

Mid-Term Business Plan




May 30, 2022

TOKAI RIKAI CO., LTD.

■ Our Business Philosophy

1. To create products to satisfy customers and to contribute to a higher quality of life.
2. To build an energetic and promising business organization by nurturing the spirit of originality, enthusiasm and innovative challenges.
3. To honor the language and spirit of the law and the ethics of every nation, and to work in harmony with nature and local communities.



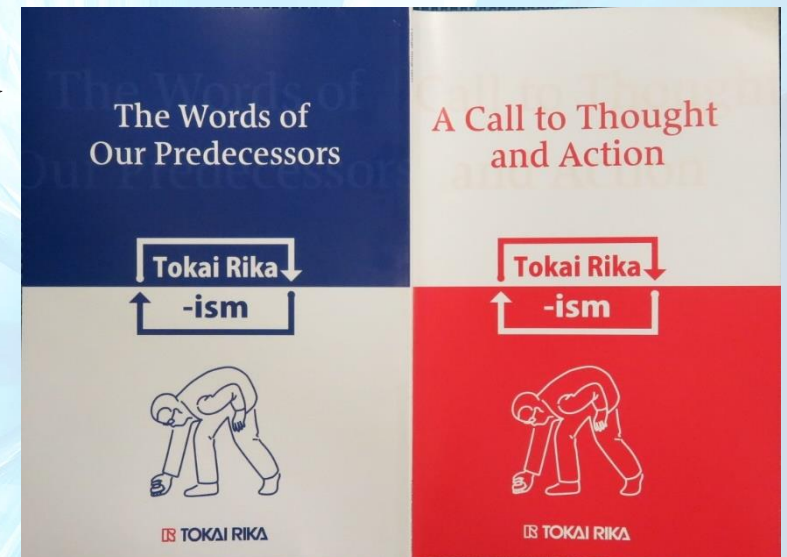
We have handed out “A Call to Thought and Action” to all the employees including the members of our group companies, and shared the philosophy that is based on the founding spirit.
(Published in April 2021)

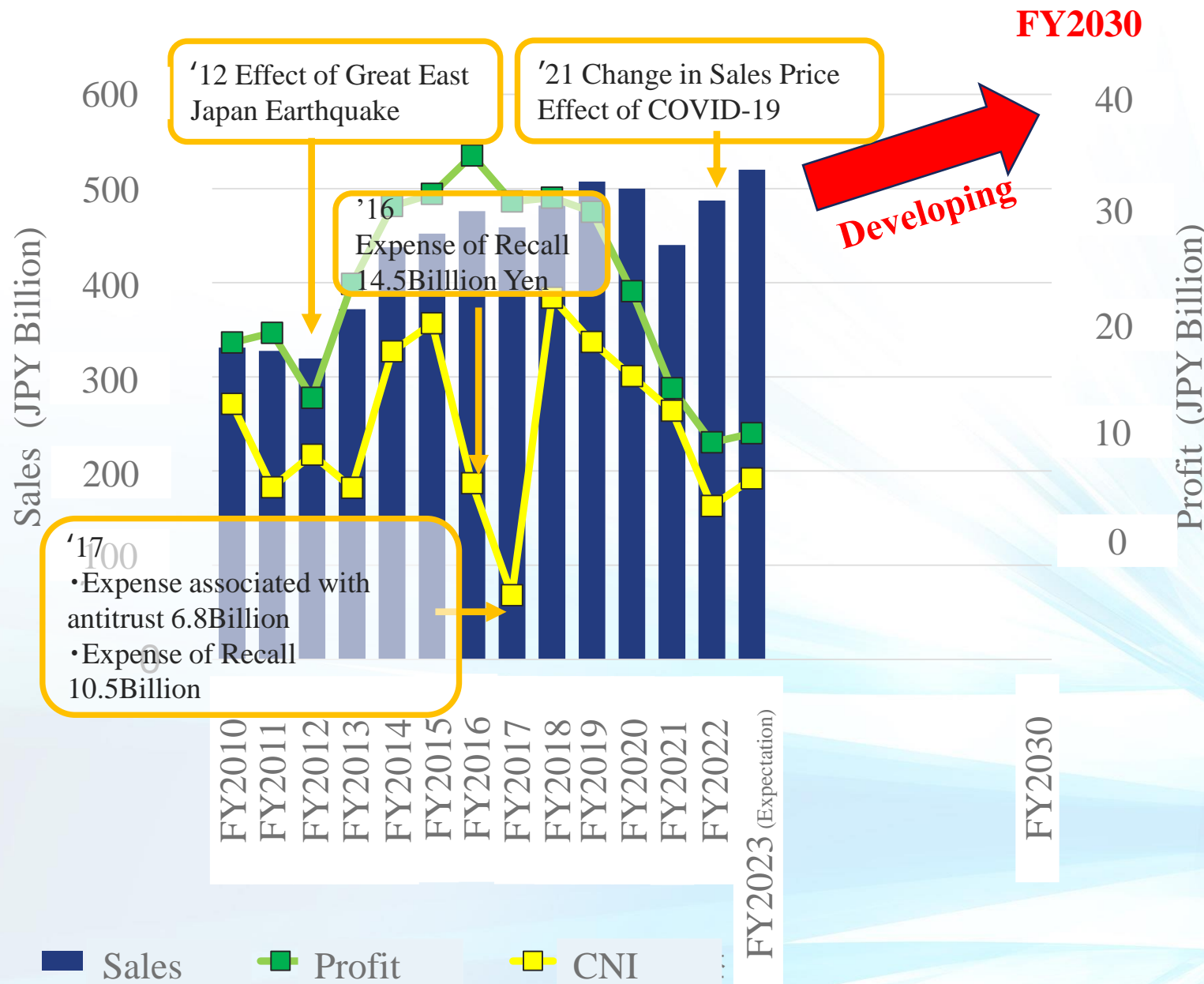
■ The Founding Spirit

"Do what other people don't do."



