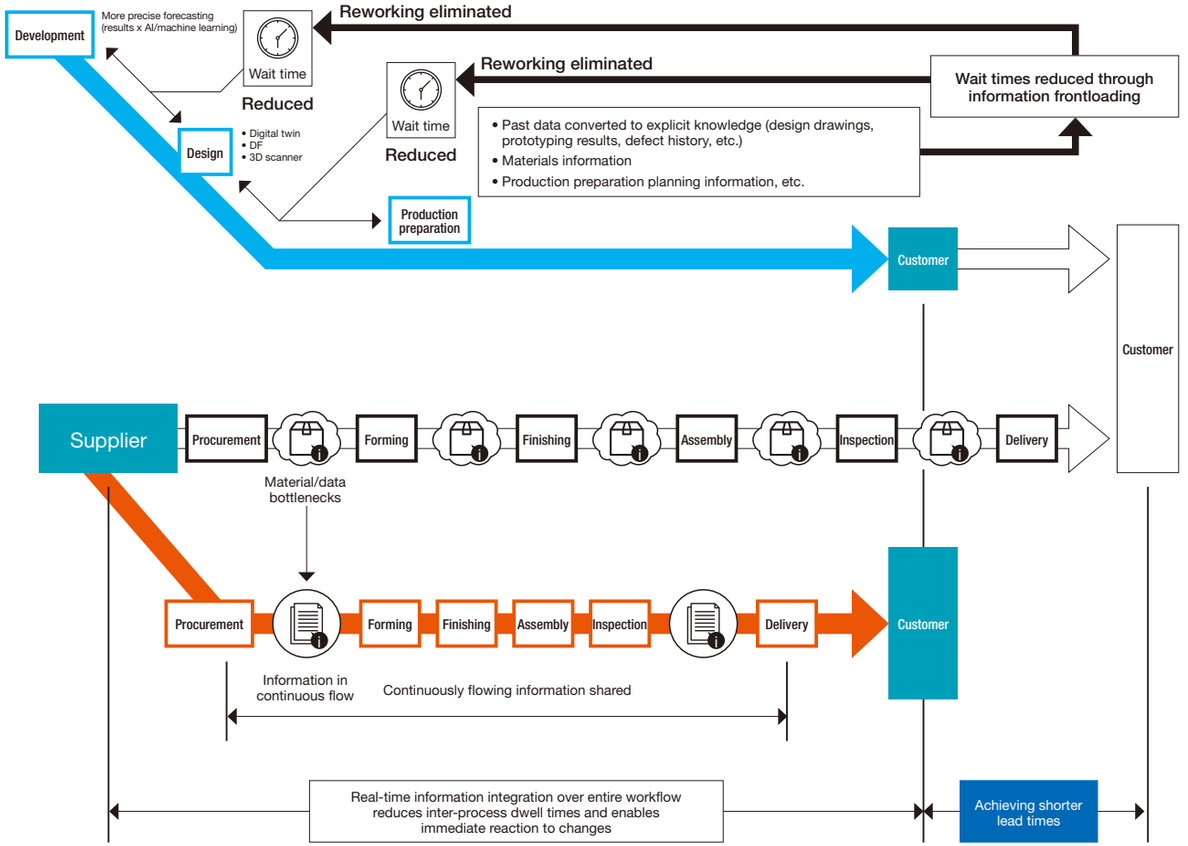
Reforming every step of manufacturing

The autonomous process framework we are targeting goes beyond the adoption of automation. It seeks to empower frontline operators to make quick decisions and take immediate action. Within a fast-changing environment, the time spent waiting for decisions can cause people to misjudge the direction or else lead to loss of competitiveness. When each frontline employee independently makes decisions and responds based on real-time data, while digital and AI technologies autonomously control processes, lead times are shortened and customer needs can be met promptly.

Engineering Chain

Frontloading of information

We are utilizing digital technologies to codify all past data and frontload this information across processes, including design knowledge, status of pre-production preparations, and historical defect data. Utilizing this system, downstream constraints are resolved upstream and reworking is eliminated, while drastically cutting wait times due to information bottlenecks. With all the information required for operators to judge situations available instantly, operating and approval times are lowered significantly, all of which translates to shorter lead times.



Supply Chain

Full information integration across processes

Previously, we managed information within processes using a partially optimized approach. By sharing our real-time information across the entire workflow, we can drastically reduce any in-process materials or data blockages while enabling employees to make optimal, on-the-spot decisions to de-bottleneck downstream processes. This creates a more resilient manufacturing set-up capable of reacting instantly to any changes in conditions.

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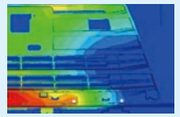
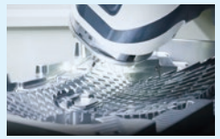
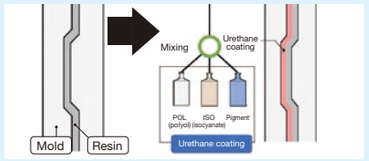
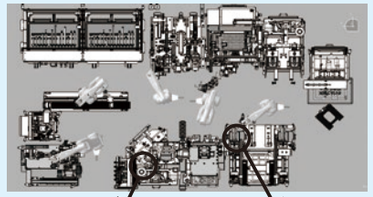
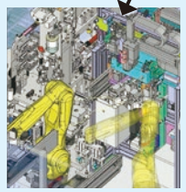
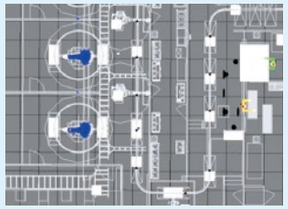
Initiatives to Reform Core Process Flows

Examples of specific technologies for each process

To deliver to every customer what is needed, when it is needed, and in the quantity needed, we must build processes that shorten lead times and respond immediately to changing needs. However, it is difficult to satisfy all these demands by developing technologies that simply extend our existing approach.

To this end, we are developing core technologies to facilitate a fundamentally different approach, in which equipment and processes evolve to operate in a self-directed and autonomous manner. Our aim is to achieve shorter lead times by improving the overall process flow to save time across each step.

Furthermore, by extending these technologies once fully established to our overseas bases, we will meet the needs of customers globally with a manufacturing set-up that delivers consistent product quality.

Steps	Forming	Finishing	Machining/assembly	Transport
Specific examples / Detail of process reforms	**[Structural analysis of equipment/dies]**  Molding equipment structural analysis  Mold internal flow analysis • Engineering hours reduced and variation in human design decisions eliminated using AI and CAE analysis **[Mold precision machining technology]**  • Expert polishing techniques reproduced through nano-machining technology	**[High-efficiency paint booth]**  • Coordinating the movements of robots and painting jigs improves transfer efficiency and minimizes the range of motion, enabling a more compact booth **[In-mold forming technology]**  Urethane coating injected onto surface of part inside mold • Complete forming and coating of part inside mold achieves significant reduction in lead-time while also saving space	**[Pre-production simulation]** Optimization of complete process flow layout    Checks for interference zones during robot motion • Planning stage simulations minimize adjustments or fine-tuning needed during equipment installation and other losses at start-up	**[Autonomous conveyance technology]**   Autonomous Mobile Robot (AMR) route verification • Production management system integration enables autonomous response to changes in production status
Core tech and value added / Economic	**[Structural analysis]** Achieved via preparatory simulations: • Analysis lead-time down 75% • Mold size reduced by 8% **[Precision machining]** Higher machining efficiency, extended tool life, lower machining costs	**[Paint booth]** Tilting spray technology optimizes paint distance and angle, reducing space required by 45% and reducing painting defects **[In-mold forming]** Lead-times reduced by 80% by integrating forming and painting into single step	Verifying range of motion and interference potential of robots prior to machine design translates to: • Cycle time reduction of 30% • Reduced use of space • Fewer adjustment/rework losses at equipment installation	Integration with sequential delivery systems enables delivery of the required quantity of products when customers need them • Intermediate inventory space reduced by 950m^2 • Logistics lead times minimized
Core tech and value added / Social	**[Structural analysis]** Machining energy minimized using zero-waste design for more compact mold **[Precision machining]** Automation of skilled techniques enables anyone to achieve high-quality manufacturing	**[Paint booth]** • CO_2 emissions reduced by 57% due to increased paint transfer efficiency **[In-mold forming]** • CO_2 emissions reduced by 60% due to elimination of drying process • Improved working conditions for skilled employees through a paint-free process	• Online-based work means production preparations can be supported remotely across borders and time zones • Centralization of results on common platform enables decision-making by anyone using latest information	• Physical strain reduced due to freedom from heavy physical labor and repetitive tasks, freeing up workers for high-creativity jobs and contributing to well-being enhancement

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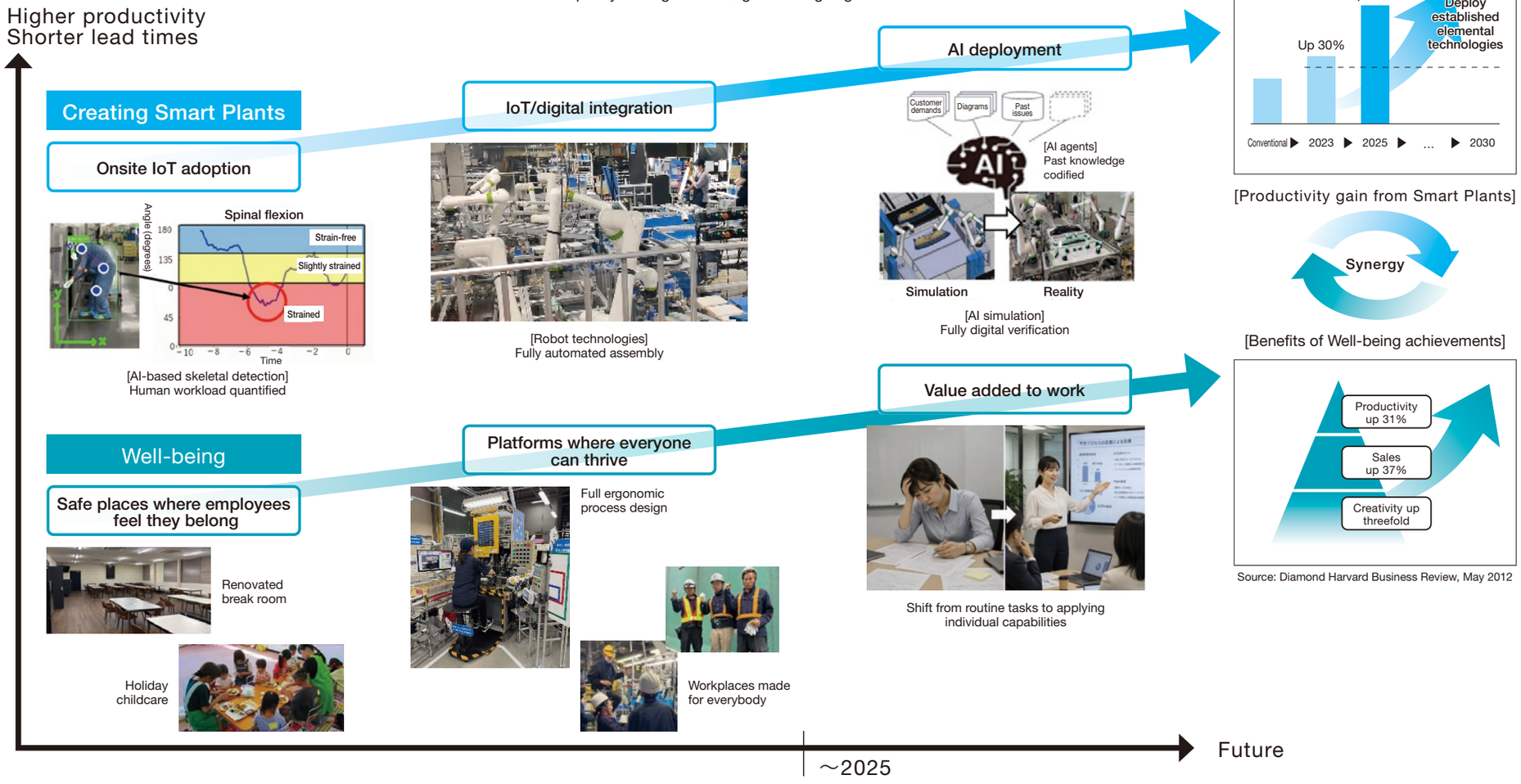
Manufacturing Strategy

Balancing Shorter Lead Times and Well-Being

Maximizing Factory Evolution and Human Value

As we implement our Smart Plant initiatives to reform processes to operate on a 'full autonomy' model, the value of tasks only humans can perform increases in relative terms. For instance, it is the non-automatable qualities such as judgment, creativity and initiative that are needed to solve the most persistent production process bottlenecks. Hence, maximizing the value delivered to customers is directly related to continuously enhancing each employee's insight and capacity for original thinking on an ongoing basis.

Promoting well-being accelerates this cycle. Creating a workplace that reduces physical and mental burdens and provides employees with a sense of security helps people perform to their full potential and strengthens teamwork, thereby accelerating decision-making. Moreover, a technology-supported skills environment helps to expand the sense of possibility by boosting self-esteem and the willingness to take on challenges, which in turn raises productivity further and lays the groundwork for completely new ways of working.



[Productivity gain from Smart Plants]

[Benefits of Well-being achievements]

Source: Diamond Harvard Business Review, May 2012

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Business Strategy | Overview

Products used regardless of powertrain type

Safety Systems Products (SS)

Since starting mass production of driver-side airbags in 1989, we have introduced various airbags to the market, achieving full 360° coverage that protects occupants against impacts from different directions. In addition to producing pedestrian protection devices, we are actively developing next-generation technologies, including preventive safety technologies.


