

Meeting Material 2Qs (1H) of FY2025 Briefing—Question and Answer Session

Date: Friday, November 14, 2025

KYB panel: Masahiro Kawase, Representative Director, President Chief Executive Officer (CEO)

Takashi Saito, Representative Director, Executive Vice President Executive Officer, Chief Financial Officer (CFO)

Tomoki Takaoka, Member of the Board of Directors, Senior Managing Executive Officer

Minoru Ishikawa, Senior Managing Executive Officer

Kenji Yazaki, Deputy Managing Executive Officer

Regarding Financial Results

Q. To what extent do you estimate that segment profits exceeded internal plans for the first half? Also, what was the impact of U.S. tariffs and the amount recovered through price increases?

A. We had assumed a level similar to last year's plan, but actual results significantly exceeded it.

The impact of U.S. tariffs in the first half was approximately ¥1.4 billion, of which around ¥700 million was recovered through selling price adjustments. We expect to recover more than this amount in the second half.

Q. How do you view the risks related to future foreign exchange fluctuations?

A. Our plan for the second half is based on a yen-to-dollar exchange rate of ¥143.

At present, the yen is approximately ¥10 weaker than this assumption. If the rate remains at the current level, profit will exceed the plan.

Regarding the Long-Term Vision

Q. You have set ROE at 11%. Please explain the background—specifically, your views on improving the profit margin and the equity level.

A. We cannot disclose specific figures at this stage, but we expect to make concentrated growth investments in the first half of the coming decade and generate returns in the latter half, thereby improving profitability. We aim to enhance capital efficiency while maintaining financial soundness.

Q. The ¥300 billion growth investment excludes regular maintenance investments. How much of these are incorporated in the plan?

A. Historically, regular maintenance investments have ranged from ¥10–15 billion per year, and we have assumed roughly the same level in the plan.

Q. There have been topics such as premium aftermarket sales and entry into the Indian market in the AC Operations, as well as structural reforms in the HC Operations. These were not covered in your explanation of business portfolio optimization. Could you share the current progress and whether there have been any changes in the plan?

A. In the AC Operations, premium aftermarket products have already been launched in the U.S., and we have established a local subsidiary for our expansion into India. We also plan to sequentially release electronically controlled suspension systems—allowing users to adjust damping force via smartphone—into the aftermarket, beginning with the Toyota HiAce.

In the HC Operations, preparations for cylinder production in China—aimed at reducing manufacturing costs—have been completed, and we are now awaiting customer quality approval.

Although these topics were not included in today's explanation, they remain on track with no interruption to the plan.

Q. The plan aims to optimize the product portfolio and launch new businesses every three years, establishing and expanding operations quickly. Given the Company's limited resources, how do you view the feasibility of such speed?

A. We believe that speed is essential for enhancing corporate value.

While improving the efficiency of our existing businesses—for example, through the introduction of development automation tools and reductions in man-hours—we will continue to take on new challenges. We aim to build a new KYB.