

# TOYOTA MOTOR CORPORATION

## Analysis of Results of Operations

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### Financial results

Consolidated vehicle unit sales in Japan and overseas increased by 990 thousand units, or 85.4%, to 2,148 thousand units in FY2022 first quarter (the first quarter ended June 30, 2021) compared with FY2021 first quarter (the first quarter ended June 30, 2020) mainly due to a decline of the automotive market in FY2021 affected by the global spread of COVID-19. Vehicle unit sales in Japan increased by 116 thousand units, or 30.1%, to 500 thousand units in FY2022 first quarter compared with FY2021 first quarter. Overseas vehicle unit sales increased by 874 thousand units, or 113.0%, to 1,648 thousand units in FY2022 first quarter compared with FY2021 first quarter.

The results of operations for FY2022 first quarter were as follows:

Sales revenues	¥7,935.5 billion	(an increase of ¥3,334.7 billion or 72.5% compared with FY2021 first quarter)
Operating income	¥997.4 billion	(an increase of ¥983.5 billion or 7065.9% compared with FY2021 first quarter)
Income before income taxes	¥1,257.2 billion	(an increase of ¥1,138.9 billion or 963.3% compared with FY2021 first quarter)
Net income attributable to Toyota Motor Corporation	¥897.8 billion	(an increase of ¥738.9 billion or 465.2% compared with FY2021 first quarter)

The changes in operating income were as follows:

Marketing efforts	an increase of ¥940.0 billion
Effects of changes in exchange rates	an increase of ¥140.0 billion
Cost reduction efforts	a decrease of ¥5.0 billion
Increase or decrease in expenses and expense reduction efforts	a decrease of ¥25.0 billion
Other	a decrease of ¥66.5 billion

# TOYOTA MOTOR CORPORATION

## Analysis of Results of Operations

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### Segment operating results

#### (i) Automotive:

Sales revenues for the automotive operations increased by ¥3,264.8 billion, or 82.1%, to ¥7,241.2 billion in FY2022 first quarter compared with FY2021 first quarter, and operating income increased by ¥866.6 billion to ¥780.0 billion in FY2022 first quarter compared with FY2021 first quarter. The increase in operating income was mainly due to increases in both production volume and vehicle unit sales.

#### (ii) Financial services:

Sales revenues for the financial services operations increased by ¥43.8 billion, or 8.2%, to ¥578.8 billion in FY2022 first quarter compared with FY2021 first quarter, and operating income increased by ¥103.7 billion, or 112.5%, to ¥196.0 billion in FY2022 first quarter compared with FY2021 first quarter. The increase in operating income was mainly due to the increase in financing margin and decrease in expenses related to credit losses and residual value losses in sales finance subsidiaries in the United States.

#### (iii) All other:

Sales revenues for all other businesses increased by ¥35.1 billion, or 17.0%, to ¥241.2 billion in FY2022 first quarter compared with FY2021 first quarter, and operating income increased by ¥12.3 billion, or 132.2%, to ¥21.6 billion in FY2022 first quarter compared with FY2021 first quarter.

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## Analysis of Results of Operations

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### Geographic information

#### (i) Japan:

Sales revenues in Japan increased by ¥1,420.9 billion, or 53.1%, to ¥4,096.6 billion in FY2022 first quarter compared with FY2021 first quarter, and operating income increased by ¥441.1 billion, or 569.7%, to ¥518.5 billion in FY2022 first quarter compared with FY2021 first quarter. The increase in operating income was mainly due to increases in both production volume and vehicle unit sales.

#### (ii) North America:

Sales revenues in North America increased by ¥1,493.8 billion, or 108.2%, to ¥2,875.0 billion in FY2022 first quarter compared with FY2021 first quarter, and operating income increased by ¥317.4 billion to ¥248.8 billion in FY2022 first quarter compared with FY2021 first quarter. The increase in operating income was mainly due to increases in both production volume and vehicle unit sales.

#### (iii) Europe:

Sales revenues in Europe increased by ¥515.5 billion, or 109.4%, to ¥986.9 billion in FY2022 first quarter compared with FY2021 first quarter, and operating income increased by ¥52.0 billion to ¥30.0 billion in FY2022 first quarter compared with FY2021 first quarter. The increase in operating income was mainly due to increases in both production volume and vehicle unit sales.

#### (iv) Asia:

Sales revenues in Asia increased by ¥625.4 billion, or 69.0%, to ¥1,531.9 billion in FY2022 first quarter compared with FY2021 first quarter, and operating income increased by ¥123.8 billion, or 289.3%, to ¥166.6 billion in FY2022 first quarter compared with FY2021 first quarter. The increase in operating income was mainly due to increases in both production volume and vehicle unit sales.

#### (v) Other (Central and South America, Oceania, Africa and the Middle East):

Sales revenues in other regions increased by ¥406.9 billion, or 144.7%, to ¥688.2 billion in FY2022 first quarter compared with FY2021 first quarter, and operating income increased by ¥77.1 billion to ¥65.3 billion in FY2022 first quarter compared with FY2021 first quarter. The increase in operating income was mainly due to marketing efforts.