Airbags


Pop-up hood actuators

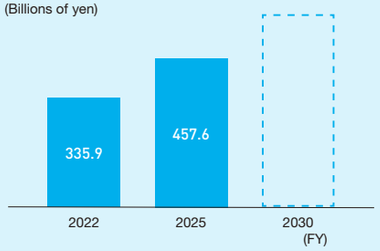

Steering wheels (with built-in airbags)

Targeting further growth to achieve the No. 2 global market share

We aim to achieve the No. 2 global market share by expanding the business through growth in sales and development of products that deliver safety and peace of mind.

2030 Sales Targets

(Billions of yen)



Interior and Exterior Parts (IE)

We offer a wide range of interior parts, including instrument panels and console boxes that enhance interior comfort, as well as exterior parts like radiator grilles that contribute to vehicle design. Often positioned in prominent locations, our products combine excellent functionality with strong aesthetic appeal.


Instrument panels and components


Console boxes


Radiator grilles

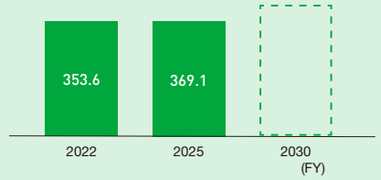

Illuminated emblems

Profit growth by delivering compelling customer experiences

We aim to raise profits by delivering greater value to customers through enhanced comfort and design.

2030 Sales Targets

(Billions of yen)



Weatherstrips (WS)

Products like door and window seals protect interiors from rain, wind, and noise, while also aiding smooth opening and closing of doors and windows. These products command one of the world's leading market shares and are supplied from production bases both in Japan and internationally.


Door glass runs

Opening trim weatherstrips

Improved profitability due to added value from acoustic performance and recyclability

We aim to improve profitability by adding value through enhanced acoustic performance and recyclability.

2030 Sales Targets

(Billions of yen)



Products with inherent flexibility

Functional Components (FC)

Our fuel and brake-related components are essential for supporting the fundamental functions of "driving," "turning," and "stopping." Alongside exceptional quality, we pursue weight reduction and compact design, and have maintained a world-class market share for many years.


Plastic fuel filler pipes


Brake hoses


High-pressure hydrogen tanks


Plastic turbo ducts


Oil pumps

Expanding sales by addressing needs of regional markets through a multi-pathway approach

We aim to expand our business by addressing the needs of customers based on regional characteristics.

2030 Sales Targets

(Billions of yen)



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Business Strategy | Safety Systems (SS)

Message from Corporate Officers



Tadashi Yamamoto

Corporate Officer, Chief of SS Business Headquarters

We promote high-performance safety products globally, contributing to reducing traffic accident fatalities and injuries.

Business Conditions

Around 1.2 million people worldwide die in traffic accidents each year. As a safety-related business, the Safety Systems Products (SS) business creates safer products and encourages more people to use them, thereby contributing to reducing traffic accident fatalities and injuries.

Our SS business accounts for around 40% of the Company's sales. To achieve the company-wide 2030 Business Plan, the SS business is aiming to achieve sales of more than ¥500 billion and further improve profitability by FY2030.

Opportunities & Risks

- Stricter safety assessment standards
- Growth of the Indian automotive market and the shift to six airbags per vehicle
- Rising demand for HMI functions and value-added needs due to adoption of autonomous driving
- Declining market share of major customers in China
- Rising labor costs and tariffs

Strengths

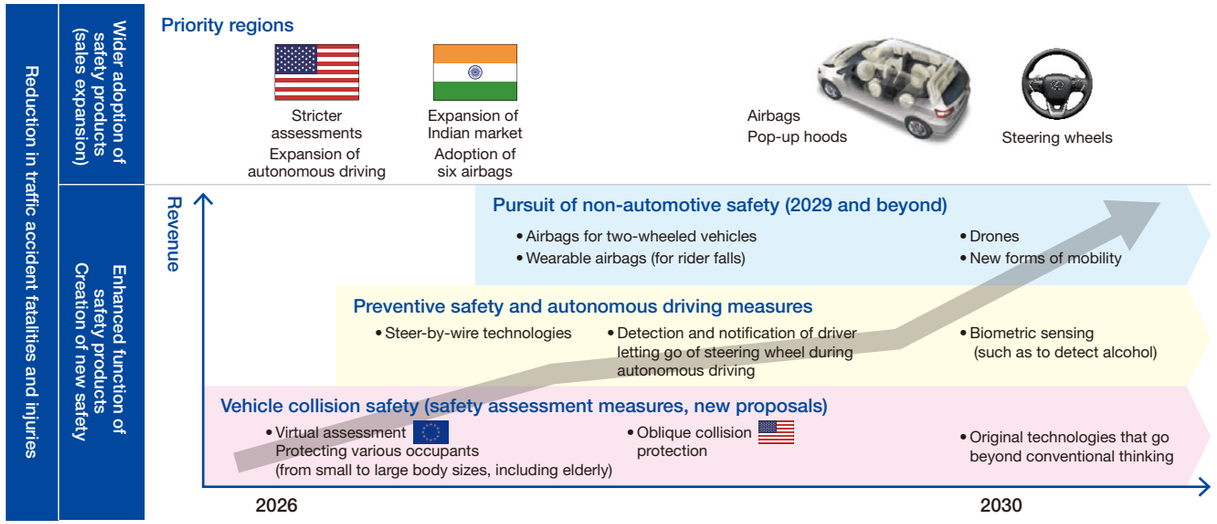
- Cost competitiveness and reliable quality from use of well-crafted standard designs
- Industry-leading computer-based collision safety analysis
- Strong development and production engineering capabilities supporting the continued evolution of steering wheels, a product in which we have a long history and a high market share

Strategies to Achieve the 2030 Business Plan

The following are the three strategy pillars to achieve the vision of the SS business policy:

1. Strengthen global competitiveness
   Led by head office, we will collaborate with overseas locations and partner companies to establish a global strategy and enhance our competitiveness.
2. Expand sales by identifying priority regions and customers
   We will focus on regions with growth opportunities due to environmental changes and aim to expand sales to both existing customers and new customers.
3. Develop new products to reduce traffic accident fatalities and injuries
   We will enhance the functionality of automotive airbags and steering wheels, and develop new products that contribute to safety in non-automotive fields as well, helping further reduce traffic accident fatalities and injuries.

Leveraging Our SS Business Strategy to Achieve Our Vision



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Key Initiatives 1: Strengthening Global Competitiveness

Currently, a high proportion of SS segment sales are to non-Toyota OEMs and in overseas markets. It is important to standardize SS products as much as possible, despite the challenges of addressing the varying requirements of customers and safety assessments tailored to the traffic conditions of different regions around the world. In addition, many of the materials and components used in SS products are purchased, so supply chain strategies are also important. Head office develops strategies for product specifications, production technology, supply chains and more, tailored to these target customers and regions, and then shares these with each location, promoting business plans globally.

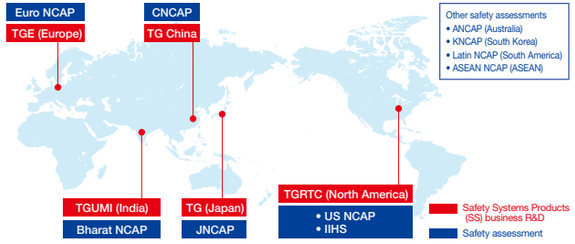
Compliance with regional accident investigation and safety assessment standards is also an important part of new product development. Coordinated through our global R&D function, we run intelligence-gathering programs to participate in relevant conferences at the regional level, gather information from organizations to share globally, and incorporate this knowledge into new product development. To accelerate this further, we will begin dispatching employees in 2026 to research institutions closely involved in European safety assessments. Looking ahead, we aim to contribute to improved safety and help ensure TG views on critical automotive safety requirements are utilized fully by gaining greater involvement in the rule-making process for assessment standards.

Through medical and engineering collaboration with medical schools, both in Japan and around the world, and by leveraging computer simulation technology using the THUMS virtual human body model software program, we will evaluate injuries to internal organs and other areas not yet covered by safety assessments, and use this information to propose further improvements to automotive safety.



THUMS*
virtual human body model
* Total HUman Model for Safety

Major Assessments of Our R&D Bases and Regions



Key Initiatives 2: Expanding Sales by Focusing on Priority Regions and Customers

North America

In the SS business, North America has the second-highest sales after Japan. Furthermore, North America, along with Europe and China, leads the world in automotive safety assessment and autonomous driving technology. The market environment is also changing, with increasing demand for greater functionality in airbags and steering wheels. Amid this background, we are aiming to expand sales while focusing on the North American market. Regarding Japanese-affiliated OEMs, we will expand our existing business and win business for new vehicle models. For North American OEMs, by strengthening our R&D in North America, we are now better positioned to propose specifications that meet the expectations of North American OEMs, and to ensure that these customers recognize our ability to address their technical requirements, as we aim to further accelerate sales in these markets.

In terms of products, we will expand sales in conjunction with existing products, focusing on new airbags in response to stricter safety assessments specific to North America and HMI steering wheels for autonomous driving.

Challenges facing production include securing production capacity due to increased volume and manufacturing at low cost in response to rising labor costs. We believe that automation technology is the key to solving these issues, but to avoid excessive investment, we are aiming for efficient manufacturing with low investment by combining smart manufacturing methods, including the karakuri techniques we have cultivated over the years.

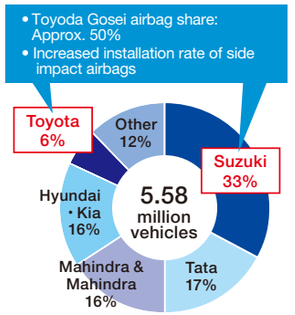
India

In India, a growth market for automobiles, Japanese-affiliated OEMs, who are our main customers, make up around 40% of the local market, and our SS products hold a share of approximately 50% within that segment, making India a key market.

The country also has the most traffic fatalities in the world, making it a social challenge. In addition to the mandatory introduction of frontal impact airbags, side impact airbags were also introduced in order to obtain high scores in safety assessments that were revised in 2023. At the same time, demand for local development has increased, and in 2023, we relocated and expanded our technical center to strengthen the development framework, enabling us to integrate prototyping, product evaluation, and computer simulations. Through these initiatives, we will actively propose technology, including to local OEMs such as Tata.

Going forward, we expect our production volume of Safety Systems Products in India to increase from approximately 6.5 million in FY2024 to around 10 million in FY2030. As part of developing the required production capacity, operations at our new plant in Halohalli in southern India began in 2026. Furthermore, in addition to in-house processing, we will promote local procurement of materials and components based on shared strategies with partner companies, thereby strengthening our competitiveness.

OEM Share of Indian market



By local OEM brand in India
Source: Toyoda Gosei, based on automobile sales data for 2025 from MarkLines Co., Ltd.

New TG Group factory in Halohalli, southern India (operations commenced in 2026)



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Key Initiatives 3: Developing New Products to Reduce Traffic Fatalities

Protecting Various Occupants

Until now, automobile crash tests have used dummies equipped with various sensors that replicate the structure of the human body, in order to evaluate human body behavior and injury levels during collisions. This has improved occupant protection performance, but physical tests using dummies face challenges in increasing the number of tests and types of dummies representing differences in body size, age, sex, and other attributes. In the future, we will begin virtual assessments that recreate occupants of various sizes using computer simulations, creating opportunities to further advance airbag technology.

At Toyoda Gosei, we are developing contoured airbags that provide greater safety to occupants of all sizes, from small to large.

In addition, with the spread of autonomous driving, ensuring occupant safety during changes in seating position, such as seat sliding or reclining, has become a key issue. We are responding by developing variable-capacity and variable-venting technologies to optimize airbag size and cushioning.

Technology for Autonomous Driving and Preventive Safety

With the advancement of autonomous driving technology, the adoption of Level 2 autonomous vehicles (partial automation) is becoming more widespread. However, there are still situations in which the system cannot respond, making it necessary for the driver to constantly grip the steering wheel and intervene for emergency operations. We provide steering wheels equipped with functions that detect the driver's grip and alert the driver to driving hazards detected by the vehicle through vibrations and lights. In the future, this technology will contribute not only to crash safety but also to preventive safety.

In addition, with steer-by-wire technology, which enables electronic steering control, there are now vehicles that no longer require multiple rotations of the steering wheel, and we have begun mass production of non-circular steering wheels compatible with steer-by-wire systems.

Going forward, we will respond to diverse steering wheel needs through both form and function.

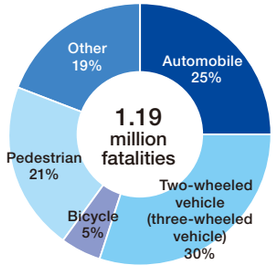
Initiatives to Further Reduce Traffic Fatalities

Although advances in and the wider adoption of safety technologies are expected to reduce automobile-related traffic accident fatalities and injuries, reducing traffic fatalities associated with other modes of transportation remains a challenge.

In particular, traffic accident fatalities and injuries involving two-wheeled vehicles are particularly numerous in ASEAN countries and India, and in response, we are developing airbags to protect riders of these vehicles. We are also developing new products to protect pedestrians and cyclists and enhance the safety of drones and various new forms of mobility.

In developing new products, we conduct accident investigations in collaboration with global R&D bases and advance development efficiently by combining real-world and virtual evaluations.

