

< March 25, 2026 Africa Business Briefing Main Q&A >

Date and Time: March 25, 2026 (Wednesday), 10:00 – 11:30

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Q. What percentage does value chain (“VC”) profit account for in the overall profits of the Mobility Business? Also, will VC profit be able to continue achieving high growth going forward?

A. Although we do not disclose the breakdown of profits, the customer retention rate is an indicator related to VC profit. Increasing customer retention will lead to growth in profits from parts and maintenance. Our five-year average customer retention rate is currently about 55% for South Africa and about 40% for Sub-Saharan Africa, and we are aiming for 60%, which is Toyota’s global average, as a benchmark. The measures for increasing the rate include customer retention through selling prepaid service maintenance packs when selling vehicles. Another initiative is increasing the handling of used vehicles. The annual number of vehicles handled under the Automark brand launched in 2019 has grown from around 45,000 to 55,000 units, and we wish to reach the 100,000-unit level as soon as possible. In addition, the number of authorized service garages, which are the second channel commenced in 2019, has now increased to more than 100 sites. We will expand VC profit in part through wholesale of genuine parts using these channels.

Q. How are the tensions in the Middle East affecting Toyota Tsusho’s business? What is the situation of the stockyard in Dubai, in particular?

A. The Middle East conflict is currently affecting many companies, not limited to Toyota Tsusho. We have inventory hubs in Dubai and Antwerp, and logistics operations in Dubai have been suspended. Some inventories in Dubai will remain there, but we have already switched to logistics via Antwerp and expect that there will be no significant impact on our logistics. Meanwhile, we are concerned about inflation resulting from higher oil prices rather than the delivery of inventories. Inflation would exert upward pressure on interest rates, possibly leading to reduced car purchasing power.

Q. As a regional characteristic, it is understood that Sub-Saharan Africa is strong in mobility sales. What is behind this, and what is the future potential of the region?

A. In North Africa, European automakers have traditionally held a substantial share due to free trade agreements (FTAs) and other factors, and Toyota Tsusho’s share is not high. Currently, while the Sub-Saharan new vehicle market is not large compared to North and south Africa, it has an overwhelmingly high population density, and we see future growth

potential in the Sub-Saharan region.

Q. Is the used car market included in the assessment for Sub Sahara's potential?

A. If used vehicles are included, the Sub-Sahara region has already become a large market. However, regulations for used vehicles vary among countries and regions. In south Africa, the import of used vehicles is banned, and they are only supplied by domestic sources. On the other hand, there are no restrictions on the import of used vehicles in the Sub-Saharan region, and this is one reason why the used car market is now significantly larger than the new vehicle market.

Q. Regarding the renewable energy business, some companies are said to have withdrawn due to inflation and system changes. What are the risks that should be considered?

A. In addition to our relationship with highly competitive JBIC, CFAO has the strength of being able to participate in renewable energy development projects of various countries starting from the system design stage due in part to the connections it has fostered with the governments of these countries over its 170-year history. CFAO's knowledge of and networks in Africa have also been fused with Eurus Energy's knowledge of renewable energy, and this has enabled us to demonstrate high competitiveness. While companies aggressively investing in renewable energy about five to six years ago have withdrawn in light of the recent business environment, major players remaining in business are making investment decisions cautiously, with the risks inherent in Africa in mind, and we find it easy to partner with these companies. To reduce risks, we have also prepared for worst-case scenarios through measures such as obtaining investment insurance from NEXI.

Q. What are the contribution margin ratios of the Land Cruiser and other high-margin models? Will there be any changes to the model mix going forward?

A. We cannot disclose specific profits, but the Land Cruiser is a model with high profit contribution. Demand for the model is currently robust, and it is always on back order, exhibiting high competitiveness. Although there is no significant increase in the production capacity for the model globally, we think it will continue to support our profit base in a stable manner. A new Land Cruiser model has also been launched, and we intend to increase profits by further expanding our model lineup.

