

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

(Mark One)

- REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934 OR
ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the fiscal year ended: March 31, 2026 OR
TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 OR
SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 Commission file number: 001-14948

TOYOTA JIDOSHA KABUSHIKI KAISHA
(Exact name of registrant as specified in its charter)
TOYOTA MOTOR CORPORATION
(Translation of registrant's name into English)
Japan
(Jurisdiction of incorporation or organization)

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(Name, telephone, e-mail and/or facsimile number and address of registrant's contact person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Table with 3 columns: Title of each class, Trading Symbol(s), Name of each exchange on which registered. Row 1: American Depositary Shares* Common Stock**, TM, The New York Stock Exchange

* Each American Depositary Share representing ten shares of the registrant's Common Stock.
** No par value. Not for trading, but only in connection with the registration of American Depositary Shares, pursuant to the requirements of the U.S. Securities and Exchange Commission.

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:
13,033,931,974 shares of common stock (including 355,369,125 shares of common stock in the form of American Depositary Shares) as of March 31, 2026

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act: Yes [x] No []

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934: Yes [] No [x]

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes [x] No []

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files): Yes [x] No []

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer [x] Accelerated filer [] Non-accelerated filer [] Emerging growth company []

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act: []

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report: [x]

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements: []

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b): []

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing: U.S. GAAP [] International Financial Reporting Standards as issued by the International Accounting Standards Board [x] Other []

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow: Item 17 [] Item 18 []

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes [] No [x]

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As used in this annual report, the term “fiscal” preceding a year means the twelve-month period ended March 31 of the year referred to. All other references to years refer to the applicable calendar year unless the context otherwise requires. Unless the context otherwise requires or as otherwise expressly stated, references in this prospectus supplement to “TMC” refers to Toyota Motor Corporation, “Toyota,” “we,” “us,” “our” and similar terms refer to Toyota Motor Corporation and its consolidated subsidiaries, as a group, and as of March 31, 2026, “Toyota Group” refers to Toyota Motor Corporation, Toyota Industries Corporation (“Toyota Industries”), Aichi Steel Corporation, JTEKT CORPORATION, Toyota Auto Body Co., Ltd., Toyota Tsusho Corporation, AISIN CORPORATION, DENSO Corporation, TOYOTA BOSHOKU CORPORATION, TOYOTA FUDOSAN CO., LTD., TOYOTA CENTRAL R&D LABS., INC., Toyota Motor East Japan, Inc., Toyoda Gosei Co., Ltd., Hino Motors, Ltd. (“Hino”), Daihatsu Motor Co., Ltd. (“Daihatsu”), Toyota Housing Corporation, Toyota Motor Kyushu, Inc. and Woven by Toyota, Inc. (“Woven by Toyota”), collectively. However, effective April 1, 2026, Hino ceased to be a consolidated subsidiary of TMC, and references in this annual report to “Toyota,” “we,” “us,” “our,” the “Toyota Group” and similar terms, when used in respect of any date or period on or after April 1, 2026, exclude Hino. Notwithstanding the foregoing, certain Hino-brand vehicles continue to be manufactured by our consolidated subsidiaries on or after April 1, 2026, and consolidated vehicle sales for periods on or after such date include such Hino-brand vehicles manufactured by our consolidated subsidiaries.

Toyota’s consolidated financial statements in this annual report have been prepared in accordance with IFRS Accounting Standards, as issued by the International Accounting Standards Board (“IASB”). IFRS Accounting Standards also includes International Accounting Standards (“IASs”) and the related interpretations of the interpretations committees (SIC and IFRIC). As such, we make an explicit and unreserved statement of compliance with IFRS Accounting Standards with respect to our consolidated financial statements as of and for the fiscal years ended March 31, 2024, 2025, and 2026 included in this annual report.

CAUTIONARY STATEMENT WITH RESPECT TO FORWARD-LOOKING STATEMENTS

Written forward-looking statements may appear in documents filed with the SEC, including this annual report, documents incorporated by reference, reports to shareholders and other communications.

The U.S. Private Securities Litigation Reform Act of 1995 provides a “safe harbor” for forward-looking information to encourage companies to provide prospective information about themselves without fear of litigation so long as the information is identified as forward-looking and is accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those projected in the information. Toyota relies on this safe harbor in making forward-looking statements.

Forward-looking statements appear in a number of places in this annual report and include statements regarding Toyota’s current intent, belief, targets or expectations or those of its management. In many, but not all cases, words such as “aim,” “anticipate,” “believe,” “estimate,” “expect,” “hope,” “intend,” “may,” “plan,” “predict,” “probability,” “risk,” “should,” “will,” “would,” and similar expressions, are used as they relate to Toyota or its management, to identify forward-looking statements. These statements reflect Toyota’s current views with respect to future events and are subject to risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize or should underlying assumptions prove incorrect, actual results may vary materially from those which are anticipated, aimed at, believed, estimated, expected, intended or planned.

Forward-looking statements are not guarantees of future performance and involve risks and uncertainties. Actual results may differ from those in forward-looking statements as a result of various factors. Important factors that could cause actual results to differ materially from estimates or forecasts contained in the forward-looking statements are identified in “Risk Factors” and elsewhere in this annual report, and include, among others:

- (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 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 and regulations, as well as other government actions, in the markets in which Toyota operates that affect Toyota's operations, particularly laws, regulations and government actions relating to vehicle safety including remedial measures such as recalls, environmental protection, vehicle emissions and vehicle fuel economy, and tariffs and other trade policies, as well as 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;

(xv) the impact of climate change and the transition towards a low-carbon economy; and

(xvi) the ability of Toyota to hire or retain sufficient human resources.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

3.A [RESERVED]

3.B CAPITALIZATION AND INDEBTEDNESS

Not applicable.

3.C REASONS FOR THE OFFER AND USE OF PROCEEDS

Not applicable.

3.D RISK FACTORS

Industry and Business Risks

The worldwide automotive market is highly competitive.

The worldwide automotive market is highly competitive. Toyota faces intense competition from automotive manufacturers in the markets in which it operates. In recent years, competition in the automotive industry has further intensified amidst difficult overall market conditions. In addition, competition is likely to further intensify as technological advances in areas such as Connected, Autonomous / Automated, Shared, and Electric (“CASE”) technologies progress in the worldwide automotive industry, possibly resulting in industry reorganizations. Factors affecting competition include product quality and features, safety, reliability, fuel economy, the amount of time required for innovation and development, pricing, customer service, financing terms and tax credits or other government policies in various countries. Increased competition may lead to lower vehicle unit sales, which may result in a further downward price pressure and adversely affect Toyota’s financial condition, results of operations, cash flows and prospects. Toyota’s ability to adequately respond to the recent rapid changes in the automotive market, particularly shifts in consumer preferences to electrified vehicles, and to maintain its competitiveness will be fundamental to its future success in existing and new markets and to maintain its market share. There can be no assurances that Toyota will be able to compete successfully in the future.

The worldwide automotive industry is highly volatile.

Each of the markets in which Toyota competes has been subject to considerable volatility in demand. Demand for vehicles depends to a large extent on economic, social and political conditions in a given market and the introduction of new vehicles and technologies. As Toyota’s revenues are derived from sales in markets worldwide, economic conditions in such markets are particularly important to Toyota.

Changes in demand for automobiles are continuing, and it is unclear how this situation will transition in the future. Toyota’s financial condition, results of operations, cash flows and prospects may be adversely affected if the changes in demand for automobiles continue or progress further beyond Toyota’s expectations. In addition, demand has been affected, and may in the future be affected by, factors directly impacting vehicle price or the

cost of purchasing and operating vehicles such as sales and financing incentives, prices of raw materials and parts and components, cost of fuel and governmental regulations (including tariffs, import regulation and other taxes). Volatility in demand may lead to lower vehicle unit sales, which may result in downward price pressure and adversely affect Toyota's financial condition, results of operations, cash flows and prospects.

Toyota's future success depends on its ability to offer new, innovative and competitively priced products that meet customer demand on a timely basis.

Meeting customer demand by introducing attractive new vehicles and reducing the amount of time required for product development are critical to automotive manufacturers. In particular, it is critical to meet customer demand with respect to quality, safety, reliability and sustainability. The timely introduction of new vehicle models and vehicle features, at competitive prices, meeting rapidly changing customer preferences and demand is more fundamental to Toyota's success than ever, as the automotive market is rapidly transforming in light of the changing global economy and technological advances. There is no assurance, however, that Toyota will adequately and appropriately respond to changing customer preferences and demand with respect to quality, safety, reliability, styling, sustainability and other features in a timely manner. Even if Toyota succeeds in perceiving customer preferences and demand, there is no assurance that Toyota will be capable of developing and manufacturing new, price competitive products in a timely manner with its available technology, intellectual property, sources of raw materials and parts and components, and production capacity, including cost reduction capacity. Further, there is no assurance that Toyota will be able to offer new products or implement capital expenditures at the level and times planned by management, including as described in targets or goals that we have disclosed publicly. Toyota's inability to develop and offer products that meet customers' preferences and demand with respect to quality, safety, reliability, styling, sustainability and other features in a timely manner could result in a lower market share and reduced sales volumes and margins, and may adversely affect Toyota's financial condition, results of operations, cash flows and prospects.

Toyota's ability to market and distribute effectively is an integral part of Toyota's successful sales.

Toyota's success in the sale of vehicles depends on its ability to market and distribute effectively based on distribution networks and sales techniques tailored to the needs of its customers. There is no assurance that Toyota will be able to develop sales techniques and distribution networks that effectively adapt to changing customer preferences or changes in the geopolitical and regulatory environment in the major markets in which it operates. Toyota's inability to maintain well-developed sales techniques and distribution networks may result in decreased sales and market share and may adversely affect its financial condition, results of operations, cash flows and prospects.