● Breakdown of Global Traffic Fatalities



Source: WHO, Global status report on road safety 2023

Enhancing Competitiveness through Collaboration Synergies

In a globally competitive sector, challenges can arise to add functionality to existing products or to create entirely new products that we cannot address utilizing just in-house technology and resources. To overcome these issues, we work in collaborative partnerships with companies specializing in areas such as seatbelts, electronic components, pyrotechnic materials, and airbag fabrics. Ashimori Industry, which has joined the TG Group, is a good example of our collaborative synergy in action.

We will continue to further promote our safety products and develop new products, thereby contributing to further reductions in traffic accident fatalities and injuries.

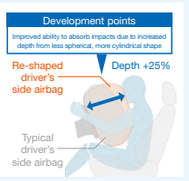
● Technology Under Development

Crash Safety (Various Occupants)



2029 target

Variable-capacity and variable-venting airbags
Controls the airbag size and cushioning according to changes in seating position, such as reclining





Fitted to LEXUS ES

Greater protection for large/heavy drivers or fracture-prone seniors from new airbags with new structure

Preventive Safety and Autonomous



2028 target

HMI steering wheel
Detects when the driver lets go of the steering wheel during autonomous driving and alerts using lights



Adopted for the Lexus RZ550e F SPORT

Steer-by-wire system steering wheel

Driving Non-automotive Safety



2029 target

Airbags for two-wheeled vehicles
Protects riders of two-wheeled vehicles during collisions



Actual vehicle collision test

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Business Strategy | Interior and Exterior Parts (IE)

Message from Corporate Officers



Kenji Hayashi

Corporate Officer, Chief of IE Business Headquarters

Identifying evolving end-user/customer needs, we will work sincerely and unwaveringly to develop products and enhance manufacturing competitiveness.

Business Conditions

With the shift to BEVs and autonomous driving, the needs of automotive market customers and end-users in the IE domain are evolving towards an emphasis on greater freedom of choice for finishes and design elements; more functional integration; and a desire for vehicle interiors that enhance convenience.

Moreover, as the industry strives to achieve carbon neutrality to comply with stricter environmental regulations, expanded utilization of recycled plastics and fuel-efficiency initiatives are increasingly seen as priority issues.

Our focus is to accurately address these challenges, strengthening our competitiveness through strategic product development and efforts to bolster reliable supply capacity.

Opportunities & Risks

We see changes in vehicle design driven by BEV adoption and growing demand for recycled plastics amid tightening environmental regulations as major growth opportunities that will drive technological innovation and a transition to circular business models.

Strengths

Our advanced development and design capabilities founded on core technologies in materials, molding, and molds allow us to create and propose new high-value-added products that match design requirements and deliver value that exceeds expectations, often eliciting an enthusiastic reaction from customers.

Strategies to Achieve the 2030 Business Plan

To help realize sustainable growth and reinforce our competitiveness, we will pursue the strategies outlined below to achieve the 2030 Business Plan.

In both interior and exterior parts, we aim to leverage our integrated capabilities across materials, manufacturing methods and mold technologies to develop high-value-added products to precisely meet diverse customer needs that we have identified in a timely manner. We are accelerating efforts to boost profitability and expand sales channels by strategically launching these products in global markets.

Since sustainability is at the core of our business, we are actively targeting greater utilization of recycled materials as a strategic way of securing orders while also contributing to the environment. By building innovative business models based on the recycling of resources, we hope to contribute to the realization of a sustainable circular economy.

Using vehicle accessories, we are accelerating new product development cycles to achieve early adoption in production vehicles to help increase sales. Bringing these accessories to market quickly allows us to create compelling customer proposals for next-generation vehicle development as we seek to secure more orders from OEMs.

People are the key resource for all these initiatives. We are promoting a strategic shift in HR to focus on fostering globally capable staff and next-generation leaders by creating opportunities for cross-border career experiences. Under rapidly shifting global market conditions, we are harnessing TG Group resources to address the challenge of constructing a robust organizational foundation that can create new value on a sustained basis so that Toyoda Gosei remains the supplier of choice for customers worldwide.

Key Initiatives 1: Interior Parts

Interior Parts That Create Human-Centered Value in Cabin Spaces

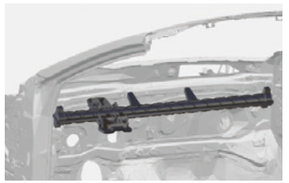
The value attached to in-vehicle spaces has changed significantly in recent years with advances in autonomous driving, the growing adoption of electrified vehicles, and increasingly diverse user values and lifestyles. Besides greater comfort and convenience on the move, expectations are also rising for experiential and spatial value tailored to individual usage scenarios. In ultra-quiet EVs, the combination of various interior elements such as lighting, acoustics, and climate control is also gaining in importance.

In response to these trends, besides offering value as individual products, interior parts such as the instrument panel, consoles, air vents, and lighting, are evolving as factors that contribute to enhancing the overall experiential value of in-vehicle space for end-users. Besides developing products that offer greater comfort, convenience and aesthetic appeal, this business is focused on delivering an enriched mobility experience by proposing cabin spaces that are tailored to the preferences and usage patterns of individuals.

We are also leveraging plastic structural technologies to create more design flexibility for vehicle interiors with new comfort-enhancing



Next-generation in-vehicle space



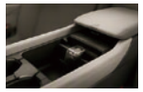
Plastic structural frame



Lighting



Personal climate control (air vent)



Consoles



Pleasant textures and decorative finishes

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features or integrated functional products. These initiatives are helping to evolve vehicle interiors into spaces for satisfying the various needs of drivers and passengers, enabling new approaches to value creation based on diverse end-user usage preferences.

Going forward, while prioritizing environmental considerations, we aim to contribute to an enriched mobility experience by further enhancing comfort and functionality in ways that create human-centric value from in-vehicle spaces.

Key Initiatives 2: Exterior Parts

Exterior parts supporting brand expression and enhanced vehicle value

In recent years, automakers have increasingly opted for multi-pathway strategies that incorporate HEVs, PHEVs and FCEVs alongside BEV adoption. The spread of autonomous driving and advanced safety systems has also significantly transformed the roles demanded of exterior parts. Market needs are becoming increasingly diverse, driven by variation in regional preferences, different brand strategies, and the need to support broad model ranges.

These changes are turning exterior parts from the traditional items that define a vehicle's external appearance to products for delivering value through an integrated combination of design, function and quality. In this business, our products increase the value of the vehicle by boosting both its appeal and functionality, fusing the expression of the brand with advanced sensing functionality through products such as illuminated front grilles, luminescent emblems, and millimeter-wave radar-transparent panels.

In addition, while addressing more diverse design requirements, we are developing more products with integrated sensing functionality. This helps to augment the creative freedom of designers while at the same time enabling increased incorporation of advanced technologies.

Going forward, alongside proposing varied aesthetic solutions to regional and customer needs, we will continue to upgrade globally deployable finishing technologies. In addition, while further enhancing the quality and reliability of sensing functions, we will accelerate development of exterior components that combine a range of high-level qualities in terms of design, functionality, safety and environmental performance.



Combining Brand Expression with Sensing Functionality



Chic



Sports



Modern

Key Initiatives 3: Recycled Plastic Materials

In Europe, the ELV Regulation has been formally adopted, requiring recycled materials to account for 25% of the plastics used in new vehicles, with 20% of these (5% of the total) being derived from end-of-life vehicles. In Japan, where moves to use recycled materials are accelerating as well, we are leading the automotive parts manufacturing sector in working to establish innovative recycling technology that will develop the circular economy and realize the decarbonization of society.

Our efforts have focused on polypropylene, the most widely used plastic in vehicles. We have developed a recycled material that retains high strength even at 50% ELV-derived content. Our in-house technology overcomes the longstanding issues of impurities and deterioration in material properties by efficiently removing layers of paint from the recovered bumpers and applying a precise material formulation design. The quality of the recycled plastic is comparable with that of virgin material, enabling its utilization in automotive parts that need to satisfy rigorous quality standards.

We have successfully applied this technology, both in interior parts (a world-first) and in exterior parts supplied to Toyota Motor Corporation. In the future, we aim to recycle polypropylene from sources other than ELVs; develop the technology further; and then expand its application to other products. Through the construction of an innovative model to support the recycling of resources, we hope to contribute to the realization of a sustainable circular economy.

Interior



Console box



Glove box

Exterior



Lower grille



Lower bumper

Parts made from recycled materials

Key Initiatives 4: Accessories

We are pursuing an accessories strategy in which we seek to introduce new products to market quickly as accessories before building on this track record to target standard inclusion in later vehicle models.

The strategy involves sourcing feedback directly from end-users in collaboration with automotive dealerships and analyzing the survey data in depth. This approach allows product development to meet latent market needs precisely. It also works from a model life management perspective because we can propose timely upgrades for new vehicle models from various OEMs with items that consistently improve the appeal and market competitiveness of vehicles.

This initiative is also not limited to new vehicles. By developing a similar approach for vehicles already on the road as well as secondhand vehicles, we aim to deliver new technologies quickly to a wider range of customers while enhancing the value of vehicles over the duration of ownership.



Application example: Toyota RAV4 front bumper garnish with METEOCOAT finish

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Business Strategy | Functional Components (FC)

Message from Chief



Junya Furuta

Chief of FC and WS Business Headquarters

We will realize sustained growth by pursuing an all-around strategy to build on our existing technologies and expand into growth domains.

Business Conditions

While the electrification of mobility continues to progress, there has been a marked slowdown in the uptake of BEVs and FCEVs, and we expect demand to persist going forward for fuel system components for HEV and PHEV applications. Amid accelerating OEM adoption of multi-pathway strategies, the need is for FC products that support the basic vehicle functions of driving, steering, and braking to deliver higher levels of both reliability and environmental performance, alongside compatibility with a broad range of powertrains. By accurately grasping these shifts in market conditions, we are flexibly pursuing a comprehensive strategy that aims to build on existing technologies while responding to needs generated by electrification trends.

Opportunities & Risks

We are responding to changes in market conditions through a comprehensive strategy. Sustained demand for fuel system components is an opportunity, but we also recognize the uncertainty surrounding the timing of growth in demand for products used in BEVs and FCEVs. Going forward, we plan to maintain flexible business operations while also monitoring powertrain-related trends.

Strengths

- Global production network providing reliable supply capabilities to address customer needs worldwide
- Utilizing expertise in rubber and plastic materials, strong development capabilities for products with enhanced durability, reliability and environmental performance
- Manufacturing prowess offering high quality with minimal quality variance, based on integrated set-up spanning design, production and quality assurance

Strategies to Achieve the 2030 Business Plan

In response to the ongoing electrification of mobility, we are pursuing a comprehensive strategy with two pillars: expanding earnings from existing businesses and developing next-generation businesses. To achieve the 2030 Business Plan, we are working to expand our market share and bolster the earnings power of existing businesses, mainly in areas with robust projected demand such as products for use in internal combustion engine (ICE) vehicles, HEVs and PHEVs. One specific area we are targeting particularly is emerging markets, where we aim to expand further by leveraging our global production network to address customer needs promptly.

Based on longer-term electrification developments, we continue to strengthen business foundations and focus on technical development of next-generation products such as thermal management systems for BEVs and high-pressure hydrogen tanks for FCEVs. While responding flexibly to any changes in market conditions, we are accelerating the development of future growth domains by leveraging our existing technologies, product quality, and customer base. We aim to sustainably enhance corporate value and achieve the 2030 Business Plan through these initiatives, which balance short-term earnings with investments for longer-term expansion.

Key Initiatives 1: Initiatives for ICE, HEVs, and PHEVs

With the global trend toward tighter environmental regulations, in addition to better fuel efficiency and lower exhaust emissions, demand is growing each year in the ICE, HEV and PHEV sectors for fuel system components that can restrict evaporative emissions. One area where national and regional regulations are tightening with exhaust emissions is for the volatile organic compounds (VOCs) emitted from vehicle fuel tanks and associated piping. Demand is rising for products with high environmental performance in this specific area.

Utilizing the technical expertise we have developed over many years in rubber and plastics as well as our development know-how in fuel system components, we are focused on developing and expanding sales of products designed to curb evaporative emissions. Our core products such as plastic fuel filler pipes, fuel caps and fuel valves play a significant role in boosting environmental performance and supporting regulatory compliance across various markets.

Comprising bases in multiple countries operating to a shared quality standard using advanced production technology, we have developed a global production network that can reliably supply products tailored to local regulatory requirements and specific customer needs. Furthermore, we are constantly working to raise productivity in our manufacturing operations so that our products remain competitive in terms of both quality and cost, enabling reinforcement of our earnings base in the ICE, HEV and PHEV sectors.

Going forward, besides targeting business expansion in emerging markets and other countries with strong growth potential, we will focus on further building up our earnings base in the ICE, HEV and PHEV sectors via development of products to meet stricter environmental regulations and customer needs.

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Key Initiatives 2: Initiatives for BEVs

While we are seeing a slowdown in adoption in the BEV market in the short term, electrification is still a steady medium- to long-term trend. We regard the current period as an important time for developing technology and strengthening business foundations ahead of the market's future expansion.

Thermal management technology is assuming more importance for BEVs since appropriately controlling the heat generated during driving or rapid charging is a vital element in extending range, maintaining charging performance, and in improving safety and reliability. We are prioritizing the development of products for the thermal management sector with a view to creating new value for the next-generation mobility society.

Utilizing the technical and design expertise we have cultivated to date in rubber and plastics, molding, and product design from fuel-system and fluid-control components, we are making progress in the development of products optimized for use with BEV cooling systems. The solutions that we offer for piping components used in battery cooling not only reduce weight and increase durability, but also allow for greater freedom in vehicle layout design.

