

FY2023 First Quarter Financial Results



CROWN



Crown
(Crossover type)



Crown
(Sport type)



Crown
(Sedan type)



Crown
(Estate type)

Toyota Motor Corporation
August 4, 2022

Photo: Noriaki Mitsuhashi/N-RAK PHOTO AGENCY

We would like to express our heartfelt appreciation to our customers around the world who chose us as well as our shareholders, dealers and suppliers who support us.

At the same time, we sincerely apologize for the inconvenience caused to our customers who are waiting for their vehicles due to the production constraints. We are working to deliver our product as soon as possible.

Cautionary Statement with Respect to Forward-Looking Statements and Caution concerning Insider Trading

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This presentation contains forward-looking statements that reflect Toyota's plans and expectations. These forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that may cause Toyota's actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements. These factors include, but are not limited to: (i) changes in economic conditions, market demand, and the competitive environment affecting the automotive markets in Japan, North America, Europe, Asia and other markets in which Toyota operates; (ii) fluctuations in currency exchange rates (particularly with respect to the value of the Japanese yen, the U.S. dollar, the euro, the Australian dollar, the Russian ruble, the Canadian dollar and the British pound), stock prices and interest rates; (iii) changes in funding environment in financial markets and increased competition in the financial services industry; (iv) Toyota's ability to market and distribute effectively; (v) Toyota's ability to realize production efficiencies and to implement capital expenditures at the levels and times planned by management; (vi) changes in the laws, regulations and government policies in the markets in which Toyota operates that affect Toyota's automotive operations, particularly laws, regulations and government policies relating to vehicle safety including remedial measures such as recalls, trade, environmental protection, vehicle emissions and vehicle fuel economy, as well as changes in laws, regulations and government policies that affect Toyota's other operations, including the outcome of current and future litigation and other legal proceedings, government proceedings and investigations; (vii) political and economic instability in the markets in which Toyota operates; (viii) Toyota's ability to timely develop and achieve market acceptance of new products that meet customer demand; (ix) any damage to Toyota's brand image; (x) Toyota's reliance on various suppliers for the provision of supplies; (xi) increases in prices of raw materials; (xii) Toyota's reliance on various digital and information technologies, as well as information security; (xiii) fuel shortages or interruptions in electricity, transportation systems, labor strikes, work stoppages or other interruptions to, or difficulties in, the employment of labor in the major markets where Toyota purchases materials, components and supplies for the production of its products or where its products are produced, distributed or sold; (xiv) the impact of natural calamities, epidemics, political and economic instability, fuel shortages or interruptions in social infrastructure, wars, terrorism and labor strikes, including their negative effect on Toyota's vehicle production and sales; and (xv) the impact of climate change and the transition towards a low-carbon economy.

A discussion of these and other factors which may affect Toyota's actual results, performance, achievements or financial position is contained in Toyota's annual report on Form 20-F, which is on file with the United States Securities and Exchange Commission.

Caution concerning Insider Trading

Under Japanese securities laws and regulations (the "Regulations"), subject to certain exceptions, any person who receives certain material information relating to the business, etc. of Toyota which may be contained in this document is prohibited from trading in Toyota's shares or certain other transactions related to such shares (as set forth in the Regulations) until such material information is deemed to be made public. Under the Regulations, material information is deemed to be made public when (i) such material information is notified to a stock exchange and is disclosed by ways of electromagnetic means as prescribed by the ordinance of the Cabinet Office (posting on the TDnet (Timely Disclosure Network) information service) or (ii) twelve (12) hours have elapsed since a listed company, such as Toyota, disclosed such material information to at least two (2) media sources as prescribed by the Regulations.