The Founder:
Yoshio Kato





The Change in Business Environment [The Change in Car and Society]

- Maas
- Connected
- Automatic
- Driving
- Electrification
- Carbon Neutrality

[Change in Manufactured Product]

- Reduction and Downhill of Mechanical Feature → Decrease in Sales
- Face increased competition in fields of Commodity Products → Reduction in Income

- Fast and Flexible Response
- Big Challenge

Institute the Mid-Term Business Plan for Our Future Development

Core for the Development in Next-Generation

FY2030

- **Challenge in New Area**... Uphold the Development of Present Resources
- **Planting of New Technology**... Deal with the Future Market Demand

Groundwork to make a leap forward in 2030

Two-Pronged Strategy

I. Promote the Business Strategy Strategy for different areas and regions

II. Strengthening of Management Base

- Digital Transformation	- Human resources
- Manufacturing Technology	- Carbon Neutral
- Production System	- Controlling the Fixed Cost

FY2025

Safety : Workplace where employees can work safe and healthy

Quality : Producing high quality products which customers are expecting for

FY2025

Consolidated Net Sales of JPY 520 Billion

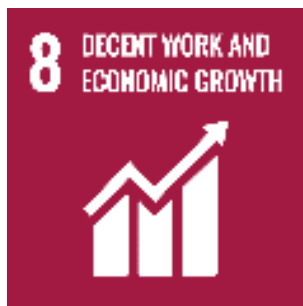
Business Profit of JPY 25 Billion

ROE 8%

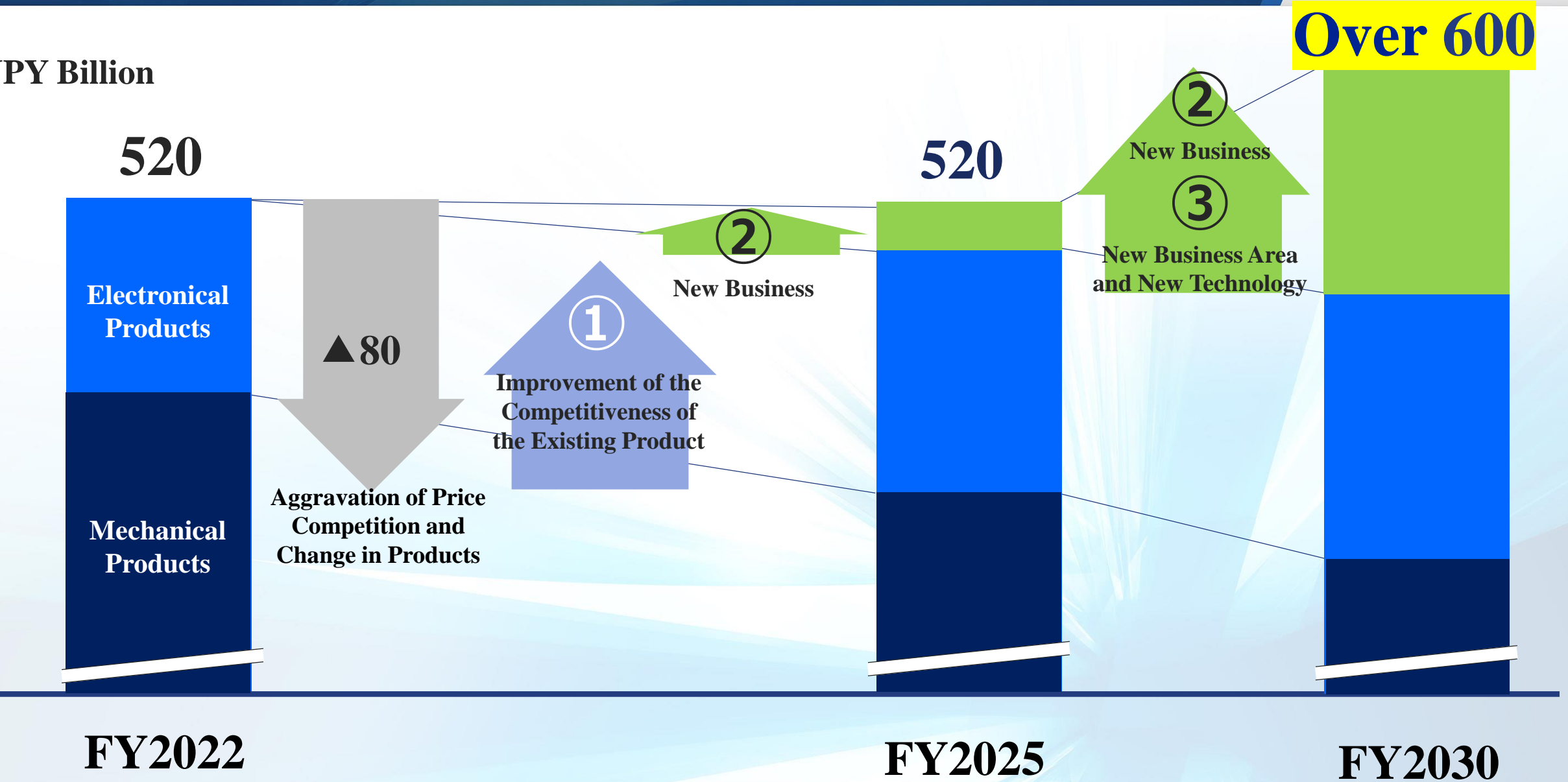
FY2030

Consolidated Net Sales Over JPY 600 Billion

1. Promotion of Business Strategy



JPY Billion



FY2022

FY2025

FY2030

Evolution in Existing Area

- Monozukuri (Production)
- Structure
- Construction of Competitiveness and Creation of Value by Innovating Functions

By refining up the QCD of the New products in the focused area.

- Improve competitiveness
- Expand sales

Focused Area

- Switches around Column and Inner Panel
- Seat Belt
- Shift-by-Wire
- ECU



As a core pillar of the revenue, to be concluded within this year

China

- Localization of Technical Functions
- Further utilization of local suppliers
- Expand sales to local customers

Japan

- Enhancement in profit structure by optimizing utility of current resources
- Execution of strategy in Production Engineering and Production that corresponding to innovative changes in products

India

- Expand sales for Suzuki
- Establish a Northern plant in India
- Enhance the partnerships with local partner

North America

- Expand sales to enhance the competitiveness in Mexico
- Re-construction of North Sites

(2) New Business

TARGET: JPY 15 Billion of sales by FY2030,
through solving problems of customer / local / society

UP TO NOW

FUTURE

TOKAI RIKA
Digitalkey



FREEKEY
for CAR



FREEKEY
Booking Company
Owned Car



Alcohol Checker



※Collaboration Product with Kawamura Electric Inc.
EV Charging Facility※
Delivery Box/Locker※



Residence / Office



Expand services to “**Mobility Area**”

Further Expansion to “House and Interspace Area”

Application of
Existing Technology

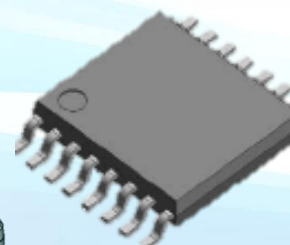
Magnesium Molding



Camping Item



Base of walking
stick



Sensor and
Semiconductor

Application of Haptics



Digital Learning Tool



Device that helps visually
impaired person with
walking



Listing of Seat
Belt

Use of Listing

Approach to Different Business Area

Provide New Products in Consumer market

(3) New Commodities in HMI Area



The car welcomes you



Senses your movement and opens the window

Intelligent Cockpit
-Senses your movement, reads your mind, and satisfies your desire -
CONCEPT



The monitor approaches to your finger



Support your hand movement by light

Uncharted Experience for you ...

