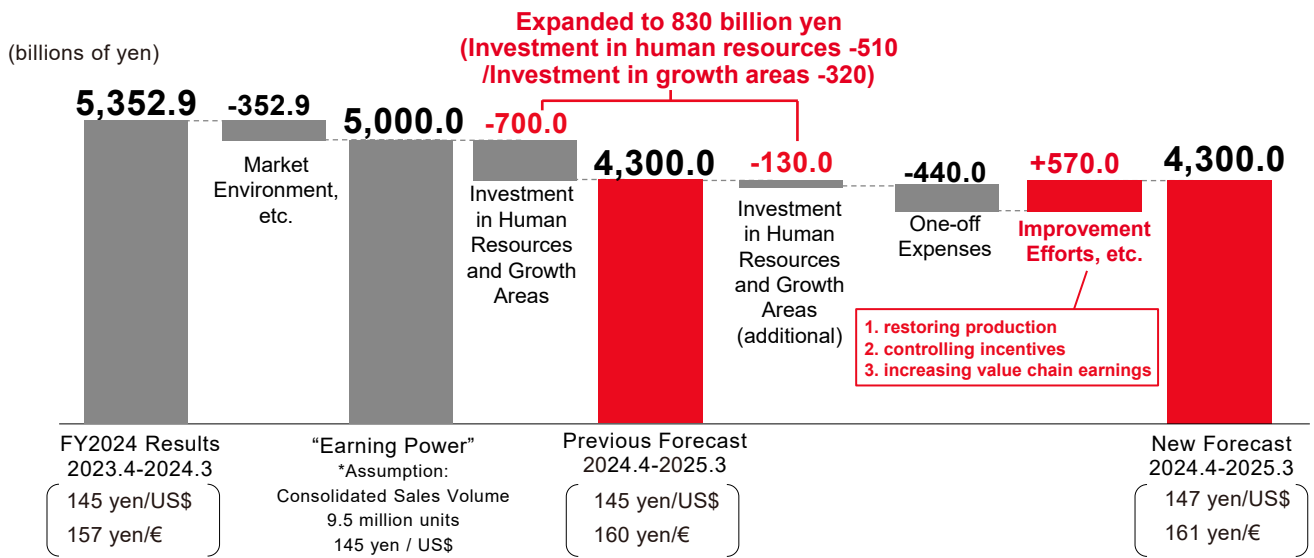


## Analysis of FY2025 Forecast: Consolidated Operating Income TOYOTA (vs. FY2024 Results)

- Aim to strengthen and accelerate investment in human resources and growth areas while maintaining our earning power.
- Recover from temporary negative factors through continuous improvement efforts.



I am Chief Financial Officer Yoichi Miyazaki.

Although we have maintained our 4.3 trillion yen operating income forecast for the current fiscal year as mentioned earlier by Masahiro Yamamoto, the Chief Officer of Accounting Group, I would like to explain some initiatives we have been pursuing in connection with changes from our initial plan.

This fiscal year, while maintaining our ability to earn 5 trillion yen, we are strengthening and accelerating our investment in people, including suppliers and dealers, and investment in growth areas. We are taking such measures a step higher, expanding total investments to 830 billion yen.