**TOYOTA MOTOR CORPORATION**  
**Unaudited Condensed Quarterly Consolidated Statement of Financial Position**

	Yen in millions		
	Notes	March 31, 2021	June 30, 2021
Assets			
Current assets			
Cash and cash equivalents		5,100,857	5,013,426
Trade accounts and other receivables		2,958,742	2,889,722
Receivables related to financial services		6,756,189	6,561,573
Other financial assets		4,215,457	2,861,753
Inventories		2,888,028	3,098,874
Income tax receivable		112,458	108,946
Other current assets		745,070	890,195
Total current assets		22,776,800	21,424,490
Non-current assets			
Investments accounted for using the equity method		4,160,803	4,269,682
Receivables related to financial services		12,449,525	12,739,826
Other financial assets		9,083,914	9,299,118
Property, plant and equipment			
Land		1,345,037	1,342,917
Buildings		4,999,206	5,044,078
Machinery and equipment		12,753,951	12,839,895
Vehicles and equipment on operating leases		6,203,721	6,305,745
Construction in progress		675,875	659,959
Total property, plant and equipment, at cost		25,977,791	26,192,594
Less - Accumulated depreciation and impairment losses		(14,566,638)	(14,634,579)
Total property, plant and equipment, net		11,411,153	11,558,015
Right of use assets		390,144	384,224
Intangible assets		1,108,634	1,100,561
Deferred tax assets		336,224	310,632
Other non-current assets		549,942	564,603
Total non-current assets		39,490,339	40,226,659
Total assets		62,267,140	61,651,149

The accompanying notes are an integral part of these condensed quarterly consolidated financial statements.

**TOYOTA MOTOR CORPORATION**  
**Unaudited Condensed Quarterly Consolidated Statement of Financial Position**

	Yen in millions	
	Notes	June 30, 2021
Liabilities		
Current liabilities		
Trade accounts and other payables	4,045,939	3,769,291
Short-term and current portion of long-term debt	12,212,060	10,529,725
Accrued expenses	1,397,140	1,409,823
Other financial liabilities	763,875	756,539
Income taxes payable	350,880	427,281
Liabilities for quality assurance	1,482,872	1,454,227
Other current liabilities	1,207,700	1,282,132
Total current liabilities	21,460,466	19,629,020
Non-current liabilities		
Long-term debt	13,447,575	13,935,172
Other financial liabilities	323,432	292,718
Retirement benefit liabilities	1,035,096	1,042,428
Deferred tax liabilities	1,247,220	1,258,596
Other non-current liabilities	465,021	476,314
Total non-current liabilities	16,518,344	17,005,228
Total liabilities	37,978,811	36,634,248
Shareholders' equity		
Common stock	397,050	397,050
Additional paid-in capital	497,275	497,379
Retained earnings	24,104,176	24,655,333
Other components of equity	1,307,726	1,496,510
Treasury stock	(2,901,680)	(2,923,231)
Total Toyota Motor Corporation shareholders' equity	23,404,547	24,123,041
Non-controlling interests	883,782	893,861
Total shareholders' equity	24,288,329	25,016,901
Total liabilities and shareholders' equity	62,267,140	61,651,149

The accompanying notes are an integral part of these condensed quarterly consolidated financial statements.



# TOYOTA MOTOR CORPORATION

## Unaudited Condensed Quarterly Consolidated Statement of Income and Unaudited Condensed Quarterly Consolidated Statement of Comprehensive Income

### Unaudited Condensed Quarterly Consolidated Statement of Comprehensive Income

	Yen in millions		
	Notes	For the first quarter ended June 30, 2020	For the first quarter ended June 30, 2021
Net income		149,448	926,540
Other comprehensive income, net of tax			
Items that will not be reclassified to profit (loss)			
Net changes in revaluation of financial assets measured at fair value through other comprehensive income		144,082	1,565
Remeasurements of defined benefit plans		(1,578)	(4,361)
Share of other comprehensive income of equity method investees		(86,421)	61,695
Total of items that will not be reclassified to profit (loss)		56,084	58,899
Items that may be reclassified subsequently to profit (loss)			
Exchange differences on translating foreign operations		65,319	78,998
Net changes in revaluation of financial assets measured at fair value through other comprehensive income		4,014	11,224
Share of other comprehensive income of equity method investees		(41,707)	70,200
Total of items that may be reclassified subsequently to profit (loss)		27,626	160,422
Total other comprehensive income, net of tax		83,709	219,322
Comprehensive income		233,157	1,145,862
Comprehensive income for the period attributable to			
Toyota Motor Corporation		226,258	1,117,394
Non-controlling interests		6,899	28,469
Comprehensive income		233,157	1,145,862

The accompanying notes are an integral part of these condensed quarterly consolidated financial statements.