Performance : Operating income 578.6 billion yen

- While there **were unexpected events** such as the Shanghai lockdown and the flood in South Africa, which made it difficult to carry out our production activities as planned, **dealers, suppliers, and production sites have worked hard** to deliver as many vehicles as possible to our customers.
- Despite the positive foreign exchange effects from the weaker yen, the large impact from **lower sales volume due to supply constraints and higher raw materials prices led to a decrease in operating income.**

Full-year forecast : Operating income 2.4 trillion yen (Unchanged from the previous forecast)

- **To strengthen competitiveness of the entire supply chain in the medium to long term, we will absorb the burden on our suppliers caused by the current severe business environment.**
 - As for the burden on our suppliers caused by soaring materials prices, we will take actions based on the pre-agreed rules concerning purchase prices etc., and we will also handle some of the problems they face
- We will **continue with our investment for growth to create a future mobility society and work together with our stakeholders to improve our profit structure.**

First, let me provide a summary of the 1st quarter of the fiscal year ending March 2023.

While there were unexpected events such as the Shanghai lockdown and the flood in South Africa, which made it difficult to carry out our production activities as planned, dealers, suppliers, and production sites worked hard to deliver as many vehicles as possible to our customers. Despite the positive foreign exchange effects from the weaker yen, the large impact from lower sales volume due to supply constraints and higher raw materials prices led to a decrease in operating income.

As for the full-year forecast, it remains the same as the previous forecast.

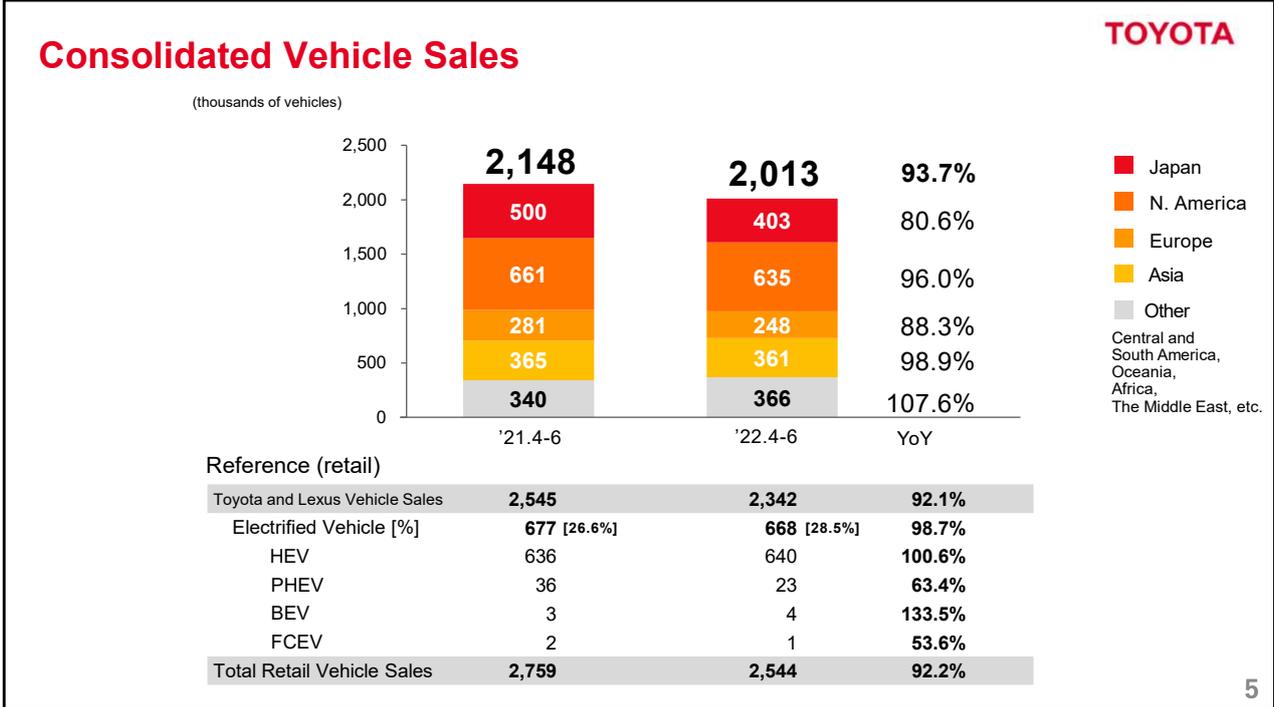
In order to strengthen competitiveness of the entire supply chain in the medium to long term, we will absorb the burden on our suppliers caused by the current severe business environment.

