# Summary of Q&A

# FY 2025 3Q Financial Results IR Conference

Q1. How do you evaluate the performance for the third quarter?

A1. Overall, performance has been roughly in line with the plan.
The decrease in sales volumes of forklifts and compressors, the increase in labor costs due to headcount increases and wage hikes, mainly in Europe and the United States, as well as increase in expenses and others had a negative impact.
On the other hand, the depreciation of the yen has had a positive impact on the performance.
In terms of profit, the Material Handling Equipment segment was affected by additional provisions for domestic engine certification-related costs in the second quarter and the impact of floods in Europe in the third quarter, among other factors, which also contributed to a decrease in profit.

Q2. When you deduct the results up to the third quarter from the annual forecast, there is a significant decrease in profit from the third quarter (3 months) to the fourth quarter (3 months). Can you tell us the likelihood of this? Are there any temporary factors for the decline in profit?

A2. In the fourth quarter, profits tend to be weaker due to the recording of various expenses.
There are no particular temporary factors incorporated.

Q3. Why the company revised upward the forecasts for profit before income taxes and profit attributable to owners of the parent for the full fiscal year?

A3. The main reason is the increase in dividends received.

Q4. Regarding investments in tangible assets, progress up to the third quarter has been slow compared to the full-year plan. What investments are planned for the fourth quarter?

A4. We expect an increase in investments related to electrification in the compressor and electronics businesses.

Q5. Regarding the factors for the changes in operating profit, expenses and others seem to have increased in the third quarter. Could you tell us the main factors?

A5. There are costs such as depreciation, research and development expenses, and sales-related expenses, as well as training costs as measures to prevent recurrence related to domestic engine certification issues, and IT investments.
In 2024, there was an increase in sales promotional expenses as orders for forklifts in North America were sluggish.

Q6. How do you see the forklift order market in 2025? Are there any regional characteristics?

A6. We expect the market to increase by approximately 5% compared to 2024, reaching around 2.2 million units.
In North America, while the market dropped significantly to about 80% of the previous year’s level in 2024, it is expected to rebound to about 120% of the previous year’s level in 2025.

Q7. The number of forklift orders in the third quarter (3 months) was high. Is it fair to assume that the market and Toyota Industries' orders have bottomed out?

A7. The tendency for orders to increase from October to December and the change in customer sentiment in the U.S. after the presidential election may have positively influenced the situation.
However, it may be early to say that the market has bottomed out at this point.

Q8. It appears that the unit price of forklifts decreased in the third quarter. What is the background behind this?

A8. The decrease is due to a higher proportion of lower unit price small types (Class II and Class III) compared to higher unit price counterbalance types.

Q9. What is the profitability and order situation of the logistics solutions business?

A9. In terms of profitability, previously received orders have continued to be affected by cost increases associated with inflation, leading to levels that are not as favorable as expected. It is hard to say that there is a sense of bottoming out.
We are receiving orders steadily from both warehouse logistics and airport industries.

Q10. What are the reasons for lowering the annual unit sales forecast for compressors? Are there any regional characteristics?

A10. The main reason is that sales of electric compressors, particularly in Europe, have been weaker than expected.

Q11. Should we expect the pace of unit sales growth for electric compressors to slow down, especially in Europe?

A11. While sales for HEV and PHEV are expected to remain steady, it may be difficult to expect the same rapid growth for BEV as in the past. It might be in an adjustment period, making overall projections difficult.

Q12. What is the performance of the battery business?

A12. Performance has been slightly weaker than expected, but we will continue to closely watch the future sales trends of vehicle models those are adopted with our battery.

Q13. Regarding ROE, I understand that the target of 6% for 2026-27 is to be achieved through profit expansion. How do you plan to achieve the target of 8% beyond that?

A13. For the medium- to long-term target of 8%, we aim to achieve it through not only organic growth but also by accumulating profits through M&A and other initiatives, and capital compression via shareholder returns.

Q14. Could you provide an update on the reduction of cross-shareholdings within the Toyota Group?

A14. We are continuing discussion on the reduction of cross-shareholdings to enhance corporate value. There is no change in this direction and our thoughts.

Q15. In the Material Handling Equipment business, are you considering M&A to leverage AI and increase added value?

A15. Last year, we entered a capital partnership with Gideon, a company in Croatia, aiming to increase our capabilities of only AI but also control and automation. We recognize the need to add value in terms of technology and intelligence, and we will continue to pursue partnerships in these areas.