Bosch Group Annual Press Conference in Japan 2025

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Check against delivery.

Christian Mecker, President and representative director

Hello everyone. Thank you for attending our annual press conference, held for the first time at this new headquarters. This year, we're fully utilizing this facility to provide you an opportunity to learn more about Bosch. Besides this press conference, we're also having an exhibition, seminars, and demonstrations.

Did you see the motorcycles in front of this room? This year marks the 10th anniversary of the establishment of the Two-Wheeler & Powersports global headquarters at the Yokohama office in Ushikubo. It is the only business unit with a headquarters located outside of Germany. Bosch provides comprehensive solutions to two-wheeler manufacturers throughout the world from here in Yokohama. Last year, we announced six new functions for radar-based assistance systems. These are assistance functions for motorcycles developed by riders for riders without diminishing enjoyment of the riding experience. Bosch will continue to develop functions from Japan that enable motorcyclists throughout the world to enjoy an exciting and comfortable riding while ensuring safety. Today we're displaying four motorcycles that feature Bosch's solutions, so please take a moment to check the motorcycles during the exhibition.

Firstly, I'd like to talk about the Bosch Group's financial results in 2024, both global and in Japan. In 2024, we continued to face a challenging year, largely due to the global economic slowdown. Globally, the Bosch Group generated sales of 90.3 billion euros, which is 1.4 percent less than the previous year.

Meanwhile, the third-party sales in Japan for 2024 was about 428 billion yen. Bosch's sales remained stable, despite the decline in vehicle production in Japan of 8.5 percent compared to the previous year. As a result, while there was a temporary decline during the pandemic, Bosch as continued to set a new sales record in Japan for three consecutive years since 2022.

Last year, we achieved another significant milestone showing our commitment to the Japanese market. It is the completion of this new headquarters and the Bosch Hall. It has brought a very significant meaning to Bosch globally. As a result, a story on Japan was featured in the global annual report this year, leading to the production of the video we showed in the beginning. It has been one year since we moved here to our new headquarters in May last year. I would like to take this opportunity to look back on the past year since then.

In September last year, we had the tape-cutting ceremony to celebrate the completion of the new headquarters and the Bosch Hall. I believe many of you here attended that event as well. The following day, we opened the "café 1886 at Bosch" on the first floor of the headquarters. On the first day of opening, over 100 customers lined up from early in the

morning. I had a strong impression that people in Tsuzuki had high expectations for the café. In the nine-month period, from the opening last September to the end of May this year, the number of point of sales transactions has already reached 50,000. This proves the café is popular, not only for Bosch's associates on weekdays, but also with a wide range of customers, from the elderly to families with children.

Furthermore, in November of last year, Bosch concluded a "Comprehensive Partnership Agreement to Invigorate the Local Community" with Tsuzuki Ward, Yokohama. Under the partnership agreement, the entire area including Bosch's new headquarters, Bosch Hall, and the all-weather plaza between the two facilities has been named "Bosch Forum Tsuzuki." And last December, we had a Christmas event together with local organizations.

This March welcomed the opening of the Bosch Hall. Now, local people are able to walk freely through the entire Bosch Forum Tsuzuki area every day of the week. Since the relocation of our headquarters, the entire area of Bosch Forum Tsuzuki has attracted many visitors. We are happy to be able to contribute to the creation of a lively community.

Even more wonderful is that this year, we're not only collaborating on the public-private partnership around this headquarters with Yokohama City, but we will also begin industry-academia collaboration initiatives with Yokohama National University. Bosch Rexroth is a key component of the Industrial Technology business sector within the Bosch Group. And they have just started joint activities with Yokohama National University in education and research of hydraulic engineering. Firstly, Bosch Rexroth will open the "Fluid Power Training Laboratory" in the university's mechanical engineering research office this fall. Bosch Rexroth will provide hydraulic test equipment free of charge for this lab. In addition, Bosch Rexroth CEO, Dr. Steffen Haack, will provide lectures on the latest hydraulic technology for the Mechanical Engineering Program class at the Graduate School of Engineering Science in the second semester of the 2025 academic year. This will help students to have access to high quality hands-on hydraulic training with the latest equipment and learn about the latest technology trends. Hydraulic equipment is used in a wide range of fields, including automobiles, construction machinery, industrial machinery, aircraft, ships, and railcars. It plays an important role to support the manufacturing industry. However, the higher education market is focusing more on the IT and electronics courses. There are fewer opportunities to learn about hydraulic engineering at universities and graduate schools than before. At the same time, there is a lack of resources such as professors who can teach the subject and experimental equipment. And the same is true in Japan. Bosch Rexroth has decided to collaborate with universities in Japan to address to the shortage of human resources that support the future of Japan's manufacturing industry. The collaboration with Yokohama National University is the first step.