# TOYOTA MOTOR CORPORATION

## Unaudited Condensed Quarterly Consolidated Statement of Changes in Equity

For the first quarter ended June 30, 2020

Yen in millions								
Notes	Common stock	Additional paid-in capital	Retained earnings	Other components of equity	Treasury stock	Toyota Motor Corporation shareholders' equity	Non-controlling interests	Total shareholders' equity
Balances at April 1, 2020	397,050	489,334	22,234,061	585,549	(3,087,106)	20,618,888	720,124	21,339,012
Comprehensive income								
Net income	—	—	158,843	—	—	158,843	(9,396)	149,448
Other comprehensive income, net of tax	—	—	—	67,415	—	67,415	16,295	83,709
Total comprehensive income	—	—	158,843	67,415	—	226,258	6,899	233,157
Transactions with owners and other								
Dividends paid	VII	—	(331,938)	—	—	(331,938)	(17,932)	(349,870)
Repurchase of treasury stock		—	—	—	(13)	(13)	—	(13)
Reissuance of treasury stock		—	15,031	—	185,542	200,573	—	200,573
Change in scope of consolidation		—	—	—	—	—	67,331	67,331
Equity transactions and other		—	163	—	—	163	17,316	17,478
Total transactions with owners and other		—	15,193	(331,938)	185,529	(131,216)	66,715	(64,501)
Reclassification to retained earnings		—	—	12,756	(12,756)	—	—	—
Balances at June 30, 2020	397,050	504,527	22,073,722	640,208	(2,901,577)	20,713,930	793,737	21,507,667

For the first quarter ended June 30, 2021

Yen in millions								
Notes	Common stock	Additional paid-in capital	Retained earnings	Other components of equity	Treasury stock	Toyota Motor Corporation shareholders' equity	Non-controlling interests	Total shareholders' equity
Balances at April 1, 2021	397,050	497,275	24,104,176	1,307,726	(2,901,680)	23,404,547	883,782	24,288,329
Comprehensive income								
Net income	—	—	897,832	—	—	897,832	28,708	926,540
Other comprehensive income, net of tax	—	—	—	219,561	—	219,561	(240)	219,322
Total comprehensive income	—	—	897,832	219,561	—	1,117,394	28,469	1,145,862
Transactions with owners and other								
Dividends paid	VII	—	(377,453)	—	—	(377,453)	(19,494)	(396,947)
Repurchase of treasury stock		—	—	—	(21,600)	(21,600)	—	(21,600)
Reissuance of treasury stock		—	34	—	49	83	—	83
Equity transactions and other		—	70	—	—	70	1,104	1,174
Total transactions with owners and other		—	104	(377,453)	(21,551)	(398,900)	(18,389)	(417,290)
Reclassification to retained earnings		—	—	30,778	(30,778)	—	—	—
Balances at June 30, 2021	397,050	497,379	24,655,333	1,496,510	(2,923,231)	24,123,041	893,861	25,016,901

The accompanying notes are an integral part of these condensed quarterly consolidated financial statements.



**TOYOTA MOTOR CORPORATION**  
**Unaudited Condensed Quarterly Consolidated Statement of Cash Flows**

	Yen in millions		
	Notes	For the first quarter ended June 30, 2020	For the first quarter ended June 30, 2021
Cash flows from operating activities			
Net income		149,448	926,540
Depreciation and amortization		398,044	439,778
Interest income and interest costs related to financial services, net		(47,617)	(83,022)
Share of profit (loss) of investments accounted for using the equity method		12,572	(161,483)
Income tax expense		(31,214)	330,679
Changes in operating assets and liabilities, and other		134,000	(588,367)
Interest received		173,382	198,692
Dividends received		190,101	241,885
Interest paid		(101,457)	(89,881)
Income taxes paid, net of refunds		(204,007)	(255,863)
Net cash provided by (used in) operating activities		673,252	958,958
Cash flows from investing activities			
Additions to fixed assets excluding equipment leased to others		(358,358)	(335,088)
Additions to equipment leased to others		(386,686)	(739,484)
Proceeds from sales of fixed assets excluding equipment leased to others		12,650	9,996
Proceeds from sales of equipment leased to others		265,751	419,887
Additions to intangible assets		(74,804)	(64,515)
Additions to public and corporate bonds and stocks		(592,187)	(868,405)
Proceeds from sales of public and corporate bonds and stocks and upon maturity of public and corporate bonds		593,473	640,954
Other, net	X	202,544	1,563,755
Net cash provided by (used in) investing activities		(337,617)	627,100
Cash flows from financing activities			
Increase (decrease) in short-term debt		(213,223)	(80,929)
Proceeds from long-term debt		3,982,675	2,128,592
Payments of long-term debt		(1,284,411)	(3,320,588)
Dividends paid to Toyota Motor Corporation common shareholders	VII	(331,938)	(377,453)
Dividends paid to non-controlling interests		(17,932)	(19,494)
Reissuance (repurchase) of treasury stock		199,986	(21,517)
Net cash provided by (used in) financing activities		2,335,157	(1,691,389)
Effect of exchange rate changes on cash and cash equivalents		32,319	17,901
Net increase (decrease) in cash and cash equivalents		2,703,111	(87,430)
Cash and cash equivalents at beginning of period		4,098,450	5,100,857
Cash and cash equivalents at end of period		6,801,561	5,013,426

The accompanying notes are an integral part of these condensed quarterly consolidated financial statements.

