

Summary of Q&A

FY 2025 1Q Financial Results IR Conference

- Q1. How was the performance in the first quarter compared to the plan? Were there any one-time factors affecting operating profit? Also, what is the reason for maintaining the full-year performance forecast?
- A1. Regarding the first quarter performance, while we do not have quarterly performance forecasts, there were no one-time factors affecting the results. Due to uncertainties ahead, we have maintained our full-year performance forecast.
- Q2. In the first quarter, despite Toyota's partial factory shutdowns in Japan and production cuts by major car manufacturers in China and Thailand, why did Toyota Industries' automobile business perform well?
- A2. The vehicle business progressed smoothly without being affected. While the engine and compressor businesses were mildly affected, we judged it was not significant enough to revise the full-year performance forecast.
- Q3. The operating profit margin of the materials handling equipment business was 7% in the first quarter, which is favorable. What is the background and is it sustainable?
- A3. The overall materials handling equipment business benefited from price increases and the effects of yen depreciation. We believe the bottoming out of the logistics solutions' profitability is becoming evident. The effect of price increases is expected to contribute further, so the current profit margin is considered sustainable.
- Q4. Considering the exchange rate, is it reasonable to expect an upside in the materials handling equipment business performance forecast? Please explain in relation to the order situation for forklifts and logistics solutions.
- A4. Assuming an exchange rate of 145 yen to the dollar from the second quarter onwards, if the exchange rate remains at the current level, an upside could be expected. While our orders for forklifts in the period from January to June 2024 are weak compared to last year, we expect 2024 will be the bottom. The order situation for logistics solutions is expected to remain fairly stable.
- Q5. Could you provide information on the order situation for forklifts by region, including the status of backlog orders?
- A5. In the first quarter, our orders totaled 67,000 units. Overall, the situation resembled that of around 2020, compared to the very strong orders in 2021 and 2022. Currently, orders are slightly weak in North America and other regions. The order backlog varies by region and model, but on average it is about six months.
- Q6. Please elaborate the current profitability situation of the logistics solutions business and the initiatives to improve it?
- A6. Although the bottoming out of the business profitability is becoming visible, it is not yet at the recovery stage. In the medium term, we aim to enhance profitability through securing repeat orders and reducing costs.

- Q7. The balance of sales finance assets has increased. What is the reason for this, and what about the impact of interest rate fluctuations?
- A7. The rapid increase in the balance of sales finance assets is primarily due to yen depreciation. It generally correlates with sales volume, so it has not significantly increased in local currency basis. We believe the impact of interest rate fluctuations on the sales finance business is limited.
- Q8. Are the sales volumes of electric compressors as expected? How will the profitability grow as engine-type compressors are replaced with electric types?
- A8. Against the full-year plan of 10 million units, we achieved about 2 million units in the first quarter, and we expect to meet the full-year target. The profitability of electric types is anticipated to improve with increased production. However, while building a capacity of 12 million units in the future, we plan to invest in equipment, which might temporarily increase depreciation costs.
- Q9. Please update on the situation of the battery business, If there is any information you can disclose about lithium-ion batteries, please share it with us.
- A9. The production of bipolar nickel-metal hydride batteries is progressing smoothly as planned. While we are advancing the joint development of bipolar lithium-ion batteries with Toyota Motor Corporation, there is nothing we can announce about production from our side.
- Q10. Regarding the reduction of cross share holdings, could you provide an update on the progress? For instance, the handling of Toyota Motor Corporation shares appears slow; is this because it takes time to examine the use of sales proceeds?
- A10. While Toyota Motor Corporation shares are included in reduction considerations, we do not plan to sell them immediately. We will carefully examine the usage and timing.
- Q11. Why did not Toyota Industries sell all of the shares during the Aisin stock offering? Please share with us if there is any update on the reduction of cross share holdings.
- A11. The scale of the sale was decided through discussions considering our financial situation and the intentions of Aisin. There is no new update regarding the reduction of cross share holdings, however there is no change in our policy.
- Q12. Toyota Industries announced an allocation of 800 billion yen for growth investment over the next three years. What are the specific plans for this fiscal year? Does this growth investment include large-scale M&A? If the 800 billion yen for growth investment is not fully used, is there a possibility that shareholder returns will be more generous?
- A12. We believe achieving the announced target cannot be done through organic growth alone, and M&A will be necessary. We will continue to examine the specific scale and cases. While ensuring sustainable development through growth investment, we will also provide returns to our shareholders in a balanced manner.