Toyota's success is significantly impacted by its ability to maintain and develop its brand image and reputation.

In the highly competitive automotive industry, it is critical to maintain and develop a brand image and reputation. In order to do so, it is necessary to further increase stakeholders' confidence by ensuring that Toyota, the Toyota Group and their suppliers thoroughly comply with laws and regulations, provide safe, high-quality products that meet customer preferences and demand, as well as timely and appropriately disseminate information to stakeholders. It is also becoming increasingly important for companies to contribute to sustainability. However, the Toyota Group cannot ensure that it or its suppliers do so in all cases. For instance, at the consolidated subsidiary level, Hino and Daihatsu announced vehicle model certification issues in March 2022 and in April 2023, respectively. In addition, Toyota Motor Corporation investigated certain of its model certification applications as per instructions from the Ministry of Land, Infrastructure, Transport and Tourism of Japan ("MLIT") on January 26, 2024. Toyota Motor Corporation has confirmed that since 2014 seven models, including some that have already been discontinued, were tested as part of such applications using methods that differed from government standards, and it reported this to the MLIT on May 31, 2024. In July 2024, Toyota Motor Corporation received a correction order from the MLIT regarding its model certification applications.

Following on-site investigations, the MLIT indicated eight new cases involving seven vehicles that did not comply with the standards. In August 2024, Toyota Motor Corporation submitted a report on measures to prevent recurrence of such conduct to the MLIT. See “Item 4. Information on the Company — 4.B Business Overview — Legal Proceedings” for further discussion of these and related matters.

In addition, actual or perceived failures on the part of Toyota or its suppliers to contribute to sustainability or to meet certain sustainability-related goals or objectives, including those relating to climate change or the protection of human rights in Toyota’s supply chain, may also harm Toyota’s reputation. Any insufficient measures taken by Toyota, the Toyota Group or their suppliers to maintain and develop Toyota’s brand image and reputation may have an adverse effect on Toyota’s financial condition, results of operations, cash flows and prospects.

Toyota relies on suppliers for the provision of certain supplies including parts, components and raw materials.

Toyota purchases supplies including parts, components and raw materials from a number of external suppliers located around the world. For some supplies, Toyota relies on a single supplier or a limited number of suppliers, whose replacement with another supplier may be difficult. Inability to obtain supplies from a single or limited source supplier may result in difficulty obtaining supplies and may restrict Toyota’s ability to produce vehicles. Furthermore, even if Toyota were to rely on a large number of suppliers, first-tier suppliers with whom Toyota directly transacts may in turn rely on a single second-tier supplier or limited second-tier suppliers.

Irrespective of the number of suppliers, Toyota’s ability to continue to obtain supplies from its suppliers in a timely and cost-effective manner is subject to a number of factors, some of which are not within Toyota’s control. These factors include the ability of Toyota’s suppliers to provide a continued source of supply, and Toyota’s ability to effectively compete and obtain competitive prices from suppliers. Circumstances that may adversely affect such abilities include geopolitical tensions as well as related governmental actions such as economic sanctions and export controls that may be relevant to certain suppliers.

A loss of any single or limited source supplier, or inability to obtain supplies from suppliers in a timely and cost-effective manner, could lead to increased costs or delays or suspensions in Toyota’s production and deliveries, which could have an adverse effect on Toyota’s financial condition, results of operations, cash flows and prospects.

The worldwide financial services industry is highly competitive.

The worldwide financial services industry is highly competitive. Increased competition in automobile financing may lead to decreased margins. A decline in Toyota’s vehicle unit sales, an increase in residual value risk due to lower used vehicle prices, an increase in the ratio of credit losses and increased funding costs are additional factors which may impact Toyota’s financial services operations. If Toyota is unable to adequately respond to the changes and competition in automobile financing, Toyota’s financial services operations may adversely affect its financial condition, results of operations, cash flows and prospects.

Toyota’s operations and vehicles rely on various digital and information technologies, as well as information security, which are subject to frequent attack.

Toyota depends on various information technology networks and systems, some of which are managed by third parties, to process, transmit and store electronic information, including sensitive data, and to manage or support a variety of business processes and activities, including manufacturing, research and development, supply chain management, sales and accounting. In addition, Toyota vehicles may rely on various digital and information technologies, including information service and driving assistance functions.

Despite security measures, Toyota’s digital and information technology networks and systems may be vulnerable to damage, disruptions, shutdowns due to unauthorized access or attacks by hackers, computer

viruses, breaches due to unauthorized use, errors or malfeasance by employees and others who have or gain access to the networks and systems Toyota depends on or otherwise uses, service failures or bankruptcy of third parties such as software development or cloud computing vendors, power shortages and outages, and utility failures or other catastrophic events like natural disasters. In particular, cyberattacks or other intentional malfeasance are increasing in terms of intensity, sophistication and frequency, and Toyota has been and expects to continue to be the subject of such attacks. Such attacks have, in some cases, and could again disrupt critical operations, disclose sensitive data, interfere with information services and driving assistance functions in Toyota's vehicles, and/or give rise to legal claims or proceedings, liability or regulatory penalties under applicable laws, which could have an adverse effect on Toyota's brand image and its financial condition, results of operations, cash flows and prospects. Moreover, similar attacks on Toyota's suppliers and business partners have had, and may in the future have, a similar negative impact on Toyota.

Toyota is exposed to risks associated with climate change, including the physical risks of climate change and risks from the transition to a lower-carbon economy.

Risks associated with climate change are subject to increasing societal and political, including regulatory, focus in Japan and globally. These risks include the physical risks of climate change and risks from the transition to a lower-carbon economy.

The physical risks of climate change include both acute, event-driven risks such as those relating to hurricanes, floods, tornadoes, drought, and wildfires as well as longer-term weather patterns and related effects, such as sustained higher temperatures and sea level rise. While Toyota has a Business Continuity Plan ("BCP"), in addition to large-scale disasters due to extreme weather conditions, the increase and intensification of severe weather events such as heat waves is expected to increase the risk of heat stroke and water shortages due to drought. Such severe weather events and other natural conditions have in the past harmed, and may in the future again harm, Toyota's employees or its facilities and other assets, as well as those of Toyota's suppliers and other business partners, thereby adversely affecting Toyota's production, sales or other operational capacities. Large-scale disasters and other events may also adversely affect the financial condition of Toyota's customers, and thereby demand for its products and services.

Transition risks are those attributable to regulatory, technological and market changes to address the mitigation of, or adaptation to, climate-related risks. For example, Toyota is subject to the risk of changes in customer demand for vehicles due to such factors as changes in laws, regulations and government policies relating to climate change, technological innovation to address climate change, and new entrants into the automobile industry that seek to capitalize on changing market dynamics. Changes in customer demand may pose ancillary risks and challenges, such as Toyota's having to establish new, or enhance existing, supply networks in order to source the raw materials, parts and components necessary for it to manufacture the products then in demand at desired volumes and at competitive costs. Toyota may incur significant costs and expenses as a result of the materialization of such risks, or in its efforts to mitigate or adapt to such risks. Toyota's inability to develop and offer products that meet customers' preferences and demand in a timely manner could result in a lower market share and reduced sales revenues and margins, and may adversely affect Toyota's financial condition, results of operations cash flows and prospects.

Furthermore, Toyota has published disclosures on climate-change related matters relating to its business and its partners. Such disclosures include forward-looking statements based on Toyota's expectations and assumptions, involving substantial discretion and forecasts about costs and future circumstances, which may prove to be incorrect. In addition, Toyota's initiatives relating to climate change may not have the intended results, and estimates concerning the timing and cost of implementing, and ability to meet, stated goals are subject to risks and uncertainties. As a result, Toyota may not be able to meet its goals, including those set forth in this report, on expected timing or within expected costs.

In particular, progress toward achieving Toyota's climate-related targets requires significant investment of resources and management time, as well as further improvement of compliance and risk management systems,

internal controls and other internal procedures. Toyota's ability to achieve its climate-related goals, which are to be pursued over the long-term and are inherently aspirational, is subject to numerous risks and uncertainties, many of which are outside of Toyota's control, such as changes in environmental and energy regulation and policy, the pace of technological change and innovation, and the actions of Toyota's customers and competitors. Any failure, or perceived failure, by Toyota to achieve its climate-change related goals, including those set forth in this report, could adversely impact its reputation, financial condition, results of operations, cash flows and prospects. For a further discussion of risks associated with climate change, see "Item 4. Information on the Company — 4.B Business Overview — Climate Change-related Disclosures."

Toyota's operations are dependent on securing, retaining and developing talented, diverse employees.

Given in particular the rapid changes in its business environment and its efforts to transform into a mobility company, Toyota's success depends on its ability to continue to recruit, retain and develop talented and diverse employees. However, competition for such employees is intense and if Toyota cannot recruit and retain diverse employees with a high level of expertise and extensive experience as planned, or it is unable to provide its employees with the opportunities, training and resources they need to develop themselves further, it may reduce Toyota's competitiveness, and its financial condition, results of operations, cash flows and prospects could be adversely affected.

Financial Market and Economic Risks

Toyota's operations are subject to currency and interest rate fluctuations.

Toyota is sensitive to fluctuations in foreign currency exchange rates and is principally exposed to fluctuations in the value of the Japanese yen, the U.S. dollar and the euro and, to a lesser extent, the Australian dollar, the Canadian dollar and the British pound. Toyota's consolidated financial statements, which are presented in Japanese yen, are affected by foreign currency exchange fluctuations through translation risk, and changes in foreign currency exchange rates may also affect the price of products sold and materials purchased by Toyota in foreign currencies through transaction risk. In particular, strengthening of the Japanese yen against the U.S. dollar can have an adverse effect on Toyota's operating results.