With a variety of partnerships with local communities, educational institutions, and

companies, Bosch will contribute to the development of the Japanese society.

Now, Nishimura-san will introduce some of the latest technologies that the team in Japan is leading the development.

Naoshi Nishimura, Executive vice president and director

Thank you, Mecker-san. The Bosch Group in Japan has around 6,300 associates today. Over 25 percent of them work in research and development. This percentage is higher than the global average of 20 percent. This means that one in four of our associates in Japan are working in R&D. Bosch is committed to responding to the specific needs of our customers in Japan, as well as the needs of Japanese customers who provide products and services in the global markets.

As you know, the new headquarters also serves as an R&D facility. Developments related to driver assistance and automated driving are also based here. Today, I would like to introduce a development project that the Japan team is leading in this underground parking lot. It is the Pallet Garage Assist System, a driver assistance system for mechanical parking garages, which utilizes image recognition software and AI. Have you ever felt that your driving skills were being tested when you park at a mechanical parking garage? Can you park without bumping into the narrow and complex parking system? Have you ever had trouble getting large items such as suitcases out of the car after parking? Have you ever accidentally dropped your car keys or coin case in the gap between the mechanical parking spaces? As you can imagine, there will be endless worries with mechanical parking. The development of Pallet Garage Assist System is led by our Japanese engineering team. The automatic parking function starts upon the driver's instruction and the vehicle can be parked in a mechanical parking garage without the driver having to hold the steering wheel. With this technology, AI detects the position and direction of the pallets in the mechanical parking garage based on image data captured by a near-range cameras, then automatically operates the steering, accelerator, and brake. Today, I would like to show you a demonstration video of this system. Please take a look.

The Japanese customers who have seen the demonstration have given us extremely positive feedback. At the exhibition later today, some of the journalists who have registered in advance will be able to see the demonstration, so I hope you will take advantage of the opportunity.

As a further initiative toward automation, Bosch started testing SAE Level 2 driver assistance and automated driving in the Tokyo-Yokohama area last fall. Japan is characterized by complex urban structures and traffic situations, especially as seen in urban areas, such as driving on the left side of the road and adjusting vehicle speed on inclines. Therefore, Bosch considers Japan a key location for the globalization of its systems. After more than six months

of testing on public roads, the systems demonstrate the ability to recognize Japanese traffic signs and sizes of a variety of trucks. The system is also able to avoid street parked vehicles, and make decisions at complex intersections, and has achieved automated driving in typical driving situations in large cities in Japan. This enables stable driving in urban areas at SAE Level 2, and Japanese customers who tested the system highly evaluated it. Bosch will continue the public road testing for the series production of the end-to-end AI-based ADAS stack where AI handles the entire process of compiling data from various sensors and accurately understanding what is going on around the vehicle. Unfortunately, we are not able to let you ride in the demonstration vehicle today; however, we display the vehicle at the car parking space in front of the office. Our staff will be there to explain the technologies, so please stop by during the exhibition.

Additionally, Bosch is also promoting development to realize software-defined vehicle in Japan. Now, I'll pass it on to Matsumura-san to provide more details.

Takao Matsumura, Executive vice president and director

Thank you, Nishimura-san. Now, I would like to introduce our initiatives for the software-defined vehicle. In recent years, Bosch has focused on developing vehicle motion management, a comprehensive solution that allows integrated control of multiple actuators for vehicle control, including brakes, steering, powertrain, and suspension. The concept car that you see here is currently being developed in Japan. It offers personalized driving tailored to driver's preferences and driving situations. With a single software setting, drivers can switch between driving modes, such as sport, comfort, and luxury. For example, in urban mode, the comfort stop function automatically controls the pitching movement when the vehicle stops and supports smooth and gentle braking for the passengers. As you can see, this function provides a lot of confidence when driving with children. But on holidays, don't you want to go for a refreshing drive in the mountains? However, I assume many of you find it difficult to own multiple cars, one for family use and the other for your hobbies in terms of cost and parking space. But even in the same car, if you switch to sport mode, the response of the steering and brakes increases, while simultaneously reducing rolls and pitch movement. This results in increased cornering agility and vehicle stability. What Bosch is developing in Japan today is exactly the vehicle for the era of the software-defined vehicle. During winter testing in early 2025, Japanese customers tried riding in this concept car. Based on feedback from our customers in Japan, we will pursue even further development going forward.