**I. Reporting entity**

Toyota Motor Corporation ("TMC") is a limited liability, joint-stock company located in Japan, and TMC's principal executive offices are registered in Toyota City, Aichi Prefecture. The condensed quarterly consolidated financial statements of the group consist of TMC, its consolidated subsidiaries (collectively, "Toyota") and their interests in associates and joint ventures.

Toyota and its associates are primarily engaged in the design, manufacture, and sale of sedans, minivans, compact cars, SUVs, trucks and related parts and accessories throughout the world. In addition, Toyota and its associates provide financing, vehicle leasing and certain other financial services primarily to its dealers and their customers to support the sales of vehicles and other products manufactured by Toyota and its associates.

**II. Basis of preparation**

**1. Compliance with international financial reporting standards**

Toyota's condensed quarterly consolidated financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting". The condensed quarterly consolidated financial statements should be read in conjunction with Toyota's consolidated financial statements for the fiscal year ended March 31, 2021, since the condensed quarterly consolidated financial statements do not include all the information required in the annual consolidated financial statements, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The condensed quarterly consolidated financial statements were approved on August 4, 2021 by the Board of Directors.

**2. Basis of measurement**

Toyota's condensed quarterly consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities measured at fair value and assets and liabilities associated with defined benefit plans.

**3. Functional currency and presentation currency**

The condensed quarterly consolidated financial statements are presented in Japanese yen, which is the functional currency of TMC. All financial information presented in Japanese yen has been rounded to the nearest million Japanese yen, except when otherwise indicated. Amounts may not sum to totals due to rounding.

**III. Significant accounting policies**

Toyota's condensed quarterly consolidated financial statements are prepared based on the same accounting policies as those applied and described in the consolidated financial statements for the fiscal year ended March 31, 2021.

# **TOYOTA MOTOR CORPORATION**

## **Notes to Unaudited Condensed Quarterly Consolidated Financial Statements**

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### **IV. Significant accounting judgments and estimates**

The preparation of the condensed quarterly consolidated financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies, the reported amounts of assets, liabilities, revenue and expenses, and the disclosure of contingent assets and liabilities. Actual results could differ from these estimates. These estimates and underlying assumptions are reviewed on a continuous basis. Changes in these accounting estimates are recognized in the period in which the estimates were revised and in any future periods affected.

The condensed quarterly consolidated financial statements are prepared based on generally the same judgments and estimations as those applied and described in Toyota's consolidated financial statements for the fiscal year ended March 31, 2021.

**TOYOTA MOTOR CORPORATION**  
**Notes to Unaudited Condensed Quarterly Consolidated Financial Statements**

**V. Segment information**

**1. Outline of reporting segments**

The operating segments reported below are the segments of Toyota for which separate financial information is available and for which operating income/loss amounts are evaluated regularly by executive management in deciding how to allocate resources and in assessing performance.

The major portions of Toyota's operations on a worldwide basis are derived from the Automotive and Financial services business segments. The Automotive segment designs, manufactures and distributes sedans, minivans, compact cars, SUVs, trucks and related parts and accessories. The Financial services segment consists primarily of financing and vehicle leasing operations to assist in the merchandising of Toyota's products as well as other products. The All other segment includes telecommunications and other businesses.

**2. Segment operating results**

For the first quarter ended June 30, 2020:

	Yen in millions				
	Automotive	Financial services	All other	Elimination	Consolidated
Sales revenues					
Revenues from external customers	3,969,038	530,941	100,817	—	4,600,796
Inter-segment revenues and transfers	7,397	4,035	105,272	(116,704)	—
Total	3,976,435	534,976	206,088	(116,704)	4,600,796
Operating expenses	4,063,010	442,694	196,768	(115,596)	4,586,876
Operating income (loss)	(86,574)	92,282	9,320	(1,108)	13,920

For the first quarter ended June 30, 2021:

	Yen in millions				
	Automotive	Financial services	All other	Elimination	Consolidated
Sales revenues					
Revenues from external customers	7,233,324	573,140	129,094	—	7,935,558
Inter-segment revenues and transfers	7,921	5,712	112,131	(125,765)	—
Total	7,241,245	578,852	241,225	(125,765)	7,935,558
Operating expenses	6,461,150	382,776	219,581	(125,439)	6,938,068
Operating income	780,095	196,076	21,644	(325)	997,489

Accounting policies applied by each segment is in conformity with those of Toyota's condensed quarterly consolidated financial statements. Transfers between industry segments are made in accordance with terms and conditions in the ordinary course of business.