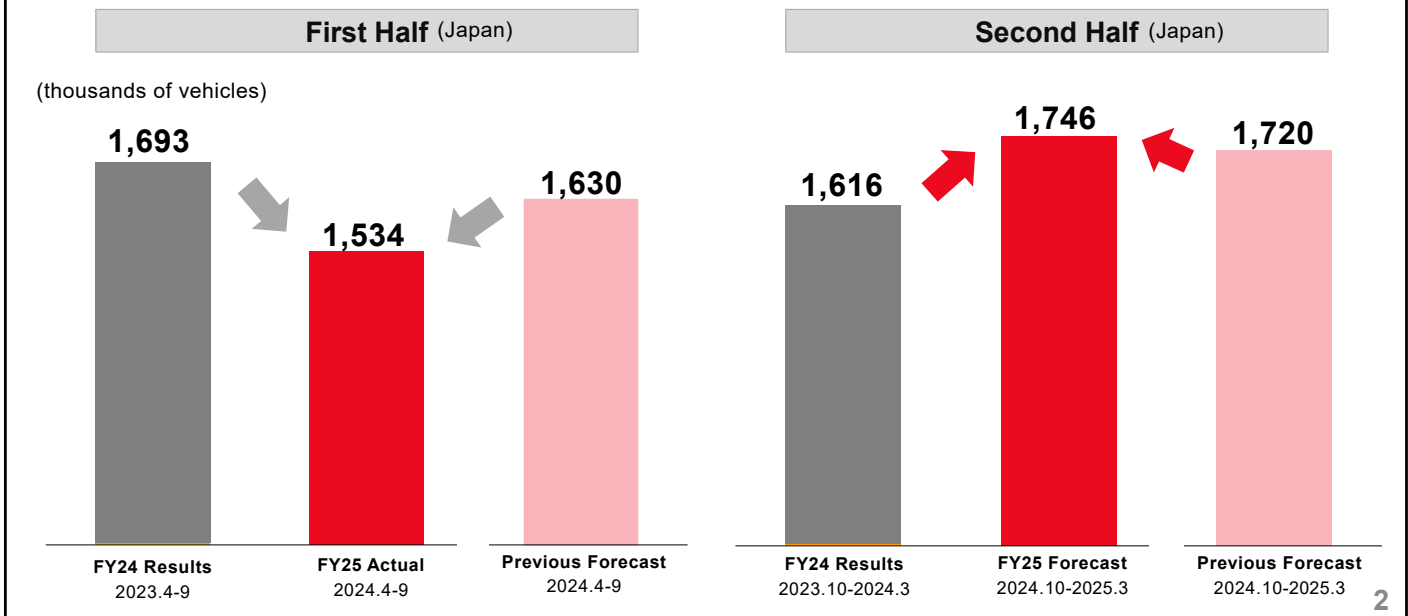
We further plan to recover from the impact of the decrease in production volume in the first half of the fiscal year and the temporary negative factors related to HINO MOTORS by improvement efforts, through activities to strengthen our work foundation.

From here, I would like to explain our improvement efforts.

## Improvement Efforts 1: Recovery of Production Volume

TOYOTA

- Return to a global annual production pace of 10 million units in the second half



The first effort is to recover production volume.

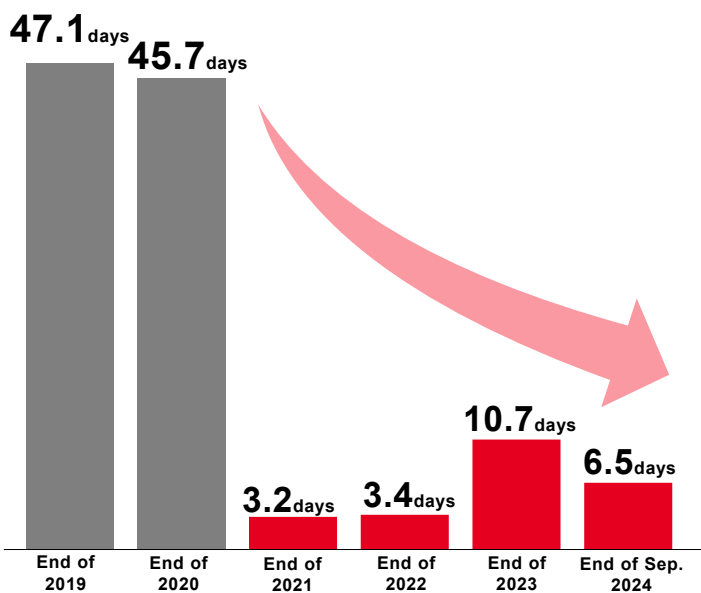
In the first half of this fiscal year, domestic production volume was 1.53 million units, which was lower than the previous fiscal year's actual results and the initial forecast. This was due to the need to address the certification issues and taking time to reexamine our manufacturing environment and culture, which putting top priority on safety and quality.

