

Summary of Q&A at FY2025 (ending March 2025) Business Briefing

Q 1 : Regarding the current issues in the Americas region on page 11, please tell us about the background behind the decision to reorganize logistics this time and what effects are expected.

A 1 : In the Americas region, logistics lines are extremely long and transportation costs are high. The current approach is to reduce transportation costs by manufacturing parts near the seat assembly plants in a integrated manner. Using DX, we aim to reduce transportation costs by going around the parts manufacturers on efficient routes, at efficient times, and with high loading efficiency.

Q 2 : Could you explain again about your perspective on the China region, and what you intend to do from a little longer-term standpoint, including Toyota business and non-Toyota business?

A 2 : Looking at the Chinese region over the medium to long term, price competition is expected to become more severe even as seat production grows, so we will respond to issues with a sense of speed.

Specifically, as shown on page 12, a new production base has been established in Xiaohudao, Guangzhou, and has begun operations. There, efforts are underway to reduce processing costs by half. We will deploy this initiative to other production sites in China, and then globally. Also, since speed of development is important, we have roughly doubled the number of development personnel at our regional headquarters in China over the past year. In addition, we have entered into various partnerships with Chinese companies to develop software for SDVs. We intend to increase sales by comprehensively improving these aspects one by one and promoting them to the Toyota business as well as to local OEMs.

Q 3 : Regarding the technologies listed on page 15 as “Technologies that should be internalized to realize comfortable mobility interior spaces”, is there any prospect of recovering a return on the investment?

A 3 : We want to carefully consider the return on our investment. We do not do everything in-house, but work with various companies to increase profits by considering the entire process, including outsourced development or production.

Q 4 : Regarding the technologies listed on page 15, what kind of products can we expect to see in “Technologies that should be internalized to realize comfortable mobility interior spaces”? Please explain the items.

A 4 : First, for “Dynamic ride comfort performance” of “Next-generation seat”, we aim to enable both comfortable and rugged driving experiences by developing seats that are carefully tuned to match the vehicle’s dynamic performance with leveraging our strengths as a member of the Toyota Group. As for “Infotainment”, as noted in the section on “Display integration”, we want to accomplish how to make passengers enjoy infotainment in the cabin with using the spaces within the interior, such as on trim surfaces or behind seats where displays can be installed.

Q 5 : Could you share if you have particular business opportunities in terms of aftermarket?

A 5 : One of the developing items shown on page 16 is the “Easy-to-disassemble seat”. The back (back portion) and cushion (seat portion) of the seat are divided into three parts for easy disassembly. Conversely, it is easy to install, and we are projecting to allow users to create their own original seats by replacing with parts of their choice in the aftermarket. In addition, especially in Southeast Asia, there is a cultural practice of using seat covers, and we are currently developing and proposing such seat covers. At this point, we have filters for engine systems as aftermarket business, but the amount is not that large. However, we see the aftermarket as a field with significant market opportunity, we are looking to develop products not only for filters but also for interior components, with the intention of expanding in this area going forward.

Q 6 : Toward the 2030 Targets, could you share what areas you see making solid progresses and areas you see challenges?

A 6 : As for sales, we believe we must aim to grow sales beyond volume by increasing the added value per vehicle. For sales expansion to non-Toyota customers as well, in addition to strategic OEMs, we are also receiving new inquiries like those introduced in today's presentation and are feeling promising signs for certain. In terms of regions, India in particular is a region where the overall market is growing, and business opportunities are taking shape in northern, western, and southern India, and we believe we can continue making strong progress by firmly capturing these opportunities.

On the other hand, as I explained today, we have been struggling in making a profit in the Americas region, and we will work hard to recover. As we consider this year a year of recovery, we have also reinforced our organizational structure accordingly, we aim to enhance our ability to generate balanced earnings globally by strengthening profit improvement in the Americas region. We are accumulating many specific items toward 150 billion yen in operating profit. We would like to be able to confidently explain them with refining the details and improve resolution.