# TOYOTA MOTOR CORPORATION

## Notes to Unaudited Condensed Quarterly Consolidated Financial Statements

### 3.Geographic information

For the first quarter ended June 30, 2020:

	Yen in millions						
	Japan	North America	Europe	Asia	Other	Elimination	Consolidated
Sales revenues							
Revenues from external customers	1,695,703	1,352,655	444,732	839,311	268,396	—	4,600,796
Inter-segment revenues and transfers	979,996	28,482	26,720	67,194	12,826	(1,115,219)	—
Total	2,675,699	1,381,138	471,452	906,505	281,221	(1,115,219)	4,600,796
Operating expenses	2,598,272	1,449,737	493,420	863,702	292,944	(1,111,198)	4,586,876
Operating income (loss)	77,427	(68,599)	(21,968)	42,803	(11,722)	(4,021)	13,920

For the first quarter ended June 30, 2021:

	Yen in millions						
	Japan	North America	Europe	Asia	Other	Elimination	Consolidated
Sales revenues							
Revenues from external customers	2,150,774	2,813,461	942,080	1,373,730	655,512	—	7,935,558
Inter-segment revenues and transfers	1,945,888	61,561	44,916	158,270	32,699	(2,243,334)	—
Total	4,096,661	2,875,022	986,997	1,531,999	688,211	(2,243,334)	7,935,558
Operating expenses	3,578,118	2,626,171	956,924	1,365,387	622,824	(2,211,356)	6,938,068
Operating income	518,543	248,851	30,073	166,612	65,387	(31,978)	997,489

"Other" consists of Central and South America, Oceania, Africa and the Middle East.

The above amounts are aggregated by region based on the location of the country where TMC or consolidated subsidiaries are located. Transfers between geographic areas are made in accordance with terms and conditions in the ordinary course of business.

# TOYOTA MOTOR CORPORATION

## Notes to Unaudited Condensed Quarterly Consolidated Financial Statements

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### 4.Sales revenues by location of external customers

In addition to the disclosure requirements under IFRS, Toyota discloses this information in order to provide financial statements users with valuable information.

	Yen in millions	
	For the first quarter ended June 30,	
	2020	2021
Japan	1,312,764	1,652,916
North America	1,367,270	2,859,747
Europe	424,328	894,249
Asia	975,020	1,446,752
Other	521,415	1,081,894
Total	4,600,796	7,935,558

"Other" consists of Central and South America, Oceania, Africa and the Middle East, etc.

**VI. Fair value measurements**

**1. Definition of fair value hierarchy**

In accordance with IFRS, Toyota classifies fair value measurement into the following three levels based on the observability and significance of the inputs used.

Level 1: Quoted prices in active markets for identical assets or liabilities

Level 2: Fair value measurement based on inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly

Level 3: Fair value measurement based on models using unobservable inputs for the assets or liabilities

**2. Method of fair value measurement**

The fair value of assets and liabilities is determined using relevant market information and appropriate valuation methods.

The methods and assumptions for measuring the fair value of assets and liabilities are as follows;

(1) Cash and cash equivalents -

Cash equivalents include money market funds and other investments with original maturities of three months or less. In the normal course of business, substantially all cash and cash equivalents and time deposits are highly liquid and are carried at amounts which approximate fair value due to their short duration.

(2) Trade accounts and other receivables and Trade accounts and other payables -

These receivables and payables are carried at amounts which approximate fair value due to their short duration.

(3) Receivables related to financial services -

The fair values of receivables related to financial services are estimated by discounting expected cash flows to present value using internal assumptions, including prepayment speeds, expected credit losses and collateral value.

As unobservable inputs are utilized, the fair value of receivables related to financial services are classified as Level 3.

(4) Other financial assets -

(Public and corporate bonds)

Public and corporate bonds include government bonds. Japanese bonds and foreign bonds, including U.S., European and other bonds, represent 28% and 72% (as of March 31, 2021) and 27% and 73% (as of June 30, 2021) of public and corporate bonds, respectively. Toyota uses primarily quoted market prices for identical assets to measure the fair value of these securities.

(Stocks)

Listed stocks on the Japanese stock markets represent 89% (as of March 31, 2021) and 88% (as of June 30, 2021) of stocks that Toyota holds. Toyota uses primarily quoted market prices for identical assets to measure fair value of these securities. Therefore, stocks with an active market are classified as Level 1.

Fair value of stocks with no active market is measured by using the market approach or other appropriate methods. Therefore, stocks with no active market are thus classified as Level 3.

Price book-value ratios ("PBR") of comparable companies, discount ratios of discounted cash flow valuation method and others are the significant unobservable inputs relating to the fair value measurement of stocks classified as Level 3. The fair value increases (decreases) as PBR of a comparable company rises (declines) or the discount rate declines (rises). The estimated increase or decrease in fair value of stocks if the unobservable inputs were to be replaced by other reasonable alternative assumptions are not significant.

These estimates are based on valuation methods that are considered appropriate in each case. The significant assumptions involved in the estimations include the financial condition and future prospects and trends of the investees and the outcome of the referenced transactions. Due to the uncertain nature of these assumptions or by using different assumptions and estimates, the fair value may be impacted materially.

The shares classified as Level 3 are measured by the responsible department using quarterly available information in accordance with Toyota's consolidated financial accounting policies and reported to the supervisors along with the basis of the change in fair value.