③Materialize New Commodities in HMI Area

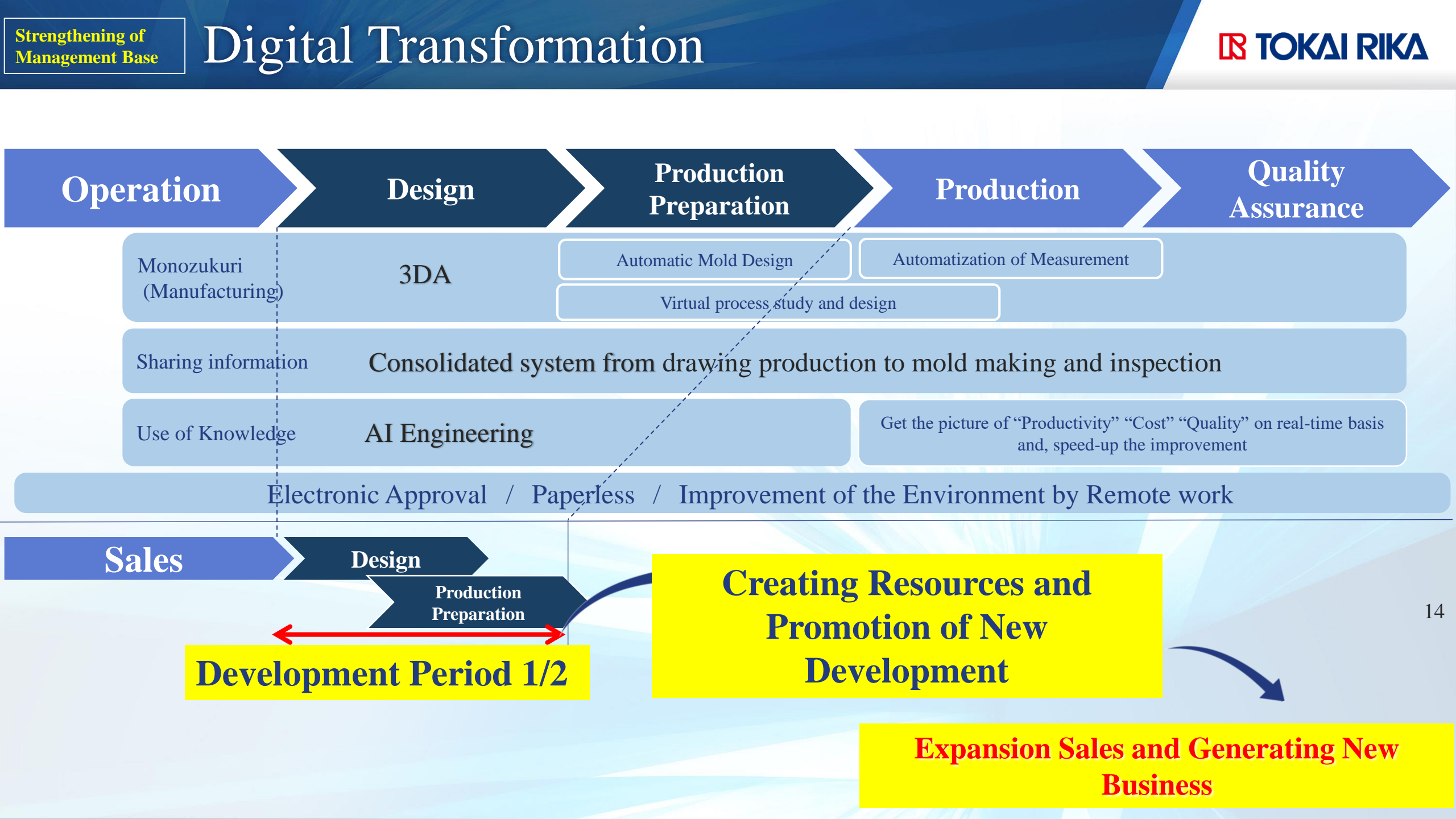


Click on the image to view
the introduction video of
the cockpit(YouTube)

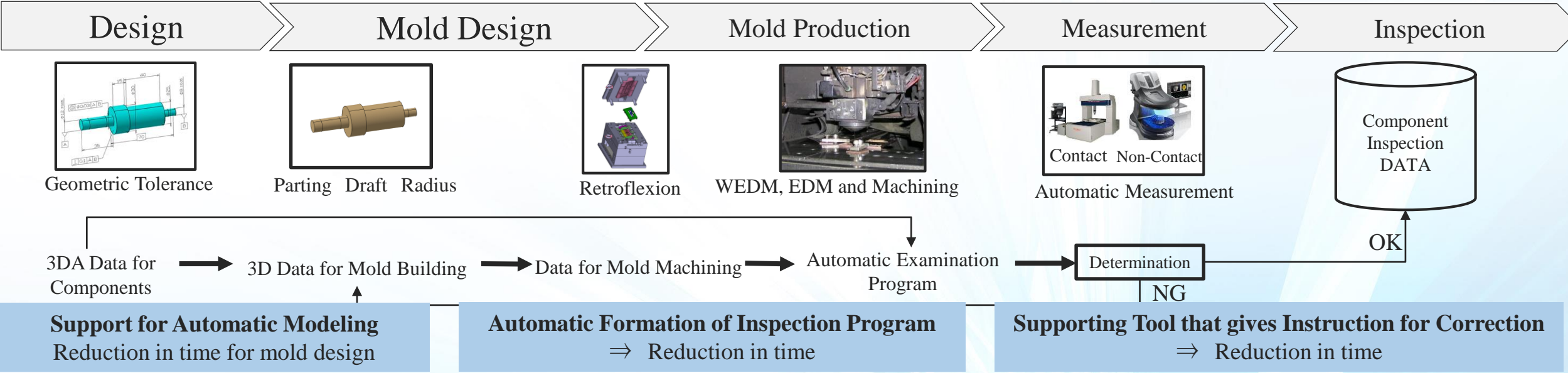
2. Strengthening of Management Base

- Digital Transformation
- Manufacturing Technology
- Production System
- Human resources
- Carbon Neutral
- Controlling the Fixed cost

