

Summary of Questions & Answer for Q3 Financial Results Briefing for the Fiscal Year Ending March 2021

《Stamping & Molding Business》

Q : The high margin is attributable to the recovery in volume and cost reduction.
What kind of the profit margin level is expected in the future?

A : We have been improving profitability and reducing costs under the situation of decrease in volume for the first half in the context of the impact of the COVID-19. As a result, we are beginning to show a continued effect after the sales volume has recovered in Q3 and we believe that the effects of improved fixed costs are appearing. For the outlook for Q4, currently, we anticipate that the supply-demand relationship for semiconductors and the further impact of the COVID-19 will not increase Toyota's production volume to as much as Q3. If production is on a par with Q3, the profit margin will improve a little more.

Q : Please tell us your company's view on what level of profitability of stamping & molding business would be desirable.

A : In terms of our profit structure, it is desirable for the profit margin to transition the profit margin we achieved in between Q2 and Q3. Domestic production tends to have been the highest in Q4 over the years, but Q3 shows the highest only in the current year. Q4 is expected to produce somewhat like Q2. So we think our profit margin will move between Q2 and Q3.

《Valve Business》

Q : Regarding European business situation, please tell us your point of view from the current state to the next fiscal year, and how you see the risks.

A : Our French company's fiscal year ends from January to December. Currently, October to December, which will be consolidated with the current financial results, will be consolidated into Q4. In view of the current situation, although it is recovering sequentially, we predict that it will work from about 80 to 90 % in the same period of the previous year due to the Europe's slow recovery compared from Japan, the United States, and China. We predict that the impact will not only be for Q4, but will continue slightly next year.