

Briefing for Fiscal Year 2024 Third Quarter Q & A

《Q3 Results》

Q1: Please explain the background and factors influencing the better-than-expected Q3 performance compared to the previous company forecast.

A1: The primary factor influencing the increase and decrease is that Toyota Motor Corporation's production volumes exceeded initial expectations, especially in Japan, even though changes overseas were minimal. Improvements progressed smoothly as production was carried out without incidents at an optimal load level. Furthermore, the main factor for the upward revision of profits is the greater-than-expected restraint in reducing sales prices in U.S. of America. Additionally, while the previous announcement assumed an exchange rate of 145 yen/\$ for Q3 onwards, the actual rate was around 150 yen/\$, bolstering the financial results.

《Outlook for the Next Year》

Q2: Please explain the outlook for the Stamping and plastic molding business. Will performance remain consistent with FY2024 Q3 and Q4, or is there a forecast for a slowdown?

A2: Domestic production in Japan by Toyota Motor Corporation is progressing smoothly, with Q3 production volumes reaching 13,700 vehicles/day and expected to approach 14,000 vehicles/day in Q4. We anticipate production volumes will exceed the previous year's levels from April onward, maintaining this trend. Toyota's production in the U.S. of America is also expected to perform well, and overall, we foresee the stamping and plastic molding business maintaining a favorable stance. However, the impact of potential additional tariffs with the transition to the Trump administration remains uncertain and requires monitoring.

Q3: Regarding the business environment for the next fiscal year, if production volumes increase and the launch costs for the Higashi-Ogaki plant decrease, is there a potential for profit growth? What is the projected customer production volume and your earning capacity level?

A3: Domestic production is expected to increase sequentially from Q1 FY2025 onward, with a high level of production from Q2 FY2025 onward. Although sales volumes for new BEV models remain uncertain, other new and existing models are expected to maintain strong competitiveness, ensuring stable sales prospects for Toyota vehicles. As for the production capabilities of the Higashi-Ogaki plant, the facility

capacity is expected to be nearly fully utilized in the FY2025 production plan, allowing for the profit trend observed in the 2nd half of FY2024 to continue.

Q4: Various media outlets have reported Toyota's 2025 domestic production volume between 3.37 million and 3.30 million units in Japan. Which information is accurate? Also, is it feasible for domestic production to reach between 3.70 million units with a daily production volume of over 15,000 units between 2026 and 2027?

A4: Given the range of reports, it's advisable to accept a range rather than pinpoint a specific figure. We forecast domestic production volumes of 3.30 to 3.40 million units for FY2025 in Japan. Continually producing over 15,000 units daily domestically poses challenges due to bottlenecks in labor, production, and logistics. Nonetheless, with time until 2026 or 2027, improvements across various companies could increase feasibility if demand remains strong.

《Others》

Q5: With the upward revision of performance, the dividend amount remains unchanged, resulting in a lower dividend payout ratio than previously planned. What are your thoughts on future shareholder return?

A5: A decision will be made after assessing the final financial results. While our approach to shareholder return remains largely unchanged, substantial capital investment, totaling 33 billion yen, is unprecedented and expected to persist at high levels beyond FY2025, as such, decisions require a balanced view, considering both short-term shareholder return and long-term growth prospects. We would like to decide based on a comprehensive consideration of these factors and communicate it to you.

Q6: As Toyota Motor Corporation is reassessing its future policy due to slower electric vehicle (BEV) sales than in the past, I would like to know about any changes that may affect your company, such as the limited adoption of Gigacasting or the unlikely growth of electric expansion valves.

A6: We do not anticipate major changes. The expansion of our electric expansion valves is projected to be delayed by one to two years to FY2027. Gigacasting adoption at Toyota is expected to begin with the vehicle models starting in FY2027 and beyond. However, since no announcement has been made after that time, we predict that adoption will be limited. For new vehicles incorporating Gigacasting, our sales activities are proceeding smoothly. As Gigacasting expands in the future, we intend to continue to aggressively expand our sales.