

Summary of Q&A at FY2022 (ending March 2022) Financial Results

Q 1 : The fourth quarter volume, sales, and profit figures are similar to the third quarter. Please let me know if there are any transient factors in the fourth quarter.

A 1 : There is a one-time appropriation of property tax in Japan of about -2 billion yen, and an inflation accounting adjustment in Argentina of about -2 billion yen. On the other hand, there is a positive impact of about 1 billion yen from the partial recovery of material price increases. Excluding one-time factors, operating profit for the fourth quarter is expected to be about 20 billion yen, with an operating profit of about 5.3%.

Q 2 : Please explain the factor of "Others" -12.3 billion yen for profit increase/decrease in FY2022 results.

A 2 : Employment retention costs for the current fiscal year due to production cutbacks are about -6 billion yen, and subsidy of COVID-19 were received last year in various parts of the world is about -3 billion yen. In addition, there is an inflation accounting adjustment about -2 billion yen in Argentina of about -2 billion yen.

Q 3 : What are the assumptions for the planned volume of seats in the FY2023 Financial Forecasts?

A 3 : The volume is based on the customer's planned production volume for 2023 and incorporates information on production fluctuations through July.

Q 4 : Please explain your thoughts about the rising price of materials, transportation, etc. in FY2023.

A 4 : We expect rise of prices in various materials due to the high price of crude oil, which will have an impact of about 3 billion yen. In addition, we expect an 8 billion yen increase in transportation costs. We include total of 11.6 billion yen into our plan, including other factors such as an increase in energy cost and collections from customers.

Q 5 : Regarding the plan for FY2023, there is a large figure of 27.3 billion yen as Kaizen cost. Please explain about the background of the increase of the Kaizen level, items, etc.

A 5 : When the volume declined significantly in August of FY2022, we began internal activities to ensure profitability. As a result of these activities throughout the year, we were able to proceed improvements especially at on site. We believe that the increase will be linked to the increase in the number of volumes.

Q 6 : The capital investment in FY2023 forecast is high at 66 billion yen. Please explain about the reason and future perspective.

A 6 : In FY2022, due to the expansion of COVID-19, we reviewed the timing of equipment replacement, investment. In FY2023, after taking these factors into our account, we will make some investment for the future, such as to enhance competitiveness based on the mid-term plan, to invest in carbon neutrality, to strengthen IT, and to improve efficiency at production bases.

Q 7 : Regarding the model mix in the FY2023 plan, do you expect the composition ratio to remain the same as the previous year or do you expect the SUV ratio to change?

A 7 : Especially in Asia, compact cars will be launched from the latter half of FY2022 to FY2023. In the U.S. and Europe, the number of vehicles categorized as compact is expected to increase as well. Therefore, we believe that the ratio of compact cars will increase as a percentage of the overall market.

Q8 : Regarding sales expansion to OEMs other than Toyota, please tell us when we can expect to see meaningful sales figures.

A8 : We are conducting sales activities on a daily basis, but have not yet reached the stage where they will be reflected in sales in FY2023. In the Americas, a model for MTMUS, a joint venture between Toyota and Mazda, has been launched. We will continue our sales activities to gain an understanding of how alliance partners work and to gain their recognition of our value by using these areas as footholds.