

## Briefing for Fiscal Year 2024 First Quarter Q & A

《Q1 Financial Results/Full year Forecast》

Q1: Please explain the background behind the revision of the full-year financial forecast.

A1: Regarding the full-year financial forecast this time, we have revised the first half upward. We have not changed the second half from the last forecast announced on April 25. For the first half, the upward revision is mainly due to the exchange gain, passing on cost increases to selling prices, suppressing price reductions, and reductions in labor costs and expenses. It reflects not only the better-than-expected results of the Q1 but also the same upward trend expected for the Q2. For the second half, compared to the previous forecast, we have raised the exchange rate assumption from 145 yen to 150 yen. Toyota's production volume is expected to decrease slightly in Japan and China. Therefore, we expect no significant changes overall, with the positive impact of foreign exchange offsetting the negative impact of volume factors.

Q2: Please provide detailed background on the Q2 forecast, as a decrease in sales and profit is expected compared to Q1.

A2: For Q2, we anticipate a slight decrease in sales volume compared to Q1. The reduction in North American dies and molds sales significantly impacts the profit decline in the European and American regions. We do not expect significant changes in the volume for Japan and Asia.

Q3: Operating profit is forecast at 5 billion yen for the first half and 6.5 billion yen for the second half. Please explain the background behind the anticipated increase in profit for the second half.

A3: We expect Toyota's production volume to increase in the second half compared to the first half. By region, we foresee an increase in volume in Japan and Asia during the second half, and a slight rebound in China from the first half's decline. Although North America's production volume is expected to remain steady, the reduction in dies and molds sales will negatively impact profits. Overall, we anticipate that the increase in volume in each region will contribute to profit growth.

Q4: Please provide specific figures for Toyota's production volume assumptions.

Additionally, what is the background for the reassessment of the volume for Japan and China in the second half? Are these figures provided by Toyota, or are they your own estimates?

A4: The production volumes that affect us are in Japan, North America, and China.

While we do not disclose specific numbers, we expect a slight decrease of just under 10% YoY for the first half as a whole. For the second half, we anticipate recovery in Japan and the United States compared to the previous year, whereas China remains weak, resulting in a total slight increase. These assumptions are based on our own estimates and are continually revised as new information becomes available. If increased production in Japan is expected during the second half, it will be reflected in our plans.

Q5: Please explain the background behind the positive impact on the financial forecast due to the suppression of price reductions. Is it correct to understand that negotiations proceeded smoothly compared to the initial conservative plan?

A5: As you rightly understand, the price revision negotiations with major customers went smoother than initially planned. Additionally, compared to before, other customers are more understanding of the necessity of price increases. Both factors contributed to the suppression of price reductions.

《Mid-term Forecast》

Q6: Please explain the measures being taken to support financial performance through company-specific factors, as well as the factors expected to contribute in the future, considering the overall forecast that FY2024 will be a period of temporary stagnation in FY2024 and looking ahead to FY2026, the end of the current mid-term plan period.

A6: In the stamping and plastic molding, valve, and TPMS businesses, the development of new products is progressing, and orders are steadily advancing. We expect to continue needing capital investment in FY2025. While there are depreciation burden from investment, including past investments, we are striving to deliver results in both sales and profits, aiming to achieve the targets of the mid-term management plan in FY2026.

《Other》

Q7: Regarding the sale of strategic shareholdings, the securities report indicates that a portion of Toyota Motor Corporation shares was sold. What do you consider an appropriate level of holding, and do you plan to further sell down the holdings? Please provide your insight.

A7: As part of our mid-term management plan, we aim to reduce the ratio of strategic shareholdings to net assets to below 20%. As of the end of June this year, the ratio stands at 19.9%, and we intend to continue selling shares. In addition to Toyota Motor Corporation shares, we also hold other shares, and we will prioritize and proceed with their sale, aiming to keep the net asset ratio well below 20%. We are currently discussing the direction beyond this internally and plan to present it later as a new financial strategy.

Q8: Regarding the sale of Toyota Motor Corporation shares, it seems that the process went smoothly compared to other group companies. Please explain Toyota's reaction at the time of the proposal and why the sale proceeded smoothly.

A8: Through our communications with them, we explained our reasons for selling the shares, we explained our reasons for selling the shares and, once the other party understood, we proceeded with the sale.