We apologize for causing inconvenience and concern, but in the second half of this fiscal year, we will leverage our Toyota-unique foundation of car manufacturing that we have regained, and aim to recover to 1.75 million units, which is a little more than the initial forecast.

Our Indiana plant in the United States, which had partially halted operations, also restarted last month, and in the second half of this fiscal year, we expect to return to an annual global production pace of 10 million units.

## Improvement Efforts 2: Curbed Incentives

Passenger Car Inventory (U.S.)



Maintain lean operations,  
selling ever-better cars  
at the right price



The second effort is to reduce incentives.

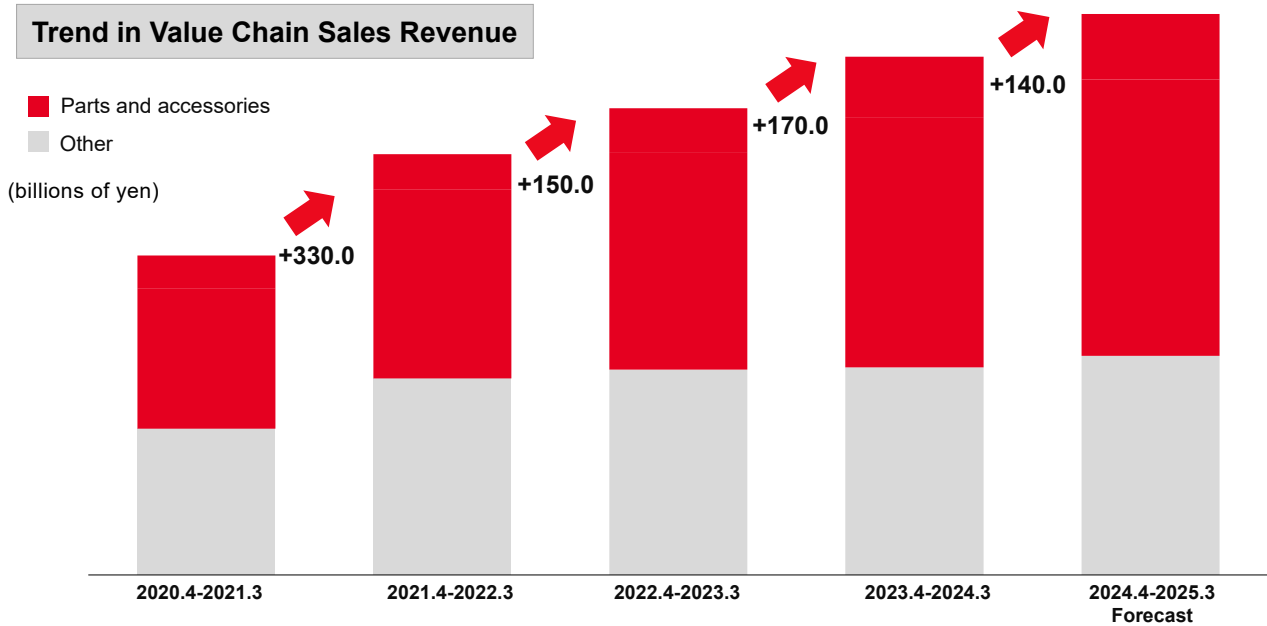
Although the COVID-19 pandemic and tight semiconductor supply and demand significantly reduced days of inventory, we have been maintaining lean operations by having established a system based on what we have learned and realized.

Additionally, through in-store communications that values a trustworthy relationship with each customer, we have been able to courteously sell ever-better cars at appropriate transaction prices.

Due to the appeal of our products and the accumulation of activities efforts in each region, we are forecasting lower sales expenses than initially expected.