In line with the projected growth of the BEV market, we are focused on developing thermal management technology and building the competitiveness of our products. While leveraging the technical assets that we have cultivated in our existing business, we aim to establish Toyoda Gosei as an essential supplier of next-generation mobility products.

Key Initiatives 3: Initiatives for FCEVs

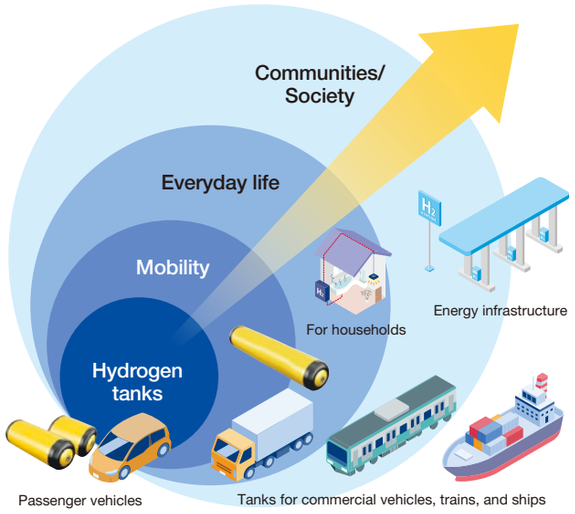
We are fully engaged in the hydrogen sector, which we view as a growth domain amid worldwide efforts to achieve a carbon-neutral society. Because hydrogen emits no CO_2 at the point of use, it is expected to serve as a clean energy carrier that can play an important decarbonization role in combination with renewable energy sources.

While the timing of full-scale FCEV adoption is still difficult to predict, we are continuing to develop hydrogen-related technology and strengthen our base of related operations on the long-term assumption that a hydrogen-based society will materialize. One area of particular focus is high-pressure hydrogen tanks for FCEV applications, where we are working to develop products that are safe, lightweight, and durable by leveraging technical expertise cultivated over many years in polymer materials and molding.

Besides automotive applications, we are developing high-pressure hydrogen tanks to contribute through a widening range of uses, including hydrogen fuel systems for ships and as portable hydrogen cartridges. By seeking to commercialize the technology for various uses, we are targeting improvements in technical performance and quality. At the same time, broader opportunities for utilizing hydrogen technology will create new value in mobility and other aspects of daily life while contributing to greater peace of mind and lifestyle comfort.

Looking ahead, by utilizing our strengths in polymer materials and manufacturing expertise, we will stay focused on developing products and technology that help to expand potential uses of hydrogen. Our aim is to be a supplier to a future decarbonized society, supporting the adoption and expanded application of hydrogen as an energy source across mobility and a wide range of areas in daily life.

Expansion of Hydrogen Tank Business



Large High-Pressure Hydrogen Tank

These are mainly used in commercial vehicles and ships and can be filled with approximately eight times as much hydrogen as a tank for a passenger vehicle.



Portable Hydrogen Cartridge (Provided by Toyota Motor Corporation)



For Japan

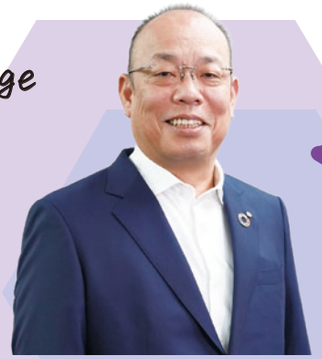


For Europe

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Business Strategy | Weatherstrips (WS)

Message from Chief



Junya Furuta

Chief of FC and WS Business Headquarters

We are targeting sustained global growth with WS products, vital for soundproofing cabins by blocking out rain, wind, noise, and vibration.

Business Conditions

Electrification is driving demand for greater cabin soundproofing since quieter engines make the noise from the wind or road contact more intrusive. At the same time, on top of fluctuating raw material prices and intense market competition, we must address emerging challenges such as carbon neutrality and the circular economy. Utilizing rubber technologies we have developed over many years, our focus is on developing and expanding sales of high-value-added products that offer enhanced noise-reduction performance, while using recycled rubber to reduce environmental impact. Through these efforts, we aim to increase product value, profitability, and environmental value.

Opportunities & Risks

The need for seals to ensure cabin comfort remains constant even as electrification progresses. The need for a broad range of technical capabilities creates high barriers to entry, while customers also place a strong emphasis on reliable supply.

However, as requirements for weight reduction, material substitution, and cost reduction increase, maintaining competitiveness using only conventional products and technologies is becoming more challenging.

Strengths

1) Core Performance and Technological Innovation in Automotive Sealing Products
While meeting core performance requirements at a high level, we continue to innovate so that our mass-produced products deliver both consistent quality and improved environmental performance.

2) Extensive proprietary technology base
We have accumulated expertise in designing flexible components that function through deformation, together with rubber production technologies spanning material formulation through manufacturing.

3) Stable Regional Production Network
In each region, broad expertise in materials, design, and manufacturing limits competition and new entry. Our stable quality and production systems enable us to meet customer needs for reliable supply.

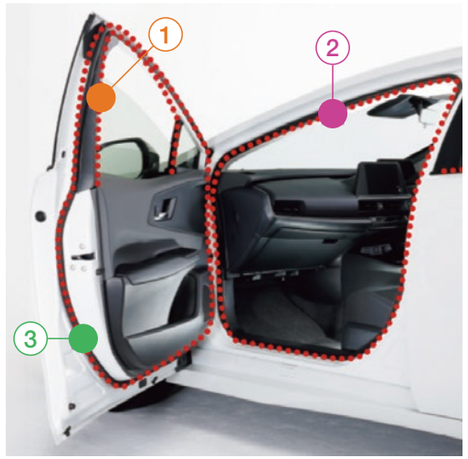
Strategies to Achieve the 2030 Business Plan

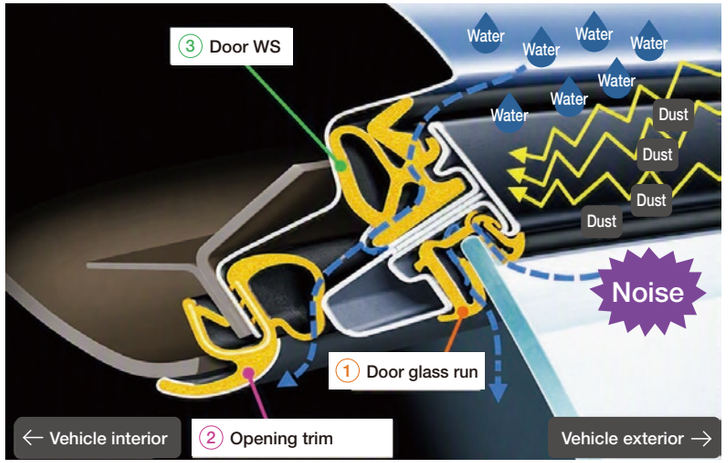
To achieve the 2030 Business Plan, we are working to enhance existing product value while improving profitability through the three strategies of boosting product appeal, raising productivity, and reducing environmental impact.

[1] To enable better cabin soundproofing, we are improving performance and expanding application of our door glass runs, which utilize our proprietary vibration-damping technology to suppress external noise. [2] We are reducing environmental impact by expanding the range of vehicle models using a blend of recycled and virgin raw materials for the opening trim, while also seeking to increase productivity by streamlining processes. [3] In door WS products, we are targeting steady growth in our existing business franchise as well as expanding in markets where we can leverage our strengths, based on assessing regional market conditions and competitive dynamics.

We are also upgrading manufacturing capabilities by streamlining production processes based on product characteristics and developing advanced production technology. While raising quality and productivity, we also seek to enhance their reliability, by further refining our integrated technical capabilities spanning materials and design through manufacturing, thereby ensuring consistent quality and productivity.

Main products in WS domain





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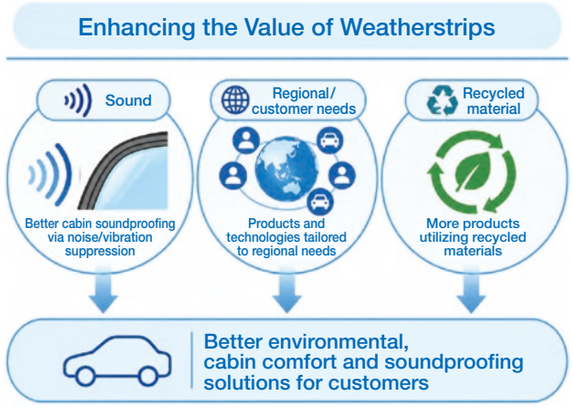
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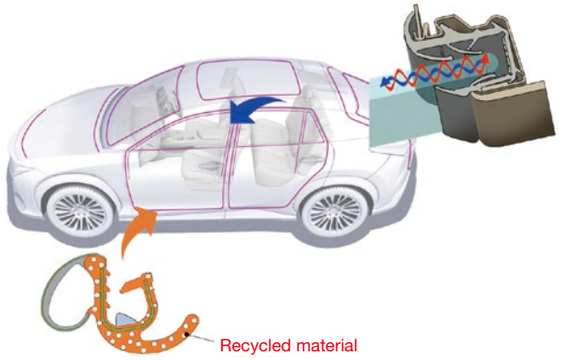
Key Initiatives 1: Improving products to better meet customer needs

Leveraging our longstanding technical expertise in materials, design and production, we are developing and proposing weatherstrip (WS) products to meet customer needs, which are essential for vehicles regardless of powertrain type. With the trend towards electrification driving greater demand for better cabin soundproofing, we are especially using our vibration-damping, evaluation, and prediction technologies to develop and expand the sales of WS products that contribute to a quieter cabin.

Moreover, by grasping customer needs based on the specific regional market conditions, we are focused on supplying products and technologies tailored to regional requirements and offering improvements in terms of environmental performance, including by using recycled materials. While addressing varied soundproofing, regional and environmental needs, we aim to enhance the comfort and environmental value delivered by our WS products so that Toyoda Gosei is the supplier of choice for customers.

Alongside our product development programs, we are rapidly working to strengthen our manufacturing capabilities, targeting quality and productivity gains through efforts to streamline and improve products and processes.





Key Initiatives 2: Creating Value through Noise-Reduction Technology

Ongoing BEV adoption is steadily building demand for quiet, comfortable interiors. To improve cabin soundproofing across every vehicle segment, we are developing WS products that can enhance quietness, primarily by utilizing vibration-damping glass runs. We are also leveraging our advanced evaluative and predictive technologies to strengthen our capabilities in the development of solution proposals.

Utilizing simulation technology, we can predict the performance characteristics of specific models from the earliest stages of development to help us create proposals for optimizing WS product specifications. While increasing the efficiency of prototyping and evaluation, this approach also helps us reduce total development time and boost product performance.

We are also combining our longstanding expertise in rubber materials with design know-how to develop products that can reduce wind noise and road noise in the cabin. Going forward, we aim to help our customers create mobility environments that offer greater comfort by further improving soundproofing technology for WS products, while at the same time expanding their range of application.

Key Initiatives 3: Expanding Our Rubber Recycling Initiatives

We are steadily increasing our resource recycling, applying proprietary devulcanization technology to produce recycled rubber for incorporation into our WS products. We began supplying these parts for Toyota RAV4 models in FY2025 as the initial step in the full-scale application of high-quality recycled rubber materials to actual vehicle production.

As we develop our resource recycling framework, we have also expanded the sources from which we collect waste rubber to include Toyoda Gosei Group companies. The development of operational infrastructure for waste-rubber collection, including collection logistics and our own quality standards for incoming materials, helps lay the foundations for the future expansion of this recycling network.

In addition, we are steadily increasing the proportion of recycled material used in our products through quality-enhancing process improvements. This helps us broaden the range of customer proposals we can develop for adding environmental value. Looking ahead, we plan to widen the scope of vehicle models and target sites so that we can make an increased contribution to realizing a circular economy and reducing CO_2 emissions.

Topic: Rubber Recycling Initiatives

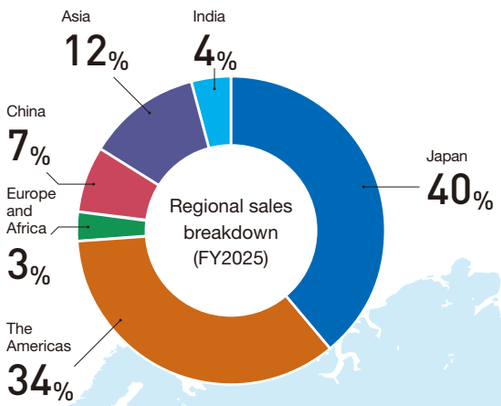
We devulcanize waste rubber generated during the manufacturing process and recycle it into new products. By leveraging our ISCC PLUS certification, we are promoting the expanded sales of products incorporating recycled materials that enhance both environmental value and competitiveness.