We also started another new initiative at Bosch. This is the virtual showroom, using virtual reality (VR). It displays our products from the Vehicle Motion division, such as iBooster and ESP, in a virtual space. It is difficult to carry our wide range of products across the country to present to customers. However, in a virtual reality space, it is possible to present a wide variety of products in a way that is difficult to explain with photographs alone. We used this

VR exhibition tool during winter testing. But also, we use it when meeting new customers and representatives or when holding in-house events and training for new associates. It also serves as a learning opportunity for those not related to the specific product in order to deepen their understanding of the product using VR. After the presentation, you will be able to experience this VR tool at the Digital Solutions & Services booth. So, please try experiencing Bosch products in VR.

Bosch is also progressively adopting VR tools in our training programs. Next year, Bosch is planning to implement a production line for the next-generation ESP® at the Tochigi Plant. Usually, when we introduce a new manufacturing line, the person in charge of the project visits Germany for several months to learn how to operate the machinery used in the production line. However, by introducing VR training, they are able to learn how to use several of the machines in the production line before onsite training. Also, during the period from their return to Japan until the start-up of the production line next year, they will be able to review how to use the machinery. This means that they can receive multiple rounds of training on how to use the machines, without relying on actual machinery. Prior to introducing the VR training, trainees were unable to prepare or review before and after the training in Germany. And even after the machinery was installed, they were restricted to using break times and other times outside of machinery operation hours to reconfirm how to use. Going forward, these restrictions will no longer be a concern.

In this way, Bosch is not only developing a variety of cutting-edge technologies but also adopting the latest technologies such as VR into our production processes and product presentations.

I have introduced Bosch's technological competence in Japan and our commitment to Japanese customers. However, these are only some of the initiatives that we are taking. Technology is constantly evolving. We believe that it is an opportunity for our further growth to be the first to adopt and leverage these constantly evolving technologies into our operations.

I will now hand it over to Mecker-san, and he will explain how Bosch is adapting flexibly to technological changes.

Christian Mecker, president and representative director

Thank you, Matsumura-san. As a technology leader, Bosch conducts a technology survey every year. Recently, we conducted a survey on AI both globally and in Japan. The results show that AI ranked first as the "most influential technology in 10 years" in both the global survey and in Japan. On the other hand, only about 30 percent of respondents in the global survey have received AI training in the workplace. When it comes to Japan, only 10 percent of respondents say they have received AI training in the workplace, which is the lowest

among all countries.

However, Bosch has already provided AI training for more than 65,000 associates worldwide, including Japan, through our own education program, the AI Academy.

Furthermore, we developed "AskBosch," a generative AI tool for in-house use, which has been available for Bosch associates worldwide, including Japan, from the end of 2023. Associates can use AskBosch for text summarization, translation, text and image generation, and data analysis. In this way, we are promoting the use of AI in our daily operations. This year in Japan, we are aiming to achieve a monthly average access to AskBosch of more than 50,000 times, and we are also providing online training on how to use AskBosch.

In addition, since last year we have held an internal event called “Bosch Japan AI Day,” for Bosch associates to learn about internal and external AI initiatives. This internal event also includes a keynote session with an external guest and an exhibition area where associates can learn about case studies of other companies. This event is designed to make associates feel more familiar with AI, increase their knowledge of AI, and actively use AI. The event is going to be held again in 2025.

Bosch's AI survey and AI initiatives are also introduced in another press release that we have distributed to everyone. Please refer to the press release for details. After this press conference, you can visit the booth that introduces our AI initiatives at the exhibition area.

Today we have covered a wide range of initiatives, including the latest technologies that our team in Japan is developing, our projects in the fields of VR and AI, how we are promoting associate growth, and our involvement in industry-academia alliances and contributions to local communities.

Mid-way through this year, we plan to complete the planned acquisition of the HVAC solutions business for residential and light commercial buildings from Johnson Controls and Hitachi. With this, we expect to further enhance our business portfolio in Japan. This year marks the 114th year since starting business in Japan in 1911. Under the slogan ‘Invented for life’, we will continue to strengthen our commitment to make people’s lives better not only in the automotive industry, but also in industrial equipment, air conditioning, and all of our other business areas. Moreover, what we have presented today does not cover all of our initiatives. I hope you will learn more about a wide variety of the products and services of Bosch at the exhibition and seminar after this press conference.
Thank you for your attention.

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