Earnings Briefing for First Quarter of the Fiscal Year Ending March 31, 2027 (FY2026) Condensed Transcript of Q&A Session

Date & time: July 31, 2026, 17:00–18:00
Attendees: Hideyuki Iwamoto, Executive Vice President & CFO; Shigeo Obata, CSO; Yasushi Aida, Deputy CFO

Q. What is the background to the decision to leave the dividend unchanged despite revising the earnings forecast upward? Also, please explain the breakdown of the 30 billion yen upward revision.

A. In the current fiscal year, we already conducted share buybacks in the amount of 660 billion yen and we have committed to progressive dividends paid in cash, and since we expect the total shareholder return ratio to be 180% or more, we left the dividend unchanged. The breakdown of the 30 billion yen upward revision is as follows: approximately 10 billion yen in foreign exchange effects, with the remainder primarily due to rising market conditions, which we expect to continue until about the end of the second quarter. The effects from the closure of the Strait of Hormuz, which were initially factored in, were minimal in the first quarter, but the impact, including future cost burdens, remains uncertain, and we have adopted a conservative view regarding the earnings forecast.

Q. The Africa Division is performing well; is this performance sustainable in the second quarter and later, and are there any concerns?

A. We had anticipated that the closure of the Strait of Hormuz would make it difficult to ship products from our centralized inventory in Dubai, but the impact was substantially mitigated by switching to overland transport, customers bearing transportation costs, and other factors. At this time, we do not see any negative factors in the second quarter and later. Diesel prices are rising, but this has not had any noticeable effects on automobile sales. Sales of Suzuki vehicles are also performing well.

Q. Is there a possibility that the 450 billion yen target for NPAT for FY2027 will be revised upward?

A. Assumptions regarding foreign exchange rates and market conditions have changed since we announced the 450 billion yen target, and we believe that it would be premature to comment on performance in the next fiscal year.

Q. What is the outlook for Radius?

A. In the first quarter, in addition to rising market conditions, post-merger integration (PMI) and synergy effects following the acquisition contributed to performance. We expect profits to continue improving in the future as a result of optimization of customers and

enhancement of metal sorting precision. Also, as a result of rising prices for non-ferrous scrap metals, particularly aluminum, considerable profit was generated from inventories purchased at low prices.
We expect effects from market conditions to continue on a certain level into the second quarter, but after that, profit spreads may narrow due to rising purchase prices. Based on this, although we do not expect results for the full year to reach four times the results of the first quarter, we do expect performance to exceed the initial plan.

Q. What is the status of your inventory of memory, and what is the future outlook?
A. In anticipation of price increases, in addition to physical inventory, we secured procurement volume prior to the end of March by using advance payments. Sales are in principle linked to market conditions, and we were able to capture the benefits of rising prices. At this time, we have secured inventory equivalent to the sales volume for the year, and sales destinations have been decided. For now, we do not anticipate a sharp price decline, and while we expect this fiscal year’s performance to remain strong, we are aware that the forecast for the full year was set at a conservative level.

Q. The increase in sales volume in Africa as a whole was the result of special demand from redirecting vehicles intended for the Middle East; will this trend slow? Are there any sources of concern other than this?
A. Vehicles intended for the Middle East were sold in Africa and Papua New Guinea. Demand in Papua New Guinea in particular has been high, and proportionally, more of those vehicles went to the Mobility Division, but both the Africa and Mobility Divisions are expected to perform well through around the second quarter.
Although results vary by country, we have been able to maintain strong performance in countries with large impacts such as Côte d’Ivoire and Nigeria. Portfolio diversification has also been successful, and we do not expect any significant change in this trend in the second quarter and later.
The inflow of Chinese vehicles is a concern, but impacts vary by country. Toyota’s share of new vehicle sales has declined in some countries, but the market as a whole is expanding, and the impacts are limited. However, Japanese manufacturers other than Toyota and Western manufacturers have lost considerable market share, and overall this is a threat.
For the BYD vehicles that we handle, we are currently in the stage of focusing on initially building up brand strength, but we expect that these vehicles will sell well in the future.

Q. The results for TOMEN DEVICES were revised upward, and the company is performing well. What is the outlook for other subsidiaries of the Digital Solutions Division?
A. NEXTY Electronics is also performing well as a result of rising semiconductor prices and demand and other factors. It is uncertain whether this will continue in the future, but we are

factoring steady performance into our earnings forecasts.
NEXTY Electronics also handles memory products from Micron, and the effects of soaring prices are emerging. The outlook for prices is uncertain, and we have to issue a conservative earnings forecast, but we do not expect a rapid decline this fiscal year. Going forward, switching to long-term contracts to stabilize business may be an option, but this will depend on negotiations with manufacturers.

Q. In the renewable energy business, what were the factors leading to the decline in earnings despite rising electric power prices in Europe? What is the outlook for the future?

A. Performance of the European power business is reflected in consolidated results with about a three-month delay, and consequently, the recent price increases are not yet fully reflected. Also, contributions to profit were limited due to a decline in power generation caused by a deterioration of wind conditions resulting from the heatwave, as well as other factors. In Japan, there were temporary factors pushing down profits due to the suspension of operations in conjunction with the replacement of power generating facilities. Going forward, we expect a recovery due to improved wind conditions in Europe and the normalization of operation of domestic assets. We will closely monitor the effects of rising interest rates on the discount rates applied to future cash flows.

Q. Automobile production related divisions including the Metal+(Plus) and Supply Chain Divisions revised their forecasts upward; what is the current situation? Also, please discuss the impact of the recent earthquake in Kumamoto.

A. For the Metal+(Plus) and Supply Chain Divisions, the upward revision is mainly due to foreign exchange effects. We do not expect any significant impact on performance from the Kumamoto earthquake, but Toyota group companies and our group companies are present in the region, and we would like to provide support.

Q. What is the background to the increase in automobile sales volumes in central Africa?

A. A presidential election is scheduled to be held next year in Nigeria, and this has driven demand growth, mainly from the government. There was sufficient demand to absorb the vehicles redirected from the Middle East to Africa. This trend may continue in the second quarter and beyond, but we believe that the impact will be the greatest in the first quarter.

Q. Plans are to achieve shareholder returns of at least 1 trillion yen in the period from FY 2025 to FY2027; please reconfirm your policy regarding this.

A. Our policy is to maintain a total payout ratio of at least 40%, and 1 trillion yen is not a criterion. Considering profit levels in the next fiscal year, we will consider the capital policies necessary to achieve ROE of at least 15%, including dividend levels premised on progressive dividends and share repurchases.

Q. What is the outlook for automobile sales in India as well as individual countries in the Asia/Oceania region?

A. The outlook is challenging. In the Asia/Oceania region, Chinese vehicles are gaining market share in some countries, and we expect conditions to become even more difficult in the future. However, the superiority of Toyota and our group remains unchanged in terms of service, and we are building a business model whereby profits do not decrease sharply even if sales stagnate.

In India, Toyota vehicles are selling well, but there is still room to develop dealerships, and contributions to profit will be a little further in the future.