In terms of the burden on our suppliers caused by the soaring materials prices, in addition to taking actions based on the pre-agreed rules concerning purchase prices, we will handle some of the problems that our suppliers face.

We will continue with our investment for growth to create a future mobility society and work together with our stakeholders to improve our profit structure.

FY2023 First Quarter Financial Performance

Let me explain our performances for this quarter.



Consolidated vehicle sales for the period was at 2 million 13 thousand units, which was 93.7% of consolidated vehicle sales for the same period of the previous fiscal year.

Toyota and Lexus brand vehicle sales was at 2 million 342 thousand units, which was 92.1% of such sales for the same period of the previous fiscal year.

Although we recognize strong demand globally, the volumes decreased due to the supply constraints.

Sales volume decreased as we were not able to produce enough, with customers globally waiting for their vehicles to be delivered.

In particular, electrified vehicles are more likely to be impacted by semiconductor shortages, as they require many semiconductors. As a result, the delivery time is longer for electrified vehicles.

Consolidated Financial Summary

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(billions of yen)	'21.4-6	'22.4-6	Change
Sales Revenues	7,935.5	8,491.1	+555.5
Operating Income	997.4	578.6	-418.8
Margin	12.6%	6.8%	
Other Income	259.7	443.0	+183.3
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	161.4	171.0 *1	+9.5
Income before Income Taxes	1,257.2	1,021.7	-235.4
Net Income Attributable to Toyota Motor Corporation	897.8	736.8	-161.0
Margin	11.3%	8.7%	
FOREX Rates			
US \$	110 yen	130 yen	+20 yen
€	132 yen	138 yen	+6 yen

*1 Regarding Japan: 81.4 (-38.9 year on year), China: 79.7 (+35.8 year on year), Other: 9.8 (+12.6 year on year)

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Consolidated financial results for this quarter were

Sales revenues of 8 trillion 491.1 billion yen,
 Operating income of 578.6 billion yen,
 Income before income taxes of 1 trillion 21.7 billion yen and
 Net income of 736.8 billion yen.

Analysis of Consolidated Operating Income

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(billions of yen)



*1 Details		*2 Details		*3 Details		*4 Details	
Transactional (Imports/Exports)	+265.0	Translational FOREX Impact Concerning Overseas Subsidiaries	+35.0	Volume, Model Mix	-245.0	Labor Cost	-30.0
- US \$	+215.0	Other	-105.0	Financial Services	-20.0	Depreciation Expenses	-10.0
- €	+10.0	(Translational FOREX Impact of Fiscal Year-end Balance of Provisions in Foreign Currencies, etc.)		Other	+150.0	R&D Expenses	+10.0
- Other	+40.0					Expenses, etc.	-95.0
						Valuation Gains / Losses from Swaps, etc.	-98.8

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I would like to explain the factors which impacted operating income year on year.

First, the effects of foreign exchange rates increased operating income by 195 billion yen.