## Improvement Efforts 3: Expand Value Chain Sales Revenue TOYOTA

■ Value chain revenue has increased by more than 100 billion yen each year



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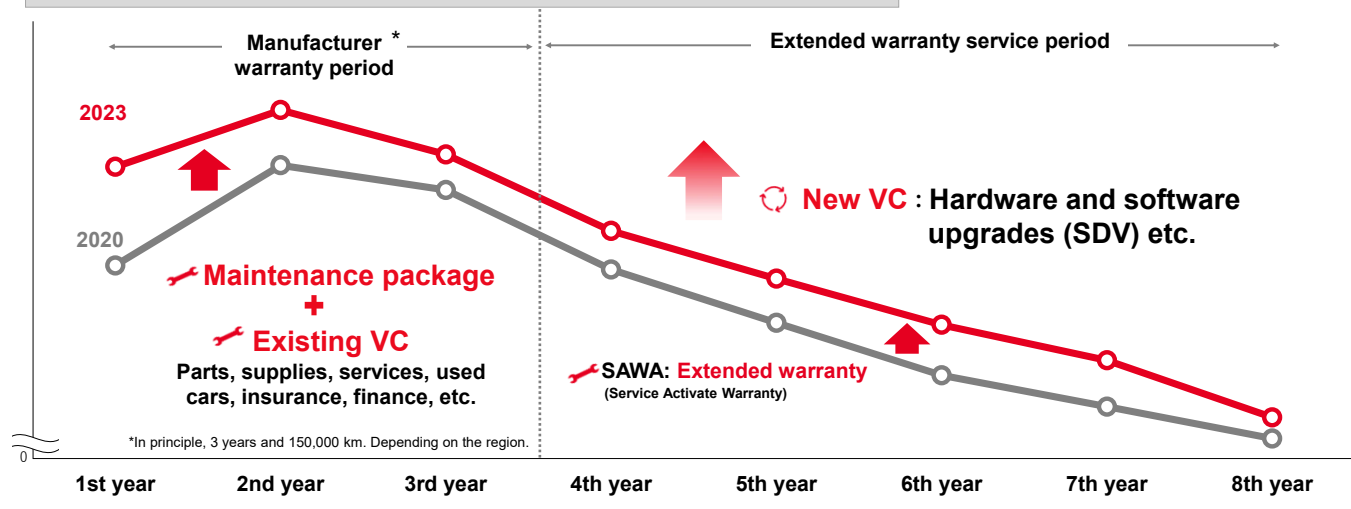
The third effort is to expand value chain earnings.

This graph shows the trend in value chain sales revenues, which is increasing by more than 100 billion yen each year.

### Improvement Efforts 3: Expand Value Chain Revenue

- Through our value chain business that draw on the ownership of 100 million units, we aim to stabilized and expand our earnings base.
- > We plan to both grow our existing businesses as well as add new areas such as SDV

No. of Units Retained by Duration of Ownership (major market)



A driving force behind the expansion of value chain earnings is that our dealers have maintained the touchpoints with customers, leading the number of units retained significantly.

Our steady efforts such as expanding the variety of maintenance packages and the introduction of extended warranties, have led to results. Such efforts, which our European business is the forefront of, will be rolled out in other regions.

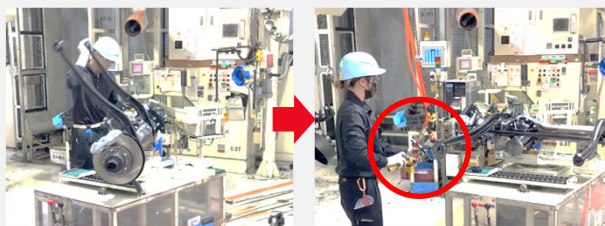
Also, with the increase in Software Defined Vehicles (SDVs), we will strengthen our hardware and software upgrade services, aiming to stabilize and expand our earnings in new domains.