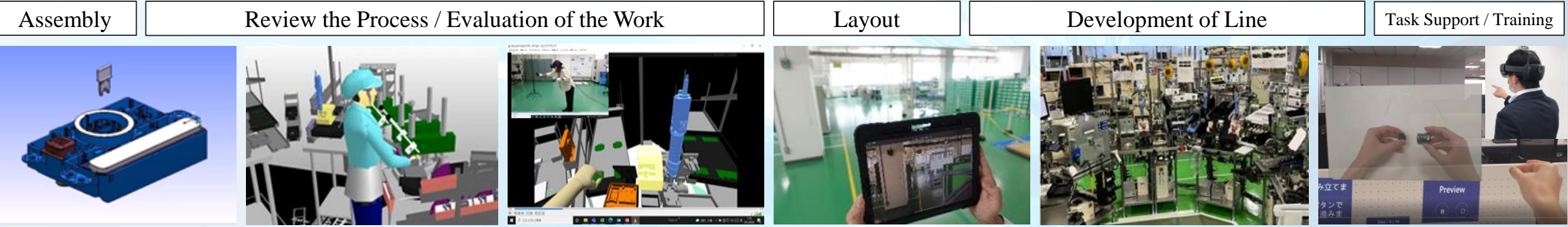




Integrated system from drawing production to mold making and inspection (3DA Data) (3DA...3D Annotated)



Installation of the Digital Process

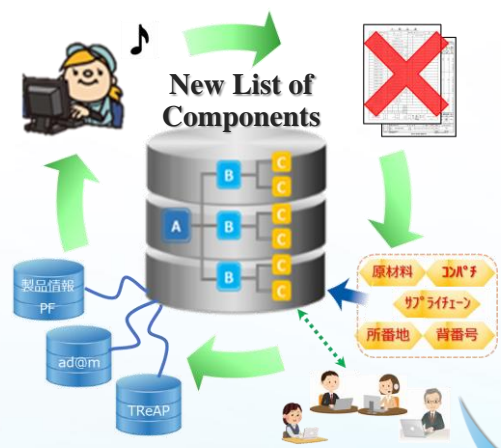


Assembly by Virtual / Layout / Reviewing Work → Reduction in Time Less of Undoing Process → Lead Time for Development & Preparation for Production 1/2

Streamlining & Drastic change the way we work



Reassemble Bill Of Material



Renovating BOM system & linking the data to different systems without time difference
-- Reduction for duplication & transcription

Production Plan based on accurate performance & multi-factory production
= Higher accuracy of logistics planning & equalization of streamlining



Digitalization in the Factory

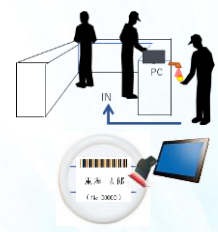
IT Control Board



Kanban



Working System



Electronic Stocktake



Paperless



Electronic Paper



Electronic Post



Formulation as a System

Actual Data

Use of Digital Tool

Utilization and Application

Digitalizing production control board, kanban, & posts
-- Reduction for transcription, sorting & management

Timely and accurate information
= Improvement in process and Internal Logistics & management of things that we haven't done before (such as raw materials)

Decrease in the Lead Time of Manufacturing & Challenge to Transform into Unmanned Factory

[Development of automation line (Consolidated System)]

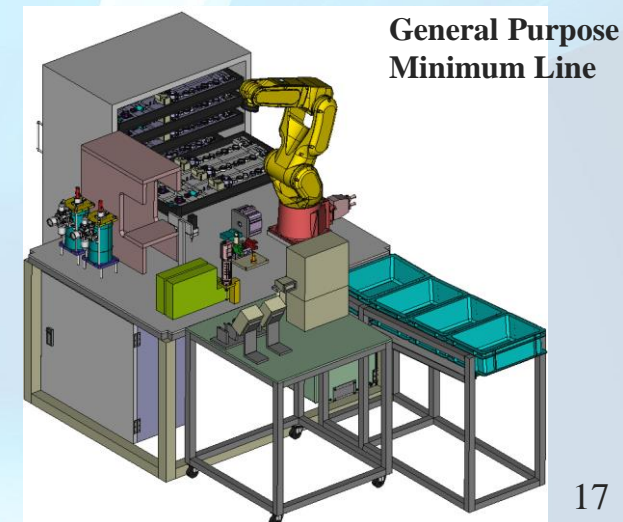
Developing low cost and compact processing machine of components (such as resin molding & stamping) and consolidating the assembly process in one line

Simplification of the process = Decrease in lead time and reduction in space

[Continuous supply of service parts that are faced by monozukuri (manufacturing) companies]

Developing a fully unmanned generalized minimum line by optimization the utility of robotic function

**TARGET: Earned 4,000m² empty space in our plants
for new businesses by FY2025**



Building Competitiveness by New Production Methods & Original Raw Material

[Evolution of Existing Business Area]

- Sheet Insert Molding Integrating the Transparent Decoration and Electrostatic Function

[Innovative Construction Method Development for Carbon Neutral]

- Resin Molding and Painting in the Same Mold

[Tokai Rika's Original Biomass]

- Development of Bamboo Composite Material

[EV car]

- Development of Full Wheel Ornament's High Brightness Paint

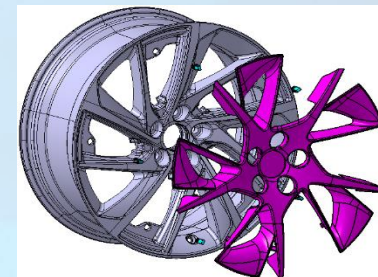
Application

- Light weighted Heat Dissipation Fins made by High Thermal Conductive Magnesium Material

Bamboo Composite Material



Full Wheel Ornament

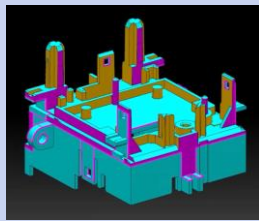
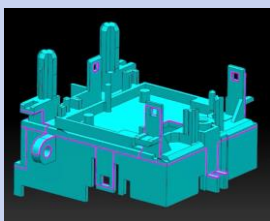