Second, cost reduction efforts decreased operating income by 275 billion yen, largely **due to the impact of soaring materials prices, which accounted for 315 billion yen.**

Third, the effects of marketing activities decreased operating income by 115 billion yen, mainly **due to adverse changes in sales volume and model mix, which accounted for 245 billion yen.**

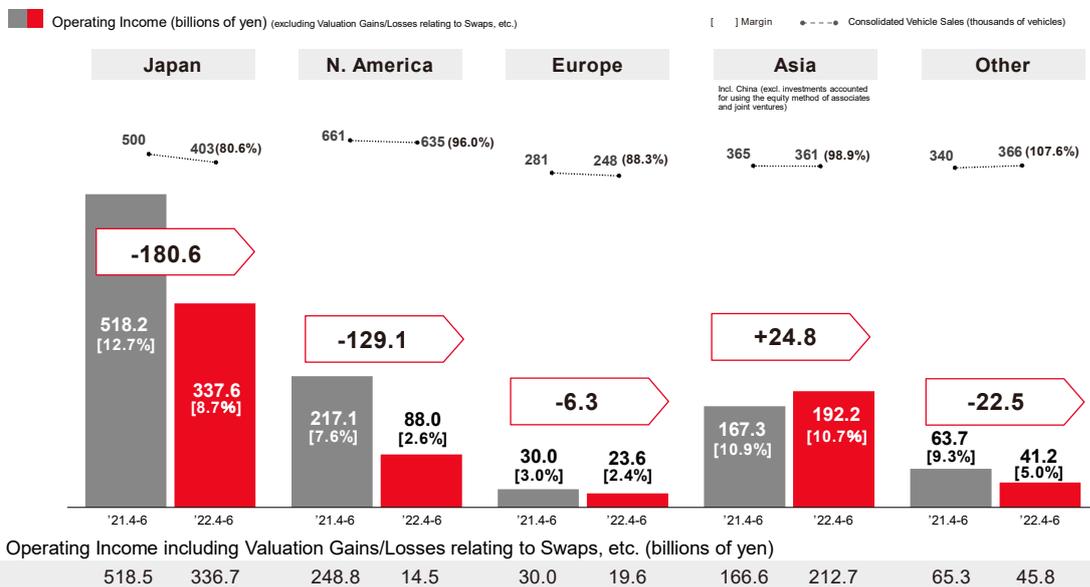
Fourth, an increase in expenses decreased operating income by 125 billion yen.

Last, we also had a **negative impact of 98.8 billion yen due to swap valuation losses associated with the rapid interest rate hike in the U.S. and other factors.**

As a result, excluding the overall impact of foreign exchange rates, swap valuation gains and losses and other factors, operating income decreased by 515 billion yen year on year.

Geographic Operating Income

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Let me explain the operating income for each region.

In Japan and North America, operating income decreased significantly year on year due to soaring materials prices and decreases in sales volume.

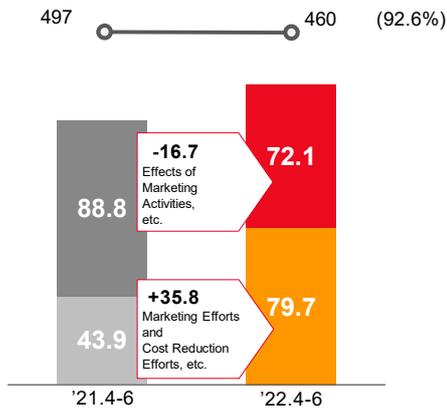
On the other hand, in Asia, the market recovery from COVID-19 which had an impact last year, as well as the weakening of the Thai Baht, had a positive effect and led to an increase in operating income year on year.

China Business / Financial Services

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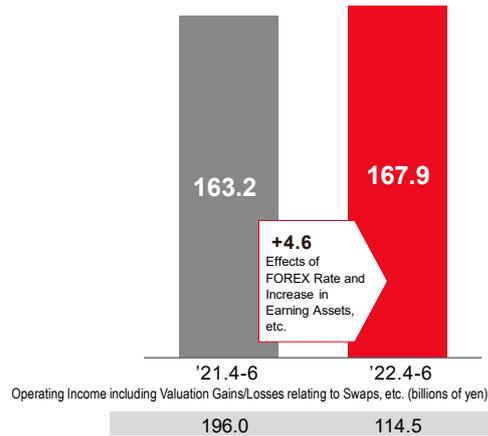
(Ref.) China Business

- Operating Income of Subsidiaries (billions of yen)
- Share of Profit of Investments Accounted for Using the Equity Method of Associates and Joint Ventures (billions of yen)
- Toyota and Lexus Vehicle Retail Sales (thousands of vehicles)



Financial Services

- Operating Income (billions of yen)
- * Excluding Valuation Gains/Losses relating to Swaps, etc.