# Strengthening of Our Work Foundation: Shorten Lead Times Company-wide

TOYOTA

## 1. Create environment open to all workers

Assist handling of heavy parts



18kg part carried manually

Machines reduce workload

## 2. Improve the rate of value-added work

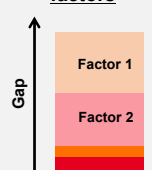
Identify impediments and pursue solutions

### (1) Comparison of output level and actual results



Standard Work Combination Table

### (2) Stratify gap factors



### (3) Promoting measures

Creating opportunities for teaching and learning through collaborative activities



Discuss countermeasures in an intensive, face-to-face meeting

To respond swiftly and flexibly to our diverse global customers with a full-lineup and multi-pathway, we will enhance our foundation through the participation of all employees

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From here, I would like to explain about strengthening our work foundation.

Our goal is to shorten lead times company-wide. To achieve this, among other things, we need to eliminate waste, end redoing of work, and make it possible for anyone to get their job done.

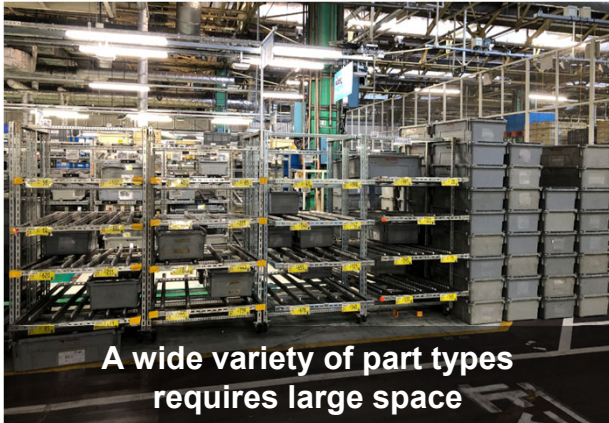
Specifically, amid a shortage of human resources, we have been working companywide across divisions and functions to create environments in which anyone can work and to improve what we call the “rate of value-added work”, which is the ratio of work that is truly meaningful and that increases added value.

There are two main things we want to accomplish.

The first is to increase how quickly we can respond to environmental changes in an age in which it is hard to predict the future. The second is to improve our fundamental capabilities that will enable us to carry on into the future Toyota’s philosophy of “leaving no one behind” and “producing happiness for all”, even as advances in vehicle functionality mean that full-lineup, multi-pathway car-making is not easy.

## AREA35 (Activities to Improve the Rate of Value Added-work Through Integrated Efforts by Development, Production, and Sales)

- Optimizing specifications and parts variety to create a driving force for further growth



No. of types of parts max. **-80%** \*30 select parts  
 Space avg. **-35%** \*10 plant average  
**Respond smartly and efficiently**

(Effects for 10 factories)  
 Production capacity: +80k units/year in Japan  
 Development efficiency: equivalent to 3 full model change projects

**Initiatives will be expanded globally**

**We will expand the effects globally together with our suppliers**

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As a specific example, we are currently advancing what we call within Toyota “AREA 35” project, which aims to improve our rate of value-added work through integrated efforts involving development, production, and sales.

To meet the diverse needs of our customers around the world, we are preparing numerous specifications for our vehicles. However, some of them contribute little to sales.

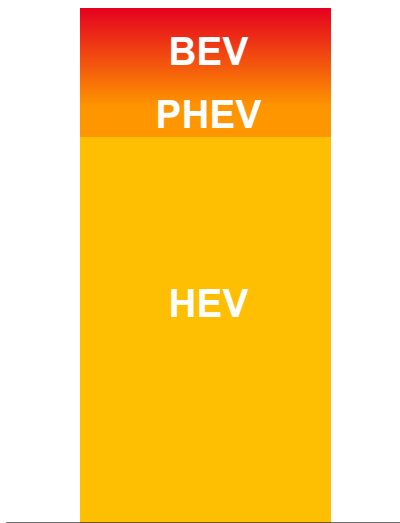
By improving our accuracy in forecasting customer needs, we are working to optimize the number of types of specifications and parts. We expand the space for finished vehicle production and increase development efficiency.

Although our activities have just begun, primarily focusing on domestic plants, we have managed to create a production capacity of 80,000 units per year and create surplus development capacity equivalent to three vehicle model redesign projects.