Toyota believes that its use of certain derivative financial instruments including foreign exchange forward contracts and interest rate swaps and increased localized production of its products have reduced, but not eliminated, the effects of interest rate and foreign currency exchange rate fluctuations. Nonetheless, a negative impact resulting from fluctuations in foreign currency exchange rates and changes in interest rates may adversely affect Toyota's financial condition, results of operations, cash flows and prospects. For a further discussion of currency and interest rate fluctuations and the use of derivative financial instruments, see "Item 5. Operating and Financial Review and Prospects — 5.A Operating Results — Overview — Currency Fluctuations," "Item 11. Quantitative and Qualitative Disclosures About Market Risk," and notes 9 and 20 to Toyota's consolidated financial statements.

High prices of raw materials and strong pressure on Toyota's suppliers has and could continue to negatively impact Toyota's profitability.

Increases in raw materials prices that Toyota and Toyota's suppliers use in manufacturing their products or parts and components such as steel, precious metals, non-ferrous alloys including aluminum, and plastic parts, may lead to higher production costs for parts and components. This could, in turn, negatively impact Toyota's profitability if Toyota is not able to pass all those costs on to its customers.

A downturn in the financial markets could adversely affect Toyota's ability to raise capital.

Should the world economy suddenly deteriorate, a number of financial institutions and investors will face difficulties in providing capital to the financial markets at levels corresponding to their own financial capacity,

and, as a result, there is a risk that companies may not be able to raise capital under terms that they would expect to receive with their creditworthiness. If Toyota is unable to raise the necessary capital under appropriate conditions on a timely basis, Toyota's financial condition, results of operations, cash flows and prospects may be adversely affected.

Regulatory, Legal, Political and Other Risks

The automotive industry is subject to various laws, regulations and governmental actions.

The worldwide automotive industry is subject to various laws and regulations. Toyota has incurred significant costs as a result of laws, regulations and governmental actions or in response thereto, and expects to incur such costs in the future. Furthermore, new legislation or regulations or changes in existing legislation or regulations may also subject Toyota to additional costs in the future. If Toyota incurs significant costs related to laws, regulations and governmental actions, Toyota's financial condition, results of operations, cash flows and prospects may be materially and adversely affected. Such laws, regulations and governmental actions may also limit or restrict Toyota's businesses or operations, which may also materially and adversely affect its financial condition, results of operations, cash flows and prospects.

For example, Toyota is subject to various laws and regulations related to vehicle safety and environmental matters such as emission levels, fuel economy, noise and pollution. In particular, automotive manufacturers such as Toyota are required to implement safety measures such as recalls for vehicles that do not or may not comply with the safety standards prescribed in laws and regulations. In addition, Toyota may, in order to reassure its customers of the safety of Toyota's vehicles, decide to voluntarily implement sales suspensions, recalls or other safety measures even if the vehicle complies with the safety standards of relevant laws and regulations. If Toyota launches products that result in safety measures such as recalls (including where parts related to recalls or other measures were procured by Toyota from a third party), Toyota may incur various costs including significant costs for free repairs. The failure to comply with such regulations could result in legal proceedings, recalls, negotiated remedial actions, fines, corrective orders, revocations of government approvals and the imposition of other government sanctions, restricted product offerings, compensatory payments or adverse consequences.

Similarly, many governments also impose tariffs and other trade barriers, taxes and levies, or enact export, price or exchange controls. For example, in 2025, a significant increase in tariffs on exports to the United States, including tariffs specifically related to the automotive industry, were announced. Such elevated tariff rates remain in effect as of the date of this report. We cannot predict the timing, duration, scope or extent of any future changes to such tariffs and trade policies, or of other tariffs or trade-related actions. In addition, export controls governing components incorporated into certain vehicles also have been enacted. The recently announced tariffs and trade actions have increased the cost of our products and may cause stagnation in demand for them in the future. They have also adversely affected our supply chains and distribution networks, which negatively impacts our production and sales. The effects described above are primarily focused in the United States, but they are not limited to the United States, given our cross-border operations. Should the current situation continue for an extended period, it could potentially negatively impact not only us but other participants in the entire automotive industry as well as related industries, which could in turn further adversely affect our financial condition, results of operations, cash flows and prospects. Furthermore, our efforts to mitigate the impact of such tariffs or trade-related actions may themselves require us to incur costs and dedicate management attention.

Toyota may become subject to various legal proceedings.

Toyota may become subject to legal proceedings in respect of various issues, including issues relating to the topics discussed in "— The automotive industry is subject to various laws, regulations and governmental actions," as well as product liability and infringement of intellectual property. Toyota may also be subject to legal proceedings brought by its shareholders and governmental proceedings and investigations. Toyota is in fact currently subject to a number of pending legal proceedings and government investigations. A negative outcome

in one or more of these pending legal proceedings could adversely affect Toyota's reputation, brand image, financial condition, results of operations, cash flows and prospects. For a further discussion of governmental regulations, see "Item 4. Information on the Company — 4.B Business Overview — Governmental Regulation, Environmental and Safety Standards" and for legal proceedings, please see "Item 4. Information on the Company — 4.B Business Overview — Legal Proceedings."

Toyota may be adversely affected by natural calamities, epidemics, political and economic instability, fuel shortages or interruptions in social infrastructure, wars, terrorism and labor strikes.

Toyota is subject to various risks associated with conducting business worldwide. These risks include natural calamities; epidemics; political and economic instability; fuel shortages; interruption in social infrastructure including energy supply, transportation systems, gas, water, or communication systems resulting from natural hazards or technological hazards; wars; terrorism; labor strikes and work stoppages. Disruptions, delays and other adverse changes in the operations of Toyota's business have ensued from such risks materializing in the past. Should the major markets in which Toyota purchases materials, parts and components and supplies for the manufacture of Toyota products or in which Toyota's products are produced, distributed or sold be affected by any of these events, it may result in future disruptions, delays and other adverse changes in the operations of Toyota's business.

ITEM 4. INFORMATION ON THE COMPANY

4.A HISTORY AND DEVELOPMENT OF THE COMPANY

Toyota Motor Corporation is a joint-stock company with limited liability incorporated under the Commercial Code of Japan and continues to exist under the Companies Act of Japan (the "Companies Act"). Toyota commenced operations in 1933 as the automobile division of Toyota Industries (formerly Toyoda Automatic Loom Works, Ltd.). Toyota was incorporated as a separate company in August 1937. In 1982, the Toyota Motor Company and Toyota Motor Sales merged to form the present Toyota Motor Corporation. As of March 31, 2026, Toyota operates through 602 consolidated subsidiaries (including structured entities) and 159 associates and joint ventures accounted for by the equity method.

See "Item 4. Information on the Company — 4.B Business Overview — Capital Expenditures and Divestitures" for a description of Toyota's principal capital expenditures and divestitures between April 1, 2023 and March 31, 2026 and information on Toyota's principal capital expenditures and divestitures currently in progress.

Toyota's principal executive offices are located at 1 Toyota-cho, Toyota City, Aichi Prefecture 471-8571, Japan. Toyota's telephone number in Japan is +81-565-28-2121.

The SEC maintains a website (<https://www.sec.gov/>) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. Toyota also maintains a website (<https://global.toyota/en/>) through which its annual reports on Form 20-F and certain of its other SEC filings may be accessed. Information contained on or accessible through Toyota's website is not part of this annual report on Form 20-F.

4.B BUSINESS OVERVIEW

Toyota primarily conducts business in the automotive industry. Toyota also conducts business in the financial services and other industries. Toyota sold 9,595 thousand vehicles in fiscal 2026 on a consolidated basis. Toyota had sales revenues of ¥50,684.9 billion and net income attributable to Toyota Motor Corporation of ¥3,848.0 billion in fiscal 2026.

Toyota's business segments are automotive operations, financial services operations and all other operations. The following table sets forth Toyota's sales to external customers in each of its business segments for each of the past three fiscal years.

	Yen in millions		
	Year Ended March 31,		
	2024	2025	2026
Automotive	41,080,731	42,996,299	45,201,924
Financial Services	3,447,195	4,437,827	4,819,003
All Other	567,399	602,578	664,026

Toyota's automotive operations include the design, manufacture, assembly and sale of passenger vehicles, minivans and commercial vehicles such as trucks and related parts and accessories. Toyota's financial services business consists primarily of providing financing to dealers and their customers for the purchase or lease of Toyota vehicles. Toyota's financial services business also provides mainly retail installment credit and leasing through the purchase of installment and lease contracts originated by Toyota dealers. Related to Toyota's automotive operations, Toyota is working towards having all of its vehicles become connected vehicles, creating new value and reforming businesses by utilizing big data obtained from those connected vehicles, and establishing new mobility services. Toyota's all other operations business segment includes the information technology related businesses including a web portal for automobile information called GAZOO.com.

Toyota sells its vehicles in approximately 200 countries and regions. Toyota's primary markets for its automobiles are Japan, North America, Europe and Asia. The following table sets forth Toyota's sales to external customers in each of its geographical markets for each of the past three fiscal years.

	Yen in millions		
	Year Ended March 31,		
	2024	2025	2026
Japan	10,193,556	10,719,120	10,985,614
North America	17,624,268	18,930,253	20,661,490
Europe	5,503,738	6,110,052	6,464,911
Asia	7,604,269	7,903,360	7,966,455
Other*	4,169,494	4,373,919	4,606,482

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

During fiscal 2026, 21.7% of Toyota's automobile unit sales on a consolidated basis were in Japan, 30.6% were in North America, 12.3% were in Europe and 18.3% were in Asia. The remaining 17.1% of consolidated unit sales were in other markets.

The Worldwide Automotive Market

Toyota estimates that annual worldwide vehicle sales totaled approximately 92 million units in 2025.