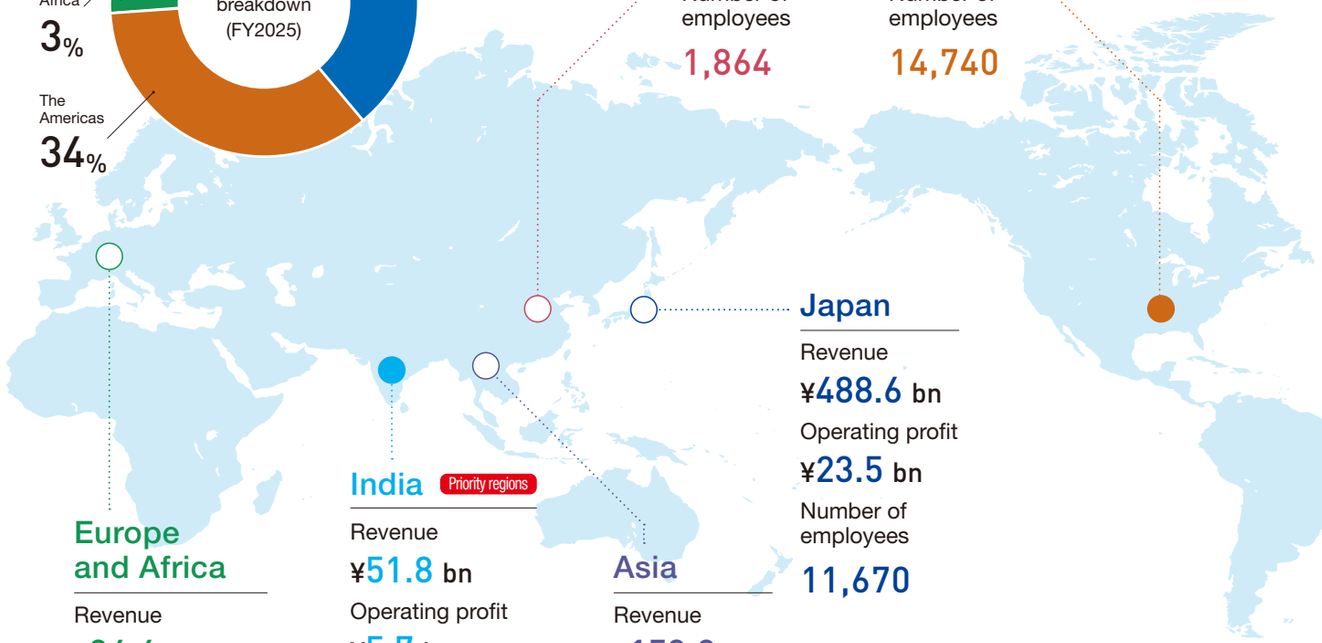


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Regional Strategy | Overview





China

Revenue
¥90.8 bn
Operating loss
¥2.0 bn
Number of employees
1,864

The Americas Priority regions

Revenue
¥428.3 bn
Operating profit
¥34.9 bn
Number of employees
14,740

Japan

Revenue
¥488.6 bn
Operating profit
¥23.5 bn
Number of employees
11,670

Europe and Africa

Revenue
¥34.6 bn
Operating profit
¥2.6 bn
Number of employees
964

India Priority regions

Revenue
¥51.8 bn
Operating profit
¥5.7 bn
Number of employees
2,747

Asia

Revenue
¥153.9 bn
Operating profit
¥14.9 bn
Number of employees
9,319

* Sales composition percentages are calculated using figures prior to any consolidation adjustments and have been rounded to add up to 100%.

Japan

Serving as the TG Group's core base, this region hosts our next-generation R&D for safety and environmental technologies as well as the development of production engineering. In the challenging environment of a mature market, we are strengthening the earnings base through fundamental streamlining of production processes via automation and reducing reliance on specialized skills. Global application of advanced manufacturing expertise we have cultivated in Japan supports greater operational competitiveness worldwide.

The Americas

This region is a priority target for expansion ahead of 2030 through increasing sales to a diverse range of customers, building on our stable base in North America. While deepening our contribution to our major customer, Toyota Motor Corporation, we are expanding sales to Japanese, European, and North American automakers and launching new high-value-added products. By expanding supply capacity in Mexico and strategically ensuring compliance with the USMCA, we aim to build regional operations that remain highly profitable amid uncertainty.

Europe and Africa

This is a region where we can demonstrate our technological leadership by responding to advanced Euro NCAP safety assessments. Our focus is on stabilizing earnings amid modest market growth. Led by our base in the Czech Republic, we seek to maximize production efficiency while upgrading our information-gathering capabilities for advances in safety technology to generate feedback for product development globally. The ability to respond quickly to changes in environmental regulations is helping us to establish a solid presence across niche market segments.

China

In this region, we are targeting radical optimization in response to drastic shifts in market conditions and customer composition. As the Japanese OEMs struggle and local supplier competition intensifies, we are selectively focusing on product areas with strict safety and quality requirements where we can play to our strengths. By restructuring operations to achieve greater streamlining, we aim to create a sustainable business set-up to withstand uncertain conditions while promoting organizational reforms to build the dynamism needed to respond rapidly to future market changes.

Asia

This region hosts critical sites for our global supply chain and provides the model for improvements to production. In Thailand, we are refining shopfloor kaizen capabilities and expertise in improving asset efficiency built up over many years to help deploy automated robots and karakuri systems across our other regional production sites. In Vietnam, we seek to reinforce our centralized production capabilities for airbag-related components to optimize the Group's supply set-up across ASEAN and worldwide. With a diverse customer base that extends beyond Toyota Motor Corporation, we are working to grow sales while keeping a close eye on trends at Chinese OEMs to ensure a robust regional earnings base and fulfillment of our responsibilities as a reliable supplier.

India

This region is a growth driver in the 2030 Business Plan. Our business is expanding as the automobile market grows in India and as the number of airbags installed per vehicle increases amid the adoption of stricter safety standards. Building on the deep trust cultivated with customers such as Maruti Suzuki and Toyota Motor Corporation, we are expanding supply capacity close to our customers and strengthening our development set-up within the region to help realize profitable growth.

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Regional Strategy | The Americas

Message from Corporate Officers



Makoto Hasegawa

Corporate Officer, Chief of Americas Regional Headquarters

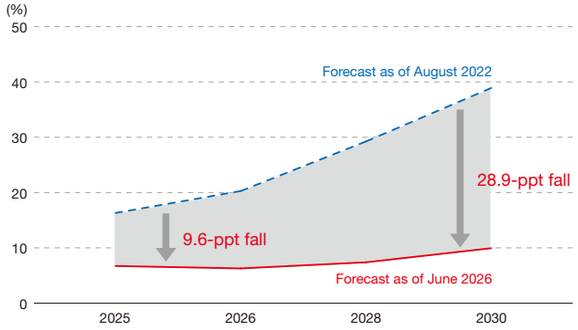
We are targeting sustained growth in profits through high-value-added products offering higher margins and diversification of our customer base.

Business Conditions, Opportunities and Risks: Responding to the Multi-Pathway Trend

The North American market faces a challenging and uncertain business environment due to the rollback of environmental regulations, uncertainties about tariff policy following the change in administration, and rising labor costs driven by inflation. At the same time, slower BEV adoption and the re-evaluation of HEVs and PHEVs have led to powertrain diversification as automakers pursue so-called "multi-pathway" strategies. We continue to offer solutions tailored to North American market needs with our broad product range, including Safety Systems Products (SS) and Interior and Exterior Parts (IE). We also supply products tailored to the required specifications of best-selling regional vehicles such as pickup trucks and large SUVs.

To address geopolitical risks, we have established a regional structure that meets the high local-content requirements of the United States-Mexico-Canada Agreement (USMCA), giving us a structural advantage over competitors.

Proportion of BEVs in North American production by volume



Source: Toyoda Gosei, based on vehicle production data from Mobility Global

Our Strengths and Way Forward: Focus on Localized Development and Product Synergies

Our key strength is our locally embedded development and production structure. We are currently upgrading R&D capabilities in North America to localize development further so that local engineers can take the lead in incorporating North American customers' design preferences and needs, as well as local safety regulations (covering issues such as pedestrian protection) into product designs. This approach shortens lead times while also enhancing our ability to secure orders as customers recognize our technical expertise. On the product front, we are crafting new proposals based on our SS and IE technologies, as well as developing products that combine functionality with aesthetic appeal, such as steering wheels with decorative trim. In other areas, our surface treatment technologies with reduced environmental impact, including PVD finishes* and hexavalent chromium -free plating, have received positive feedback from customers.

* Physical Vapor Deposition (PVD) finish: A surface treatment technology yielding a high-quality metallic appearance with a reduced environmental impact

Strategies to Achieve the 2030 Business Plan: Targeting Growth and Efficiency

Under the 2030 Business Plan, we will continue to focus on expanding sales to a diverse customer base in the Americas region while seeking to maintain and strengthen the stable regional earnings base.

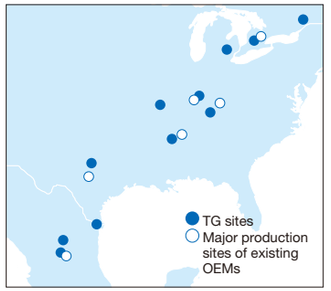
Our first strategy involves ongoing efforts to deepen relationships with existing customers to build sales. While maintaining our business foundation through steady adherence to serving the needs of our major customer, Toyota Motor Corporation, we are also targeting more medium- to long-term opportunities for securing new orders from Japanese, European, and North American automakers by creating proposals for high-value-added products such as advanced steering wheels for ADAS and highly styled large front grilles.

Our second strategy is to streamline and strengthen our production set-up and supply capabilities. Our new TAPEX plant in Monterrey, Mexico, is a hub facility for airbag production. Currently, we are working to boost productivity by introducing automation and implementing measures to enhance logistical efficiency and monitor equipment utilization. These improvements will help build a stable supply set-up while mitigating the impact of rising labor costs, a critical issue in North America.

Our third strategy is to reinforce our management foundation in the region. The transfer of functions and related delegation of authority to Toyoda Gosei North America (TGNA), our regional headquarters, is underway. At management level, we are working on streamlining based on integrating or eliminating duplicated functions within the region. We are also standardizing policies and procedures and seeking to strengthen regional governance and management led by TGNA, notably across accounting, HR, and IT.

Based on these strategies as we head towards 2030, we are working to ensure sustained growth in profits through delivering greater value to customers.

Locations of TG and OEM production sites in North America



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Message from Corporate Officers



Bijay Krishna Shrestha

Corporate Officer, Chief of India Regional Headquarters

We aim to drive the Group's growth by building sales and reinforcing local supply capabilities to expand TG's business in India faster than the market.

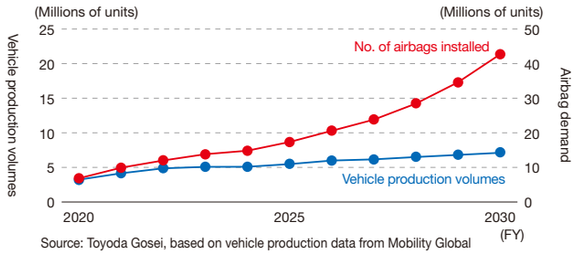
Business Conditions, Opportunities and Risks: The Potential of and Changes in a Growing Market

Safety awareness is rising in the Indian market due to growth in demand driven by expansion of the middle class and factors such as the government's introduction of the Bharat NCAP safety assessment program. The rapid growth in the number of airbags installed per vehicle—from the traditional level of two to as many as six—represents a major growth opportunity for our Safety Systems Products (SS) business. Many growth opportunities are also appearing in multiple product segments that are areas of strength for us. Emerging trends such as weight reduction, more stylish designs across interiors and exteriors, and a shift towards vehicles that run on compressed natural gas (CNG) are creating broad-based opportunities for growth.

However, business conditions remain challenging due to increasingly intense price-based competition, both with European mega-suppliers and the rapidly emerging local supplier base.

Moreover, as we target business expansion, we face complex issues in recruiting and retaining talented personnel while staying competitive in cost terms. We view these challenges as a good opportunity to raise our business fundamentals to the next level by accelerating investments alongside structural reform programs.

Vehicle production volumes and numbers of airbags installed



Source: Toyoda Gosei, based on vehicle production data from Mobility Global

Our Strengths and Way Forward: Customer-Focused Development and Supply Capabilities Backed by Proprietary Technologies

The principal strength of Toyoda Gosei in India is a customer-focused business model that involves deep involvement from the planning and development stages in the vehicle programs of Maruti Suzuki, Toyota Kirloskar Motor (TKM), and other automakers in India. We have built our supply infrastructure in proximity to the major customer production sites to facilitate just-in-time delivery of products, including bumpers, instrument panels and other large components. This approach has helped us to reduce lead times while keeping our logistics costs down.

On the product front, we are developing proposals to reduce vehicle weight and enhance environmental performance by leveraging technologies in plastics and rubber that we have cultivated over many years. With demand rising in the Indian market for greater fuel efficiency and cost competitiveness, we are looking to expand the business by strengthening our ability to develop and supply products tailored to local needs. In the SS business, we are utilizing our global network linking India with Japan to provide timely proposals for cost-competitive airbags and steering wheels that are designed for local road conditions. In addition, at our R&D facilities in India, local engineers are taking the lead in strengthening our development and evaluation structure so that we can develop products faster while also reducing costs.

Strategies to Achieve the 2030 Business Plan: Improving Supply Capabilities and Cost Competitiveness

We are focused on executing the following strategies to ensure the region realizes its designated role as a growth driver in the 2030 Business Plan.

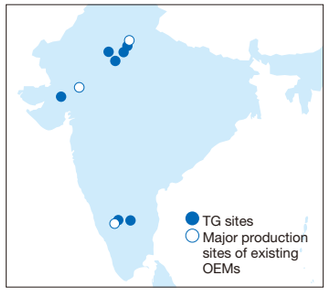
First, we are focused on ensuring we can secure the necessary supply capacity. We have positioned the SS business as a key pillar of growth amid advancing local safety standards, with typical numbers of airbags installed per vehicle rapidly increasing from two to six.

