

## Summary of Q&A, Conference call for FY 2024 Q3 Financial Results

Q1. What is the impact of the shipment suspension on sales and operating profit due to the domestic engine certification issue which is newly announced on January 29th?

A1. We are currently assessing the impact of compensation costs and production stoppages. We will promptly disclose the impact on consolidated performance when there are matters that should be disclosed.

Q2. Does the domestic engine certification issue affect certification for overseas markets? Are there any risks of penalties?

A2. We have already reported the matter to authorities in North America, Europe, and Asia, and there are currently no instructions from them.

Q3. How many units of automobile diesel engines are affected by this domestic engine certification issue?

A3. The domestic unit sales of the relevant models in the FYE 2023 was 84,000 units. We are currently assessing the impact of overseas sales.

Q4. Is there a possibility that the issue would spread before or after the reported misconduct period (2017-2021)?

A4. We are currently confirming with the Ministry of Land, Infrastructure, Transport and Tourism, but we believe that there is no further possibility of issues spreading in the past.

Q5. How do you think about compensation?

A5. For forklifts, we will provide compensation for parts and component costs that have already been indicated to suppliers, and for loss costs due to shipment suspension.

Q6. The performance in the third quarter is considered quite strong. Were there any one-time profits or similar factors?

A6. There were no one-time factors. In the Automobile segment, there is a tendency for profitability to improve when production is maintained to a certain extent. In the Material Handling Equipment segment, although unit sales volume decreased YoY, both sales and operating profit improved due to the impact of exchange rate fluctuations and price increases.

Q7. What is the backlog status of forklift orders?

A7. The situation is normalizing in Japan, Asia, and Oceania, but there is still a backlog of about 8 months in Europe and the North America. It is difficult to predict how the engine certification issue will affect the future, however, currently we have not received any reports of significant cancellations.

Q8. What is the profitability of the logistics solutions? In addition, please let us know the forklift market and the Toyota Industries' sales situations.

A8. The performance of the logistics solutions has been solid QoQ, partly due to the weaker yen. However, we do not consider it to be sustainable yet. The overall growth of the forklift market in 2024 is not expected to be significant, and the situation is not optimistic. Sales are not expected to decrease rapidly thanks to a backlog of about 8 months in Europe and the North America.

Q9. How does the company realize further growth of the Material Handling Equipment business? Will the focus be on increasing unit sales and market share?

A9. As the Material Handling Equipment business is a core business for us, so we will invest management resources to accelerate its growth. In addition to new truck sales, we also further incorporate value chains including after-sales services. We will develop new products for emerging fields such as autonomous driving to drive growth. By aiming to acquire unit sales and market share, we will listen to various customer voices and expect technological growth, but that alone is not our sole goal.

Q10. As the proportion of electric compressors increases in the total number of compressor sales, how much improvement in profitability is expected?

A10. Profitability is influenced not only by sales volume but also by factors such as raw material prices and various other elements, so it cannot be stated definitively. However, we expect an improvement in profitability through volume effects as the number of electric compressors increases.

Q11. Regarding the bipolar nickel-metal hydride batteries for HEVs, is it fair to expect further growth of the battery business revenue considering the strong sales of Toyota's HEV? What is the insight on the future profitability?

A11. It is expected that the revenue of the battery business will increase for the next fiscal year as the second production line of the Ishihama plant, which started mass production in January 2024, will contribute throughout the year. Unfortunately, we cannot provide specific information regarding profitability.

Q12. What is the direction regarding Toyota Industries' holdings of shares?

A12. There is no change in the policy to reduce our holdings, but nothing has been decided at this point. Decisions regarding Toyota Motor Corporation shares will be made through careful consideration.

Q13. Toyota Industries partially sold its shares of DENSO. Was there any specific reason for not selling all of them?

A13. The sale of DENSO shares was discussed with DENSO, taking into consideration the use of funds for us, and other factors. The decision on how much to sell was based on these considerations.

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