Strengthening Competitiveness of Mold Business

Drastic Change in Using Digital Technology

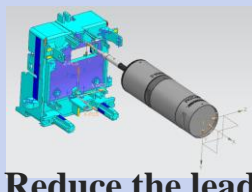
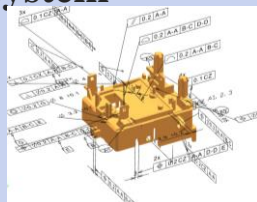
- Lead time for Mold Design = 1/2

Automatic mold draft angle on product model



Reduce the lead time
for modeling by 1/4

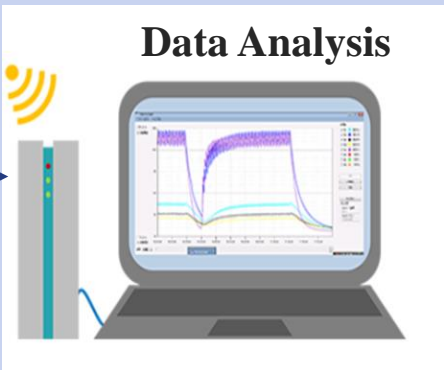
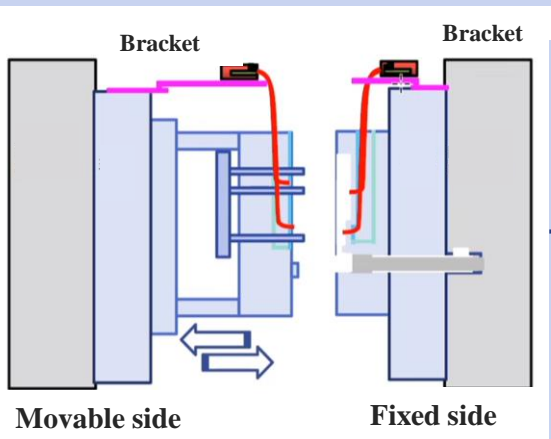
Link the system to the automatically measurement programming
system



Reduce the lead time for
programming by 1/4

- Create the New Additional Value to Mold

Monitoring the molding quality on a steady basis by wireless



Preparing for expand business by FY2023





Unattended Internal Logistics

We Are Family

- Let's acquire a bright future together -

Ensure a production space for new products

- Let's unlock our future! -

“Factory that makes smiles and dreams”

Construct best layout for production

Let's “Smile” more and save our bright “Future”

- Strong Factory that keep challenging to new things -

Unmanned Internal Logistics

Wheeling by Hand

Installation of AGV

50% increase in logistics efficiency (Productivity & Lead Time)

Proximity of the Seat Belt Process

The process was placed everywhere -- Made the process close together

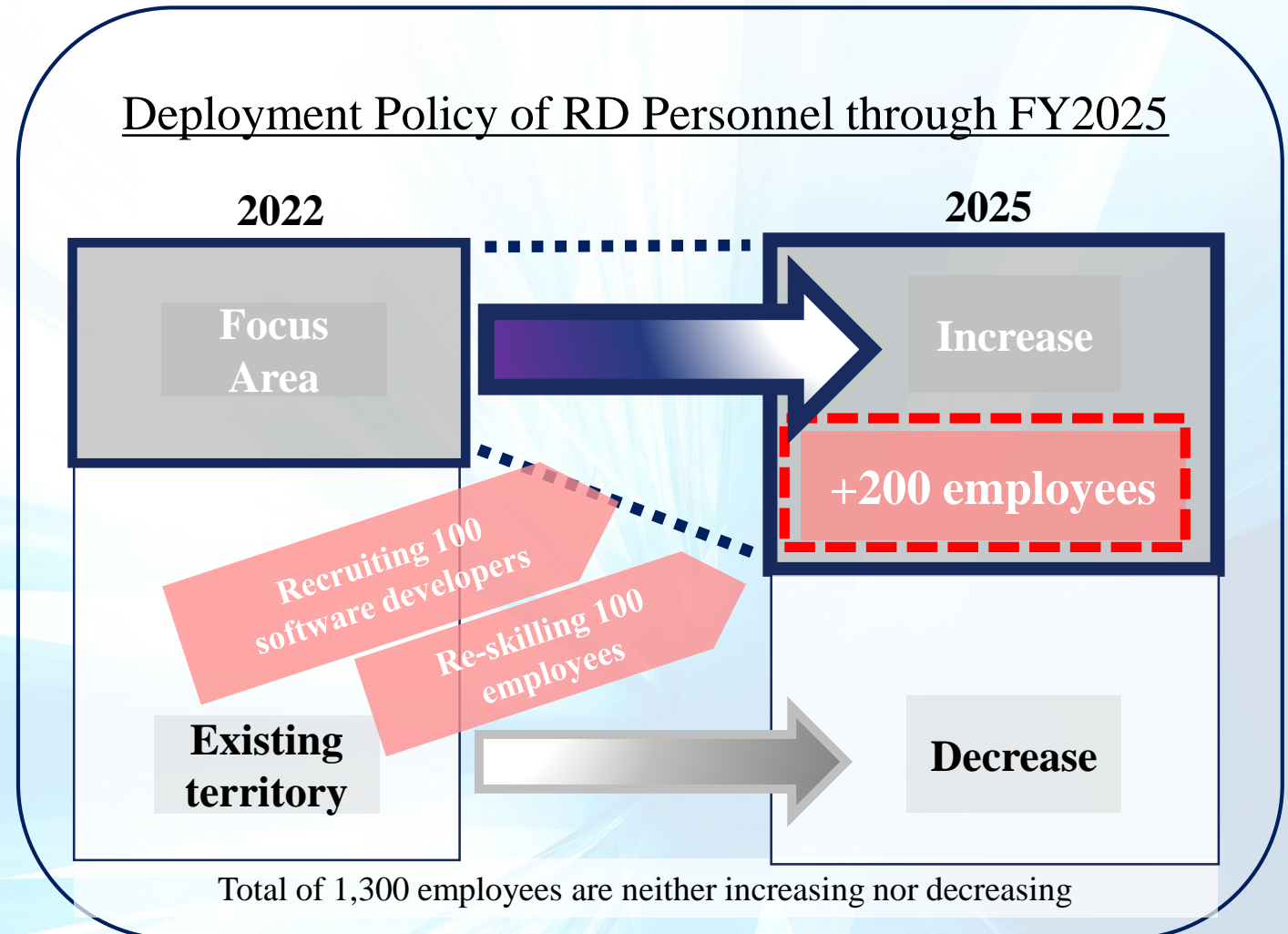
Summarize in one floor, & Streamlined process (Reduce 40% of the Lead Time)

We aggressively secure and train talented personnel to enhance the management base that supports company's growth

= Recruiting IT and CLOUD specialists =
Recruiting 100 software developers:
mid-career professionals from software industry
and new graduates of information and software
engineering education.