Second, we are pursuing fundamental strengthening of our manufacturing capabilities to ensure we stay competitive on cost. Besides accelerating our efforts to raise local content ratios under the government's "Make in India" initiative, we are progressively introducing low-cost automation technologies from Japan onto key production lines to raise productivity and shorten lead-times. In a challenging local HR environment, this will help us absorb rapidly rising labor costs while maintaining reliably high quality and productivity. Overall, we aim to achieve a good balance between growth and profitability.

Third, we are introducing new products and looking to expand into high-value-added areas with proposals for items that anticipate electrification of the Indian market, including cooling system components and illuminated grilles for interior and exterior applications. We aim to upgrade our product portfolio ahead of the evolving market.

Fourth, we aim to contribute to greater sustainability in terms of carbon neutrality (CN) and the circular economy (CE). Our initiatives aim to sustainably enhance corporate value by anticipating regulatory developments in India on the environmental front, such as examining how to use recycled materials in bumper production.

Locations of TG and OEM production sites in India



Human Resource Strategy



Masashi Umeda

Chief of General Administration and Human Resources Headquarters, CHRO

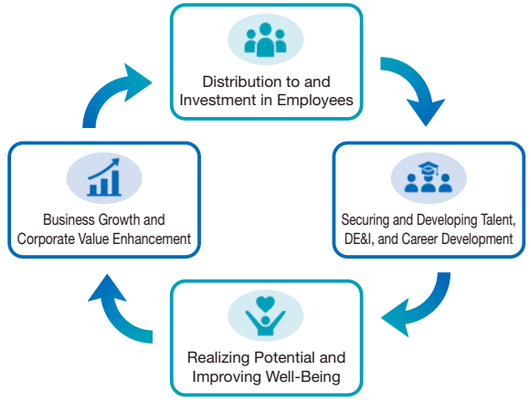
We will strive to create a workplace environment where everyone can thrive, and improve employee well-being, thereby contributing to the Company's sustainable growth.

Achieving the 2030 Business Plan and Driving Further Growth Beyond 2030

To realize the 2030 Business Plan, we are working to invigorate our people and organization so that we attract highly motivated people with a strong sense of well-being who can sustainably create new economic and social value.

The source of added value and business growth lies in our people. Guided by the belief that manufacturing is about developing people, we have always had faith in the potential of our people and worked to develop our people and build our corporate culture. In recent years, there has been growing recognition that investment in people is the source of corporate value creation, and we are once again reminded of its importance. By reinvesting the added value generated through our business activities in developing our people and strengthening our organizational capabilities, we will sustain a virtuous cycle that generates new added value. At the same time, we will drive reform of both our people and our organization to achieve the 2030 Business Plan and grow beyond it.

● Added Value Creation Cycle



1. Realizing Well-Being for a Diverse Workforce

Employee well-being is essential to the sustainable growth of our business. To this end, we are working to enhance engagement by giving employees a clear view of how to achieve their career goals and what growth opportunities are available, and by creating a comfortable workplace with open communication, safe spaces for employees to feel secure, and platforms where everyone can thrive.

With two-way communication as the foundation, we are also encouraging more active dialogue between labor and management and with executives, department heads, and supervisors, to create a workplace where employees feel safe to speak openly.

We will also promote DE&I and make the most of diverse values to create an environment where everyone is counted on and able to take on challenges. This will boost organizational vitality and generate innovation.

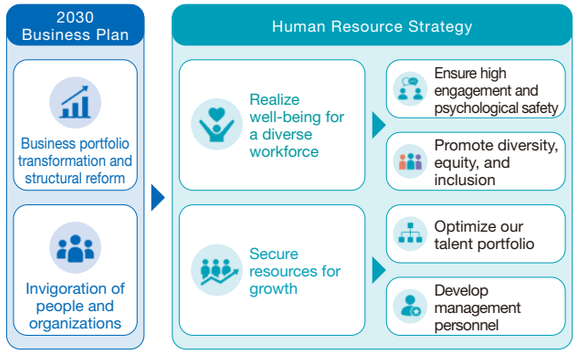
2. Securing Resources for Growth

To achieve the 2030 Business Plan, we are also focusing on developing and placing talent that directly supports business growth and a stronger business foundation.

We have formulated a talent portfolio that systematically organizes required talent types and necessary expertise. Aiming to achieve a 100% talent fulfillment rate by 2030, we will assess and visualize our employees' skills, promote planned development based on these insights, place the right people in the right roles, and strategically hire as needed.

We are also establishing succession plans to develop executive talent who will support our future management foundation. We will steadily implement systematic assignments and development measures for executive positions, including those at domestic and overseas affiliates. These steps will ensure a stronger talent base to underpin the Company's sustainable growth.

● Human Resource Strategy Roadmap



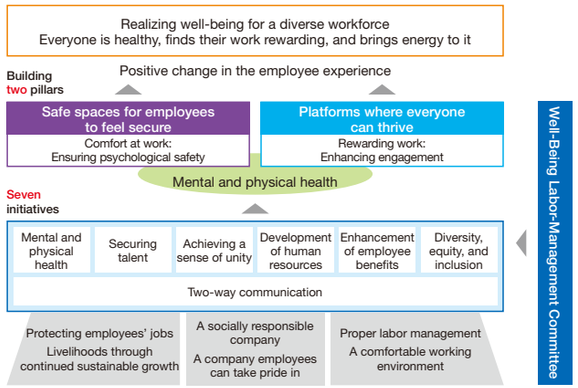
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Realizing Well-Being for a Diverse Workforce

To realize well-being, we are promoting seven initiatives, including mental and physical health, development of human resources, and two-way communication, based on two pillars: safe spaces for employees to feel secure and platforms where everyone can thrive. To drive these efforts, the Company and the labor union have established a Well-Being Labor-Management Committee to assess workplace conditions and decide which topics to address. In FY2026, we are rolling out a health promotion app company-wide to help employees build exercise habits and improve their mental and physical health. To address the challenges long-serving employees face in career fulfillment, we are also encouraging a change in mindset through lectures and other events featuring external experts. Labor and management will advance these initiatives together to encourage changes in employee behavior grounded in a positive mindset and turn those changes into new value.

Overview of Efforts to Realize Well-Being for a Diverse Workforce



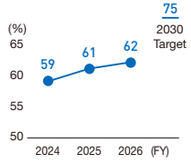
Creating Safe Spaces for Employees to Feel Secure: Initiatives for Improving Psychological Safety

Creating safe spaces for employees to feel secure means fostering a psychologically safe workplace with open communication and active dialogue. To create a workplace where employees feel safe to speak openly, we are promoting various initiatives emphasizing dialogue and two-way communication. These include a four-year "Empathy-Driven OMOIYARI Communication Training" conducted by a psychiatrist to promote change among management; holding well-being seminars led by external experts; supporting in-departmental social events to foster workplace communication (Community Support Activities); and exploring how each department can ensure that employees have time to communicate with their supervisors.

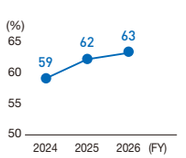
Providing Platforms Where Everyone Can Thrive: Initiatives for Improving Engagement

Providing platforms where everyone can thrive means fostering a highly engaged workplace where employees are aligned with the Company's vision, and can take on challenges and grow on their own initiative. We conduct an engagement survey covering all employees, and each department analyzes the results. Labor and management then work through a rigorous cycle of identifying issues, planning measures, and implementing them, which is steadily raising scores.

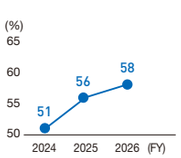
Trend in Engagement Scores



Trend in Psychological Safety Scores



Trend in Career Goals Achievement Scores



Vision Alignment

To enhance employees' intrinsic motivation and help them understand the significance of their daily work, in FY2019, we began "Management Declarations" in which division managers outlined the vision and mission of the workplace. In FY2022, we launched the "Workplace Vision and My Thoughts" initiative in which division and department managers discuss the thinking behind the workplace vision. With the launch of the 2030 Business Plan, all division chiefs have also begun "Sharing Our Vision" sessions to communicate their own aspirations for realizing the company vision to each employee. Division chiefs directly explain their commitment to safety and quality and the initiatives of each business and function toward realizing the 2030 Business Plan. As a result, employees increasingly share the vision, and the survey score for "expectations for the future" has risen for two consecutive years, reaching 62%.

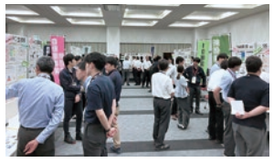
Career Fulfillment

Another area we focus on to enhance engagement is helping employees to achieve their career goals. Although we had implemented human resource development initiatives continuously over the years, positive survey responses regarding career fulfillment had been slow to grow.

To address this issue, young and mid-career members of the Human Resources Department proposed "CareeArch," a career autonomy initiative, through our business idea contest, and since 2025 we have made it a top-priority measure directly linked to raising engagement and achieving well-being.

Specifically, we hold CareeArch Events introducing each department, which 900 administrative and technical employees attended in 2025. We also give employees opportunities to think about their own careers through CareeArch Roundtables with colleagues who have gained a wide range of experience and through in-house and external career consulting sessions, while continuing to provide career interview training for supervisors. These initiatives have led each department to discuss and formulate concrete human resource development plans, and under the open rotation program, 24 of the 41 transfers planned by departments were carried out.

Going forward, under the 10-Year Development Program for Young Employees, we will increase the number of employees in their third to tenth year who transfer to other departments from the current 70 to 100, while also working to systematize development plans for skilled roles. In doing so, we will continue to create an environment where employees can independently plan their careers and take on challenges to achieve them, which we believe will lead to improved engagement.



Department introduction events

Human Resource Strategy

Securing Resources for Growth

In addition to promoting initiatives aimed at realizing well-being for diverse talent, we are working to develop and assign talent that will support business growth and enhance our business foundation to help achieve the 2030 Business Plan.

Optimizing Our Talent Portfolio

In FY2024, we reassessed company-wide priority focus areas and personnel requirements. By organizing these into a talent portfolio aligned with our business portfolio, we have strengthened the management of not only workforce size but also workforce quality. We are developing and placing "talent for advancing key businesses," responsible for the priority themes of the 2030 Business Plan, and "talent for strengthening the management base," responsible for strengthening that base across businesses. This will help us produce the next generation of leaders who will manage the Company in the future.

We have also divided the talent portfolio into 15 talent types and are using them to formulate measures for systematically securing, placing, and developing human resources. The fulfillment rate of the 15 required talent types has steadily improved, from 50% previously to 70% in FY2025. To reach a 100% fulfillment rate and achieve the 2030 Business Plan, we are also encouraging internal rotation through open rotation programs linked to "CareeArch" and strengthening mid-career hiring.

To help employees develop their careers and grow, we are using the talent portfolio to encourage employees to clarify their career goals and acquire the necessary expertise. Within our career development measures, we are working to balance employee aspirations with the Company's needs, so that these efforts also help secure resources for growth.

Required Talent (15 talent types)

	Initiatives to Achieve the 2030 Business Plan	Required Talent (15 talent types)
Talent for advancing key businesses	Development of new forms and functions as well as airbags for new forms of mobility	Next-generation airbag development talent
	Development of interiors to create surroundings unique to BEVs	Next-generation spatial design talent
	Commercialization of recycled rubber and plastic materials for a decarbonized, circular society	Recycled materials commercialization talent
	Creation of new businesses, including the expansion of renewable energy	New value creation talent
Talent for strengthening the management base	Establishment of a global sales policy and marketing strategy	Global marketing talent
	Promotion of collaboration with other companies in automotive and non-automotive businesses	Alliance promotion talent

Securing and Developing Next-Generation Management Talent

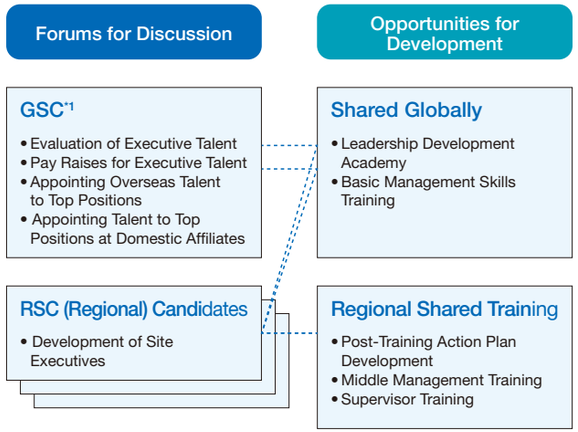
To systematically develop future leaders, we have clarified the key requirements for executive positions essential to executing management strategies. We are also implementing a succession planning system to select candidates, plan their development, and assign them to challenging roles (tough assignments).

To accelerate the development and promotion of executive talent among locally hired employees at overseas operations, we also established basic policies and targets in FY2021 for promoting locally hired employees to executive positions (vice president or above).

We aim to raise the share of executive positions held by locally hired employees to 60% by 2030, and to that end each overseas business unit is evaluating, developing, and promoting high-potential talent.

We also regularly hold RSC (Regional Succession Committee) meetings in the Americas, China, and other locations, where participants share challenges and discuss solutions to challenges in selecting, developing, and recruiting candidates for executive positions.

Developing Next-Generation Management Talent



*1 GSC: Global Succession Committee

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DE&I

DE&I みんなで進もう 多彩な未来へ

Creating Spaces Where Diverse Individuals Feel They Belong, Providing Platforms for Them to Shine, and Highlighting Their Contributions

We regard promoting DE&I as a management strategy essential to sustainable growth. We believe that incorporating diverse perspectives into management and frontline operations will strengthen our ability to respond in a rapidly changing environment and help create new added value.

In particular, as part of promoting the advancement of women, we have set a target of 100 or more female managers by FY2030 and are actively appointing women to management positions. In employing people with disabilities, too, we aim not merely to fulfill a social responsibility but to create an environment where each individual is respected and can thrive by making full use of their individuality and strengths.