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Next, let me explain about our business in China as well as our Financial Services business.

As for our business in China, while the operating income of consolidated subsidiaries decreased year on year because of the decrease in sales volume, our share of profit of investments accounted for using the equity method increased year on year, mainly due to marketing efforts and cost reduction efforts.

Regarding the Financial Services business, operating income excluding swap valuation gains and losses for the fiscal year increased year on year, largely due to the impact of fluctuations in foreign exchange rates and increase in the earning assets.

FY2023 Financial Forecasts

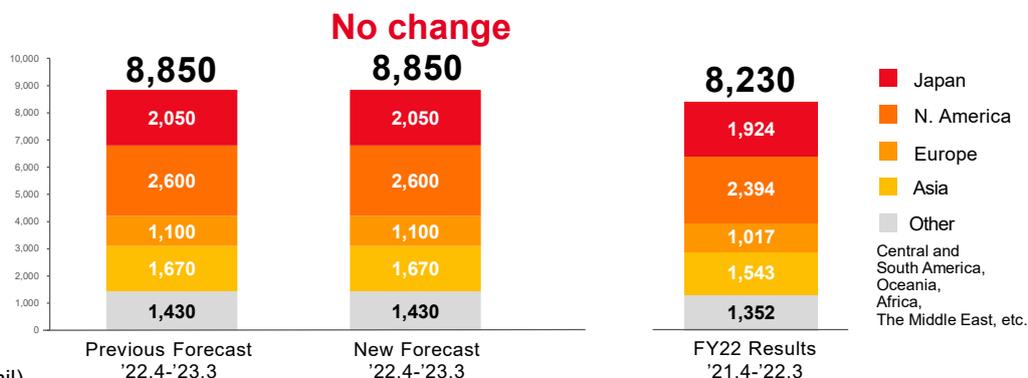
Next, I will explain the forecasts for the fiscal year ending March 31, 2023.

Please note that our consolidated subsidiary Hino Motors is not included in the discussion below, as they have not disclosed their forecast.

FY2023 Forecasts: Consolidated Vehicle Sales

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(thousands of vehicles)



Reference (retail)

	Previous Forecast '22.4-'23.3	New Forecast '22.4-'23.3	FY22 Results '21.4-'22.3
Toyota and Lexus Vehicle Sales	9,900	9,900	9,512
Electrified Vehicles [%]	3,070 [31.0%]	3,070 [31.0%]	2,703 [28.4%]
HEV	2,845	2,845	2,565
PHEV	125	125	116
BEV	95	95	16
FCEV	5	5	5
Total Retail Vehicle Sales	10,700	10,700	10,381

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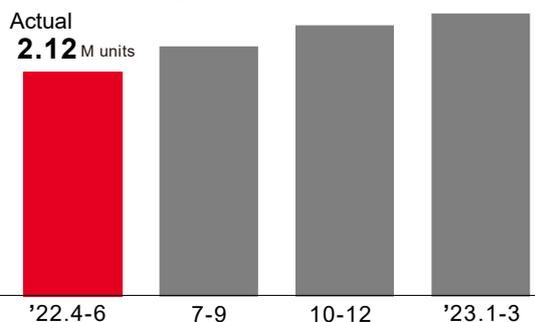
For both consolidated vehicle sales volume, and Toyota and Lexus brand vehicle sales volume, the forecast remains unchanged from the previous forecast disclosed in May.

