Summary of Q&A

FY 2025 Financial Results IR Conference

Q1. What are your thoughts on future capital policies?
Is there any change in the approach to reducing cross-shareholdings, including Toyota Group shares, and handling Toyota Motor shares?

A1. We carefully evaluate the necessity of cross-shareholdings, keeping essential ones and selling off the rest. We prioritize reallocating funds towards new research and development and investments for further growth to enhance corporate value, and this approach remains unchanged.
Toyota Motor shares are held due to historical background. These shares could potentially serve as an effective resource for future growth investments, and we consider the ownership meaningful.

Q2. What are your views on the pros and cons of improving corporate value for publicly traded versus privately held companies?

A2. Although there have been some news, as these were not disclosed by the company, we cannot make any comments. Differences in cost structures or the impact on stakeholders between private and public companies are matters any corporation may study on its own.

Q3. Do you thinki the share price of Toyota Industries Corporation does not reflect its corporate value appropriately?

A3. We hope for a slightly higher evaluation, but there may still be areas where understanding of our company has not progressed sufficiently. We aim to deepen this understanding by increasing dialog, which we believe will lead to improved valuation.

Q4. Regarding the impact of U.S. tariffs, you mentioned it has not been factored into FY2026 performance plans yet. What kind of qualitative impacts do you foresee?

A4. The impact is expected to primarily affect the export of components. However, in addition to the tax rate, factors such as the allocation of the burden between us and our customers remain undefined, making it difficult to calculate the exact impact.

Q5. What discussions led to the decision to sell Aichi Corporation shares?
Can you share the background?

A5. We received various ideas, including the option of making Aichi a wholly-owned subsidiary.
We continue holding its shares because we outsource the production of certain products to Aichi.
However, with Aichi pursuing growth, leveraging trading companies' sales networks enables different marketing routes from ours, led to this decision.

Q6. Regarding shareholder returns, the presentation shows increases in FY2025, FY2026, and FY2027.
Despite the impact of U.S. tariffs, would it be correct to assume the total shareholder returns, including stock buybacks, will proceed as planned even if dividends remain flat?

A6. As outlined in the three-year plan disclosed in May 2024, we aim to maintain a balanced approach between shareholder returns and investments.

Q7. How do you anticipate U.S. tariffs affecting the competitive environment in the North American forklift market?

A7. We do not expect major changes in the competitive environment.
In the North American market, U.S. manufacturers are our primary competitors, and since our local production is advancing, we anticipate similar impacts as other companies.

Q8. Please explain the impact of U.S. tariffs on the forklift business.

A8. We perceive three primary impacts:

1. Reduced investment activity due to slowed capital expenditures.
2. Increased costs as suppliers import items from outside the U.S.
3. Higher costs for KD (knockdown) components exported to North America from Japan.

For the second and third points, while we hope to offset these through price increases, competitive conditions may limit full integration into pricing. Cost reduction efforts will be essential.

Q9. To what extent have forklift prices been increased in North America?

A9. The range varies by model, but prices have been raised between 5-15%.

Q10. What are the risks and opportunities within the materials handling equipment business?

A10. Currently, the biggest risk is the possibility that Chinese manufacturers would sell at lower prices outside the U.S. to maintain production rates, offsetting a potential decrease in U.S. sales.
To address this, we aim to leverage our strengths in the value chain area, together with local dealers to expand sales using after-sales services and sales financing.
For opportunities, the logistics solutions business is promising. Although customer segmentation varies, we have firmly secured orders in areas like warehouse logistics and airport projects since Q4 2024.
Moving forward, we hope to maximize synergies with group companies.

Q11. Regarding the FY2026 operating profit target of JPY 180 billion, is it correct to perceive that the target level is similar to FY2025 excluding exchange rate assumptions?

A11. Apart from exchange rate assumptions, rising costs such as increased labor costs are also factors.
We aim to reach the target through measures like cost reductions.

Q12. Please let us know about the current order situation for forklifts?

A12. For orders, when we made our forecast in January FY2025, recovery was expected for 2025.
Indeed, trends up to February aligned with this prediction. However, currently, orders have declined due to factors such as price increases of us and across competitors in March-April.
April saw an increase, but incoming orders remain weak at present. We foresee this continuing until June-July, partly due to risks stemming from U.S. tariffs. While some models still have backlogged orders, we do not anticipate an immediate decrease in overall sales from this decline.

Q13. Orders in Q4 for forklifts appear weak. Which regions performed poorly?

A13. Weakness in Q4 was primarily observed in Europe. Factors include pre-price hike buying rush, post-hike reaction, and other diverse elements. We aim to respond effectively by monitoring customer trends and production status without being overly influenced by short-term fluctuations.

Q14. What measures are being implemented to improve profitability in the materials handling equipment business?

A14. Forklifts maintain high profitability within the value chain, which is a significant strength for us. Our products, which have been in use for many years, continue to operate in the market. By providing thorough and reliable services for these products, we are able to mitigate short-term fluctuations in demand and economic changes, even in the face of variability in new unit sales. For logistics solutions, profitability of newly developed projects may be initially challenging due to trial-and-error phases. Long-term relationships resulting in repeat orders can lead to improved profitability. We are also focused on continued efforts in modularization to enhance efficiency. Additionally, if needed technologies are lacking, M&A plays a strategic role in rapidly acquiring and internalizing these technologies to boost profitability further.