

**Earnings Briefing for Second Quarter of the Fiscal Year Ending March 31, 2026  
(FY2025)**

**Condensed Transcript of Q&A Session**

Date & time: Friday, October 31, 2025, 18:00–19:00

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

Q. The Africa Division performed well in the first half, but looking to the financial forecast for the fiscal year, it appears that there will be a downturn from the first half to the second half. What is your view on the background to this as well as the recent sustainability of business?

A. In the first half, direct sales, which involve bulk sales to dealers other than those managed by Toyota Tsusho, and the direct sales business, performed well. In the second half, we expect a modest decline, and for this reason, set conservative forecasts. We believe that the performance of sites that conduct retail sales will remain strong, and we have no major concerns. In businesses other than Mobility, Healthcare is expanding organically, and infrastructure projects are coming online successfully, so we expect them to contribute to earnings in the second half. Also, if the recent depreciation of the yen continues, this will also have a favorable impact.

The Africa Division as a whole is performing well, particularly in South Africa, Cote d'Ivoire, and Nigeria, which are the main countries. There was also special demand due to an election in Cote d'Ivoire in the first half, and the election was completed without incident, and we expect growth to remain solid.

Q. What are your views on the losses associated with Radius that are incorporated into the financial forecast for the fiscal year and its business performance in the next fiscal year and beyond?

A. At the time of acquisition, we incurred approximately 4.0 billion yen in related expenses, but excluding one-time expenses, the company's normal business performance is nearly zero. Then investment interest and depreciation expenses for intangible assets will arise. Regarding the outlook for performance in the next fiscal year and beyond, although the scrap market is not improving, we can expect contributions to earnings as a result of effects from management reforms and the generation of synergies with Toyota Tsusho. However, we do not anticipate a major upside.

Q. It seems that the current upward revision was made earlier than previous revisions. What discussions took place concerning the revision?

A. Early in the fiscal year, the exchange rate fell to 140 yen per U.S. dollar due to effects

from the Trump tariffs and other factors, and accordingly, we prepared the forecast for the year based on a rate of 135 yen per U.S. dollar. Actual conditions have diverged substantially from that assumption, and we determined that it would not be in good faith to leave the initial outlook unchanged. We revised the financial forecast based on performance in the first half and exchange rate conditions.

Q. In the first quarter briefing, you stated that the sluggish movement of automotive semiconductor inventories by the Digital Solutions Division would recover starting in the second quarter, but it seems that the explanation has changed this time. Can improvement be expected going forward?

A. In each fiscal year, the second quarter has been a time when inventories build up and business tends to slow down. Shipments to Toyota Motor are strong, but inventory demand for EVs from other OEMs is softening. In addition, there are shortages of some products and materials, and under circumstances where alternatives are needed, the trading company functions provided by Toyota Tsusho, which holds many line cards, are in demand, and we expect a recovery in the second half.

Q. The outlook for the Circular Economy Division was revised downward, but did the division perform well if the temporary losses (not included in the plan) and Radius-related expenses incurred in the first half are excluded?

A. The Radius-related expenses were not included in the plan, and our impression is that the initial costs were higher than initially anticipated. Also, lithium prices have not recovered as expected. Organic chemicals and other businesses have achieved positive results, but due to the impacts of market conditions, the resources recycling sector cannot be said to be performing well.

Q. The company is competing against Chinese manufacturers in the Caucasus region, but what about in Africa?

A. In the Caucasus region, the top-grade Land Cruiser is competing against luxury SUVs, an area of specialization of Chinese manufacturers, and is being pushed aside, but basic Land Cruisers with strong off road capabilities sell well in Africa, and Chinese manufacturers produce very few of these types of vehicles. Toyota hybrid vehicles are also selling well. Chinese manufacturers focus mainly on electrified and intelligent vehicles, and they are not focusing on the types that are Toyota's mainstay products and our source of revenue or on vehicles for emerging countries, and consequently, we do not believe that they will become prominent in the short term. While competition in small vehicles has started, we do not have any particular concerns.