Automobile sales are affected by a number of factors including:

- social, political and economic conditions;
- introduction of new vehicles and technologies;
- vehicle prices, costs incurred by customers to purchase and operate automobiles; and
- Supply chain disruptions arising from geopolitical risks

These factors can cause consumer demand to vary substantially from year to year in different geographic markets and in individual categories of automobiles. Looking at the global economy in fiscal 2026, the U.S. economy remained resilient, supported principally by stable personal consumption. In China, fiscal policy measures, including economic stimulus packages, provided underlying support. As a result, according to our research, the global economy maintained a growth rate of around 3%.

Meanwhile, in the automotive market, government policies and consumer stimulus measures across various countries bolstered demand, and the market continued to expand at a steady pace.

Looking at the economies of major countries, in the United States, despite adverse conditions such as shifts in trade policy, the economy maintained solid performance, supported by resilient personal consumption. The Chinese economy maintained year-over-year growth, supported by resilient exports and fiscal policy measures; however, underlying domestic demand lacked momentum. In Europe, the economy accelerated from the previous year. Against a backdrop of moderated inflation and a stable employment environment, personal consumption served as the primary driver of growth. In Japan, the economy shifted from negative growth in the previous year to positive growth in 2025.

Amid this environment, the global automotive market maintained a pace of expansion in 2025, with a year-on-year increase of 3%.

In North America, new vehicle sales were approximately 19.90 million units, an increase from the previous year. In Europe, new vehicle sales increased from the previous year to approximately 18.60 million units. New vehicle sales in the Chinese market totaled approximately 26.60 million units, remaining largely flat compared to the previous year. Emerging markets also continued on an upward trend. In India, in addition to underlying market strength, the revised Goods and Services Tax enacted in the second half of 2025 boosted automobile demand.

The share of each market across the globe, which Toyota estimates based on the available automobile sales data in each country and region information, was 29% for China, 22% for North America (including Mexico and Puerto Rico), 20% for Europe, 4% for Asia (excluding Japan, South Korea and China), and 10% for India and the Middle East.

In the medium- to long-term, Toyota expects the automotive market to continue growing driven principally by growth in China and other emerging countries. However, global competition is expected to be severe, as various regulations aimed at carbon neutrality have been strengthened and the pace of technological advancement and development of new products, particularly related to electrification, quickens further.

The worldwide automotive industry is affected significantly by government regulations aimed at reducing harmful effects on the environment, enhancing vehicle safety and improving fuel economy. These regulations have added to the cost of manufacturing vehicles. Many governments also mandate local procurement of parts and components and impose tariffs and other trade barriers, as well as price or exchange controls as a means of creating jobs, protecting domestic producers or influencing their balance of payments. Changes in regulatory requirements and other government-imposed restrictions can limit or otherwise burden an automaker's operations. Government laws and regulations can also make it difficult to repatriate profits to an automaker's home country.

The development of the worldwide automotive market includes the continuing globalization of automotive operations. Manufacturers seek to achieve globalization by localizing the design and manufacture of automobiles and their parts and components in the markets in which they are sold. By expanding production capabilities beyond their home markets, automotive manufacturers are able to reduce their exposure to fluctuations in foreign exchange rates, as well as to trade restrictions and tariffs.

Over the years, there have been many global business alliances and investments entered into between manufacturers in the global automotive industry. There are various reasons behind these transactions including the need to address excessive global capacity in the production of automobiles, and the need to reduce costs and improve efficiency by increasing the number of automobiles produced using common vehicle platforms and by sharing research and development expenses for environmental and other technology, the desire to expand a company’s global presence through increased size; and the desire to expand into particular segments or geographic markets.

Toyota believes that its research and development initiatives, particularly the development of environmentally friendly new vehicle technologies, vehicle safety and information technology, provide it with a strategic advantage.

Toyota Philosophy

The automotive industry is experiencing a once-in-a-century transformation. We are now striving to transform ourselves into a mobility company. In an era which it is hard to predict the future, Toyota has reflected on the path it has taken thus far and has formulated the “Toyota Philosophy” as a roadmap for the future.

Toyota’s mission is “Producing Happiness for All” by expanding the possibilities of people, companies and communities through addressing the challenges of mobility as a mobility company. In order to do so, Toyota will continue to create new and unique value with various partners by relentlessly committing towards *monozukuri* (manufacturing), and by fostering imagination for people and society.



MISSION	Producing Happiness for All Using our technology, we work towards a future of convenience and happiness, available to all
VISION	Creating Mobility for All Toyota strives to raise the quality and availability of mobility so that individuals, businesses, municipalities and communities can do more, while achieving a sustainable relationship with our planet
VALUE	We unite our three strengths (Software, Hardware and Partnerships) to create new and unique value that comes from the Toyota Way

Toyota Production System (“TPS”)

TPS is imbued with the desire of Sakichi Toyoda, the founder of the Toyota Group, and Kiichiro Toyoda, the founder, “to make someone’s work easier.”

TPS was established based on two concepts: *Jidoka*, which can be loosely translated as “automation with a human touch,” — an idea of stopping equipment immediately when a problem occurs, in order to prevent defective products from being produced — and “Just in Time” (“JIT”), a concept based on the idea that “each

process produces only what is needed for the next process in a continuous flow.” Based on the basic philosophies of *jidoka* and JIT, through TPS, Toyota aims to efficiently and quickly produce vehicles of sound quality, one at a time, to fully satisfy customer requirements.

Toyota believes that improving upon TPS is essential to its future survival. Toyota has introduced TPS into development departments and administrative departments. Toyota applies TPS to its development departments not only to shorten development times and reduce costs, but also to develop our human resources, thus leading to the manufacturing of ever-better cars that customers will love.

Toyota Group Vision

Chairman Akio Toyoda unveiled the Toyota Group Vision in January 2024. By outlining the direction the Toyota Group should take and putting forth a vision and set of values to which all Toyota Group members can refer, we aim to empower everyone at the *genba* (front lines) to engage in autonomous action that is consistent with the common vector defined for the Group. Since announcing the vision, we have been advancing numerous initiatives to entrench this vision and the associated values throughout the organization. At the Groupwide level, Chairman Toyoda met with frontline leaders at Group companies to take part in frank discussions and provide advice. He also attended meetings of Daihatsu dealer representatives to gather input from dealers and customers so as to better understand actual conditions and issues on a *genchi genbutsu* (on-site, hands-on experience) basis. At Toyota Motor Corporation, meanwhile, steps have been taken to share our vision and values among members of management and frontline staff through the ongoing issuance of messages from then-President Koji Sato to employees, labor-management discussions, and regular visits to frontline organizations by management. Through these concerted efforts, we seek to foster an appropriate workplace environment. The Group Vision represents the direction the Toyota Group should take and the vision and values to which all Toyota Group members can return.

“Inventing our path forward, together.”

Sakichi Toyoda, the founder of the Toyota Group, invented the Toyoda wooden hand loom with the desire to make life a little easier for his struggling mother. Kiichiro Toyoda invented the domestically produced passenger car with the idea that the automobile industry must be developed by the knowledge and skills of Japanese people. Thinking of others, learning, honing skills, making things, and bringing smiles to people’s faces — that passion and attitude toward invention are truly the starting point of the Toyota Group.

In a time when there is no right answer, we will build a corporate culture in which we can say “thank you” to each other and aim to be a Toyota Group that is needed in the future, where diverse human resources can play an active role.

次の道を発明しよう

Inventing our path forward, together

誰かを思い、力を尽くそう。
Aim high and care deeply.

仲間を信じ、支えあおう。
Trust and uplift your colleagues.

技を磨き、より良くしよう。
Endlessly improve your craft.

誠実を貫き、正しくつくろう。
Honesty first, integrity always.

対話を重ね、みんなで動こう。
Connect and collaborate.

Product-centered Management

The challenges our industry faces — carbon neutrality, connected mobility, and AI — cannot be solved by a single company acting alone. True breakthroughs emerge from synergies created when diverse people with varying perspectives collaborate and engage in lively discussion. We believe that co-creating in this manner is key to shaping the future.

A good example is our recent collaboration on battery technology. Through continued development efforts, Toyota has successfully reduced the size of its all-solid-state batteries by one-third compared with conventional batteries while maintaining performance. These batteries are compact and lightweight, offering both short charging times and exceptional durability, and are targeted for commercialization between 2027 and 2028. This battery technology will enhance the flexibility of battery electric vehicles (“BEV”) proportions and packaging, enabling designs that strike a better balance between aesthetics and performance.

BEVs are just one pillar of Toyota’s multi-pathway strategy for becoming carbon neutral. We are working with our partners on the development of carbon-neutral fuels such as biofuels and synthetic fuels, striving to lower the CO₂ emissions of our existing vehicles. We also see great potential in hydrogen. For commercial vehicles, we are collaborating with Daimler Truck Holding AG, and for passenger vehicles, we are working with BMW, as well as the governments in Fukushima and Tokyo, to expand the use of hydrogen in both markets. In Japan, with the support of the government, we have begun introducing light-duty fuel-cell trucks for logistics in regions such as Fukushima and Tokyo. By promoting the wider adoption of hydrogen in commercial vehicles, which consume large amounts of fuel, we aim to accelerate infrastructure development to help contribute to the realization of a hydrogen society wherein hydrogen fuel can be stable and reliable.

Furthermore, we are expanding the possibilities of mobility across land, sea, air, and space. Our collaboration with Joby Aviation, Inc. (“Joby”) on Joby’s electric vertical take-off and landing aircraft (eVTOL)

has the potential to transform people's sense of distance and time, and we are working with them to steadily progress to open up a new dimension of mobility. Furthermore, we are venturing into the satellite and rocket fields with Interstellar Technologies Inc. and are also working to provide solutions to terrestrial issues through satellite communication.

