

Summary of Q&A at Briefing on 2030 Mid-term Business Plan

Q 1 : About 2025 forecast, you mentioned that achieving the operating profit ratio target seems challenging. Could you explain the background and assessment of this?

A 1 : If we recalculate the figures using the JPY105 per US dollar assumption that we used when we formulated the 2025 Mid-Term Business Plan with excluding the impact of market conditions and the weaker yen, we believe we have reached about JPN1.7 trillion in revenue and exceeded JPY100 billion in operating profit. Although this would be nearly 6% in operating profit ratio, we are evaluating the situation \triangle because there are still uncertainties, such as the impact of rising labor costs or soaring energy costs.

Q 2 : How is the progress regarding the initiatives for strengthening corporate structure your company has undertaken for the 2025 Mid-Term Business Plan? Could you explain the background and assessment of this?

A 2 : In our sales activities, although we have lost or missed some of the initial models we targeted, we have set new targets and are seeing a high degree of certainty in receiving orders. We have incorporated these developments into our evaluation, and we feel confident about our activities. Regarding business with customers other than Toyota, we are starting to see results with sales and expected to significantly increase in 2024 and 2025. We assess that the results of our activities and the enhancement of added value are close to our target level. We are intensifying our cost planning activities for new products and working to improve our marginal profit rate. We are facing challenges in North America and focusing on profit improvement activities with a sense of unity including the headquarters. With these measures, we intend to continue striving towards our 2025 targets without giving up.

Q 3 : About 2030 targets, could you explain the assumptions behind the plan about your company's seat production volume or your company's production share for Toyota vehicles?

A 3 : Regarding the premises for the production volume of Toyota, our base is their annual forecast for 2025, which we then extrapolate to 2030. Toyota is planning to increasingly focus on Battery EVs, but such developments are not included in our current plan. Additionally, our assumption for the share with our existing trading customers including Toyota is to maintain and improve. On the other hand, emerging Battery EV manufacturers are gaining a significant market share globally, and the competitive environment is becoming more challenging. These factors have been incorporated as potential risks in our current plan. We intend to regularly update these factors and maintain clear communication with all of you.

Q 4 : In aiming for a 7% profit ratio by 2030, I do not see much difference from your view point for 2025. Are there any changes you feel in your role within the Toyota group companies compared to six months or a year ago which you assume for 2030 plan? Please let us know how the added value for your company will change within Toyota group companies.

A 4 : In Toyota's business, there has been an increasing demand recently for proposals encompassing the entire interior space, and we are collaborating within other Toyota group companies to make these proposals. Since this initiative has just started, how the roles and the components will change within the group is still under consideration.

Q 5 : Regarding motor cores, in slide 16, you mentioned local production overseas. Could you please share your vision for revenue and profits of motor cores for 2030? Additionally, could you explain your company's technological advantages in this area?

A 5 : We are fully committed to electrified products, not just limited to motor cores. Although some aspects are still exploratory, we are projecting the revenue for 2030 to be roughly fivefold increase from 2022. Since the lead time required for installing motor core equipment is quite long, we have decided to take the plunge into overseas expansion, even before receiving orders. We are determined to aggressively pursue taking orders and ensure our products are correctly evaluated. Regarding our technological advantage, with the elimination of heating and cooling processes by using thermoplastic resin and significant reduction in time and equipment size by high-speed cooling, we have

an advantage to make the factory compact, etc. Moreover, we expect to decrease in CO2 emissions and contribute to CO2 reduction, which we believe is another advantage.

Q 6 : About the sales expansion activities mentioned on slide 19, is the competition for taking orders among existing global seat companies? Could there be competition with players not traditionally in seat businesses for overall interior space?

A 6 : Currently, we do not anticipate a significant change in our competitors. However, MaaS service providers, traditionally not associated with the automotive sector, are entering the field. Showcasing our ability to coordinate entire interior at each Mobility Shows and CES has led to significant interest from new MaaS service providers, who, amidst their challenges with autonomous driving and other tasks, seem to see the value in entrusting the interiors to us.

Q 7 : Can we expect more and earlier opportunities for receiving package orders from non-Toyota clients, such as strategic OEMs, new Battery EV OEMs and MaaS service providers shown on Slide 19, compared to Toyota?

A 7 : Indeed, new OEMs are rapidly experimenting with various interior arrangements, such as effective use of illumination, to express different concepts. Therefore, I do think that opportunities with non-Toyota OEMs will continue to increase. However, Toyota Motor Corporation is also considering various options, so I cannot definitively comment on how things will develop.