Q. Radius posted continuous losses. What is the background to the elimination of losses

since its acquisition?

A. We appointed a board member in July, and the implementation of management reforms with a sense of urgency has been a success. A detailed improvement action plan is currently being implemented, and we are closely monitoring the results each month. There are also costs that we could save as a result of delisting, such as listing expenses. Iwamoto was appointed as a board member, a vice president was dispatched from Japan, and the local CEO and CFO were also replaced. In addition to cost reductions associated with delisting, for example, we do not sell high transaction value products, such as catalysts, at low prices, but rather, horizontally deploy the business model through which we are able to generate profits in Japan, transforming it into a model that is less susceptible to market fluctuations. In addition to these actions, which will produce short-term results, we are also carrying out medium- to long-term growth strategies.

Q. Given the possibility that the tender offer for the company's own shares relating to Toyota Industries will extend into the next fiscal year or beyond, are you considering a voluntary share repurchase before its completion?

A. The dissolution of crossholdings with Toyota Industries is a package deal, so Toyota Tsusho will not independently be repurchasing its own shares in advance. We seek to achieve a total payout ratio of at least 40% by FY2027. We will continue paying progressive dividends and consider additional returns, such as share buybacks, taking into consideration business performance and cash flow conditions.

Q. What are your thoughts on the ratio between share buybacks and dividends in order to achieve a total payout ratio of at least 40%?

A. The ratio is based on ROE. We definitely want to improve ROE, and if possible, achieve and maintain 15%. It depends on whether the deal concerning Toyota Industries can be reliably completed in the second year of the Medium Term Management Plan as well as how much profit will grow and equity will be reduced in the third year.

Q. You set a target of NPAT of 450 billion yen for FY2027 and will achieve 360 billion yen in the current fiscal year. I would like to ask about the main factors and specific initiatives to achieve the increase for the additional 90 billion yen in growth.

A. We hope to increase profit in those areas that we consider to be growth businesses. For the Africa business, we are formulating our plans by making reference to the plans of the Toyota Group, and we expect automobile sales to grow even further in the Global South, which is a main battleground. Regarding automobile production related business, which is a foundational business, there will be competition on electrification with Chinese manufacturers over the medium term, but hybrid vehicles will be strong until around 2030. In the resources recycling business, Green Metals, Toyota Tsusho Material, and

other companies are generating good results, and we recently acquired Radius, which adopts the same business model. We will leverage our know-how in the recycling business to achieve a solid growth path. In the Next Mobility business, we are implementing multiple measures in the areas of electrification and intelligence. It is said that the pace of change in electrification has been slower than expected, but we are building supply chains with Korean manufacturers in anticipation of future growth of the battery business. We will also achieve growth in the semiconductor and software sectors in line with advances in intelligence. Demand will shift to AI, data centers, systems, and so on, and the volume of semiconductors handled by the group will increase substantially.

Based on these developments, we believe that we will achieve the Medium Term Management Plan.

**Q. What specific actions are you taking to expand sales in Africa?**

A. Sales in the Africa business have tripled over the past eight years. The automobile business, which has driven this growth, will continue to expand in conjunction with future motorization. Also, the second pillar of focus is healthcare. In order to expand from wholesale to resale of pharmaceutical products, we made the largest drugstore chain in Kenya into a subsidiary in the first half of this fiscal year. In the infrastructure field, we established a renewable energy development company as a joint venture of CFAO and Eurus Energy, and we are participating as a main player in the electrification of Africa using renewable energy. The majority of our renewable energy business companies in Japan are wholly-owned subsidiaries, but the risks in Africa are different in each country, and accordingly, we are selecting optimal partners in each in an effort to diversify risk. We hope to develop the renewable energy business, which we have conducted in Japan, Europe, and the U.S. until now into a core business in Africa as well.