Q. What is Toyota Tsusho's perspective on future profit growth in the Healthcare Business?

A. Our strategy differs depending on the region. West Africa is a major market in which Toyota Tsusho is exhibiting its strengths. There are few new market entrants, and profit margins have been fixed due in part to restrictions on sales prices. Stable growth can be anticipated in the market as profit will increase along with growth in the population and demand. On the other hand, east Africa is a free market. We will therefore expand our

VC by combining wholesale and retail, aiming to increase our market shares and improve profit margins.

Q. Looking back on the past three years, profit has grown more than sales volume. What is behind this, and will this trend continue going forward?

A. The increase in profit per unit seen over the past few years has been driven in part by the strong euro and weak yen trend. Demand has also remained strong, and this has allowed us to maintain high profit margins without reducing sales prices, leading to the significant profit growth. We expect that the Land Cruiser will be able to maintain its high competitiveness going forward, but competition in the automobile market is intensifying due to the rise of Chinese vehicles and other factors. Maintaining and improving the sales volume of automobiles is the key to future profit growth. In addition to sales initiatives, we will also expand our VC profit in an effort to achieve profit growth that exceeds sales volume growth.

Q. With the limited production capacity, will Toyota Tsusho be able to increase sales volume, which has already reached a plateau? Also, in which regions will sales volume mainly grow?

A. We plan to increase Toyota vehicle sales to 300,000 units in 2028, and this sales plan takes production capacity into account. The target sales volume of 500,000 units in the 2030s will be achieved mainly by increasing the BtoC ratio from about 20% currently to the 30-40% range. We believe that this will require certain conditions, and it is important to increase local knockdown production and implement other effective measures to address foreign currency restrictions imposed by governments as well as the expansion of the new vehicle market resulting from the formation of a sound market through restrictions on the import of used vehicles and other factors. As for regions, we view Sub-Saharan Africa as having high growth potential.

Q. Regarding the Mobility Business, which region is currently strong on a profit basis: north Africa, Sub-Saharan Africa, or south Africa? In what way does Toyota Tsusho consider that region will grow going forward?

A. The Sub-Saharan region accounts for a large portion of our profit from the Mobility Business, and with appealing products, especially the Land Cruiser, we have steadily captured demand from governments and companies. Whether we can continuously launch products needed by the market will remain key to competitiveness. While positioning these areas as stable profit foundations, we anticipate expansion of the BtoC market in Sub-Saharan Africa over the medium- to long-term. We will expand our lineup of affordable compact vehicles through an alliance with Suzuki to strengthen our BtoC models.

Q. Toyota Tsusho has announced in its integrated report and other media that it will triple the Africa Division's sales in the next 10 years, and the certainty of achieving the target is considered to be high based on past results. Even during the COVID-19 pandemic, Toyota Tsusho achieved stable growth every fiscal year without stagnation. What is behind this?

A. In the Mobility Business, our Toyota vehicle sales volume in Africa is now approximately 260,000 units, and we aim to increase it to the 500,000-unit level in the future. We believe there is a good chance that we will be able to achieve roughly twofold growth for the Mobility Business alone by thoroughly implementing the six key strategic initiatives as shown in the previous explanation, while capturing market growth.

Although performance varies by country and business, our strength is that we have achieved balanced growth as a whole due to a business portfolio diversified across 54 African countries. We have not merely sought organic growth, but have continued to actively undertake investments and acquisitions, thereby achieving growth rates that far exceed Africa's GDP growth rate of about 4%. The source of this high growth is our constant effort to continue implementing new measures in our four respective business areas: Mobility, Green Infrastructure, Healthcare, and Consumer. We believe that we will be able to our future projected growth is fully achievable.

Q. Inflation and a rise in interest rates were mentioned before as risks. Are there any other risk scenarios that should be considered?

A. An economic slowdown in Africa as a whole is regarded as such a risk, but the probability is low. There are no major concerns from a long-term perspective, as our business covers the entire Africa continent.

Q. It seems that the budget drawn up is too conservative. What process and system have been adopted to formulate a budget?