Toyota and Lexus Production Volume

FY2023 Forecast : 9.7 million units

- Forecast is unchanged from the announcement in May (expected to increase towards the second half of FY2023)

< Forecast by Quarter >



<To reduce burdens on our suppliers>

- Revised the scope of announced production plans
“1 month ahead” ⇒ “3 months ahead”

Disclosure timing	Production plan (■ : with risks reflected; announced)									
'22.2	Mar. ■	Apr.	May	June	July	Aug.	Sept.	Oct.	...	
	↓ Revise announcement scope									
'22.3	Mar.	Apr. ■	May ■	June ■	July	Aug.	Sept.	Oct.	...	
	↓ Update									
'22.4	Mar.	Apr.	May ■	June ■	July ■	Aug.	Sept.	Oct.	...	
	↓ Update									
'22.5	Mar.	Apr.	May	June ■	July ■	Aug. ■	Sept.	Oct.	...	
	↓ Update									
'22.6	Mar.	Apr.	May	June	July ■	Aug. ■	Sept. ■	Oct.	...	

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In this slide, I will explain about Toyota and Lexus production volume.

During this first quarter, we had to announce reductions in our production volume every month as we encountered unexpected events such as the Shanghai lockdown and the flood in South Africa. However, **we are keeping the full-year forecast of 9.7 million units**, which we disclosed in May, in place.

As shown in the graph, we expect the production volume to increase towards the second half of FY2023.

Next, let me explain about **the actions we have taken to reduce the burden on our suppliers.**

Last fiscal year, the high-volume production plan and the last-minute announcements of repeated production cuts imposed a heavy burden on our suppliers.

Based on feedback from our suppliers, we have revised the scope of the production plans that we announce, which takes into account the risks of production cuts, from “**one month ahead**” to “**three months ahead**”. This allows everyone to secure headcounts and parts in advance.

Securing parts such as semiconductors will continue to be unpredictable, but **we will strive to achieve production that exceeds our forecast by working closely with our suppliers.**

FY2023 Forecasts: Consolidated Financial Summary

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(billions of yen)

	Previous Forecast '22.4-'23.3	New Forecast '22.4-'23.3	Change	FY22 Results '21.4-'22.3
Sales Revenues	33,000.0	34,500.0	+1,500.0	31,379.5
Operating Income	2,400.0	2,400.0	± 0.0	2,995.6
Margin	7.3%	7.0%		9.5%
Other Income	730.0	870.0	+140.0	994.8
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	600.0	620.0	+20.0	560.3
Income before Income Taxes	3,130.0	3,270.0	+140.0	3,990.5
Net Income Attributable to Toyota Motor Corporation	2,260.0	2,360.0	+100.0	2,850.1
Margin	6.8%	6.8%		9.1%
FOREX Rates				
US\$ *1	115 yen	130 yen	+15 yen	112 yen
€ *1	130 yen	140 yen	+10 yen	131 yen

*1 FOREX Rate performance: 130 yen against the U.S. dollar and 138 yen against the Euro from April 2022 to June 2022
FOREX Rate assumptions: 130 yen against the U.S. dollar and 140 yen against the Euro from July 2022 to March 2023

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Next, let me explain the full-year consolidated financial forecasts.

We have revised the assumption of full-year foreign exchange rates by 15 yen for the U.S. dollar and by 10 yen for the euro to reflect the depreciation of the yen. We set the foreign exchange rates at 130 yen per U.S. dollar and at 140 yen per euro.

We based these foreign exchange rate assumptions based on the average rates in June.

