

## Summary of Q&A, Conference call for FYE 2024 Financial Results

Q1. It has been stated that about 1 trillion yen will be secured in the next three years through capital generation, including a considerable reduction in policy-held shares. Could you specify which shares are anticipated to be sold? Will this include the so-called policy-held shares and, specifically, shares of Toyota Motor Corporation?

A1. We will continue to advance the examination of specific divestment targets while maintaining careful communication with the counterparties. No particular company is excluded from consideration. The decision on the scale will take into account our own funding needs, among other factors.

Q2. It's mentioned that shareholder returns will be advanced by approximately 700 billion yen over the next three years. What kind of return methods are assumed?

A2. For dividends, we are assuming a consolidated dividend payout ratio of about 30–35%. As for other methods, nothing is decided at the current moment. We will consider the most appropriate method at each point in time.

Q3. On May 10, the share buyback was announced with an upper limit of 10 million shares and a value of 180 billion yen. Can you explain the reason behind the timing and the scale of this announcement?

A3. After careful consideration of various factors, including the situation with the engine certification issue, we decided as we disclosed.

Q4. The cumulative investment for growth and infrastructure over three fiscal years from 2025 to 2027 is expected to be around 1.5 trillion yen, which approximates to an average of 500 billion yen per year. What does this investment include, and can you provide an idea of the proportion by business segment?

A4. We are not thinking in annual terms, but rather in the context of an overall three-year period. This will include capital investments, mergers and acquisitions, and others. In terms of the proportion by business segment, we believe that the solution related business, including material handling equipment and logistics among others, will have a larger share as we leverage our strengths.

Q5. How is the discussion being approached concerning the difficulty in exceeding shareholder required returns due to holding many marketable securities?

A5. Reducing shareholder equity alone is not meaningful without simultaneously increasing profits and contributing to corporate growth. Our discussions include how to balance these aspects.

Q6. As for the future management perspective, what is the background for setting the ROE target at 6%?

A6. The 6% ROE is just a perspective. Our previous 2030 vision was based on an ROE target calculated on the basis of acquisition cost, but this time we reviewed the figures in a more realistic manner. We aim to achieve this target through both further profit generation from business growth and efficient capital utilization.

Q7. Could you tell us about the breakdown by business division for the operating profit target of over 300 billion yen for FYE2027-28?

A7. We are mainly expecting contributions from the solutions-related business. Additionally, we intend to expand such businesses including electric compressors and car electronics parts. Regarding the battery business, we have just completed the startup of the third production line, and we plan to further improve profitability going forward.

Q8. Regarding the battery business, could you provide us with the sales and earnings forecasts for FYE2024 and FYE2025? Also, with respect to the operating profit target of 300 billion yen, what level of contribution do you expect from the battery business? I believe the development of lithium-ion batteries and solid-state batteries is proceeding beyond the mass-produced bipolar nickel-metal hydride batteries for HEVs; could you elaborate on the investment plans as well?

A8. As for increasing the production capacity of bipolar nickel-metal hydride batteries, there are no fixed plans at the current time beyond the third production line that started mass production in January 2024. Regarding lithium-ion and solid-state batteries, research and development are ongoing, but there are no fixed plans currently for significant investments. For example, the "hydrogen production key device through water electrolysis" presented in the materials is seen as a potential new business opportunity as we move from our knowledge and insights of materials cultivated through bipolar nickel-metal hydride batteries. We also hold expectations for the battery business to not only contribute to profits but to venture into new materials. We are progressing with R&D for lithium-ion and all-solid-state batteries, however, we currently do not have any fixed plans for substantial investment.

Q9. I understand that logistics solutions will be one of the pillars of the company's future growth. While I believe the strength lies in manufacturing, in the logistics solutions business, I think integration of data and digital transformation (DX) will be important. Could you tell us about Toyota Industries' strengths as a software provider?

A9. Each company we have acquired has its own strengths. For instance, Vanderlande has developed software to manage multiple autonomous lift trucks, Bastian and viastore have know-how in warehouse management, and our domestic logistics solutions have expertise in software for automating the operation of forklifts and tow tractors. We are moving forward with a business model that brings together engineers from each company to use each other's software interactively, combining multiple types of software to create complex systems.

Because logistics solution customers span all industries and sizes, we act as an integrator providing systems and functions tailored to each customer by gathering software and hardware. Sometimes there is lack of systems and functions at hand, and we consider whether to purchase missing portions externally or produce them in-house to determine the optimal form. We believe that this business model is where our strength lies.

Q10. Could you explain the intention behind Mr. Terashi becoming the chairman after the shareholders' meeting?

A10. Mr. Terashi has a wealth of technical knowledge, connections, and experience, and has tenure as Executive Vice President at Toyota Motor Corporation. We expect his insights into the future of automobiles and mobility for our automobile-related businesses and the electrification of material handling equipment.

Q11. Regarding the engine certification issue, are there concerns about additional special losses? Is it correct to understand that today's explanation marks a conclusion on the matter for now?

A11. The investigations in Europe and America are still ongoing, and there are uncertainties, but the figures we have disclosed represent all that is known at this point.

Q12. This fiscal year's performance forecast seems flat compared to past conservative tendencies, which could suggest potential swings in either direction. Could you comment on the confidence level of these projections?

A12. While the unit sales of material handling equipment is decreasing, the effect of price increases is continuing, and we anticipate almost flat sales. For the compressor business, we expect an increase in electric types, and increase in North America by region. Overall, we feel it will be settled on the figures that have been published. We have received feedback that our forecast has been too conservative in the past, so going forward, we intend to further increase understanding on Toyota Industries by further enhancing dialogues with investors.

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