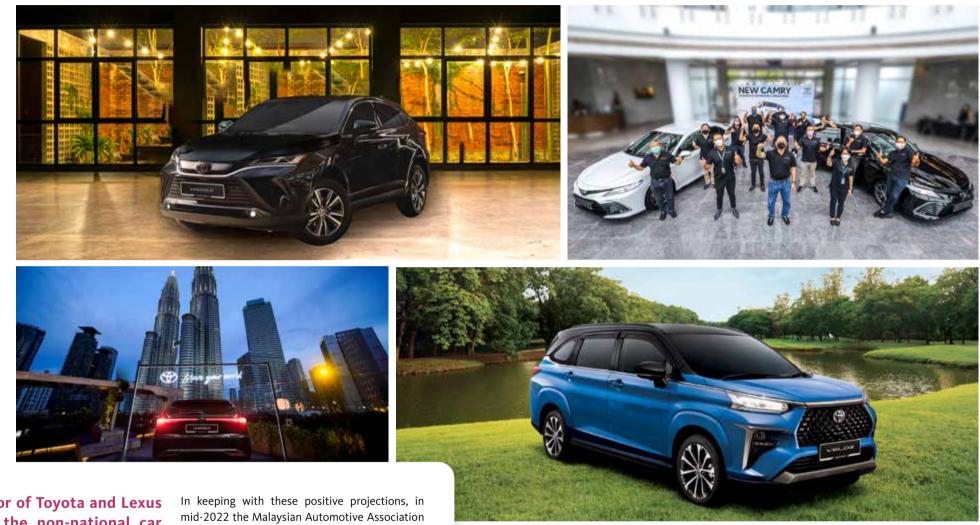
OUR PERFORMANCE

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UMW ΤΟΥΟΤΑ

Reclaimed its position as the number-one non-national car manufacturer in Malaysia for the second year running







UMW Toyota, sole distributor of Toyota and Lexus models in Malaysia, leads the non-national car market for the second year running. Toyota's new regional tagline 'Move Your World' reflects a more mobile future society, as it transitions from an automobile company to a mobility company.

Globally, the automotive industry is evolving rapidly, its transformation prompted by digitalisation, innovative technology and new business models. Great strides in diverse mobility, autonomous driving, electrification and connectivity have advanced, recast and created a turning point for the industry.

According to Euromonitor, unit sales volumes in 2022 were expected to be around 78 million, 10% up from 2021, and higher than in 2019. Profits also rose on average across OEMs this year, with many reaching record heights.

(MAA) revised its projected total industry volume (TIV) upward to 630,000 new vehicles. By end-November 2022, Kenanga Research had also raised its 2022 TIV projection to 680,000 units. The revised figures were attributed mainly to the continued recovery of the Malaysian economy post-pandemic, easing of chip and component supply shortages and the Ministry of Finance's decision to extend the car registration deadline to 31 March 2023.

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With new models, robust deliveries and new bookings, demand for cars in Malaysia is on an upward trend, despite the absence of continued tax waiver.

KEY PERFORMANCE HIGHLIGHTS

TOYOTA SALES VOLUME (Units)

101,035

2021: 72.394

ΤΟΥΟΤΑ CAPITAL **MANAGED ASSETS** (RM billion)

7.3 2021: 6.3

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2022



UMW Toyota ended the year on a high note, recording a total of 101,035 vehicles sold compared to 72,394 units in 2021. With a 40% sales increase, this achievement positions Toyota as the top-selling non-national brand in Malaysia.

With a history that dates back more than a century, UMW Toyota works very closely with the principal Toyota Motor Corporation (TMC) to implement global processes so as to uphold the brand's strong presence in Malaysia.

Challenging economic conditions still prevailed, both globally and locally, and the automotive industry was affected by supply chain issues. Nevertheless, UMW Toyota continued to benefit from sales tax exemption for outstanding orders made before 30 June 2022 and registered by 31 March 2023.

Toyota's success in Malaysia in 2022 was credited in part to the launch of the Corolla Cross Hybrid, one of several models introduced last year. The Hilux and Fortuner, both front-runners in their respective segments, also contributed to Toyota's strong sales in 2022.

UMW Toyota's customer service operations surpassed 1.25 million vehicles, evidence of the exceptional level of after-sales service embodied in its 'Extra Mile' initiative to deliver the best sales and after-sales service.