Toyota has 54 assembly plants worldwide. Going forward, we will expand our activities globally to create further growth drivers.



No. of EV Unit Sales in 2026



**Flexibly revise plans in response to actual demand.**

**The customer choose the products.**

**Shortening lead times company-wide allows for last-minute investment decisions.**

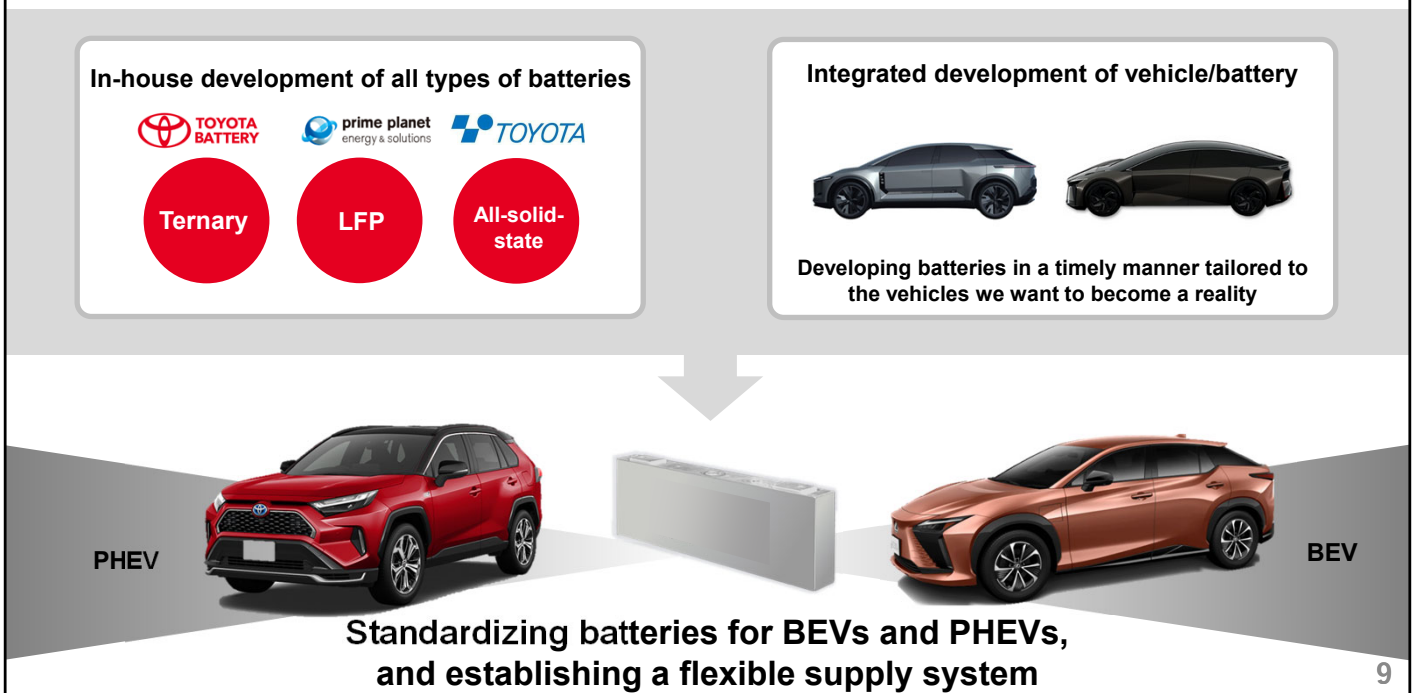
Our efforts of shorten lead times, which we have been working on as our foundation strengthening, also enhance the flexibility of our production readiness and project review for electric vehicles. This allows us to adopt more effectively to changes in actual demand and make last-minute investment decisions.

This process is particularly effective because Toyota's strategy includes having all options available, including HEVs. This maximizes the benefits and strengthen our competitive edge.

Since it is the customer who ultimately chooses the product, we are preparing to smartly build a system that can flexibly accommodate our customers' choices.



