

Summary of Q&A at FY2021 (ending March 2021) Financial Results

Q 1 : When I look at the three months of 4Q, Operating profit is higher than the forecast as of 3Q, mainly in Japan. Please tell me the reason.

A 1 : For the three months of 4Q, actual operating profit became 23.4 billion yen against the forecast of 13.2 billion yen as of 3Q.

This was due to (1) sales efforts such as an increase in high-profit models in Japan and Asia, and recovery of mold costs and production increase costs, (2) further efficiency improvement of labor costs, and (3) Risks that had been included didn't occur.

Q 2 : What is the transient profit impact of the increase in high-profit models and the recovery of mold costs and production increase costs?

A 2 : Profit from increasing high-profit models and recovered mold costs and production costs is about 5 billion yen.

Q 3 : How much does the forecast for 2021 include the impact of semiconductor shortages?

A 3 : At present, there is no information on the specific impact of production decrease due to semiconductor shortages and material supply problems, but material supply risks are included into forecast of Japan and Asia.

Q 4 : I think price cooperation, expenses, etc. that were decreased for emergency response in 2020 will be returned. Please tell us your thoughts on the forecast for 2021.

A 4 : Regarding price cooperation, we anticipate requests at ordinary level in each region. In 2020 we canceled exhibitions and decreased business trip expenses as an emergency response. We expect 8 billion yen of return amount, 3.5 billion yen related to advanced development and growth investment, and around 3.5 billion yen due to increase in depreciation and production preparation costs.

Q 5 : Are there any plans to receive orders for large models in the Americas?

A 5 : If there are business opportunities, we would like to actively receive orders.

Q 6 : Compared to the announcement at 3Q, the ratio of SUVs and MPVs has decreased and the ratio of compacts has increased in 4Q. Please tell us the reason why the increase of 5 billion yen due to model and product mix occurred in such circumstances?

A 6 : The increase of 5 billion yen related to the model and product mix caused by the increase in the number of high-profit models such as SUVs and IMVs in Japan and Asia, as well as sales efforts such as recovery of mold costs and production increase costs.

Q 7 : Has it become possible to steadily capture the effects of new products that will be launched in the future toward the achievement of the profit targets of the 2025 Mid-Term Business Plan? Also, are there any plans to invest in growth ahead of schedule? Please tell me your way of thinking.

A 7 : We announced our mid-term business plan for 2025 in November last year, and has set sales revenue of 1.6 trillion yen, operating profit of 100 billion yen + extra, and operating profit margin of 6% to 7% as its target values. In FY2021, the profit forecast is set as 72 billion yen, which is the highest level of profit in the past. Regarding the effects of new products, we would like to secure profits through cost planning activities and production launches. We also would like to consider investing for the future. To propose new business creation, the Business Incubation Department was newly established.

Q 8 : Profitability has improved significantly in the Japan region.

Does Toyota Boshoku continue to maintain the same level of profits in the future?

A 8 : In the forecast for FY2021, the Japan region is expected to increase sales and profits due to increased production of 360,000 units, as well as the improvement of marginal profits and cost reduction efforts-for model-changes and newly launched models. We would like to continue to improve the efficiency of fixed costs from FY2020 to further improve profits.

Q 9 : Please tell us the purpose of inviting Mr. Miyazaki, Chairman of Toyoda Gosei , as Vice Chairman of your Board.

A 9 : Based on the achievements and experience of the managing director of Toyota Motor Corporation, the president of Toyoda Gosei, and the chairman of the board, we believe that he will be able to play an active role as the vice chairman of the board as a result of comprehensive consideration from the perspective of the right person in the right place.