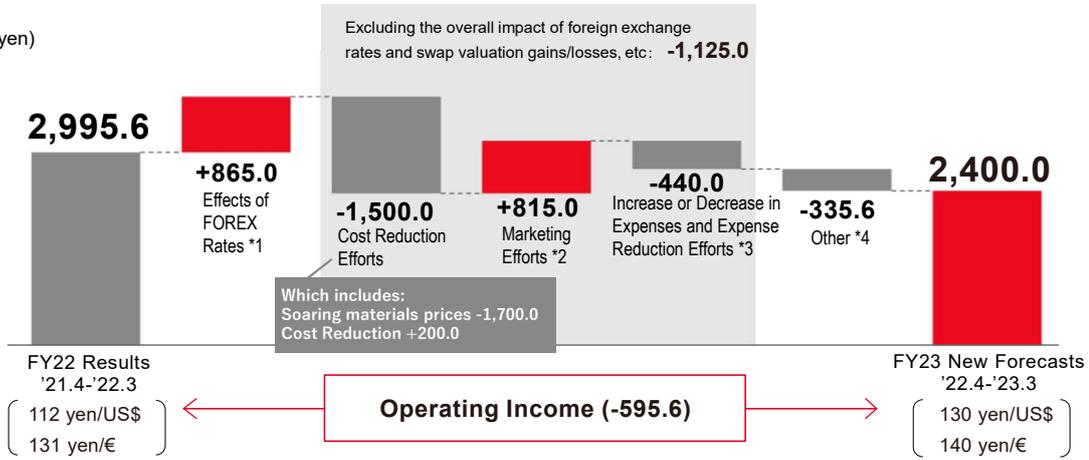
Based on this, our forecasts for the full-year consolidated financial performance are:

Sales revenues of 34 trillion 500 billion yen,
Operating income of 2 trillion 400 billion yen,
Income before income taxes of 3 trillion 270 billion yen and
Net income of 2 trillion 360 billion yen.

Analysis of FY2023 Forecasts: Consolidated Operating Income (vs. FY2022 Results)

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(billions of yen)



*1 Details		*2 Details		*3 Details		*4 Details			
Transactional (Imports/Exports)	+770.0	Translational FOREX Impact Concerning Overseas Subsidiaries	+85.0	Volume, Model Mix	+585.0	Labor Cost	-120.0	Valuation Gains / Losses from Swaps, etc.	-135.6
- US \$	+770.0	Other	+10.0	Financial Services	-45.0	Depreciation Expenses	-65.0	Other	-200.0
- €	+55.0	(Translational FOREX Impact of Fiscal Year-end Balance of Provisions in Foreign Currencies, etc.)		Other	+275.0	R&D Expenses	-60.0		
- Other	-55.0					Expenses, etc.	-195.0		

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The factors that we expect will impact operating income compared to the same period of the previous fiscal year are as shown in the presentation.

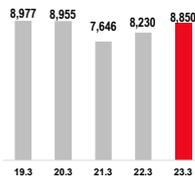
Even in an uncertain business environment, we will continue with our investment for growth to create a future mobility society, and we will work together with our stakeholders to improve our profit structure.

(Ref.) Transition of Financial Performance

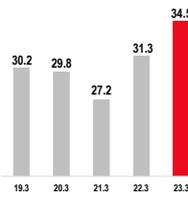
'19/3 : US GAAP
'20/3 - '23/3 : IFRS

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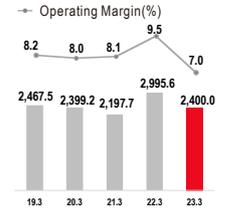
Consolidated Vehicle Sales
(thousands of vehicles)



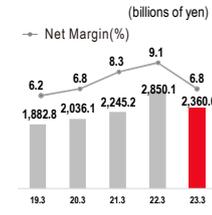
Sales Revenues (trillions of yen)



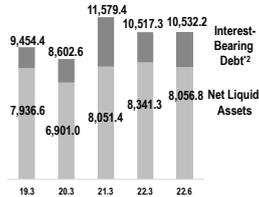
Operating Income (billions of yen)



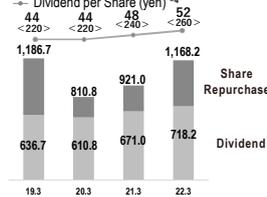
Net Income Attributable to Toyota Motor Corporation
(billions of yen)