A. CFAO has the largest presence in the Africa Division. We prepare its budget on a bottom-up basis by having the more than 170 business entities operated under the company prepare their own budgets to ensure that they each achieve steady organic growth. The total of their combined budget and the funds for new investments and businesses reflecting the future focus areas determined by CFAO becomes CFAO's budget.

In the Mobility Business, we draw up a three-year sales plan every year through a bottom-up approach of aggregating separate sales plans submitted by countries and dealerships and manage it on a rolling basis. For the risk of gross profit decline after sales of new vehicles, the VC business, which comprises mainly after-sales services, parts, and financing, provides support to profits. Under this business model, we

accumulate profits by adding VC revenues on top of new vehicle sales. We anticipate that these VC areas will grow in the next five to ten years, and will strengthen our profit foundations to generate stable performance.

All of our divisions and group companies, not limited to the Africa Division, draw up their own plans each month on a bottom-up basis. We have adopted a system whereby discussions are held first by business units placed under divisions, then by the divisions, and finally by the Sales Division and top management. Subsequently, we determine company-wide figures, only taking into consideration foreign exchange forecasts, impact from current global trends, and such. The figures discussed for internal management are almost the same as our publicized figures.

Q. While bottom-up budgeting is being implemented, what are the main factors leading to the occurrence of upward revisions in the middle of the fiscal year?

A. Profit in the Africa Division has been higher than assumed, and this is partly due to the larger-than-expected decline in the yen's value, in addition to the robust market, the expansion of the VC business, and growth in challenging areas.

In the Mobility Business, the production plan is adjusted on a monthly basis. When production adjustments occur in other regions, more vehicles than initially planned are sometimes allocated to Africa, which has back orders. Such flexible supply-demand adjustments have led to an upturn in sales opportunities.

Q. The Africa Business is viewed from a long-term perspective, but are there any incentives designed for performance evaluation?

A. CFAO, which plays a central role in the Africa Division, has strong commitment to our plans, and it works as a sort of incentive. Meanwhile, on a company-wide basis, we do not take an approach of providing incentives to individuals. The philosophies of staying close to customers and solving social issues, which form the foundations of Toyota Tsusho, have taken root, and this has led to a corporate culture in which businesses are praised that create value in the long term, rather than from a short-term perspective.

Q. What are the KPIs (such as capacity expansion and sales scale) set for the Green Infrastructure Business in the Africa Division? Also, is it a business that can be expected to generate profits matching its country risk?

A. It is a business where we will establish joint ventures with partner companies and make equity investments, so we place importance on bottom-line profit rather than top-line revenue. Since it is a business model with a long-term perspective, we assume that a business will gradually contribute to profit two or three years after investment, rather than contributing immediately upon investment. All the projects in Africa in which we are currently involved are being conducted with conservative assumptions, and we are

confident that we will be able to secure a double-digit internal rate of return (IRR). Going forward, we will seek sustainable growth while keeping a balance between power generation capacity and development costs.

Q. How do you see the threat of Chinese vehicles? Will Toyota Tsusho be able to maintain its competitive edge in Africa in the future?

A. In South Africa, Chinese vehicles have rapidly expanded their market share from about 2% to 20% over the past five years, with the rise of multiple manufacturers such as Chery, Geely, Great Wall Motor (GWM), and Changan. This is due to Chinese manufacturers' export pushes into overseas markets prompted by weak domestic demand in China. However, the used car market is just as important as the new vehicle market. Toyota vehicles maintain high resale value backed by their high quality and reliability, while it is uncertain whether Chinese vehicles will be able to maintain the same level of resale value. In addition, it is not easy to build parts and service networks, so Toyota Tsusho's networks in Africa still have overwhelming advantages. Cars with high durability, such as the Land Cruiser, are the culmination of technological capabilities and difficult to replicate. Regarding the BtoC segment, although competition is expected to intensify, we will ultimately excel in competitiveness as we leverage our product quality that provides a sense of safety and security, after-sales service, parts provision, resale value, insurance, and other value chain services.