**=Re-skilling our employees in line
with the market demand=**
From a mechanical engineer to a software developer.
100 re-skilled developers are transferred to new
business departments and other focus areas.
Tokai Rika Academy is also coordinating various
kinds of software curriculum to its students.

Deployment Policy of RD Personnel through FY2025



Diversity & Inclusion

Tokai Rika Statement on
Diversity
(2021.10)

**To become the company where everyone can
maximize their individuality**

System 2022.1 newly
organized
Executive Office straight ward
(BI) DIVERSITY
PROMOTION DEPT.

Gender

Workplace team activities, career development, and coaching training for supervisors to resolve issues that hinder women's success.

**Aiming to double the number of female managers (22) by
2014 through growth support.**

(‘21 Women's Activity Promotion Law Action Plan)

Nationality

**Career plan-based training and placement to take
advantage of strengths**

Generation

**Optimal allocation of experienced personnel
through early career ownership measures and
talent management**

Handicap

Working group activities to share workplace initiatives and issues
Places of activity created together with the local community

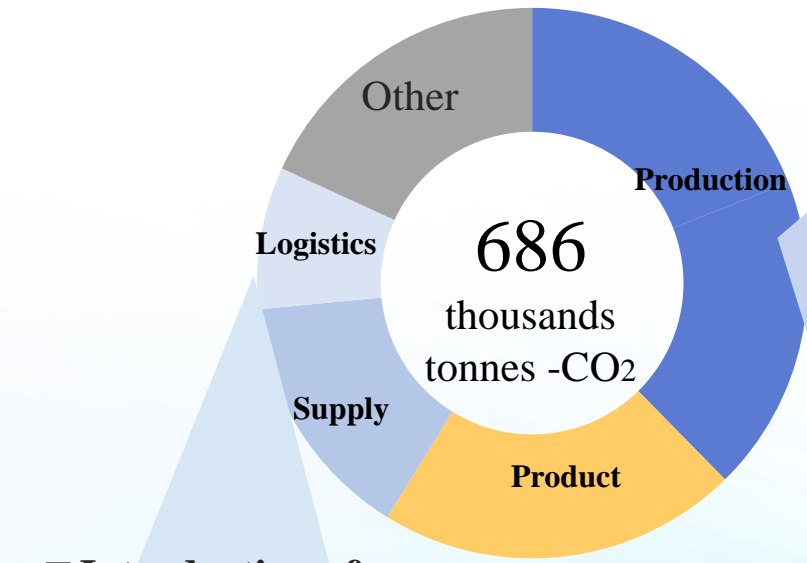
(Strawberry cultivation with local community)



Contribute to the entire life cycle through product, production, logistics, and procurement perspectives

Tokai Rika Group Life Cycle CO2

Thoroughly established energy-efficient production technology



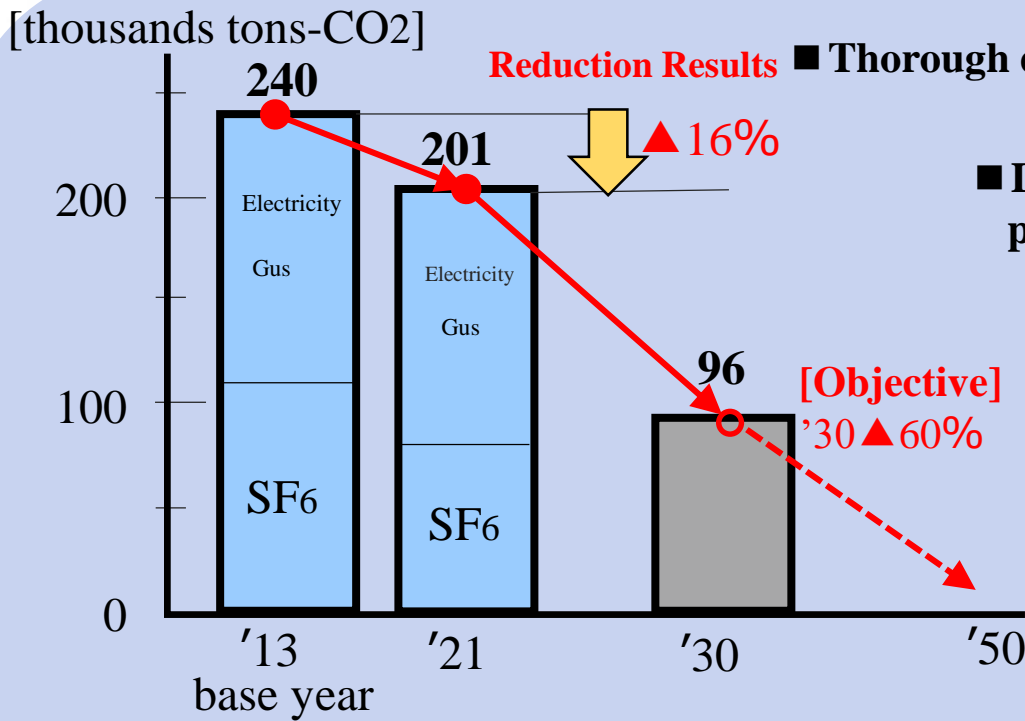
■ Introduction of Environmentally Friendly Car

Logistics Strategy



HEV truck

50% of Environmentally Friendly Car by '30



Production Strategy

- Thorough energy conservation
- Development of innovative production technologies
- Painting Casting Heat treatment

