

**Q2 Financial Results for FY2021:
Prepared Remarks by President Akio Toyoda**

1. Evaluation of Q2 (First-half) Financial Results

Hello everyone.

Today, based on our first-half results, I would like to share with you my thoughts as the person responsible for the management of Toyota.

We thought that a forecast by Toyota would serve as a kind of signpost for those in the automotive industry, especially in these times of much uncertainty regarding the future due to the COVID-19 crisis. So, at our year-end results announcement in May this year, we issued a full-year forecast for 8 million units in worldwide new vehicle sales and 500 billion yen in operating income.

Presenting a guideline enabled abnormality management, making it possible for each workplace to flexibly respond to changes in the environment.

I believe that the upward revisions to our forecast this time are due not only to our initiatives of these six months but also to our initiatives over the past 11 years making Toyota stronger as a company step-by-step.

The increased strength of our financials and profit structure has also contributed, but I think that the No. 1 factor has been that the people working for Toyota have grown stronger.

At our manufacturing plants, we voluntarily produced face masks and medical face shields needed by society.

On plant non-operation days, all members engaged in *kaizen* (continuous improvement) and greatly improved productivity.

On the sales front, online sales and other initiatives allowed us to continue building relationships with our customers.

Every single vehicle ordered by our customers keeps our plants and the economy going.

To be able to keep on producing one vehicle at a time, I believe that our members in both production and sales desperately and fully devoted themselves to their work.

That led to a rapid sales recovery.

Toyota's sales recovery at the time of the global financial crisis lagged behind the market by four percent, but in the case of the COVID-19 crisis, our sales recovery outpaced the market by more than three percent.

I believe that this is the result of our ever-better cars being made by everyone and the effort to deliver them to our customers.

Thus, plants suspended by COVID-19 got back into action.

I believe that the sight of plants operating and people working energized their local communities.

“Let's make automobiles a driving force of the economy.”

I only indicated the direction, and all else was thanks to the power of the workplace, which continued to move in that direction.

Moving in that direction was not limited to Toyota, as such actions spread to five automobile trade organizations in Japan, including the Japan Automobile Manufacturers Association.

The ripple effect is extremely strong in the automobile industry. The industry in Japan employs 5.5 million people. Automobile businesses generate approximately 15 trillion yen in annual taxes, and the economic ripple effect is 2.5 times greater than the output of the automotive industry alone.

Although we are only halfway through our fiscal year, I think the fast recovery of the automobile industry is already having a positive impact on Japan's economy.

The numbers we announced today are the result of the hard work of many people. They are in no way simply an outcome that came about by itself.

I would like to once again express my appreciation to all concerned.

2. The Toyota Philosophy and SDGs

“Drive society forward with automobiles.” This commitment is not something that we realized during the COVID-19 crisis.

It is exactly the commitment of Kiichiro Toyoda when he founded Toyota: “Improve the quality of life of the Japanese people with automobiles.”

Due to the so-called C.A.S.E. revolution, the automobile industry is in a once-in-a-century period of profound transformation. These are times in which the future is unclear and there are no right answers.

“To where are we headed?” To answer that question, I realized that we needed to know from where we came.

Please have a look at this conical shape.

This graph was put together more than 60 years ago by our then top management, after the passing of Kiichiro, to guide them as they carried forth the baton passed down to them.

I believe that, to help Toyota move even further forward in a united way, top management at the time thought about what Toyota was and believed that the origin of Toyota should not be forgotten.

Toyota, though born in Japan, has expanded its presence around the world. Now, we find that we are living in an era of profound transformation.

For our 370,000 people worldwide and their families, as well as for the next generation that will support the Toyota of the future, in our Toyota Philosophy, we have defined our mission as “Producing Happiness for All”.

Even though Sakichi Toyoda made a loom and Kiichiro made an automobile, I think that what they truly wanted to make was a sense of happiness for any customer who used their products, as well as happiness for all the people involved in work related to those products.

We realized that, even if we change what we make, our pursuit of happiness will never change.

And our vision, as defined in our Toyota Philosophy, is “Creating Mobility for All”.

After all, we are in the car business. Therefore, I would like to continue to be discerning when it comes to mobility.

And we use the word “mobility” with an added meaning. That meaning is “each person should take action”.

What is required of us now is that each Toyota person takes actions that lead to the happiness of humankind, including concerning the global environment.

I believe that the Toyota Philosophy, which is a continuation of the Toyoda Precepts, is the very spirit of the Sustainable Development Goals.

And I believe that management based on this philosophy will lead to sustainable efforts toward achieving these goals along with the aim of international society to “make a better world”.

Even now, during the COVID-19 crisis, many people around the world are doing their best to survive while enduring hardship.

With Toyota’s mission being “producing happiness for all”, we want to work—especially in these times of emergency—for someone other than ourselves, as well as for society and the future.

Going forward, we will be tested whether or not we can truly mass-produce happiness.

We would be grateful if we could receive strict yet warm guidance and support from all of our stakeholders, including you who are here with us today.

Thank you very much.

END