(5) Derivative financial instruments -

Toyota employs derivative financial instruments, including foreign exchange forward contracts, foreign currency options, interest rate swaps, interest rate currency swap agreements and interest rate options to manage its exposure to fluctuations in interest rates and foreign currency exchange rates. Toyota primarily estimates the fair value of derivative financial instruments using industry-standard valuation models that require observable inputs including interest rates and foreign exchange rates, and the contractual terms. The usage of these models does not require significant judgment to be applied. These derivative financial instruments are classified as Level 2. In other certain cases when market data are not available, key inputs to the fair value measurement include quotes from counterparties, and other market data. Toyota assesses the reasonableness of changes of the quotes using observable market data. These derivative financial instruments are classified as Level 3. Toyota's derivative fair value measurements consider assumptions about counterparty and Toyota's own non-performance risk, using such as credit default probabilities.



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## Notes to Unaudited Condensed Quarterly Consolidated Financial Statements

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### (6) Short-term and long-term debt -

The fair values of short-term and long-term debt including the current portion, except for secured loans provided by securitization transactions using special-purpose entities, are estimated based on the discounted amounts of future cash flows using Toyota's current borrowing rates for similar liabilities. As these inputs are observable, the fair value of these debts are classified as Level 2.

The fair values of the secured loans entered into in connection with securitization transactions are estimated based on current market rates and credit spreads for debt with similar maturities. Internal assumptions including prepayment speeds and expected credit losses are used to estimate the timing of cash flows to be paid on the underlying securitized assets. As these valuations utilize unobservable inputs, the fair value of these secured loans are classified as Level 3.

### **3. Financial instrument measured at fair value on recurring basis**

The following table summarizes the fair values of the assets and liabilities measured at fair value on a recurring basis. Transfers between levels of the fair value are recognized at the end of their respective reporting periods:

# TOYOTA MOTOR CORPORATION

## Notes to Unaudited Condensed Quarterly Consolidated Financial Statements

Yen in millions				
March 31, 2021				
	Level 1	Level 2	Level 3	Total
Other financial assets:				
Financial assets measured at fair value through profit or loss				
Public and corporate bonds	22,926	28,269	8,406	59,600
Stocks	—	—	317,101	317,101
Derivative financial instruments	—	282,364	—	282,364
Other	366,570	123,255	—	489,824
Total	389,495	433,887	325,506	1,148,889
Financial assets measured at fair value through other comprehensive income				
Public and corporate bonds	3,075,042	2,981,239	19,218	6,075,498
Stocks	2,623,964	—	321,816	2,945,780
Other	7,986	—	—	7,986
Total	5,706,991	2,981,239	341,034	9,029,264
Other financial liabilities:				
Financial liabilities measured at fair value through profit or loss				
Derivative financial instruments	—	(425,980)	—	(425,980)
Total	—	(425,980)	—	(425,980)
Yen in millions				
June 30, 2021				
	Level 1	Level 2	Level 3	Total
Other financial assets:				
Financial assets measured at fair value through profit or loss				
Public and corporate bonds	46,085	97,986	2,585	146,656
Stocks	—	—	319,050	319,050
Derivative financial instruments	—	290,205	—	290,205
Other	261,007	151,072	—	412,079
Total	307,092	539,264	321,635	1,167,991
Financial assets measured at fair value through other comprehensive income				
Public and corporate bonds	3,077,655	3,196,322	19,507	6,293,484
Stocks	2,746,600	—	290,862	3,037,461
Other	8,064	—	—	8,064
Total	5,832,319	3,196,322	310,369	9,339,009
Other financial liabilities:				
Financial liabilities measured at fair value through profit or loss				
Derivative financial instruments	—	(292,002)	—	(292,002)
Total	—	(292,002)	—	(292,002)

# TOYOTA MOTOR CORPORATION

## Notes to Unaudited Condensed Quarterly Consolidated Financial Statements

### 4.Changes in financial instruments classified as level 3 and measured at fair value on recurring basis

The following table summarizes the changes in Level 3 assets and liabilities measured at fair value on a recurring basis for the periods ended June 30, 2020 and 2021:

	Yen in millions			
	For the first quarter ended June 30, 2020			
	Public and corporate bonds	Stocks	Derivative financial instruments	Total
Balance at beginning of year	32,931	370,452	—	403,383
Total gains (losses)				
Net income (loss)	28	(1,527)	—	(1,499)
Other comprehensive income (loss)	691	1,266	—	1,957
Purchases and issuances	49	3,027	—	3,077
Sales and settlements	(1,617)	(150)	—	(1,767)
Others	749	4,698	—	5,447
Balance at end of period	32,831	377,767	—	410,598

	Yen in millions			
	For the first quarter ended June 30, 2021			
	Public and corporate bonds	Stocks	Derivative financial instruments	Total
Balance at beginning of year	27,623	638,917	—	666,540
Total gains (losses)				
Net income (loss)	167	(375)	—	(208)
Other comprehensive income (loss)	—	(15,334)	—	(15,334)
Purchases and issuances	782	1,575	—	2,357
Sales and settlements	(1,374)	(105)	—	(1,479)
Transfer from Level 3	(5,834)	(64,469)	—	(70,304)
Others	728	49,704	—	50,432
Balance at end of period	22,092	609,912	—	632,004

Net income (loss) in public and corporate bonds, stocks and derivative financial instruments, other than transactions related to financial services, are each included in "Other finance income" and "Other finance costs" in the accompanying condensed quarterly consolidated statement of income. Transactions related to financial services are included in each of "Sales revenues - Financial services" and "Cost of financial services" in the condensed quarterly consolidated statement of income.