We are convinced that building a workplace environment and culture where diverse individuals can perform at their best and thrive is key to supporting the Company's growth, and we will advance these efforts across the entire Group.

Hiroko Ando
Chief Diversity Officer

Key Initiatives for Diversity, Equity, and Inclusion (DE&I)

We are actively developing a wide range of support programs, training, systems, and workplace environments that enable diverse individuals to perform at their best regardless of attributes such as gender, disability, or age.

In promoting the advancement of women, we provide development and support tailored to job type and career stage. For administrative and technical roles, we formulate individual development plans with a view to promotion to management positions and carry out systematic development and training. For skilled roles, we work to develop next-generation leaders by improving the work environment and supporting career development.

In promoting the employment of people with disabilities, we work to build an environment where they can feel secure and keep working, and to expand job roles that make the most of each individual's abilities and aptitudes. As of June 30, 2026, the Group's employment rate for people with disabilities was 2.83%, meeting the statutory employment rate of 2.7%.

We also provide career support for long-serving employees and improve their work environment so they can continue to thrive by making the most of their experience and expertise. By promoting cross-generational dialogue and skills transfer, we are building a corporate culture where different generations help one another grow.

Promoting the Advancement of Women

The promotion of female managers has lagged due to factors such as workplace environments where male employees are the norm, a low ratio of female employees, and a lack of role models. The Company has set a target of 100 female managers by 2030 (currently 46) and is accelerating its efforts.

Administrative and Technical Roles

For management candidates, we run the Advance Program, which aims to deepen understanding of roles, build skills, and boost motivation to take on challenges. For younger and mid-career employees, we also run the Encourage Program, which prompts them to consider taking on management roles.

Our efforts also span the full cycle, from developing management candidates to helping them thrive after promotion. They include support for building networks with senior management and with female employees inside and outside the Company, and a sponsorship program in which executives support employees after they are promoted to management.



Scenes from networking events (Encourage Program)

Skilled Roles

In FY2024, we launched Heart Link, a project in which female representatives at each plant work to resolve workplace issues. To date, the project has proposed and implemented improvements to create a workplace where everyone can work comfortably, including reviewing the name of menstrual leave, introducing sanitary product dispensers, and improving processes to account for differences in physique. We also create opportunities to interact with Toyota Group companies and other companies. These expose employees to diverse values and insights and help them build external networks. Through these experiences, we encourage participants to broaden their perspectives and grow into future leaders.

For supervisors, we hold lectures by an Executive Vice President to deepen their understanding of the advancement of women, and are working across the Company to foster a culture in which all employees, including women, can make full use of their abilities in their own way.



Speech at TPM Ladies Competition



Aichi Women's Shine Company Excellence Award

These initiatives have received high external recognition, including the Aichi Women's Shine Company Excellence Award and the ONE CAREER Review Award.

Support for Work-Life Balance

To help employees balance work and family, we are putting in place arrangements that meet their needs, such as a flexible system of reduced working hours and an on-site childcare center that operates on public holidays.

We also actively support men's involvement in childcare, continuing to operate the pre-childcare leave program (an awareness initiative that starts with a short, hands-on period of childcare leave) and providing individual follow-up. As a result, the percentage of male employees taking childcare leave rose from 64% in the previous year to 83%. We will work to foster a workplace culture where men, as well as women, can take childcare leave as a matter of course.

Promoting the Employment of People with Disabilities

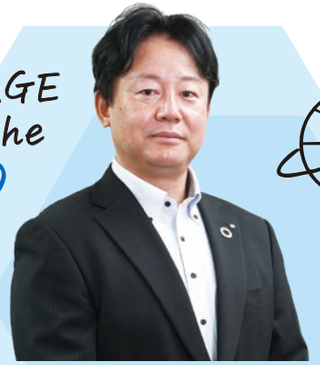
In promoting the employment of people with disabilities, we have established a support system that enables employees to feel secure and keep working, including pre-employment internships and regular meetings with daily-life counselors. Since FY2024, in addition to skilled roles, we have been strengthening recruitment for administrative and technical roles. By actively participating in job fairs, we are helping more people understand the Company and expanding our contact with diverse talent.

Group companies, led by our special subsidiary, are also working together on recruitment and on improving workplace environments. Across the Group, we are working to create an environment where employees with disabilities can thrive.

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DX Strategy

MESSAGE from the CDXO



Tetsuya Ogata
Chief of IT Digital Headquarters, CDXO

We are driving the transformation of workplaces, businesses, and management by developing digital platforms and providing digital solutions.

Policies for Achieving the 2030 Business Plan

1. Management that prioritizes capital efficiency and business process transformation that supports manufacturing innovation
2. Strengthening digital platforms that support transformation and developing the next generation of digital talent

Development of IT and Digital Solutions Driving Transformation of Core Business Processes

We are undertaking company-wide business process reforms aimed at bolstering business competitiveness and creating new value.

Utilizing systems based on digitized information and centralized management, information such as vehicle development schedules and product orders is automatically linked to downstream processes such as product design and production preparation. This is helping to boost efficiency and shorten lead times across the entire engineering chain.

In manufacturing, we are contributing to enhanced productivity at production sites as well as shorter lead times through collection and use of performance data, quality traceability systems, and digitalization of maintenance operations. These kinds of data are also playing an increasing role in manufacturing cost analysis.

In logistics, we are automating materials conveyance and using AI-based load-volume measurement to improve loading efficiency. Other initiatives to help optimize logistics include using RFID to track the circulation of returnable containers and introducing vehicle dispatch management systems.

Within back-office operations, we are reforming our business processes such as production management, accounting, and HR through the renewal of outdated legacy systems. We are also utilizing historic data to enable detailed cost analysis so we can understand quickly how profits are influenced by factors such as raw material price increases and changes in labor costs.

To improve capital efficiency, these multifaceted initiatives are speeding up efforts to streamline and refine our core operations while also helping to cut production lead times.



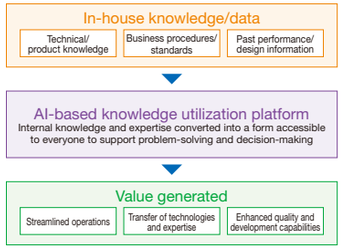
RFID tracking system for reusable plastic containers

Development of Digital Platforms Supporting the Promotion of DX

We are advancing infrastructure development and talent development in tandem to transform operations and create value through digital technologies. By creating an environment for data utilization and developing digital talent, we are streamlining operations, enhancing decision-making, and creating new value.

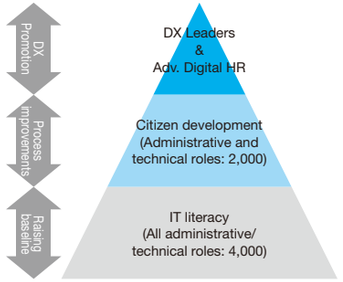
1. Harnessing the Power of Generative AI

We are creating an environment that enables all our employees to use generative AI services safely and effectively, while providing related education. We are also building a retrieval-augmented generation (RAG) platform linked to accumulated internal knowledge and data to make effective use of knowledge, improve the quality of operations, and support rapid decision-making.



2. Digital Talent Development

To support DX, we are rolling out company-wide training programs in areas such as cloud services, data analysis, and cybersecurity. We are also promoting a “citizen development” program to support frontline-driven process improvement and automation based on the utilization of generative AI and low-code or no-code digital tools.

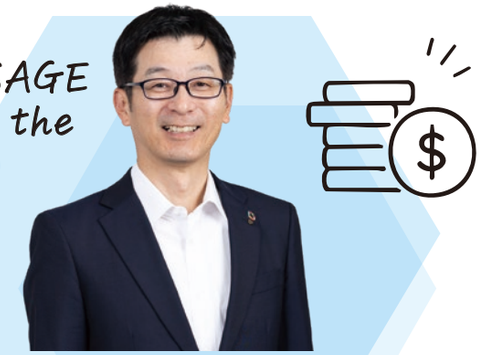


3. Cybersecurity Measures

Recognizing cyberattacks as a critical management risk, we are working to upgrade our global cybersecurity governance and improve security across the entire supply chain. We are also building a framework that enables a rapid response and early recovery, including monitoring, vulnerability management, training drills, and the development of cyber business continuity plans (BCPs).

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Financial Strategy



Masayoshi Hachisuka

Director, Corporate Officer, CFO

We aim for a sustainable increase in added value and corporate value, while maintaining a balance among growth, financial soundness, and efficiency.

Business Performance and Changes in Shareholder Composition

Progress toward the 2030 Business Plan

In FY2025, revenue was 1,146.7 billion yen and operating profit was 79.5 billion yen, for an operating margin of 6.9% and ROE of 11.2%. Revenue and operating profit were both higher than the previous fiscal year, mainly due to higher sales and cost improvements, which offset a temporary increase in costs due to the impact of tariffs and structural reforms in China. Revenue, operating profit, pre-tax profit and net profit all reached new record highs.

In FY2026, we are forecasting revenue of 1,200.0 billion yen and operating profit of 80.0 billion yen. While we recognize risks such as the situation in the Middle East and increasing raw material costs, we plan to secure operating profit on par with the previous fiscal year through continued efforts to strengthen our earnings capacity.

In the 2030 Business Plan, we have set targets for revenue of 1,200.0 billion yen, operating profit of 100.0 billion yen, operating margin of 8%, and ROE of 10%. Due to a difference from the foreign exchange rate assumption, our recent results reflect the positive effect of yen depreciation; however, in terms of the overall plan, we are progressing ahead of our initial expectations. Revenue has been steady overall, while the challenge with operating profit is to increase profitability a step further to achieve the 8% operating margin target. In FY2025, we achieved record-high results, including for operating profit, which reflected growth in our priority businesses and steady results from manufacturing improvements. Going forward, we will focus our management resources in our priority businesses and regions, while expanding business with a wide range of customers and introducing high-value-added products with the aim of further increasing earnings to achieve the 2030 Business Plan.

(Exchange rate assumptions:
FY2026 forecast: USD 1 = ¥155; 2030 Business Plan: USD 1 = ¥125)

Comparison of FY2025 results, FY2026 plan, FY2030 target

	FY2025 results	FY2026 forecasts		FY2030 targets
Revenue	¥1,146.7 bn	¥1,200.0 bn		¥1,200.0 bn
Operating profit	¥79.5 bn	¥80.0 bn	Strong progress	¥100.0 bn
Operating margin	6.9%	6.7%	Challenge of lifting profitability to achieve operating margin of 8%	8.0%
ROE	11.2%	9.7%		10.0%
Exchange rate (JPY/USD)	¥151/USD	¥155/USD		¥125/USD

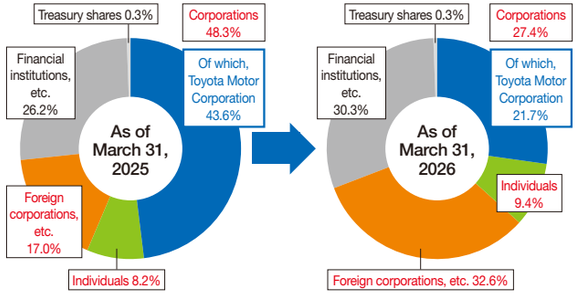
Significant Change in Shareholder Composition

In FY2025, Toyota Motor Corporation and other shareholders conducted a secondary offering of their holdings in the Company. While maintaining our relationship as a member of the Toyota Group, the offering was intended to promote autonomous management and expansion of business with a wide range of customers, while expanding and diversifying the Company's shareholder composition, increasing the liquidity of its shares, and dispelling concerns about a potential share overhang.

Toyota's ownership stake changed from 43.6% before the secondary offering to 21.7% at the end of March 2026. Moreover, to mitigate the impact on the supply-demand balance for the Company's shares due to the offering, and to strengthen shareholder returns and improve capital efficiency, we conducted a share buyback of 10 million shares for a total of around 45.0 billion yen, and cancelled all of them.

Going forward, we aim to achieve a well-balanced shareholder composition that attracts the medium- to long-term support of a diverse shareholder base, including domestic and overseas institutional investors and individual investors.

Shareholder Composition



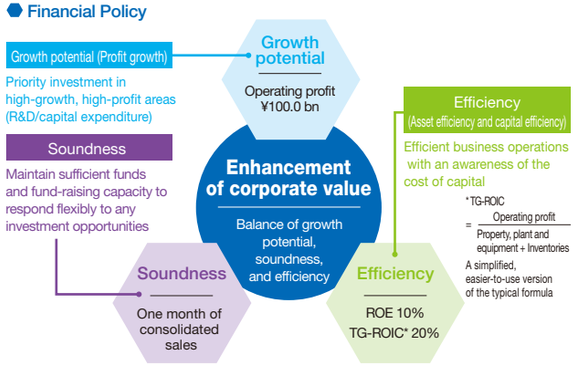
Financial Policy

Our financial policy is to emphasize the balance between growth potential, financial soundness, and efficiency. We will retain a strong financial base and seek to enhance the efficiency of business assets, while allocating the cash generated to areas that will drive future growth to sustainably increase corporate value.

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Growth Potential—Linking Growth Investments to Create New Added Value

In terms of growth potential, we will prioritize allocation of management resources in high-growth, high-profit businesses and regions. We will pursue strategic investments such as capital expenditure, R&D investment, M&A, and alliances, focusing on our priority businesses, which are the Safety Systems Products (SS) and Interior and Exterior Parts (IE) Businesses, and our priority regions, namely the Americas and India.