The ultimate goal of automated driving and Software Defined Vehicles (“SDV”) is to realize a world with zero traffic accidents. Driving assist technologies and automated driving are expected to further reduce the number of accidents, but responding to unpredictable situations such as sudden obstacles emerging from blind spots requires information from the infrastructure side. We are building a system that integrates vehicles, people, and infrastructure, enabling the prediction and prevention of accidents before they occur. Demonstrations are already underway in Japan and China, and we are working steadily toward realizing a safe and secure mobility society in collaboration with many partners.

In addition, Toyota Research Institute, Inc. (“TRI”) is taking on the challenge of developing AI robots that work and grow together with humans as partners, rather than simply replacing them. To accelerate demonstrations and the advancement of these technologies, we are leveraging Woven City, a mobility test course. Woven City, which held its grand opening in 2025, brings together partners, universities, start-ups, research institutions, and other diverse partners to turn innovative ideas into reality. From here, Woven City will pave the way toward the next generation of mobility.

Today, Toyota has outstanding partners who share our vision and are committed to creating the future together. They are likeminded allies who share a long-term perspective and the belief that collaboration accelerates progress. Together with these partners, we will realize the future of mobility and the sustainable growth of society.

Region-centered Management

The foundation of Toyota's region-centered management is the concept of “best in town.” This concept does not aim to maximize global sales volume or market share. Instead, it reflects our commitment to remain the company that stays closest to customers' daily lives and earns their trust in each community. Mobility is an integral part of everyday life. By continuing to address the unique challenges and expectations of each region, we believe we can achieve sustainable, long-term growth. Being recognized globally and being needed locally are not always the same. Toyota has achieved the former by steadily accumulating the latter. “Best in town” expresses this management approach. “Best in town” does not simply mean providing high-quality products. It means understanding customers' lifestyles, culture, road conditions, climate, and values and providing mobility that best fits each region. Even the same vehicle may be used differently depending on the environment. Cold climates, deserts, urban areas, and rural communities require different performance and value. For this reason, rather than applying uniform global strategies, we emphasize systems that allow decisions and actions to be made locally.

This philosophy extends beyond product planning and design to sales and after-sales services. Dealers around the world serve not only as sales locations but also as our closest points of contact with customers. Feedback gathered through daily dialogue serves as the starting point for product improvements and new initiatives. For Toyota, volume and share ultimately represent the trust we build with customers. The accumulation of this trust has supported our business over the long term.

Toyota operates by dividing the world into eight major regions and managing each business based on the characteristics of those regions. Economic conditions, social issues, and levels of market maturity vary significantly from one region to another. For this reason, we have established a structure that enables each region to assess its own circumstances and customer needs and to make decisions and execute initiatives locally.

The cornerstone of this approach is our commitment to stay close to people's lives and contribute to local communities through mobility. While the best solutions may differ by region, our overall direction remains the

same. This approach remains consistent across both emerging and developed markets. Guided by our belief that “no one should be left behind,” Toyota has continued to offer a full global lineup. Leaders in each of the eight regions work closely with customers and local communities to deliver vehicles that best meet the needs of their respective markets.

As a result, we deliver vehicles to customers globally on the basis of a well-balanced business foundation, without depending too heavily on any particular region or market. Energy conditions differ by region, and the pace of electrification and vehicle usage also varies widely. The powertrains required in each market therefore differ as well. To ensure that customer choice is never limited, Toyota continues to enhance the appeal and competitiveness of all powertrains, including BEVs. In an uncertain environment, rather than trying to predict the future, we prepare a range of options to respond quickly to change.

Initiatives that begin in a single town and with a single customer are carried out by thousands of dealers around the world. By working together, Toyota has become a company chosen by customers globally. In addition to delivering high-quality products, Toyota is supported by the people who bring those products to customers in each region and build lasting relationships. Partnerships grounded in trust, credibility, and mutual understanding create value rooted in local communities and foster loyalty across generations.

Guided by our aim to be “best in town” and the mantra of “making ever-better cars,” we continue to evolve our vehicles by responding to the unique characteristics of each market and the needs of customers in every region. By maintaining a full global lineup and continuously evolving our vehicles to meet the needs of different eras and regions, we have produced many long-selling models, such as the Corolla and the Land Cruiser, that are loved by customers worldwide. Going forward, under its “best in town” philosophy, Toyota will remain deeply rooted in local communities, stay close to customers’ lives, and continue delivering products that are loved for generations as a mobility company.

Five-brands Strategy

At the Japan Mobility Show held in October 2025, we announced the launch of Century as a new brand alongside our Toyota, Lexus, Daihatsu, and GR brands. In particular, the “Century” brand’s goal is to share the pride of Japan with the world. Its name reflects the aspiration to shape the next 100 years, and through the creation of new value originating in Japan, Toyota aims to contribute to the realization of a sustainable and peaceful society.

We also introduced “TO YOU” as a brand concept in 2025 to represent the Toyota brand. Additionally, the IMV Origin, which we unveiled at Japan Mobility Show 2025, is deliberately shipped from the factory in an unfinished state, with final assembly carried out locally. This approach creates new jobs in vehicle assembly within the community and contributes to the development of employment opportunities and skills. In addition, by allowing flexible customization to suit a wide range of lifestyles and work needs, the IMV Origin aims to deliver mobility that best fits the unique conditions of each region.

By assuming roles that are both more clearly defined and complementary to one another, the Toyota Group’s brands will comprise a product lineup suitably diverse to meet the needs of each customer and offer them a wider range of options.

Continuous Improvement in Break-even Volume

In 2024 and 2025, we faced certification issues and a lack of capacity head-on and reinforced our operational foundations. As a result, we have rigorously enhanced safety standards and quality requirements and secured additional capacity, which has stabilized production. On the other hand, we have recently seen a significant rise in our break-even volume due to a combination of increases in investments in human resources and future-oriented investments and the impact of U.S. tariffs.

Therefore, we have initiated undertaking company-wide measures. First, we will increase earnings by reviewing fixed costs, achieving cost improvements, and initiating sales initiatives in all regions, groups, and in-house companies. Additionally, to boost productivity even further, we will encourage employees to reexamine their ways of working and pursue efficient, value-added work. For instance, we will step up our utilization of AI for routine tasks and low-value-added work so that personnel can focus on tasks only humans can perform, thereby heightening the “rate of value-added work.” In advancing the aforementioned measures, we will focus on improving our break-even volume by ensuring that the benefits of reinforcing our operational foundations are steadily reflected in our earnings power. Toyota needs a management structure that reliably generates earnings in both favorable and challenging operating conditions and thereby enables Toyota to continue pursuing joint growth initiatives with its stakeholders.

In our transformation into a mobility company, value chain businesses will play a crucial role. Providing continuous value to customers throughout the long ownership period after the sale of a new car, these businesses have steadily grown. This growth is thanks to the many different products we offer. Supported by strong brands forged through product- and region-centered management, our diverse product lineup has enabled us to have 150 million units in operation worldwide. The growth of our value chain businesses is also attributable to the strength of our products, including their ease of repair and our ability to supply parts for them, as well as to the efforts of frontline personnel engaged in services, sales finance, used car sales, and insurance to fully utilize the high residual value of each product. Going forward, in addition to the virtuous cycle of new cars and value chain businesses, we will further strengthen our earnings base by promoting the creation of new forms of value through software and diverse mobility services.

Across Toyota’s workplaces, starting with production sites, employees continue to tackle numerous challenges while striving every day to make “ever-better cars.” To translate these efforts into tangible results, management and the front lines (*genba*) will work together to create an environment that enables workplaces across Toyota, starting with production sites, to fully demonstrate their capabilities.

Automotive Operations

Toyota’s sales revenues from its automotive operations were ¥45,417.7 billion in fiscal 2026, ¥43,199.8 billion in fiscal 2025, and ¥41,266.2 billion in fiscal 2024.

Toyota produces and sells passenger vehicles, minivans and commercial vehicles such as trucks. Toyota Motor Corporation’s subsidiary, Daihatsu, produces and sells mini-vehicles and compact cars. Hino, which ceased to be a consolidated subsidiary of TMC effective April 1, 2026, produces and sells commercial vehicles such as trucks and buses. Toyota also manufactures automotive parts, components and accessories for its own use and for sale to others.

Vehicle Models and Product Development

Toyota’s vehicles (produced by Toyota, Daihatsu and Hino) can be classified largely into electrified vehicles and conventional engine vehicles. Toyota’s product line-up includes subcompact and compact cars, mini-vehicles, mid-size, luxury, sports and specialty cars, recreational and sport-utility vehicles, pickup trucks, minivans, trucks and buses. Toyota’s luxury cars are sold in North America, Europe, Japan and other regions, primarily under the Lexus brand name.

In fiscal 2024, Toyota launched the all-new Alphard and Vellfire, which were developed from a concept of “the joy of comfortable mobility” to create a space where everyone can share consideration and appreciation in all kinds of situations. To further contribute toward carbon neutrality, Toyota plans to introduce new plug-in hybrid electric vehicles (“PHEV”) in the future. Moreover, a new model has been added to the Century series, which has been sold for more than half a century as one of Japan’s representative chauffeur-driven vehicles. The new model is a next-generation chauffeur-driven vehicle that inherits Japanese aesthetics, quietness and

hospitality, combines a human-centered approach, and dramatically evolves the rear-seat space to allow true comfort and elegant entry and exit. In Thailand, Toyota launched the Hilux Champ IMV 0, a new model of the IMV series. The pickup truck is regarded as a local favorite and integral to daily life in Thailand. Toyota decided to return to its origins and create an IMV pickup truck that meets the needs of customers. In addition, Toyota launched the all-new Lexus LBX. Redefining luxury with a stylishly compact size, it provides an engaging driving experience that instills a lasting desire to continue exploring the road ahead.