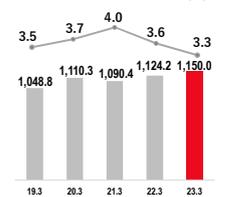
Total Liquid Assets*1
(billions of yen)



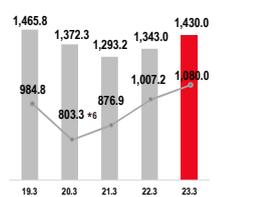
Total Shareholder Return*3
(billions of yen)



R&D Expenses*5 (billions of yen)



Capital Expenditures (billions of yen)



*1 Cash and cash equivalents, time deposits, public and corporate bonds and its investment in monetary trust funds, excluding in each case those relating to financial services. *2 Not including lease liabilities
*3 Including dividends on first series Model AA class shares (Excluding dividends on first series Model AA class shares from fiscal year ended March 2020 as a result of applying IFRS)
4 Figures not enclosed in "<>" show dividends per common share on a post-stock split (a five-for-one stock split of shares of our common stock that was conducted on October 1, 2021) basis; figures enclosed in "<*>" show dividends per common share on a pre-stock split basis
*5 R&D activity related expenditures incurred during the reporting period *6 Change in depreciation method from '20.3

Forecast

FY2023 Forecasts: Vehicle Production and Retail Sales

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(thousands of vehicles)

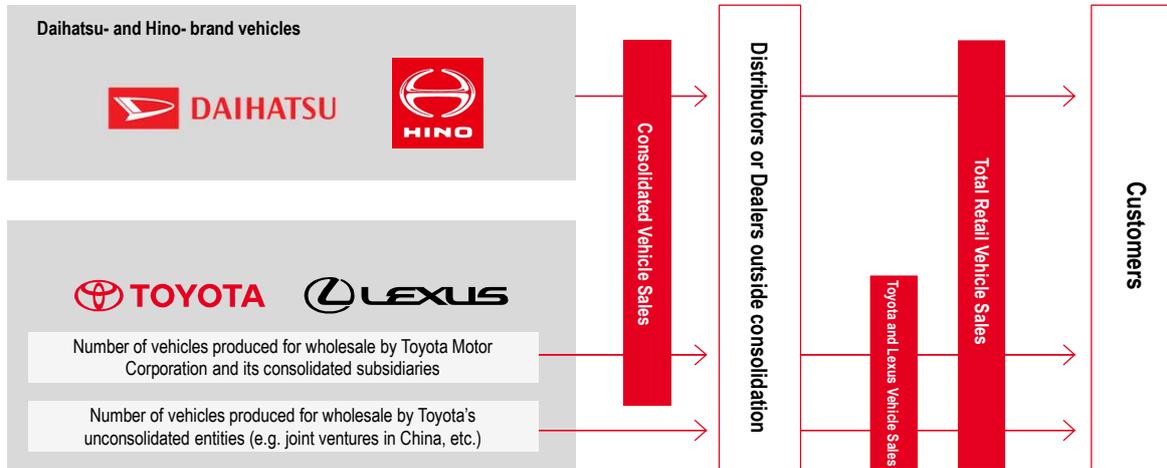
No change

		Previous Forecast '22.4-'23.3	New Forecast '22.4-'23.3	Change	FY22 Results '21.4-'22.3
Toyota & Lexus	Vehicle Production *	Japan	3,000	± 0	2,761
		Overseas	6,700	± 0	5,809
		Total	9,700	± 0	8,570
	Retail Vehicle Sales *	Japan	1,400	± 0	1,396
		Overseas	8,500	± 0	8,116
		Total	9,900	± 0	9,512
Total Retail Vehicle Sales *		10,700	10,700	± 0	10,381

* Including vehicles by Toyota's unconsolidated entities

(Reference) Definitions of Consolidated and Retail Vehicle Sales

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*There are a limited number of exceptional cases where sales are made other than in accordance with the flowchart above.