## In-house Technology Development and Flexible Supply System **TOYOTA**



Internalizing battery technologies will be an important key to advancing the widespread use of our electrified vehicles.

From that perspective, we are promoting in-house production of all types of batteries, including ternary lithium, lithium iron phosphate, and all-solid-state batteries. This will enable us to develop optimal batteries for the cars that we want to become a reality.

At the same time, an important key factor to battery development and production is optimizing increasing production efficiency per battery type.

We are working to ensure production flexibility such as through common usage of batteries for BEVs and PHEVs so that we can respond to customers' needs regardless of what products they choose.

## Expansion of Battery Supply System

- TOYOTA BATTERY will be responsible for mass production of the batteries

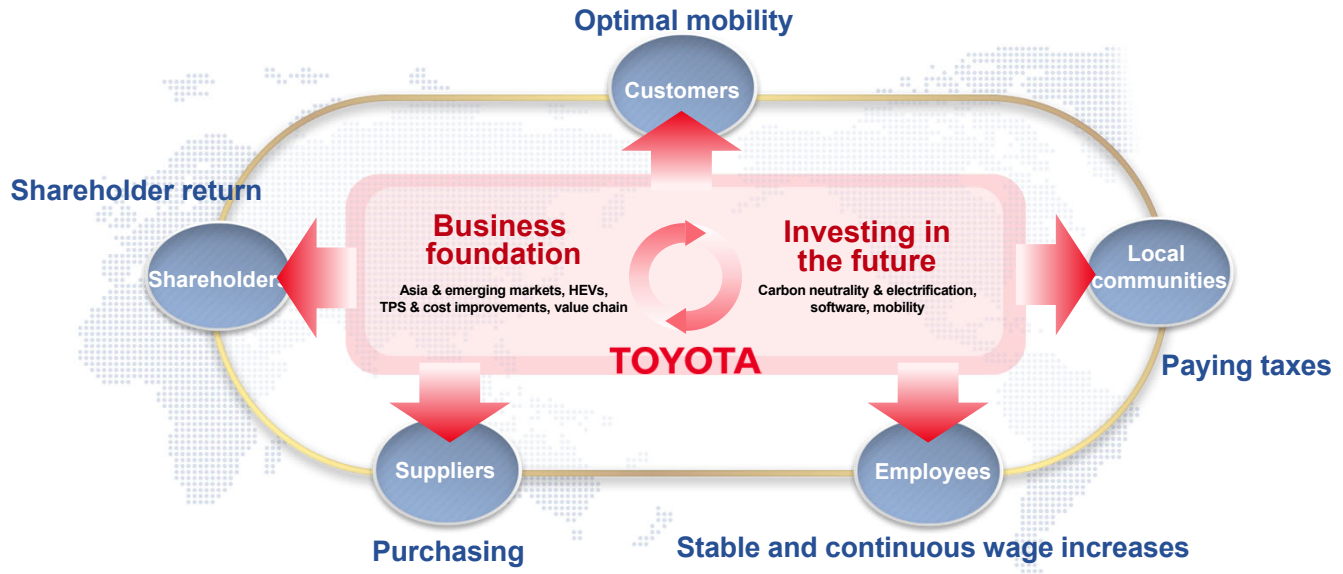


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Because we will ultimately need to internalize production technology for aptly mass-producing different types of batteries in the same plant and buildings, we made battery manufacturer Primearth EV Energy our wholly owned subsidiary, and it began operations as TOYOTA BATTERY in October 2024.

As such, we believe that we have made steady progress in strengthening our work foundation when it comes to our battery strategy.

## Growing Together with Our Stakeholders From Now on



Finally, Toyota cannot change the future of automobiles on its own. We need all our stakeholders' cooperation.

To this end, we would like to use the resources that we have been able to generate thanks to our many stakeholders to grow together with our customers, shareholders, suppliers, dealers, employees, and local communities.

We look forward to your continued support.

This concludes my presentation.  
Thank you very much for your attention.