In a shift in branding, at the end of 2022 Toyota revealed its new tagline, 'Move Your World'. This conveys a multipath message, with hybrid, electric and hydrogen cars as options for the future.

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ACHIEVEMENTS

UMW Toyota reclaimed its position as the number-one nonnational car manufacturer in Malaysia for the second year running. The brand's total volume in Malaysia consisted of 100,042 Toyota and 993 Lexus vehicles. Compared to the total combined sales of both vehicles of 72,394 units in 2021, a 40% increase in sales was achieved. This was accomplished despite continuing disruptive market conditions. Toyota Vios, Hilux and Corolla Cross were the year's best-selling models.

Also, the decision to transform its own outlets into dealerships in 2017 led to more brand and sales resilience during the pandemic.

Toyota's new regional vision, 'Move Your World', was introduced and implemented to align with other Toyota markets across Asia-Pacific. The tagline encapsulates the brand's aims of realising its transition into a mobility company, with a customer-centric car ownership experience. As Toyota's evolving customers drive the company's choice of new ways of doing business, it aims to deliver happiness and total mobility for all.

In pursuing greater connectivity and convenience to facilitate optimal customer online interactions, the Toyota Malaysia website was upgraded with new user-friendly features and a modern interface, enhanced by data-driven personalisation. In enabling optimal engagement with customers, every process during interaction is focused on meeting the customer's precise needs.

Financially, UMW Toyota ensured that cash flow stayed strong, as long-term investment is necessary in the industry to sustain competitiveness and stay ahead.

In aspiring to provide a total mobility landscape to customers, UMW Toyota streamlined and increased its Corporate Social Responsibility (CSR) activities in 2022. The focus was on safety for children in schools, and youth, with Toyota Eco Youth implementing new ways of learning. Education and public awareness were also key in involving surrounding communities to transform their environments.



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Additionally, Toyota championed the cause of the Cancer Society and the Kidney Society by investing in long-term support. The automotive company was also deeply involved in expanding the Toyota GAZOO Racing and Toyota GR Velocity Esports Championship events, with future plans to sponsor local professional golf.

UMW Toyota strengthened its multipath campaign to provide customers with mobility options. It ventured into electrification by introducing more hybrid electric vehicles, strengthening Toyota's green strategy for its portfolio, based on achieving carbon neutrality with a multi-prong approach.

TMC has pioneered development of electrified vehicles and is always striving to recycle 85% of all materials used. Much effort and investment has gone into developing the most complete range of electrified vehicles.



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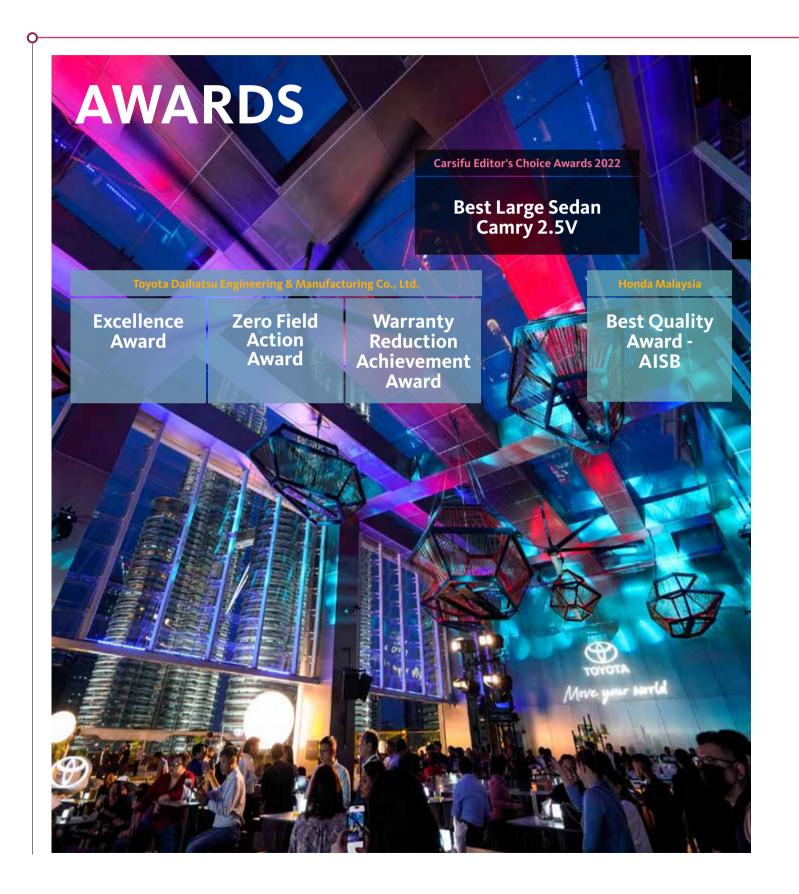
In Malaysia, UMW Toyota believes that HEVs are the most accessible option for car owners to begin carbon-reducing. The Corolla Cross Hybrid attained great significance in being the first-ever Toyota model with HEV technology assembled in Malaysia at the stateof-the-art UMW Toyota plant. In 2022, the Corolla Cross recorded 17,208 units sold in the C-segment SUV category.

