

Summary of Q&A at FY2026 (ending March 2026) Business Briefing

Q 1 : Regarding the initiatives to strengthen planning and proposal capabilities aimed at realizing the “Interior Space Creator” as described on page 9, we would like to confirm whether there have been any changes in customer attitudes as you have been proceeding with the establishment of a dedicated planning department and the shift toward in-house production.

A 1 : We participate in working groups with our customers to create even better interior spaces, collaborating on planning and proposals. To respond to these changes, we have established a dedicated organization to conduct market research and enhance our packaging capabilities. We have found that participating from the planning stage is crucial for improving development efficiency and minimizing rework throughout the development process.

Q 2 : Do you see any opportunities in China despite the highly competitive environment?

A 2 : We recognize China as a region where development and innovation are advancing rapidly, and we are working on planning compelling interior spaces for our next model. Although it is an extremely competitive market, we believe that by strengthening our competitiveness and winning there, we can build a foundation for success in other regions as well.

Q 3 : Looking at roughly the next three years, which initiatives are expected to contribute most to consolidated earnings? In addition to the measures introduced today (and those not covered), including the potential for earnings improvement in our North American business and the uplift to net profit from increasing our ownership stake in subsidiaries with non-controlling interests, which factors will have the greatest impact on the bottom line, and to what extent do you see these contributing?

A 3 : Page 19 of the materials shows a breakdown of profits by region. There is a significant gap between the actual operating profit ratios for FY2026 and the FY2031 targets for the Japan and the Americas regions, so we intend to focus our efforts on improving profitability in these regions. In the Americas, we have consolidated responsibility and authority through the introduction of CxOs and an integrated plant management system. This is leading to a shift in mindset at the operational level, and we expect this to accelerate improvements. Additionally, as growth is anticipated in the Indian market within Asia, we intend to pursue this region as a key growth area.

Having acquired businesses from several business partners, we have gradually expanded transactions with new customers. For example, in India, the transfer of device manufacturing operations has contributed to this expansion.

Going forward, we will continue to explore various options, including increasing our ownership stake in subsidiaries with non-controlling interests.

Q 4 : Products such as the illuminated door trim with uniform surface lighting on page 14 and the far-infrared reflective headliner on page 16 are expected to contribute to enhancing product value. How has the value of your overall product business evolved?

A 4 : We are advancing the internalization of capabilities in areas such as light, heat, and sound. Through these efforts, for example, with the illuminated door trim with uniform surface lighting introduced this time, we believe that value will increase in the next stage by enabling integrated lighting across the interior space, including seats, instrument panels, headliners, and other interior components. In addition, as shown on page 16, we are steadily enhancing our capabilities in control and software. For example, we have developed control technologies that enable smooth acceleration in power seat operation based on electric slide motion algorithms. We believe these advancements are also contributing to earnings.

In terms of overall revenue, we exceeded the JPY1.6 trillion target set in the 2025 Medium-Term Business Plan. While this was partly driven by factors such as inflation and exchange rates, we believe that the added value of our products has also been increasing. However, on the profitability side, we have not fully kept pace with rising market costs and have also been affected by tariffs, among

other factors. Going forward, we will further strengthen our efforts to ensure that increasing product value-added is steadily translated into earnings as we work toward our 2030 targets.

Q5: Could you explain your outlook and approach regarding the future levels of R&D expenses and capital investments, as mentioned on page 26?

A 5 :As part of our cash allocation toward 2030, we are assuming a scale of approximately JPY 300 billion each for R&D expenses and capital investments over the next five years. This is an indicative figure, and we will consider additional investments as needed for upfront investments.

Capital investments are expected to remain at a relatively high level until around 2028. Thereafter, we anticipate a gradual normalization as large-scale investments, such as factory building construction, are completed.

Q6: Could you explain the background behind the expansion of orders from non-Toyota customers, as well as your approach to profitability, as mentioned on page 5?

A 6 : In the non-Toyota business, we are not only expanding orders for component parts such as seat devices, but are also securing large-scale orders, including seat assemblies. As a result, we expect to steadily expand orders toward 2030. On the profitability side, while we benefit from advantages such as leveraging our existing production facilities, profitability varies by project due to factors such as pricing in response to the competitive environment. It is therefore critical to thoroughly assess costs and pricing at the planning stage. In addition, we are strengthening our management systems to ensure that planned profitability is achieved even after program launch.

Q7: As value-added products increase, the use of procured components such as electronic parts is likely to increase. Could you explain your approach to in-house production and your supply chain strategy?

A 7 : Through business acquisitions, we have internalized and brought in-house certain components, such as seat reclining components and gears. At the same time, as value-added products increase, there is a trend toward higher use of procured components, including electronic parts.

In response, we are advancing the internalization and in-house production of high value-added components. However, we do not intend to manufacture everything in-house. Rather, we aim to enhance added value by developing and procuring components directly (i.e., self-procured).

Q8: How do you expect becoming the “Interior Space Creator” to contribute to future revenues and profits?

A 8: As the Interior Space Creator, we aim to make proposals for the entire interior space from the planning stage, and we believe that expanding product adoption will be the main driver of profit growth.

While we also expect to secure orders for entire interior spaces in certain areas, such as MaaS service providers, proposal-driven expansion of our product offerings is expected to remain the main driver through 2030.

Q9: By advancing initiatives toward becoming the Interior Space Creator, do you expect that the ability to propose entire interior spaces will also contribute to enhancing the added value of your existing seat business?

A 9: Within the overall planning of interior spaces, seats play a highly significant role. By proposing new values such as ensuring safety and occupant protection in relaxed seating positions, as well as incorporating acoustic functions, we believe that the value of seats will also be enhanced.

As seats are products that come into direct contact with occupants, we see seats as an area with significant potential for further value enhancement.