

Summary of the Q&A at the Online Briefing Session for the Medium-Term Management Plan (2021-2025) Business Strategy Held on December 12, 2022

Representatives available for Q&A:

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1. Fuel Ammonia Business

Question	Response
Regarding the fuel ammonia business, more than 30 projects are addressed on page 17. What is the increase or decrease from the previous year?	The number of projects is steadily increasing. The stage of each project, if it is in the concept stage, feasibility study (FS), Pre-FEED, or other stage differs depending on the project, but the projects are steadily progressing to the next stage toward their implementation in society.
Regarding page 17, is it correct to understand that more than 30 specific projects are on-going while there are more than 100 inquiries regarding future projects?	That is true. We have been requesting that our participation be considered from a very early stage. Of these projects, more than 30 are actually being addressed leveraging our people and money.
How is the alliance with JGC related to the project on page 17?	The main premise is that the FEED project and the EPC project described on page 17 will be executed together.
I understand that LNG investors are very serious because their needs are imminent. In contrast, what is the seriousness of the fuel ammonia customers such as Alaska, Canada, etc.?	Customers are serious. The LNG project is starting to move, but in light of the current energy situation, it is clear from their words that customers are moving on the assumption that it is important to introduce new energy sources, such as hydrogen and ammonia.
Is my understanding that the fuel ammonia business is accelerating correct?	I think so. Especially in recent years, views on ammonia in Europe have changed, and moves to import large quantities of ammonia may be accelerating.
On page 15, TOYO is considering not only EPC but also business investments. Do business investments make it easier to start up the supply chain?	I have had conversations with manufacturers and consumers, and they think it is difficult to bear all of the risks on their own. In the fuel ammonia business, the engineering company knows the technology and can be someone that partners can work with even in the social implementation process, so they find value in the

Are the investments in the early stages or after the supply chain has been built?	engineering company. It is also worthwhile as an engineering company to take risks and invest in the ammonia business. In some cases, we are considering and discussing investments from the initial stage.
Are there multiple options to invest in?	There are several possible projects both in Japan and overseas.
The use of surplus ammonia plants in Indonesia is discussed on page 19. Why is there a surplus? Are there similar stories in other countries? Is there the possibility of horizontal deployment?	The reason for this is believed to be the decrease in the production of gas in Indonesia, which is the raw material for ammonia. We assume there is a similar situation in other countries. Currently, a master plan is being formulated in Indonesia, but we would like to horizontally develop the same scheme in other countries as well. Since we have knowledge of 86 constructed plants, we would like to meet their needs.

2.DXoT Strategy

Question	Response
I think the cost of DX and the returns from it will be reversed at some point in time. What is your outlook?	Since the EPC project is long-term, possibly 3-5 years, it is necessary to look at the effects of the system applied today over a long period of time. As explained today, 34 systems will be developed and fully applied from the beginning of next year. We will work on proposals in the future to improve quality, reduce delivery delays, and shorten construction times during the execution stage of projects, thereby improving gross margins. In this way, there is a time difference between DX investment and effects.
Are there industries or types of project that make it easier to invest in DX? How is DX investment reflected in gross profit?	If the work is in place, the digital effects can be maximized. Therefore, modular projects are more effective. On the other hand, unproven prototype projects are more effective in improving the quality of decision-making for the maximization of the return on investment using trial and error tools to improve the accuracy of studies.
You have more than 30 applications, but can employees use them effectively? Are we ready to reap the benefits of DX beginning in the next fiscal year?	We reduced the number of man-hours required for engineering 13%. Before applying this in actual projects, we examined the effects of DX on fictitious projects compared to conventional methods, together with engineers with experience on projects. This involves these users from the development stage.

<p>I think you are using the same system globally, but are there any regional differences in what employees are doing?</p>	<p>Toyo-India, the largest group company, is the most knowledgeable. While the company is developing its DX efforts mainly through Toyo-Japan while setting up target projects, it is focusing on the development and training of large and medium-sized projects in India where DX is likely to be effective.</p> <p>With Indonesian subsidiary IKPT, we developed an RFID material management tracking system.</p> <p>In this way, global companies are involved in the progress of DX.</p>
<p>In the DX information on page 15, the DX of EPC will be used for collaborations with partners and customers on the communication platform. However, we understand that it is important to implement DX in a single, integrated fashion. I would like to know whether data linkages have already been established or will be in the future.</p>	<p>Although discussion is actually ongoing, it will be applied in actual projects starting now.</p> <p>If the collaborating partner has not advanced their own DX, we will use the application ourselves.</p> <p>For companies who have advanced their own DX, the architecture will be used to maximize the use of each company's systems. On the other hand, for UI/UX (e.g., dashboards and scheduling management) which require integrated management, data sharing and coordination may satisfy system requirements.</p>
<p>Does the six-fold increase in productivity by 2025 include the effect of external collaboration?</p>	<p>It is expected that collaboration will have an impact. In the future, many businesses will be carried out through partnerships, such as partnerships cooperating in the fields of new technologies and the development of businesses using fuel ammonia and waste plastic oil, as explained today. Collaboration with partners is essential for rapid progress and the use of the system to launch the businesses. This will lead to a six-fold increase in productivity.</p>

Note: In some cases, the order of the contents of the document has been changed to make it easier for readers to understand.