

**Earnings Briefing for the Fiscal Year Ending March 31, 2025 (FY2024)**

**Condensed Transcript of Q&A Session**

Date & time: Wednesday, April 30, 2025, 14:00-16:00

Attendees: Toshimitsu Imai, President & CEO  
Hideyuki Iwamoto, Executive Vice President & CFO  
Hiroshi Tominaga, CSO

Q. The earnings forecast for FY2025 factors in effects from U.S. policies, but have there been any discussion about shifting tariffs to customers? Also, are there any countermeasures in place in the event that an economic downturn is triggered by this series of policy measures?

A. We will conduct negotiations, including passing on these costs, on the site level, but assuming the case where passing on the costs is not possible, a negative impact of approximately 5.0 billion yen has been factored into the earnings forecast. It is difficult to calculate the amounts of impact from an economic recession, and these amounts are not factored in. These policy measures are also expected to have positive effects, such as increased demand for Brazilian grains and reduced logistics costs due to declining energy prices, but the profit increases associated with these factors have not been reflected in the earnings forecast for FY2025.

Q. I would like to confirm the assumptions of the Mid-Term Business Plan. Also, it appears that ROE will not reach 15% in FY2027 based on the announced profit return policy and profit levels. Do you anticipate any additional shareholder returns apart from the 40% consolidated dividend payout ratio?

A. The assumptions of the Mid-Term Business Plan are exchange rates of 145 yen to the U.S. dollar and 155 yen to the euro as well as increases in production volume of 2% to 3%. In Africa, we expect automobile sales volume to increase by about 10%. Growth by Suzuki vehicles will be remarkable. Regarding ROE, it will be difficult to achieve ROE of 15% with NPAT of 450 billion yen and a consolidated dividend payout ratio of 40%. It will be necessary to approach financial institutions and other holders of our shares to reduce cross shareholdings, but this falls outside of the scope of the consolidated dividend payout ratio of 40%. The 15% ROE target was set taking this into account. There have been various reports regarding cross shareholdings by the Toyota Group, but we are not in a position to respond.

Q. Until now, the company has taken a negative attitude concerning share repurchases. Please explain the discussions that led to the policy of a consolidated dividend payout ratio of 40% or more including share repurchases.

A. When setting the policy of a consolidated dividend payout ratio of 40% or more including share repurchases, we discussed the importance of prioritizing increasing PBR in order to increase

corporate value. Growth investment is our highest priority, but we also emphasized engaging with capital markets and formulating solid capital policies. Based on the belief that increasing share prices will require the formulation of commensurate capital policies, we included share repurchases in shareholder returns.

Q. It is my impression that until now, the renewable energy and vehicle leasing businesses were not particularly prominent in Africa. What is your outlook on the level of potential of these businesses?

A. Regarding renewable energy in Africa, the ratio of fossil fuels is declining even as total generating capacity increases in accordance with the energy policies of individual countries. We established a joint venture company with Eurus Energy, which has strengths in renewable energy, and CFAO, which has strengths in Africa, and it has commenced business operations. We have been engaged in the vehicle leasing business for many years. When the lease period expires, we are able to sell the vehicle as a used vehicle, and new car sales, leasing, and used car sales provide three revenue opportunities. As a result, the overall contribution to profit is extremely high.

Q. Within the initiatives aimed at optimizing the allocation of management resources, has there be any cash inflow from business withdrawal? Also, are the cash inflows from business withdrawal included in the figures in the Mid-Term Business Plan or capital allocation?

A. Over the past three years, the reduction in assets from business withdrawal has been in the mid 100 billion yen range. Cash inflows from sales have not been particularly large. We anticipate comparable results in the coming three years, but at this time, those effects are not factored into the figures in the Mid-Term Business Plan.

Q. The company-wide impact of tariffs on the earnings forecast for FY2025 is 5.0 billion yen. Of that amount, which divisions will be impacted the most?

A. Of the company-wide impact from tariffs of 5.0 billion yen, the Supply Chain Division will be impacted in the amount of about 3.0 billion yen. Since much of the division's business involves products crossing national borders, the amount of the impact will be relatively large. The Circular Economy Division is involved in the aluminum business through Canada and conducts battery-related business in China, and as a result, we expect the impact to be approximately 1.5 billion yen. As for the Africa Division, we anticipate that the United Nations-related healthcare business will decline, and a reduction of approximately 500 million yen is factored in.

Q. Regarding the allocation of management resources, what is the approximate scale of assets that correspond to restructured business? Also, how much progress has been made on the Mid-Term Business Plan?

A. In the past three years, we have implemented business withdrawals with a total asset value in the mid 100 billion yen range. At the same time, affiliates that are subject to reorganization are those

affiliates operating at a loss or with NPAT of less than 100 million yen. Each year, new companies will be subject to reorganization, and we will continue this initiative with the objective of steadily reducing the number of companies.

Q. A large amount of one-time gain was generated in FY2024. Will such gains be generated in the future?

A. It is possible that such gains will arise in conjunction with reviews of business in the future, but they are not incorporated into our forecasts at this time. In any case, we do not anticipate a substantial impact. Also, regarding losses, since book values are written down in a timely manner, there will not be a significant impact at the time of withdrawal.

Q. I feel that the 5% ROIC target for Nature Value is low. What is your thinking on this?

A. The 5% ROIC for Nature Value is a minimum. This does not mean that we will be satisfied with 5%, and we will carefully examine the economic viability of new projects using individual hurdle rates. We are aware that the ROIC of Nature Value is low and are focusing our efforts on improving it.

Q. Regarding the target values for NPAT for the year and ROE in the Mid-Term Business Plan, assuming a maximum net DER of 0.8 times, this corresponds to interest-bearing debt at the level of 2.4 trillion yen, which is substantially different from the level of interest-bearing debt at the end of March 2025. Was the target value set with specific investments in mind?

A. We do not have any specific investment projects that would substantially increase leverage in mind, and we remain committed to proactive investment in growth. The Mid-Term Business Plan includes a message of encouraging sales teams to invest for future growth.

Q. Regarding FY2027, what is the breakdown of profit growth until 450 billion yen is reached?

A. The breakdown of 362.5 billion yen in NPAT for FY2024 is approximately 5% for Nature Value, 20% for Social Value, and 75% for Core Value. We believe that the breakdown of the 450 billion yen target for FY2027 will be approximately the same. On the other hand, investment over the coming three years will look to the future and expand the Social Value and Nature Value areas.

Q. I believe that to achieve the plan for FY2027, Core Value will make a contribution. What regions and businesses will expand?

A. In terms of regions, we are strong in the global south including Africa, India, and emerging economies and conduct business in regions where growth is expected. In terms of business, as the industry shifts from automobiles to mobility, we have firmly grasped the key devices that will be necessary for electrified vehicles, including semiconductors and batteries. Factors why profit is increasing even though automobile production volumes are not growing are added value achieved through IT system implementation, such as logistics DX, as well as initiatives in the automotive

security and over-the-air (OTA) update areas. We will expand profit while taking advantage of business opportunities that align with improvements in mobility functions.

Q. Under the Mid-Term Business Plan, what is the approximate scale of contribution to profit from past investments?

A. We believe that the contribution to profit of investments made in the past one to two years or so is in the range of 10% to 20% of profit growth during the term of the Mid-Term Business Plan. The time axes for contribution to profit differ for each project. For example, it takes Nature Value projects approximately five years to contribute to profit, but we can expect investment in the blanking business to contribute to profit immediately after investment.