In the reconciliation table above, derivative financial instruments are presented as net of assets and liabilities. "Others" includes foreign currency translation adjustments for the first quarter ended June 30, 2020 and 2021.

Transfer from Level 3 of stocks recognized in the first quarter ended June 30, 2021 is due to the listing of investees.

# TOYOTA MOTOR CORPORATION

## Notes to Unaudited Condensed Quarterly Consolidated Financial Statements

### 5. Financial assets and liabilities measured at amortized cost

The following table summarizes the carrying amount and the fair value of financial assets and liabilities measured on an amortized cost basis:

		Yen in millions			
		March 31, 2021			
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Receivables related to financial services	19,205,715	—	—	19,939,810	19,939,810
Interest-bearing liabilities					
Long-term debt (Including current portion)	20,718,142	—	17,749,022	3,244,912	20,993,934
		Yen in millions			
		June 30, 2021			
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Receivables related to financial services	19,301,398	—	—	19,947,915	19,947,915
Interest-bearing liabilities					
Long-term debt (Including current portion)	19,822,562	—	16,831,237	3,278,144	20,109,381

Of financial assets and liabilities that are measured on an amortized cost basis, those with carrying values that approximate fair value are excluded from the table above.

# TOYOTA MOTOR CORPORATION

## Notes to Unaudited Condensed Quarterly Consolidated Financial Statements

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### VII. Dividends

The paid dividend amounts are as follows;

For the first quarter ended June 30, 2020

<b>Resolution</b>	<b>Type of shares</b>	<b>Total amount of dividends (yen in millions)</b>	<b>Dividend per share (yen)</b>	<b>Record date</b>	<b>Effective date</b>
The Board of Directors Meeting on May 12, 2020	Common shares	331,938	120.00	March 31, 2020	May 28, 2020

For the first quarter ended June 30, 2021

<b>Resolution</b>	<b>Type of shares</b>	<b>Total amount of dividends (yen in millions)</b>	<b>Dividend per share (yen)</b>	<b>Record date</b>	<b>Effective date</b>
The Board of Directors Meeting on May 12, 2021	Common shares	377,453	135.00	March 31, 2021	May 28, 2021

# TOYOTA MOTOR CORPORATION

## Notes to Unaudited Condensed Quarterly Consolidated Financial Statements

### VIII. Sales revenues

The table below shows Toyota's sales revenues from external customers by business and by product category.

	Yen in millions	
	For the first quarter ended June 30,	
	2020	2021
Sales of products		
Automotive		
Vehicles	3,165,032	6,053,670
Parts and components for production	263,909	355,717
Parts and components for after service	402,607	571,203
Other	137,490	252,733
Total automotive	3,969,038	7,233,324
All other	100,817	129,094
Total sales of products	4,069,855	7,362,417
Financial services	530,941	573,140
Total sales revenues	4,600,796	7,935,558

# TOYOTA MOTOR CORPORATION

## Notes to Unaudited Condensed Quarterly Consolidated Financial Statements

### IX. Earnings per share

Reconciliation of the difference between basic and diluted earnings per share attributable to Toyota Motor Corporation are as follows:

	Yen in millions	Thousands of shares	Yen
	Net income attributable to Toyota Motor Corporation	Weighted-average common shares	Earnings per share attributable to Toyota Motor Corporation
<b>For the first quarter ended June 30, 2020</b>			
Net income attributable to Toyota Motor Corporation	158,843		
Basic earnings per share attributable to Toyota Motor Corporation	158,843	2,793,274	56.87
Effect of dilutive securities			
Model AA Class Shares	—	—	
Diluted earnings per share attributable to Toyota Motor Corporation	158,843	2,793,274	56.87
<b>For the first quarter ended June 30, 2021</b>			
Net income attributable to Toyota Motor Corporation	897,832		
Basic earnings per share attributable to Toyota Motor Corporation	897,832	2,795,810	321.13
Effect of dilutive securities			
Model AA Class Shares	23	249	
Diluted earnings per share attributable to Toyota Motor Corporation	897,855	2,796,059	321.11

For the first quarter ended June 30, 2020, the 47,100 thousand Model AA Class Shares were not included in the computation of diluted earnings per share attributable to Toyota Motor Corporation because the Model AA Class Shares were antidilutive.

