

Summary of Q&A at FY2021 3rd Quarter Financial Results

Q 1 : Please let me know if there is a transient factor in operating profit in the third quarter.

A 1 : There was a loss of 3.3 billion yen due to the fund leakage incident in Europe in the second quarter of the previous year, which is a transient factor compared to the previous year. As for the effect of foreign exchange, the depreciation of the Turkish lira worked positively. In addition, in the first and second quarters, subsidies for the occurrence of plant closure in each country are included in the third quarter. Other than that, increased production of SUVs has contributed significantly to profits. With fixed costs, there are activities that could not be done due to COVID-19, such as movement restrictions and overseas business trips.

Q 2 : While the profit forecast has not changed much from the previous year's results, it seems that the dividend has fallen. Please let me know the dividend policy.

A 2 : We are working on maintaining a payout ratio of 30% or more. Profit forecasts are approaching the level of the previous year, but the effects of COVID-19 and semiconductor shortages have not yet been seen. We would like to make a decision at the end of the term after identifying this point.

Q 3 : Please tell us the transient factors of profits when viewed by region.

A 3 : In Japan, the composition of vehicles such as SUV, MPV is improving. In the Asia-Oceania region, the number of IMVs has increased considerably, which has pushed up our profit considerably. SUV in the Americas have increased year-on-year, although they have decreased slightly compared to the second quarter. More than 60% of subsidies are included in Canada.

Q 4 : The Japan region has posted a profit of over 10 billion yen only in the third quarter, but can we expect this figure in the future as well?

A 4 : The property tax, which will be finalized in the fourth quarter, will be a factor to lower the amount.

Q 5 : Is there a possibility that the vehicle model composition will deteriorate significantly for your company due to future model changes?

A 5 : We believe that the current structure can be maintained for the next fiscal year. In Japan region, MPV production has increased significantly compared to the previous term, and it is selling very well as a model for this period. It is necessary to pay attention to whether this level can be maintained in the future. In addition to the composition of the car model, the grade composition within the car model is also very good at the moment. As for the Yaris Cross that came out in August, 70% of the grades that adopted our one-motor 6WAY seat. In China, there were many Leather grade of Camry.

Q 6 : The short-term return is fairly strong, but are there any developments or investments that need to be done ahead of schedule?

A 6 : We don't think there will be any significant changes in development from the 2025 Mid-Term Business Plan. As the amount of activity is expected to increase, it will be very important to improve development efficiency for the next fiscal year. This year, we have made various efficiency improvements and work style reforms, and the effects are now coming out. We are thinking of keeping costs efficient while increasing the amount of activity toward the next fiscal year. We would like to accumulate the work that is really necessary on a zero basis and use fixed costs efficiently. There is no major change in the way of thinking regarding investment.