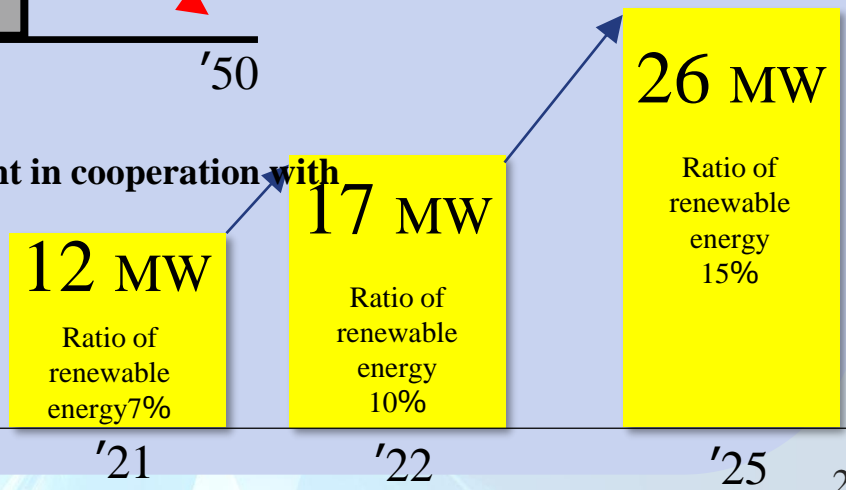
■ Energy Visualization

■ Renewable Energy Development

Off-site renewable energy development in cooperation with power companies

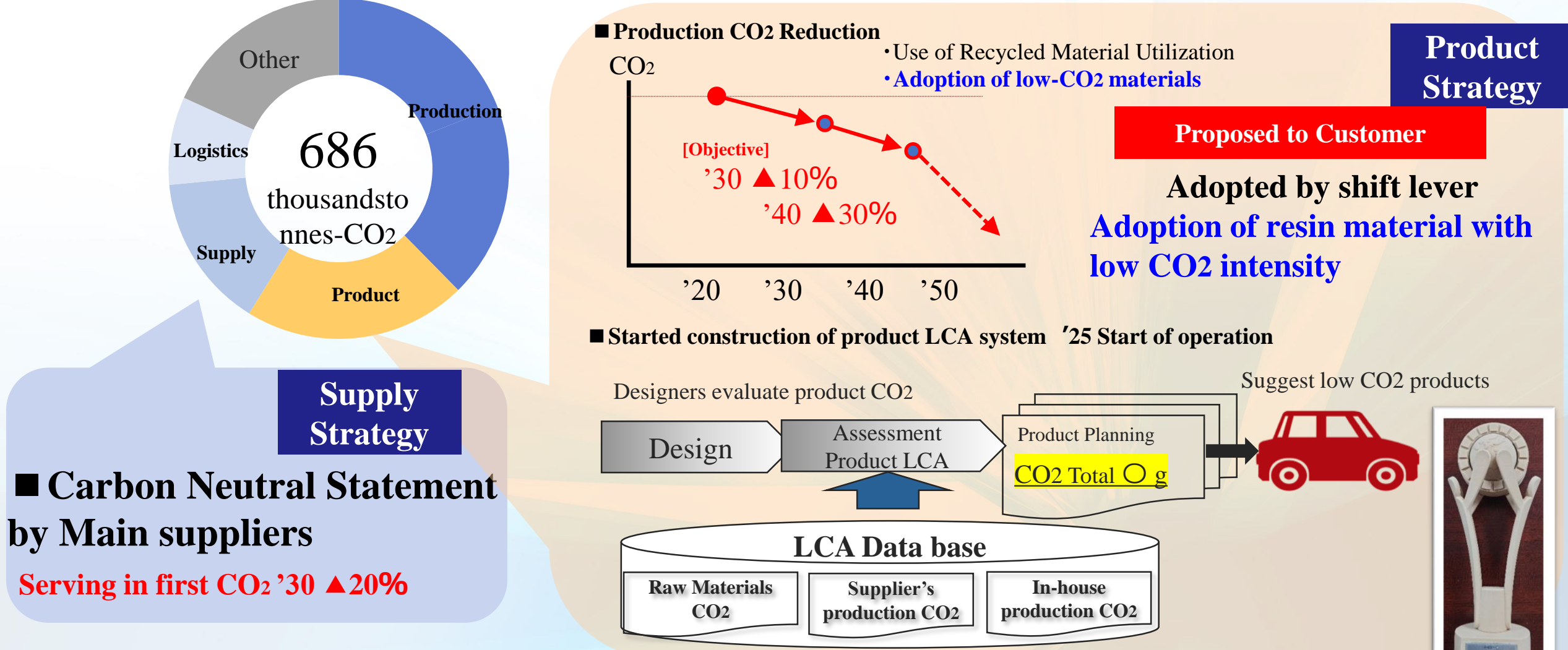


First company in the Chubu area



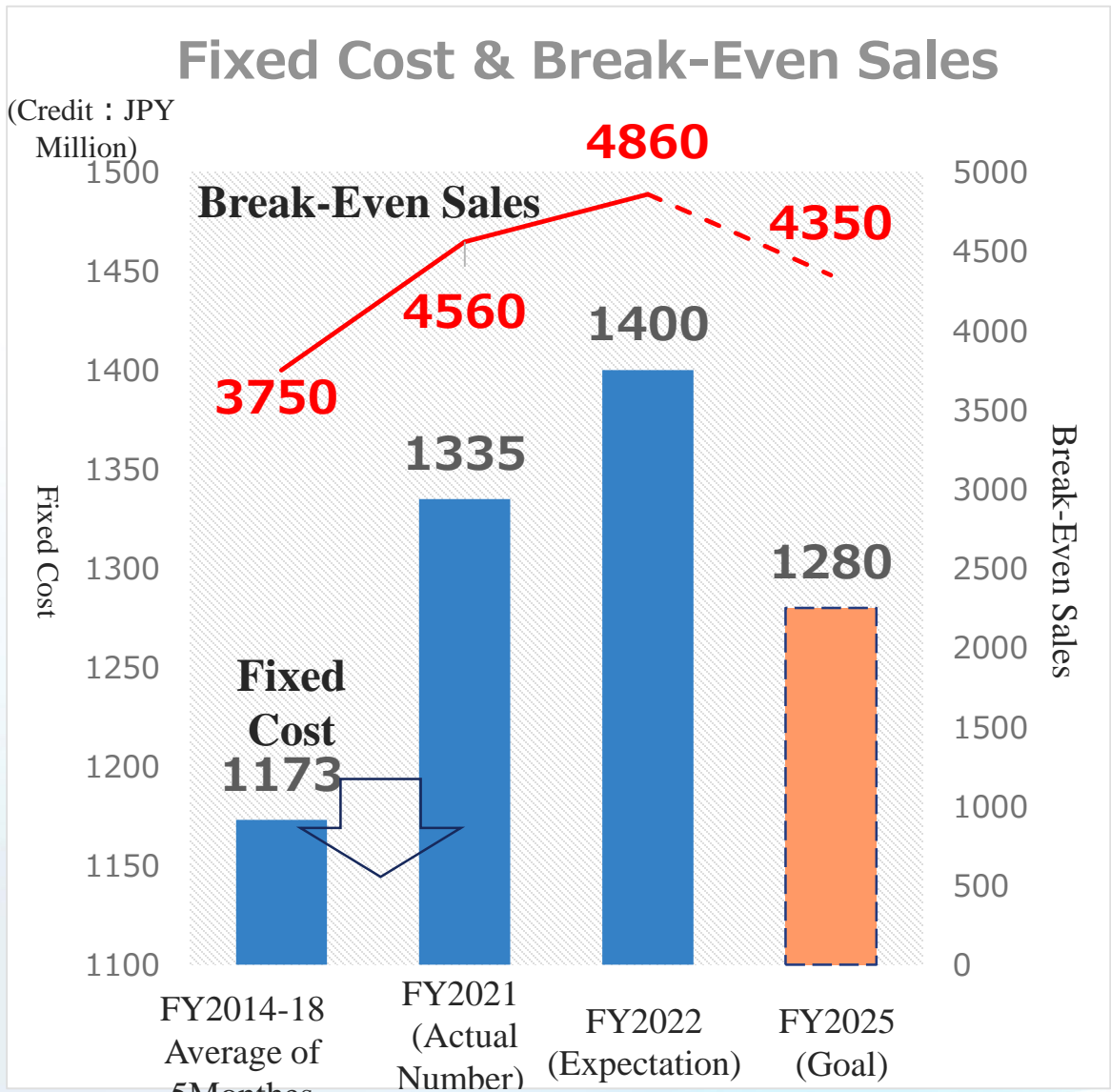
Tokai Rika Group Life Cycle CO2

Providing low CO2 products for the future electric vehicle society



Received Award for Excellence in Environmental Promotion MVP from TOYOTA





Caution : Including Cost Related to Strategic Investment

Promote reduction of fixed cost by aiming thin and flexible profit structure

Improvement Activity of Cost has made changes in marginal profit, and reduce the fixed cost by rebuilding of the production system and using of digital transformation as a core

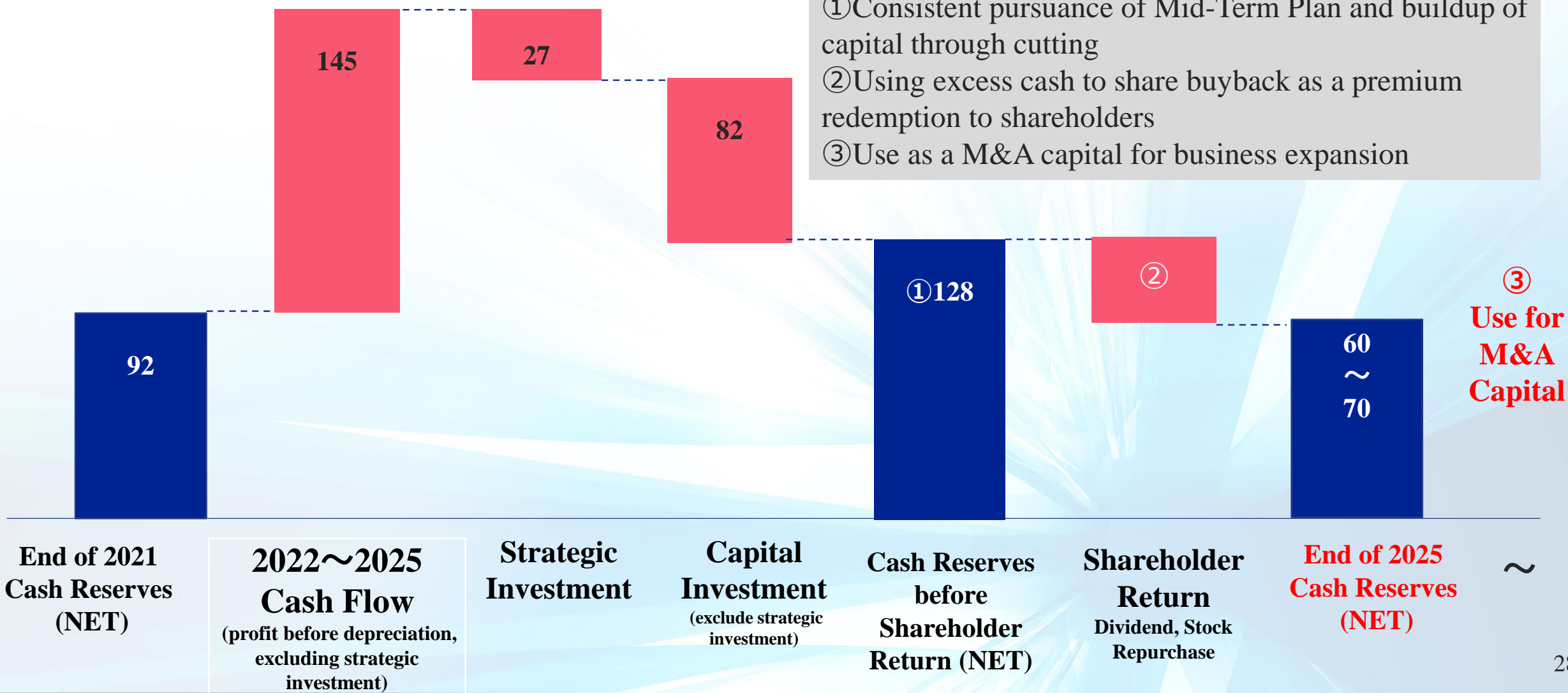
- <Goal for FY2025>**
- Fixed Cost of JPY 128 Billion (Reduction of JPY 12 Billion)
 - Break-Even Sales of JPY 435 Billion

We will aim for more profit until FY2030, by keep constraining the fixed cost

Capitalization Strategy

Focus on the use of Capital and the Cash Flow from 2022 to 2025

Unit : JPY Billion



FY2025

Consolidated Net Sales of JPY 520 Billion

Business Profit of JPY 25 Billion

ROE 8%

FY2030

Consolidated Net Sales Over JPY 600 Billion

The Mid-Term Business Plan includes forecast that is based on the decisions of our Company's managements, and also includes assumptions and hypothetical evidences. Therefore, the forecasts written in the plan may differ from the actual results, depending on the environmental aspects.

The Company or/and the Company's managements indicate the forecasts with expectation and certainty, but we do not guarantee any of the result written in the plan. Unless otherwise legally prescribed, we shall not be required to keep the information to be the newest version.

In cases where any differences occur between the English version and the original Japanese version, the Japanese version shall prevail.