In fiscal 2025, Toyota launched the new Land Cruiser 250 Series. The 250 Series is a core Land Cruiser model that returns to the car’s origin, a vehicle that is simple and sturdy, and helps fulfill both customers’ lifestyle choices and practical needs. By pursuing dynamic styling and functionality so drivers can enjoy an active lifestyle, Toyota also created Crown Estate as a vehicle that embodies both the dignity and functionality of the Crown, what we call a mature active cabin. The Camry, with its distinctive exterior, quality, and reliability, has remained a leading sedan in the U.S. for over 20 years according to our estimates. For the Lexus brand, alongside master driver Akio Toyoda, Toyota developed the LBX MORIZO PR as a high-performance model that delivers the refined signature LEXUS driving quality and sophisticated design, enhancing the dialogue between driver and car, evokes spontaneous smiles, and provides an exhilarating out-of-the-ordinary experience.

In fiscal 2026, Toyota launched the all-new 6th generation RAV4, which is an SUV built on the idea that “Life is an Adventure,” embodying a go-anywhere, do-anything spirit. While maintaining the RAV4’s signature solid and powerful design and packaging, it has been developed around the keywords Diversification, Electrification, and Intelligence. Arene, the software development platform, was leveraged for crucial UI (user interface) software, such as the cockpit. The Lexus brand unveiled the all-new 8th-generation ES as a forerunner in LEXUS’s next-generation electrification lineup. This model aspires to deliver a refined driving experience across every scene — further enhancing quietness and ride comfort while staying in tune with customer needs. In pursuit of carbon neutrality through a multi-pathway approach, both hybrid electric vehicles (“HEV”) and BEV powertrains are offered to meet a diverse range of mobility demands.

Markets, Sales and Competition

Toyota’s primary markets are Japan, North America, Europe and Asia. The following table sets forth Toyota’s consolidated vehicle unit sales by geographic market for the periods shown. The vehicle unit sales below reflect vehicle sales made by Toyota to unconsolidated entities (recognized as sales under Toyota’s revenue recognition policy), including sales to unconsolidated distributors and dealers. Vehicles sold by Daihatsu and Hino are included in the vehicle unit sales figures set forth below.

	Thousands of Units					
	Year Ended March 31,					
	2024		2025		2026	
	Units	%	Units	%	Units	%
Japan	1,993	21.1%	1,991	21.3%	2,082	21.7%
North America	2,816	29.8	2,703	28.9	2,934	30.6
Europe	1,192	12.6	1,172	12.5	1,183	12.3
Asia	1,804	19.1	1,838	19.6	1,759	18.3
Other*	1,638	17.4	1,659	17.7	1,637	17.1
Total	9,443	100.0%	9,362	100.0%	9,595	100.0%

* “Other” consists of Central and South America, Oceania, Africa and the Middle East, etc.

The following table sets forth Toyota’s vehicle unit sales and market share in Japan, North America, Europe and Asia on a retail basis for the periods shown. Each market’s total sales and Toyota’s sales represent new vehicle registrations in the relevant year (except for the Asia market where vehicle registration does not

necessarily apply). All information on Japan excludes mini-vehicles. The sales information contained below excludes unit sales by Daihatsu and Hino, each a consolidated subsidiary of Toyota as of March 31, 2026. Vehicle unit sales in North America represents the combined total for the United States and Canada. Vehicle unit sales in Asia do not include sales in China.

	Thousands of Units		
	Year Ended March 31,		
	2024	2025	2026
Japan:			
Total market sales (excluding mini-vehicles)	2,906	2,951	2,848
Toyota sales (retail basis, excluding mini-vehicles)	1,506	1,487	1,450
Toyota market share	51.8%	50.4%	50.9%
	Thousands of Units		
	Year Ended December 31,		
	2023	2024	2025
North America:			
Total market sales	17,306	17,827	18,273
Toyota sales (retail basis)	2,475	2,572	2,767
Toyota market share	14.3%	14.4%	15.1%
Europe:			
Total market sales	17,439	17,807	18,552
Toyota sales (retail basis)	1,174	1,217	1,229
Toyota market share	6.7%	6.8%	6.6%
Asia (excluding China):			
Total market sales	11,024	10,928	11,556
Toyota sales (retail basis)	1,407	1,434	1,500
Toyota market share	12.8%	13.1%	13.0%

Japan

Japan is one of the leading countries with respect to technological innovation and improvements in the automotive industry and will continue to demonstrate such strength. Toyota strives to earn customer satisfaction by introducing products distinctive of Japan’s manufacturing ability, through the full lineup of Toyota brand vehicles, including not only passenger cars but also commercial and mini vehicles, as well as the advanced, premium Lexus brand. Furthermore, by advancing electrification centered on a multi-pathway strategy encompassing BEVs, PHEVs, fuel cell electric vehicles (“FCEV”), and HEVs, dealers and manufacturers will work together to realize a carbon-neutral society. Toyota endeavors to secure and maintain its significant share of and position atop the Japanese market. Toyota held a domestic market share (excluding mini-vehicles) on a retail basis of 51.8% in fiscal 2024, 50.4% in fiscal 2025, and 50.9% in fiscal 2026.

Although Toyota’s principle is to conduct production in regions where it enjoys true competitiveness, it considers Japan to be the source of its good manufacturing practices. Having 16 production sites in Japan, Toyota supports its operations worldwide through measures such as the development of new technologies and products, low-volume vehicles to complement local production, production of global vehicle models which straddle multiple regions and supporting overseas factories.

North America

The North American region is one of Toyota’s most significant markets. The United States, in particular, is the largest market in the North American region, accounting for 86% of Toyota’s retail sales in the region. In the region, Toyota has in recent years reorganized its production structure and made improvements to its product lineup. In addition, Toyota has a wide product lineup in every segment (excluding large trucks and buses).

Toyota's North American production capacities include the production of vehicle models such as the RAV4, Camry, Tacoma and Highlander through 14 manufacturing entities.

In 2025, Toyota Battery Manufacturing, North Carolina ("TBMNC") began supplying batteries. TBMNC is Toyota's eleventh U.S. plant and the company's first and only battery plant outside of Japan. Batteries assembled at TBMNC are set to power the Camry HEV, Corolla Cross HEV, RAV4 HEV, and a yet-to-be-announced all-electric 3-row BEV. When the facility reaches full production, it will have 14 production lines supporting battery production for HEV, BEV and PHEV.

Toyota has five research and development centers in North America. As for vehicle development, the Toyota Technical Center spearheads the design, planning, and evaluation of vehicles and parts as to their ability to meet customer needs.

Europe

Toyota's principal European markets are Germany, France, the United Kingdom, Italy and Spain. In the European markets, as a full-lineup car manufacturer, Toyota aims to increase its global vehicle sales with a focus on electrified vehicles (HEVs, PHEVs, FCEVs and BEVs) that suit the needs of customers and the circumstances of each region.

In terms of production, to strengthen its business setup so that it is less likely to be affected by exchange rates, Toyota produces models such as the Corolla, Yaris and C-HR locally through six entities in Europe. In addition, Toyota is actively promoting production and sales measures that meet local demand by strengthening its value chain including used car dealerships, after-sales services and finance and insurance services.

Asia

Toyota's principal Asian markets are Thailand, India, Indonesia and Taiwan.

In light of the importance of the Asian market that is further expected to grow in the long term, Toyota aims to build an operational framework that is efficient and self-reliant, as well as a predominant position in the automotive market in Asia. Toyota has responded to increasing competition in Asia by making strategic investments in the market and developing relationships with local suppliers. Toyota believes that its existing local presence in the market provides it with an advantage over new entrants to the market and expects to be able to promptly respond to demand for vehicles in the region.

In terms of production, Toyota manufactures models such as the Hilux, Hiace, Corolla, Camry and Vios through 15 entities. Toyota's plants in Thailand not only meet domestic demand, but also serve as a production base for locations inside and outside of the ASEAN region.

China

Toyota has been conducting operations in China in large part through joint ventures, and its success in producing products that meet local demands and in establishing its sales and service network has significantly contributed to Toyota's profits. Based on the firm business foundation that it has established, Toyota is conducting its operations with the aim of promoting further growth and increasing profitability through further development of its sales and service network and expansion of its product lineup.

In terms of production, Toyota has been conducting a significant portion of its China business, including in relation to the production and sales of vehicles, through joint ventures. Toyota has two major joint venture partners in China, namely, China FAW Group Corporation and Guangzhou Automobile Group Co., Ltd. The joint venture with China FAW Group manufactures models such as the Avalon, Corolla, RAV4 and bZ3 and the joint venture with Guangzhou Automobile Group Co., Ltd. manufactures models such as the Camry, Frontlander, Highlander, Wildlander, and bZ3X.

Total vehicle unit sales in the Chinese market reached 27.73 million vehicles in 2025, representing 105.5% of that of 2024, and 26.28 million vehicles in 2024, representing 101.1% of that of 2023. In this market, Toyota's new vehicle sales were 1.78 million vehicles in 2025, accounting for 100.4% of that of 2024, and 1.77 million vehicles in 2024, accounting for 93.1% of that of 2023. In 2025, the domestically produced passenger vehicle market in mainland China (24.02 million vehicles), Toyota had a 7.4% market share. Toyota has been expanding the distribution network for locally produced vehicles in cooperation with China FAW Group and Guangzhou Automobile Group under the names Tianjin FAW Toyota Motor Co., Ltd. and Guanqi Toyota Motor Co., Ltd., respectively, and for imported vehicles, Toyota has also been expanding primarily the Lexus brand sales network. Toyota seeks to increase sales by expanding the number of dealers and its product lineup. In addition, as the market in China develops and becomes more sophisticated, Toyota plans to promote so-called "Value Chain" businesses, such as used car sales, services, financing and insurance, so as to contribute to the development of a mobility society.

South and Central America, Oceania, Africa and the Middle East

Toyota's principal markets in South and Central America, Oceania, Africa and the Middle East (collectively, the "Four Regions") are Brazil and Argentina in South and Central America, Australia in Oceania, South Africa in Africa and Saudi Arabia in the Middle East. The core models in the Four Regions are global models such as the Corolla, IMV (the Hilux) and Camry.