In our investments in business, we will focus on creating future sources of competitiveness, such as development of new technologies and products, and creation of new businesses. We will also enhance our earning power, building a highly profitable and efficient manufacturing system by optimizing equipment specifications, making effective use of existing equipment, and advancing automation and productivity gains.

In addition, we will ensure appropriate allocation to, and investments in our employees, who will carry out these initiatives, enhancing their expertise and frontline capability, and creating an environment where they can fully demonstrate their potential and take on challenges. By promoting investments in business and manufacturing along with investments in human capital, and reinvesting the resulting gains into subsequent investments, we will continuously build our competitive and earning capabilities.

Topic: Turning Growth in Added Value into Further Growth—Distribution and Investment through the Distribution Statement

For a company to grow sustainably, it is important to generate added value through business activities, distribute that appropriately to each stakeholder and invest for future growth, and to pursue further increases in added value. To achieve this, the Company makes use of a distribution statement (DS)*, which summarizes in actual figures how the added value generated through business activities is distributed to and invested in employees, executives, society, shareholders, and the Company itself.

In the DS, the added value created inside the Company is calculated by starting from revenue, which is the consideration for value provided to customers, and deducting payments for value produced outside the Company, such as raw material expenses and outsourcing expenses. Then the recipients of the resulting distributions and investments of that calculated added value are presented as employees, executives, society, shareholders, and business reinvestment retained within the Company.

In other words, the DS is a new financial statement for assessing the production, distribution, and investment of added value in a single document, and monitoring and managing medium- to long-term growth in added value and its appropriate distribution and investment.

Toyoda Gosei's added value increased approximately 1.5-fold over the five years from FY2021 to FY2025. During this period, distributions to employees increased approximately 1.3-fold, and the amount distributed per employee rose on both a consolidated and non-consolidated basis. Distributions to shareholders increased approximately 2.4-fold, distributions to society approximately 1.9-fold, and business reinvestment approximately 2.7-fold. In this way, we have steadily expanded distributions to employees, shareholder returns, distributions to society, and business reinvestment for future growth, funded by growth in added value.

Toyoda Gosei's Distribution Statement

(Unit: Million yen)

Items	FY2021	FY2022	FY2023	FY2024	FY2025	FY2025 as a Percentage of FY2021
Revenue	841,660	960,295	1,086,487	1,071,558	1,169,651	139%
Expenses paid externally	601,115	707,918	778,979	769,981	819,067	136%
Added-value amount (production)	240,545	252,377	307,509	301,578	350,584	146%
Distribution to employees	199,851	213,794	232,271	238,689	256,530	128%
Distribution to executives	865	855	946	1,003	1,163	134%
Distribution to society	13,095	16,680	15,966	18,943	24,731	189%
Distribution to shareholders	10,475	10,476	16,266	18,336	24,909	238%
Internal reserves (business reinvestment)	16,259	10,572	42,060	24,606	43,250	266%
Added-value amount (distribution)	240,545	252,377	307,509	301,578	350,584	146%

(Unit: Thousand yen)

Distribution per employee	Consolidated	5,058	5,490	5,963	6,090	6,211	123%
	Non-consolidated	7,048	7,092	7,679	7,862	8,374	119%

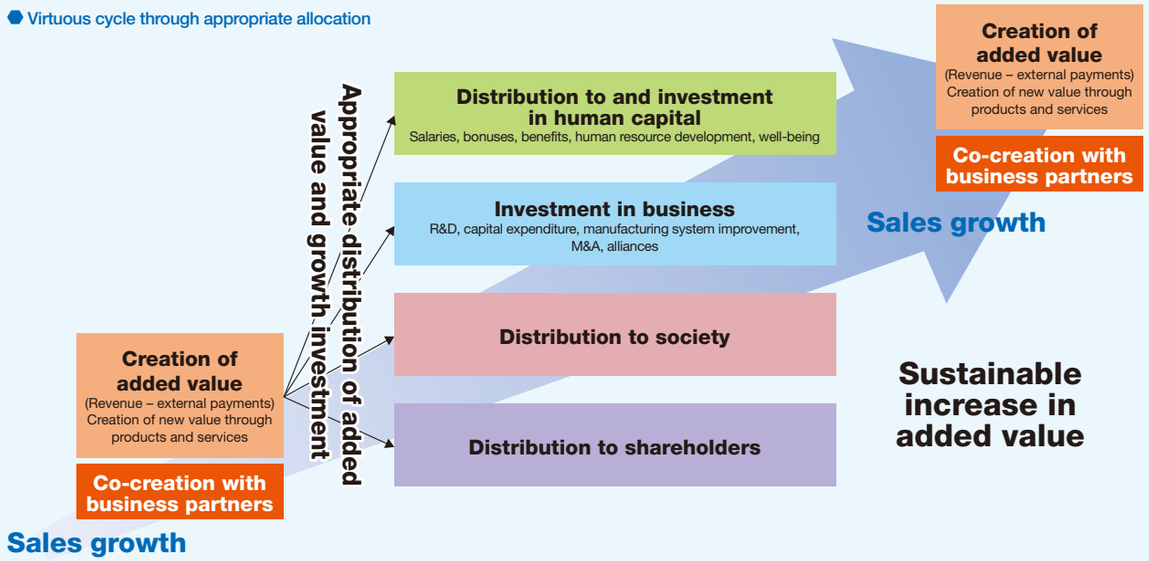
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Using a DS to confirm the status and results of distribution and investment, we constantly pursue an appropriate balance according to the business environment and growth stage. Through investment in equipment, R&D, strategy, and human capital, we create high-value-added products and businesses, and then distribute the added value we create to stakeholders and allocate it to the next round of growth investment. This virtuous cycle increases our corporate value over the medium to long term and drives the continuous growth of shareholder returns.

* The Distribution Statement is based on an approach advocated by the Tomo Suzuki Research Group of Waseda University.

● Virtuous cycle through appropriate allocation



Financial Soundness—Financial Base and Fundraising Capacity to Support Growth Opportunities

The Company focuses on the soundness of its financial position as a base supporting the stable continuity of its operations and enabling us to steadily capture growth opportunities. So that we can respond to changes in the business environment and funding needs, we reserve liquidity on hand equivalent to about one month's worth of consolidated sales, and have established a structure that enables us to allocate funds flexibly to necessary growth investments.

It is important not only to reserve cash on hand, but also to utilize it effectively across the entire Group. The global cash pooling framework that we started in FY2022 has now been largely implemented, and all remaining connections are expected to be completed during FY2026. By centrally monitoring cash positions in Japan and overseas, we will reduce cash imbalances across the Group, while flexibly financing Group companies that require cash to promote group-wide cash utilization.

We are also making progress on diversifying our methods of raising funds from outside the Group, such as continuously issuing corporate bonds in addition to bank loans. In accordance with the Sustainable & Positive Impact Finance Framework formulated in October 2023, in September 2026 we issued our third Sustainable & Positive Impact Bond for 10.0 billion yen. The funds raised through the bond will be allocated to the development of Safety Systems Products and expansion of their production and capital expenditure to reduce CO_2 and waste emissions. Through this kind of fundraising, we will stably procure the necessary funding for growth investments and communicate the Company's sustainability initiatives.

The Company has obtained an issuer rating of "A+/Stable" from Rating and Investment Information (R&I). Moreover, in January 2026, we obtained a new long-term issuer rating of "AA-/Stable" from Japan Credit Rating Agency (JCR). Looking ahead, we will continue aiming for a shareholders' equity ratio of around 60%, and strive to maintain a robust and flexible financial base to support the stable continuity of business and future growth investment.

Efficiency—Improving the Efficiency of Business Assets through TG-ROIC

Our basic approach to management that is conscious of the cost of capital is to maintain and increase a positive spread between return on invested capital (ROIC) and the weighted average cost of capital (WACC), ultimately aiming to stably achieve ROE of 10%. To support this goal from the frontlines, we introduced our own management indicator, TG-ROIC, which encourages employees at manufacturing sites to focus on the profits and assets that they can manage and improve themselves.

TG-ROIC is calculated by dividing operating profit by inventories and property, plant and equipment. We use it as an indicator that enables each region and location to identify its own issues and drive daily improvements to enhance asset efficiency. In FY2030, we aim to reach TG-ROIC of 20%.

With regard to inventories, we assess the flows not only of physical stocks, but also information and visualize bottlenecks in logistics processes or inside plants, as well as setting target inventory levels for each location. By reviewing ordering frequency and devising processes and manufacturing methods in response to production fluctuations, we aim to increase inventory turnover while securing the necessary levels.

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For property, plant and equipment, we ensure effective utilization of existing equipment, and optimize the specifications of equipment by examining the required functions and capabilities to reduce excessive investment. Moreover, we are proceeding with low-investment automation using karakuri devices and collaborative robots to enhance productivity while restraining investment. In our large-scale investments underway in the Americas and India, we will steadily work to expand sales and capture profits to increase property, plant and equipment turnover.

Through these activities, we will foster a manufacturing culture where employees on site have a comprehensive grasp of the assets they use and the profit they create. The way that equipment and inventories are held or used will be a target for daily improvement, and the results will be realized in both profits and asset efficiency. In this way we will aim for TG-ROIC of 20%, and look to increase company-wide ROIC and achieve ROE of 10%.

Capital Efficiency

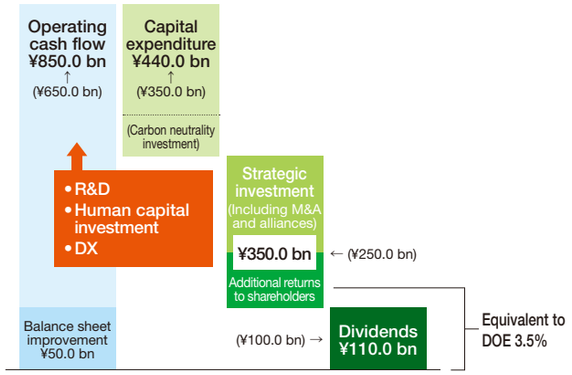
	FY2021	FY2022	FY2023	FY2024	FY2025
TG-ROIC	8.2%	8.1%	15.5%	13.7%	16.1%
ROIC	4.4%	3.6%	9.1%	7.3%	9.3%
ROE	5.7%	3.6%	10.6%	6.8%	11.2%

Current hurdle rate WACC: 7–8% Cost of equity: 8–9%

Cash Allocation and Capital Policy

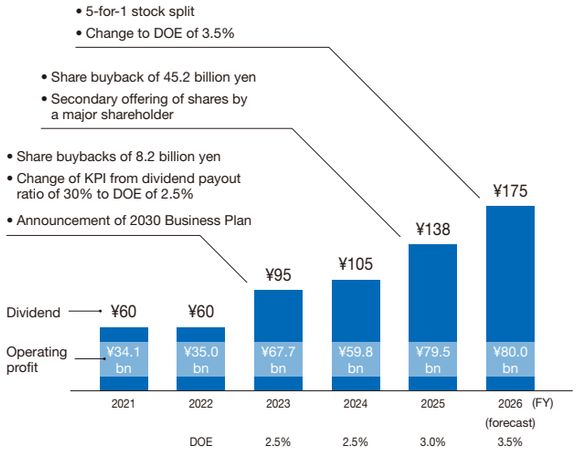
For the eight-year period from FY2023, when the 2030 Business Plan was announced, through FY2030, cumulative operating cash flow is forecast to reach approximately 850.0 billion yen, exceeding the initial estimate of approximately 650.0 billion yen by about 200.0 billion yen. Based on our progress to date and business growth going forward, we will allocate the cash generated appropriately among growth investments, the maintenance and strengthening of our financial base, and shareholder returns. Together with growth investments in businesses and manufacturing, we will strengthen investment in human capital to enhance employees' expertise and frontline capabilities. By promoting investment in both businesses and manufacturing, as well as in people, we will create high-value-added products and businesses, and a virtuous cycle that increases our cash generation capability.

Review of Cash Allocation 2030 Business Plan (FY2023–FY2030)



* The figure was used in the March business briefing. As described in the text, the shareholder return policy has been updated to target DOE of around 3.5%.

Shareholder Returns



With regard to shareholder returns, we have revised our previous policy, which set DOE of 2.5% as a lower limit, upward to a policy aiming for DOE of around 3.5%. Our basic policy is to deliver stable and continuous dividend increases, while also implementing additional shareholder returns flexibly after comprehensively considering factors such as the capital position, investment opportunities, and stock price. While maintaining an appropriate balance with shareholder returns, we will prioritize allocation to capital expenditure, including strategic investments, looking to increase the certainty of achieving the 2030 Business Plan, while maintaining a shareholders' equity ratio of around 60% through disciplined capital allocation with a focus on capital efficiency.

Increasing Corporate Value through Sustainable Growth

Toward achieving the 2030 Business Plan, we will further sharpen our business portfolio priorities, concentrating management resources in priority businesses and regions, undertaking structural reforms in underperforming businesses and regions, expanding business with a wide range of customers, and introducing high-value-added products with the aim of driving business growth that outpaces the market while improving profitability.

We will also create a virtuous cycle of sustainable growth by appropriately distributing the added value created by our business activities among stakeholders and allocating it to the next round of growth investment.

Moreover, to make it easier for individual investors to hold the Company's shares, we have conducted a five-for-one stock split, reducing the amount per investment unit and increasing the liquidity of the Company's shares. In conjunction, we will also introduce a shareholder benefit program, and we will provide opportunities for investors to deepen their understanding of the Company's manufacturing.

We will continue to enhance dialogue with investors and analysts, passing their opinions back to management and raising awareness of corporate value among our individual employees as we work to sustainably enhance corporate value.

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