

## Summary of Q&A for the financial results of Fiscal Year ended March 2024

May 7, 2024  
JTEKT CORPORATION

**Q1. While the management reforms are still ongoing, why will the president change in this June?**

A1. Simply, the reason is rejuvenation.  
As the path to reform toward 2030 has become clear, I have decided to hand over my position to the successor.

**Q2. Will the consistency of management be maintained?  
Will the remaining issues be handed over to the new president?**

A2. I have thoroughly discussed and shared with the new president about the results of my reforms and the remaining issues, so I believe the consistency of management will be maintained.

**Q3. How is the progress of the development of human resources and organizational structures and what to do from now on?**

A3. We have been working on creating individuals who can embody JTEKT basic principles, however, we are still halfway there.  
In other words, we still have room to grow.

**Q4. What are the factors of the cost increases in FY23 and FY24?**

A4. FY23 : R&D, addressing social issues (CN·DX), investment for H&R, and depreciation expenses etc.  
FY24 : R&D, investments for sales expansion (new project after FY25, etc.) , addressing social issues (DX·DX) etc.

**Q5. One of the main reasons for the increase in costs appears to be investment in new projects. Does this mean that there are new business opportunities in a changing external environment?**

A5. We have promoted strengthening our competitiveness steadily, so we have been able to get many orders from our customers. So, we have to prepare for new projects in FY24, and we expect the effects to become apparent after the FY25.

**Q6. What are the main reasons why the effects of the cost improvements activities were not realized as expected?**

**Why will the cost improvement effects of FY24 increase more than FY23?**

A6. In FY23, we did not fully enjoy the effects of the cost improvements activities due to the decline in sales in the 4Q.

In FY24, in addition to conventional cost improvements in purchasing and productivity, we are expecting effects of new projects to be launched that is higher profitability than conventional projects. Expected effects of the cost improvement activities are 20 billion yen in total.

**Q7. While your earnings in North America is improving compared to previous years, what remaining issues do you still have?**

A7. Our business in North America has been able to generate profits after COVID-19 because we have implemented structural reforms such as plant closures in the past. However, productivity continues to be unstable due to high turnover, so we have to change production methods that do not rely on manpower.

In addition to promoting unmanned and labor-saving, we will improve our productions to compete globally by smooth starting up of facilities, transferring small-lot products to other regions, and reducing change over.

**Q8. Will the structural reforms in Europe continue in the future?**

A8. In addition to consolidating and closing facilities, we sold the pump business in FY23. However, the deficit continues, so we will promote further structural reforms.

**Q9. What is the main reason why that profit decrease against sales increase in Asia & others?**

A9. Asia & Others includes ASEAN and India. Cost in India is increasing due to investments for the new projects.

However, those investments are related to our future sales increase, so it is a temporary decrease in profit.

**Q10. Are there any transitory loss factors included in FY23?**

A10. •Loss costs due to low productivity in North America  
•Impact of the suspension of shipments of Toyota group company.

**Q11. What are the reason why capital expenditures increase in FY24 plan?  
In which region do you plan to invest?**

A11. In addition to investment in new projects and replacement projects for which we have already received orders, we plan to invest in addressing social issues and unmanned or labor-saving operations

We plan to invest in various regions, including India, where we plan to start up new projects.

**Q12. Is it correct to understand that investments will peak in FY24, and that those investments are for future sales of the projects for new car models at Toyota Motor Corporation?**

A12. We do business with a variety of customers, so it is not only for Toyota Motor Corporation.

It is certain that the current initiatives and investments will yield results after FY25 or FY26.

**Q13. Will the next-generation EPS have a higher contribution to profits than steer-by-wire in FY25 and FY26?**

A13. Profit contribution of the next generation EPS will exceed that of Steer-by-Wire in FY25 and FY26.

**Q14. What position should JTEKT takes in Toyota group in the next Medium-term Business Plan?**

**Is there any specific reason why the Medium-term Business Plan announcement is scheduled in August?**

A14. In steering systems, we are leading company certainly with number one share in market.

As a contribution to the Toyota Group, we will enhance competitiveness also in driveline components such as CVJ and HUB, and continue to provide high-quality, cost-effective products.

The reason why the delay of announcement of the Medium-term Business Plan is a change of the president.

**Q15. Have you taken any specific actions to ensure that managers originally employed by JTEKT are more likely to become company presidents in the future?**

A15. I hope that manager originally served for JTEKT becomes the president in the future.

We are implementing an educational program on management, gathering talented young employees, and the president also serves as an instructor.

**Q16. What kind of person is the next president, Mr. Kondo?**

A16. Mr. Kondo cherishes the idea of altruism like me.

I have been pushing for drastic management reforms, however, Mr. Kondo will be able to carry out more detailed improvements from an on-site manufacturing perspective, because he has background in the production engineering fields.

I believe that he has the ability to implement structural management reforms effectively in North America and Europe, where many issues challenges still remain.