Toyota has seven production bases in the Four Regions. In these regions, which are expected to become increasingly important to Toyota's business strategy, Toyota aims to continue developing new products which meet the specific demands of each region, increasing production and promoting sales.

Production

As of March 31, 2026, Toyota and its affiliated companies produce automobiles and related components through more than 50 overseas manufacturing organizations in 27 countries and regions aside from Japan. Facilities are located principally in Japan, the United States, Canada, the United Kingdom, France, Turkey, Czech Republic, Poland, Thailand, China, Taiwan, India, Indonesia, South Africa, Argentina and Brazil. See "Item 4. Information on the Company — 4.D Property, Plants and Equipment" for a description of Toyota's principal production facilities.

In promoting a sustainable growth strategy, establishing a system capable of providing optimal supply of products in the global market is integral to Toyota's strategy.

In line with its basic policy of manufacturing in countries or regions where there is demand and where Toyota is truly competitive, Toyota will make efficient use of and maximize capacity utilization at its existing plants to respond to the expanding market and will continue to focus on making efficient capital investments as necessary.

Furthermore, Toyota will continue to place top priority on safety and quality in strengthening true competitiveness with the aim of achieving sustainable growth.

The following table shows Toyota’s worldwide vehicle unit production by geographic market for the periods shown. These production figures do not include vehicles produced by Toyota’s unconsolidated affiliated companies. The sales unit information elsewhere in this annual report includes sales of vehicle units produced by these affiliated companies. Vehicle units produced by Daihatsu and Hino are included in the vehicle unit production figures set forth below.

	Thousands of Units		
	Year Ended March 31,		
	2024	2025	2026
Japan	4,042	4,000	4,149
North America	1,976	1,958	2,050
Europe	846	811	815
Asia	1,876	1,790	1,802
Other*	523	491	477
Total	9,263	9,049	9,293

* “Other” consists of Central and South America and Africa.

Toyota closely monitors its actual units of sale, market share and units of production data and uses this information to allocate resources to existing manufacturing facilities and to plan for future expansions.

See “Item 4. Information on the Company — 4.B Business Overview — Capital Expenditures and Divestitures” for a description of Toyota’s recent investments in completed plant constructions and for a description of Toyota’s current investments in ongoing plant constructions.

Distribution

Toyota’s automotive sales distribution network is the largest in Japan. As of March 31, 2026, this network consisted of 226 dealers employing approximately 100 thousand personnel and operating approximately 4.2 thousand sales and service outlets. TOYOTA Mobility Tokyo Inc. is the only dealer owned by Toyota and the rest are independent.

Toyota believes that this extensive sales network of independent local interests has been an important factor in its success in the Japanese market. A large number of the cars sold in Japan are purchased from salespersons who visit customers in their homes or offices. In recent years, however, the traditional method of sales through home visits is being replaced by showroom sales, and the percentage of automobile purchases through showrooms has been gradually increasing. Toyota expects this trend to continue, and accordingly is working to improve its sales activities such as customer reception and meticulous service at showrooms, as well as online sales, to increase customer satisfaction.

Sales of Toyota vehicles in Japan had been conducted through four sales channels until April 2020, but from May 2020 shifted to a framework where all of its Japanese-market vehicle models are made available through all sales outlets in Japan. In addition, Toyota introduced the Lexus brand to the Japanese market in August 2005, and currently distributes the Lexus brand vehicles through a network of 191 new-vehicle sales outlets dedicated to the Lexus brand in order to enhance its competitiveness in the domestic luxury automotive market. The following table provides information on the dealer network as of March 31, 2026.

Channel	Dealers		
	Toyota Owned	Independent	Outlets
Toyota brand	1 company	225 companies	4,245 outlets
Lexus brand	23 outlets	168 outlets	191 outlets

Outside Japan, Toyota vehicles are sold through approximately 168 distributors in approximately 204 countries and regions. Through these distributors, Toyota maintains networks of dealers. The chart below shows the number of Toyota distributors as of March 31, 2026 by country and region:

<u>Country/Region</u>	<u>Number of Countries</u>	<u>Number of Distributors</u>
North America	4	5
Europe	55	29
China	1	4
Asia (excluding China)	20	20
Oceania	15	15
Middle East	16	14
Africa	54	48
Central and South America	39	40

Multi-pathway Strategy — Overview

The push for carbon neutrality is a matter of urgency if cars are to remain a necessary part of society. Providing our customers around the world with options for mobility under our multi-pathway strategy while also promoting the decarbonization of our *monozukuri* (manufacturing) and supply chains serves as the core of our activities.

Considering ways in which mobility takes into account the future of energy is important. The strategy’s basic premise is that we need to move away from fossil fuels from the perspective of the global environment and sustainability. Furthermore, over the medium- to long- term, renewable energy sources will continue to proliferate, with electricity and hydrogen emerging as the primary energy sources sustaining society. In the short term, however, it is critical to acknowledge global realities and implement changes in practical ways that maintain energy security.

This is precisely why we are committed to providing mobility options that are in tune with a diverse range of energy situations and customer needs, while also keeping an eye on the future of electricity and hydrogen. In short, the underlying concept of our multi-pathway strategy is to focus on promoting practical transition even as we pursue carbon neutrality.

BEV Strategies

Next-generation BEVs

Through our next-generation BEVs, we seek to change the future of cars. This will entail evolving the products we provide to customers. Through the integration of next-generation batteries and sonic technology, we aim to achieve a game-changing BEV driving range of 1,000 km.

Our next step will be to capture customers’ hearts with stylish designs. AI will be used to help ensure excellent aerodynamic performance, doubling the time that designers can devote to creating attractive cars.

Our BEVs will also offer a customizable ride feel. The Arene software platform and a full over-the-air system, which provides vehicle software updates via wireless transmission, will greatly expand the possibilities for enjoying cars. Moreover, Toyota will deliver exciting surprises and fun, like the manual electric vehicle, to its customers with technologies that only an automobile manufacturer can create.

Automobile bodies will be constructed in a new modular structure consisting of three main components. The finished automobiles are then assembled after each of the three modules is completed. This structure allows each module to be evolved separately, expediting action, particularly important in the race to develop better batteries. Furthermore, the use of giga casting will allow significant component integration, contributing to the reduction of vehicle development costs and plant investment.

The new modular structure and self-propelling production and other automation technologies will halve the number of processes required. Self-propelling production will be key to building next-generation BEVs. By greatly reducing the time and cost, as well as efforts on the part of production and technical staff required to modify plants and expand buildings whenever a new model is introduced, this technology will accelerate the launch of new products to market. Such new approaches to manufacturing, combined with the use of digital twin technology, are expected to halve production lead times.

We are advancing the integrated planning of our full global lineup of next-generation BEVs. In addition to efforts to increase product appeal, we will transform our manufacturing approaches to eliminate processes as well as reduce investment and lead times while securing earnings and increasing sales volume.

Toyota is targeting global BEV sales of 3.5 million units by 2030. This figure is shaped by customer demand and represents the base unit amount based on which supply systems will be prepared together with suppliers and dealers. However, we will adopt a flexible approach toward sales in recognition of the fact that it is customers who will ultimately decide what they purchase.

BEV Battery Development

The battery is the heart of the BEV. Just as the heart pumps blood through the body, the battery transfers electricity to the vehicle. As Toyota advances its efforts toward introducing next-generation BEVs, it is also evolving batteries with new technologies to meet customer expectations. The earnings of Toyota's next-generation BEVs will be driven by our next-generation batteries, which will be developed with a focus on achieving world-leading levels of efficiency. Our development approach entails viewing batteries and vehicles as a set, and this approach is the starting point for the development of BEVs. Toyota's development of both batteries and vehicles in-house provides an advantage in this area. The resources afforded by this advantage will be used to improve our product appeal to exceed customer expectations and secure earnings.

Liquid lithium-ion batteries, which are currently the mainstream, will gain enhanced performance through improvement to the energy density of prismatic batteries, an area in which Toyota has longstanding expertise. In addition, by using the bipolar battery structure developed for HEVs in BEVs, we will expand our lineup to provide customers with a variety of options, from low-cost batteries for popularization to batteries optimized for maximum performance.

Furthermore, all-solid-state batteries, which are highly anticipated as game-changers, are finally approaching the phase of practical application for use in BEVs. Our full lineup of competitive batteries will support the evolution of Toyota's BEVs in the future.

Notes:

1. The performance version of next-generation batteries are being developed with Prime Planet Energy & Solutions Inc., while the popularization and high-performance versions of next-generation batteries and the all-solid-state battery for BEVs are being developed with Toyota Industries, combining the knowledge of the Toyota Group.
2. The bZ4X referenced in this report refers to the 2022 model. The bZ4X underwent a partial update in October 2025.

Liquid Lithium-ion Battery Development

1. Next-generation Batteries: Performance Version

The next-generation BEVs will have a cruising range of 1,000 km.* For such cars, we are developing a performance-oriented rectangular battery to expand the degree of freedom in vehicle design. While increasing the

energy density of the battery, we also aim to extend cruising range by improving vehicle efficiencies, such as aerodynamics and weight reduction, while at the same time reducing costs by 20% compared with the earlier bZ4X and achieving a quick charge time of 20 minutes or less (state-of-charge (“SOC”) =10–80%).

2. Next-generation Batteries: Popularization Version

Toyota is also developing good, low-cost liquid lithium batteries that will contribute to the widespread use of BEVs to provide customers with a variety of battery options. Bipolar structure batteries, which have been used in the Aqua and Crown hybrid vehicles, are now being applied to BEVs. These batteries use inexpensive lithium iron phosphate (LFP) and are expected to be commercialized. We are aiming for a 20% increase in cruising range* and 40% reduction in cost compared with the earlier bZ4X, as well as quick recharging in 30 minutes or less (SOC=10–80%). We are also considering installing these batteries in BEVs in the popularization price range.