At a meeting of its Board of Directors held on December 14, 2020, TMC has resolved to exercise its cash call option to acquire all outstanding Model AA Class Shares and, subject to such acquisition, to cancel all Model AA Class Shares pursuant to Article 178 of the Companies Act of Japan. The acquisition took place on April 2, 2021, and the cancellation was completed on April 3, 2021.

### X. Supplemental cash flow information

“Other, net” in cash flows from investing activities includes a net decrease in time deposits of ¥1,604,506 million for the first quarter ended June 30, 2021.

**XI. Contingencies**

**Guarantees -**

Toyota enters into contracts with Toyota dealers to guarantee customers' payments of their installment payables that arise from installment contracts between customers and Toyota dealers, as and when requested by Toyota dealers. Toyota is required to execute its guarantee primarily when customers are unable to make required payments.

The maximum potential amount of future payments as of June 30, 2021 is ¥3,768,340 million. Liabilities for guarantees totaling ¥19,170 million have been provided as of June 30, 2021. Under these guarantee contracts, Toyota is entitled to recover any amount paid by Toyota from the customers whose original obligations Toyota has guaranteed.

**Legal proceedings -**

Toyota and other automakers have been named in certain class actions filed in Mexico, Canada, Australia, Israel and Brazil, as well as some other actions by states or territories of the United States relating to Takata airbag issues. The actions in Mexico, Australia, Israel, and Brazil are being litigated. The actions by states or territories of the United States have been resolved.

As previously disclosed, Toyota entered into a consent decree on January 14, 2021 with the U.S. EPA, the Department of Justice (“DOJ”) and the Civil Division of the U.S. Attorney’s Office for the Southern District of New York (“SDNY”) to resolve investigations stemming from a self-reported process gap in fulfilling certain emissions defect information reporting requirements. Under the consent decree, Toyota agreed to pay, and has paid, a \$180 million civil penalty and to comply with certain additional periodic reporting requirements. The U.S. District Court for the Southern District of New York approved the consent decree on April 2, 2021.

In April 2020, Toyota reported possible anti-bribery violations related to a Thai subsidiary to the SEC and the DOJ, and is cooperating with their investigations. Investigations by governmental authorities related to these matters could result in the imposition of civil or criminal penalties, fines or other sanctions, or litigation. Toyota cannot predict the scope, duration or outcome of these matters at this time.



# TOYOTA MOTOR CORPORATION

## Notes to Unaudited Condensed Quarterly Consolidated Financial Statements

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Toyota also has various other pending legal actions and claims, including without limitation personal injury and wrongful death lawsuits and claims in the United States, and is subject to government investigations from time to time.

Beyond the amounts accrued with respect to all aforementioned matters, Toyota is unable to estimate a range of reasonably possible loss, if any, for the pending legal matters because (i) many of the proceedings are in evidence gathering stages, (ii) significant factual issues need to be resolved, (iii) the legal theory or nature of the claims is unclear, (iv) the outcome of future motions or appeals is unknown and/or (v) the outcomes of other matters of these types vary widely and do not appear sufficiently similar to offer meaningful guidance. Therefore, for all of the aforementioned matters, which Toyota is in discussions to resolve, any losses that are beyond the amounts accrued could have an adverse effect on Toyota's financial position, results of operations or cash flows.

**XII. Additional information**

TMC authorized a stock split of shares of its common stock and partial amendment to the Articles of Incorporation due to the stock split, at a meeting of its Board of Directors held on May 12th, 2021.

**(1) Purpose of the stock split**

The purpose is to reduce the minimum investment price through the stock split, thereby creating an environment where it is easier to invest in TMC's shares and expanding TMC's investor base.

**(2) Stock split method**

The record date for the stock split will be September 30, 2021. Each share of TMC's common stock held by shareholders as of the record date will be split into five shares.

**(3) Increase in number of shares as a result of the stock split**

Number of shares outstanding prior to the stock split: 3,262,997,492 shares

Increase in total number of issued shares as a result of this stock split: 13,051,989,968 shares

Number of issued shares after the stock split: 16,314,987,460 shares

Total number of authorized shares after the stock split: 50,000,000,000 shares

**(4) Stock split schedule**

Date of public notice of the record date: September 14, 2021(Scheduled)

Record date: September 30, 2021(Scheduled)

Effective date: October 1, 2021(Scheduled)

**(5) Partial amendment to articles of incorporation**

Due to the stock split described above, TMC will partially amend its Articles of Incorporation, to increase the total number of shares which the Corporation is authorized to issue from ten billion (10,000,000,000) to fifty billion (50,000,000,000), effective as of October 1, 2021, pursuant to Article 184, Paragraph 2 of the Companies Act.

**(6) Impact on per share information**

Per share information assuming that the stock split was performed at the beginning of the first quarter ended June 30, 2020 is as follows:

	Yen	
	For the first quarter ended June 30,	
	2020	2021
Basic earnings per share attributable to		
Toyota Motor Corporation . . . . .	11.37	64.23
Diluted earnings per share attributable to		
Toyota Motor Corporation . . . . .	11.37	64.22
Toyota Motor Corporation shareholders' equity per share . . . . .	1,481.70	1,726.93