

## **Summary of Q&A at FY2022 Mid-term Business Briefing**

**Q1: Regarding the transfer of the seat frame mechanical parts business for Toyota from AISIN, Shiroki to Toyota Boshoku in 2015, what is the background of the decision to start considering the transfer of commercial rights for OEMs other than Toyota this time?**

A1: Since the transfer of the seat frame mechanical parts business to Toyota in 2015, we have had annual discussions on the transfer of commercial rights for OEMs other than Toyota. As we have become more capable, we have decided to start considering this. By transferring the commercial rights, we hope to increase our competitiveness against competing global manufacturers.

**Q2: We are explained that the transfer of AISIN, Shiroki's commercial rights to OEMs other than Toyota is due to the fact that Toyota Boshoku has become more capable, but what exactly has changed and led to this decision?**

A2: Compared to those days, we have started to develop and produce parts related to devices and parts that contribute to the TNGA framework, such as seat tracks and recliners, and we have become capable of developing and producing parts that AISIN, Shiroki produces on our own. Some parts are still manufactured by Shiroki, but they are also manufactured at our plant. We would like to integrate them so that we can produce them all at once.

**Q3: Regarding the business strategy for seat fabrics and covers, is it correct to understand that you will incorporate upstream processes into your company as you aim to become an interior space creator? How much of an impact will this have on profits?**

A3: If the design is predetermined, the characteristics of the seat fabrics and design trends will put a load on the seat cover, causing wrinkles and durability problems. We will go into the design and the seat fabrics to pursue the shape of the seat fabrics and covers that will bring out better shape and performance. In order to achieve this goal, we have been transferred our human resource to Toyota and have started participating in the initial development of the seat fabrics to be assigned the job by Toyota by 2023. This is expected to reduce the development period by 30%.

**Q4: MX191 was a groundbreaking initiative, but I think there were some issues with power consumption as it was the first time attempt. I would like to know which point of MX next is changing compared to MX191?**

A4: As you pointed out, the MX191 was a heavy system that used a lot of electricity. We have not yet made enough progress in addressing this problem, but we have started developing software and are working with the Seat Division in parallel with the MX next initiative to change to a lighter system that does not use as much power.

**Q5: With regard to expanding sales to strategic OEMs, you said that you will become a major supplier to global OEMs. When you negotiate with global OEMs, what does the OEMs point out for your weak point when compared to your competitors?**

A5: As a development supplier, we are working on activities to win orders from global OEMs, and specifically, we need to demonstrate our superiority in price competitiveness. Currently, we are entrusted with the development of devices from the initial stage, but we believe that global OEMs will more admit us if we are able to propose concepts for the entire framework and cabin space.

**Q6: You mentioned that you are reviewing the figures for the 2025 target. Please tell us your thinking on the review, whether the review is based on the actual forecast for FY2021 or on the emergence of a new business environment that requires new considerations, such as the situation with the COVID-19 infection, the impact of semiconductor shortages, and the growing demand for new vehicles.**

A6: Our ability to respond to change such as COVID-19 infection and customer volume change is improving. As a result, sales and marginal profit are increasing. In addition, we have improved our technological capabilities by transferring commercial rights for OEMs other than Toyota from AISIN, Shiroki, and by producing our own epidermis. Based on these factors, we would like to present a drastic figure. In addition, we have improved our technological capabilities by transferring commercial rights for OEMs other than Toyota from AISIN, Shiroki and by producing our own seat fabric. Based on these factors, we would like to present a drastic figure.

**Q7: In your recent explanation, I think you explained that you would expand the unit parts business as a growth axis. Will the ratio remain the same even if you incorporate other sales through the reorganization of the seat frame business? I would like to know if there will be any change in the outlook by business segment.**

A7: The ratio of sales in the seat business, interior/exterior business, and unit parts business has not changed from the 7:2:1 ratio. We have established business strategies to expand each of these businesses, and we will continue to work toward achieving these goals. The transfer of commercial rights for OEMs other than Toyota from AISIN, Shiroki is still under consideration, but if other OEM's sales come to us, our sales will increase by that amount.