

Summary of Q&A at FY2026 3rd Quarter Financial Results

Q 1 : Please explain the transitory factors and progress against plan for the third quarter.

A 1 : For the third quarter (October–December), operating profit was JPY 23.2 billion, including a transitory factor of JPY 1.0 billion in tooling profits. Excluding these transitory factors, the underlying operating profit level is estimated at approximately JPY 22.0 billion. Regarding progress against plan, we believe results came in about JPY 3.0 billion above the initial plan, driven by stronger-than-expected tooling profits and slower-than-expected expense spending.

Q 2 : Regarding the fourth quarter in the Japan region, while an increase in daily production volume is anticipated, the profit outlook seems conservative. Could you explain your perspective?

A 2 : The fourth quarter (January–March) in the Japan region tends to have concentrated expenses, such as taxes. In addition, changes in the vehicle mix and higher fixed costs are contributing to lower-than-expected profits. However, this does not indicate that the plan is overly conservative.

Q 3 : The full-year forecast remains unchanged, with the third quarter exceeding expectations. Are there any risks or factors to be aware of for the fourth quarter?

A 3 : We have not obtained sufficient evidence to revise the estimated JPY3 billion annual negative impact from U.S. tariffs, and therefore we are keeping our outlook unchanged at this stage. Additionally, regarding the new RAV4, we see a certain level of risk in the initial production ramp-up volumes, and for these reasons we have decided to keep our full-year forecast unchanged.

Q 4 : Please provide an update on the latest situation regarding the impact of U.S. tariffs.

A 4 : The annual impact of approximately JPY 3.0 billion from tariffs arises from three factors: timing differences in recovery, delayed invoicing from suppliers, and the need to demonstrate the cost competitiveness of imported parts. We expect the

first two factors to be resolved over time. Discussions with customers regarding the remaining factor—the cost competitiveness of imported parts—are ongoing.

Q 5 : I would like to know the projected costs and profit contribution for the launch of the new RAV4.

A 5 : Gross margin is expected to improve with the switch to the new RAV4, and we also anticipate an upward trend in the unit sales price. As it will contribute fully next fiscal year, we expect it to be a positive factor for profit growth. While this fiscal year incorporates a certain amount of loss specific to the launch phase, we understand that progress is proceeding as planned in all regions with no major issues.

Q 6 : It seems that the seat unit price, calculated by dividing sales by seat production volume, has been increasing. Is this due to an improvement in the vehicle mix?

A 6 : Due to the shutdown of the Indiana plant in the previous year, the seats for large vehicle models produced at the Indiana plant have fully impacted this fiscal year compared to the previous year, contributing to the increase in the unit sales price.

Q 7 : Please explain your outlook for next fiscal year's performance, including a breakdown by region.

A 7 : This fiscal year, we believe we would have achieved the initially planned operating profit of JPY 80 billion without quality-related costs such as recalls. Next fiscal year, we aim to build upon that JPY 80 billion base by effectively adding the incremental production volume. Regarding the vehicle models we supply, we do not anticipate significant regional declines. While Europe faces somewhat challenging conditions, we expect other regions to remain flat or show slight growth.

Q 8 : Please tell me about the sales expansion strategy for the Indian market.

A 8 : In India, we aim to expand sales of seats, interior products, and motor cores in line with the production increase plans of OEMs such as Toyota. In addition to our existing production sites, we are actively working to secure additional orders by constructing new plants in northern, western, and southern India. As the market offers significant growth potential in both product lines and regional demand, we intend to take a proactive approach, making upfront investments to accelerate our growth.