Together with Toyota Capital Malaysia, the focus in 2022 has been to provide customers with innovative financing solutions for UMW Toyota's products. Toyota's Financial Packages offer vehicle financing choices to fit a range of needs and lifestyles, including attractive rates for lower-carbon vehicles, multi-tier repayment loans and even a car subscription plan. The improved Toyota Insurance Package covers vehicles of all ages, as well as Toyota Service Saver with moneysaving holistic maintenance plans. Furthermore, customers are rewarded for their expenses through the Toyota Loyal-T programme, enabling them to earn points for purchases, servicing or repairs, and even for vehicle insurance renewals.

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CHALLENGES

Driven by pent-up demand and extension of the sales tax exemption, the waiting period for bookings in 2022 ranged from six months to one year. The shortage in vehicle supply was caused by various issues that included material, capacity, supply chain and future price increases. With the resumption of economic activities, necessary measures were taken to ramp up production to fulfil outstanding orders.

Additionally, Bank Negara Malaysia's increase in Overnight Policy Rate (**OPR**) for the fourth time in November 2022 made new car loan rates higher than in the preceding six to nine months.

Despite supply chain improvements in 2022, chip and component shortages plagued the industry with continued disruption due to intermittent lockdowns and China's continuing zero COVID-19 policy that only ceased at the end of 2022. Manpower shortages meant increasing plant automation, where it currently stands at around 50% in terms of welding processes.

Forex will continue to be a challenge due to increased volatility and actions are being taken to mitigate the cost increase. Dealing with previous catastrophic events such as the 1995 Kobe earthquake, 2011 Thailand floods and Tohoku earthquake has resulted in UMW Toyota becoming more resilient in managing the fallout from the pandemic, to recover faster vis-a-vis its competitors.

With interest in electric cars gaining traction, the pressure was not only to produce and sell such cars but also to ensure that the supporting infrastructure is in place. UMW Toyota participated in the process by seeking collaboration with the right partners to move forward.

OUTLOOK

Future challenges include relooking at car ownership busin aspiration in extending coverage to the whole ecosystem.

UMW Toyota aims to retain its position as Malaysia's number-one non-national automotive brand in 2023, and beyond. The company plans to maintain the positive trend in 2023 by launching several new models such as the second-generation GR 86, GR Corolla, GR Supra and the new Toyota Vios. Following the success of the carbon-reducing Corolla Cross Hybrid Electric, a second HEV will be launched in 2023. UMW Toyota aims to introduce battery-electric vehicles (**BEVs**) by 2025.

A new agency retail model is set to commence in 2023, with customers able to enjoy hassle-free vehicle purchasing. This will be achieved by implementing a new sales process through selected premier agent dealerships for Lexus and certain Toyota models. The sales process has been re-designed to be more customer-centric, inspiring absolute trust and confidence through fair, transparent pricing.

Further expanding customer satisfaction and UMW Toyota's digital transformation, a Super App will be launched, building on 30-35 years of loyal customers' data. The app aims to capture all services and sales, gathering necessary information to offer every convenience during sales and after-sales service.

Although moving into the era of electrification, UMW Toyota will continue to maintain its fun-to-drive experiences with its long-running activities undertaken by GAZOO Racing Malaysia. The motorsports events, dating back 60 years, have elevated the local motor racing scene. They not only allow owners a chance to enjoy racing, but also enable Toyota to continue manufacturing even better cars.

UMW Toyota will remain cautiously optimistic on the domestic business environment. The company will continue to align very closely on multiple global strategy operations, gearing towards continuous digitalisation. More effort will be channelled towards the carbon neutrality drive and enhancing value chain business.

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Future challenges include relooking at car ownership business models, the advent of autonomous cars, and building on Toyota's total mobility