In a regular battery, individual current collectors are coated on both sides with either an anode or cathode, then paired to make a set. In contrast, every current collector in a bipolar configuration is coated with an anode on one side and a cathode on the other, making for a simpler structure that requires only one-third as many components. At the same time, material costs can be reduced by using LFP for the cathode in place of rare metals, such as nickel and cobalt. However, to make these batteries a reality, Toyota must overcome three difficulties: applying the material evenly, doing so at high speeds, and simultaneously sealing all the cells. Furthermore, all this needs to be achieved in batteries large enough to power a car.

In tackling these challenges, Toyota is drawing on approximately 30 years of battery production technologies honed through its HEVs along with bipolar nickel-metal hydride battery technology and expertise, precision coating used for FCEVs, and various digital technologies. Using all of these together, we are advancing development toward mass production.

3. Bipolar Lithium-ion Battery: High-performance Version

The high-performance version of the battery combines the best aspects of both the performance and popularization versions. This battery combines a bipolar structure with a high-nickel cathode to achieve further advances. We expect an even greater performance than the performance version of the prismatic battery will be achieved along with a 10% increase in cruising range* and a 10% reduction in cost, as well as a quick charge time of 20 minutes or less (SOC=10–80%). We aim to commercialize this battery in 2027-2028.

(*Including vehicle efficiency improvements such as aerodynamics and weight reduction.)

Battery type	Shape	Structure	Cathode	EV driving range (CLTC mode, including gains through vehicle improvements)	Costs (For same driving range)	Charge time (SOC = 10%-80%)	
Conventional	bZ4X battery	Prismatic	Monopolar	NCM	615 km	—	30 mins. or less
Next-generation batteries	1. Performance version				New Structure	Bipolar	LFP
	2. Popularization version	20% increase compared with bZ4X (before improvements)	40% reduction compared with bZ4X (before improvements)	30 mins. or less			
Evolved batteries	3. High-performance version	Ni	10% increase compared with next-generation batteries (performance version)	10% reduction compared with next-generation batteries (performance version)			

Development of All-solid-state Batteries

All-solid-state batteries have a solid electrolyte, allowing faster movement of ions and greater tolerance of high voltages and temperatures. It is hoped that this technology will result in increased power output, longer cruising range, and shorter charging times.

The tradeoff, meanwhile, is thought to be a shorter battery life. Solid electrolytes repeatedly expand and contract as the battery charges and discharges, which can create cracks in the electrodes that inhibit the

movement of ions between the cathode and anode. Toyota has discovered a new technology that overcomes this issue. Aiming for commercialization in 2027–2028, Toyota continues to advance product development and the development of mass production methods.

In October 2023, Toyota announced a partnership with Idemitsu Kosan Co., Ltd. (“Idemitsu”) to work toward the mass production of all-solid-state batteries for BEVs. Through the integration of materials development technologies of both companies, including Idemitsu’s materials manufacturing technologies and Toyota’s battery processing and assembly technologies honed in on electrified vehicle development, we both aim to realize the mass production of solid electrolytes and all-solid-state batteries that will be widely used by consumers.

In October 2025, we announced a collaboration with Sumitomo Metal Mining Co., Ltd. (“Sumitomo Metal Mining”) aimed at mass production of cathode materials. Leveraging the company’s proprietary powder synthesis technology, we jointly developed a new cathode material with superior durability suited for all-solid-state batteries. Going forward, we will continue to draw on Sumitomo Metal Mining’s expertise accumulated over two decades of supplying cathode materials, as we work toward the supply and subsequent mass production of this newly developed material.

Establishment of a New Company

On February 5, 2025, Toyota announced that it will sign a comprehensive partnership agreement with the Shanghai municipal government in China regarding carbon neutrality. In addition, Toyota established Lexus (Shanghai) New Energy Co., Ltd., a new wholly owned company in Jinshan District in southwest Shanghai, to develop and produce BEVs and batteries.

Under this partnership with the Shanghai municipal government, Toyota hopes to contribute to the Chinese government’s goal of achieving carbon neutrality by 2060 in fields such as hydrogen energy, automated driving technology, and battery recycling and reuse. To drive the initiative forward, Toyota will establish a new company based on the belief that quicker supply of products that meet customers’ needs is important in China, where there is a high demand for new energy vehicles.

The newly formed company will develop a new BEV under the Lexus brand, with production scheduled to begin from 2027 onward. The initial production capacity will be around 100,000 units per year, and 1,000 new jobs are planned for the start-up phase.

Toyota has been working with partners such as China FAW Group Co., Ltd. and Guangzhou Automobile Group Co., Ltd. to bring smiles to customers in China. Going forward, Toyota will continue working together with all its partners to be a “best-in-town” company to achieve its goal of “producing happiness for all.” In doing so, we will forge ahead with our mission of transforming cars, *monozukuri* (manufacturing), and work to change the future with BEVs.

Hydrogen Business Strategies

We have seen significant global developments in the area of hydrogen business in recent years, with countries introducing policies and taking active steps with an eye toward 2030. To anticipate these rapid changes and respond to customer needs, we established in July 2023 a new business unit called Hydrogen Factory, which is able to make rapid decisions under one leader, from sales to development and production, all at once. The Hydrogen Factory is advancing business activities based on three key axes.

The first is localizing R&D and production in countries within the major markets. We are working to accelerate our efforts by establishing local bases, mainly in Europe and China. In Europe, Toyota Motor Europe NV/SA is engaged in the development of hydrogen fuel-cell systems and carries out production and external

sales. In China, we have already established a development and production base in collaboration with Beijing SinoHytec Co., Ltd. This base began production of fuel cells in August 2024. Toyota began offering the fuel-cell unit installed in the Mirai passenger vehicle as a modular product to partners aiming to realize a hydrogen society. In recent years, as demand for commercial applications has expanded across various countries, sales of fuel-cell units have continued to grow year by year, reaching a global cumulative total of more than 3,000 units as of December 2025.

The second is strengthening alliances with leading partners. Hydrogen has been positioned as an important energy source in Toyota's CO₂ emissions reduction efforts in its quest to achieve carbon neutrality. To create a hydrogen-powered society, we are promoting the widespread adoption of fuel-cell products, including passenger and commercial fuel-cell electric vehicles as well as fuel-cell stationary generators. Through such initiatives, we are working with various industry partners in the areas of producing, transporting, and using hydrogen.

In Europe, Toyota announced a partnership with Daimler Truck Holding AG in May 2023. The scope of this partnership includes collaboration on hydrogen-related development. Furthermore, in September 2024, we unveiled plans to bolster coordination with BMW in the field of hydrogen, pursuing joint development and standardization of components to drive cost reductions. These components are also being considered for use in Toyota models going forward. In China, we entered into a partnership in November 2024 with GLP Investment (Shanghai) Co., Ltd. (GLP China) in the field of high-value-added green trunk-line logistics. In collaboration with leading domestic logistics companies For-U Smart Freight and Shenzhen Dekun Logistics Co., Ltd., we began operating 50 heavy-duty fuel-cell trucks in 2025. In Japan, in February 2024, we agreed with Chiyoda Corporation to jointly develop a large-scale water electrolysis system that produces hydrogen from water and electricity by applying the fuel-cell technology used in the Mirai. Preparations are underway for demonstrations to begin in 2026.

The third is enhancement of competitiveness and technologies. The next-generation (third-generation) fuel-cell unit currently under development aims to offer durability equivalent to twice that of the current generation and is designed to be virtually maintenance-free even under commercial vehicle operating conditions. Fuel efficiency and driving range have been improved by 20%, enabling travel between Tokyo and Osaka without refueling. We are developing dedicated units for both passenger and commercial applications, while standardizing cells to achieve lower costs. Our plan is to roll out this next-generation fuel-cell unit, capable of meeting a wide range of use cases, from passenger cars to commercial vehicles, starting in fiscal 2027.

At the same time, hydrogen remains a costly energy source. To expand its utilization, reducing its price is essential. To this end, Toyota is working with partners on technology for hydrogen production.

In 2023, DENSO Fukushima Co., Ltd. introduced an electrolysis system at its production plant. The system leverages fuel-cell technology from the Mirai and has a capacity of approximately 0.4 megawatts. Since April 2024, it has been supplying hydrogen to combustion furnaces within the plant and continues to be used.

The hydrogen production market is expected to grow rapidly both in Japan and overseas. To enhance scalability of hydrogen production equipment, Toyota is combining Chiyoda Corporation's processing plant design expertise and large-scale plant construction technologies to develop large-scale electrolysis systems in the 5 megawatt to 20 megawatt range. In 2026, Toyota plans to build a facility called Hydrogen Park at its Honsha Plant and begin large-scale demonstration testing. Going forward, we will continue accelerating efforts toward commercialization.

Commercial Sector Initiatives

In Japan, Toyota established Commercial Japan Partnership Technologies Corporation ("CJPT") in 2021 together with Isuzu Motors Limited, Hino, Suzuki Motor Corporation, and Daihatsu with the aim of contributing to the resolution of issues in the transportation industry and helping realize a carbon-neutral society.

We are working with shippers and logistics companies in Fukushima and Tokyo on the social implementation of electrification that utilizes heavy- and light-duty fuel-cell electric trucks and light-duty BEV trucks. As of the end of December 2025, approximately 200 fuel-cell electric trucks have hit the roads, supporting the daily lives of local people not only as general delivery vehicles but also as waste collection vehicles and school lunch delivery vehicles. In addition, around 180 fuel-cell electric buses are operating across Japan and are beginning to take root as part of local transportation infrastructure. From fiscal 2027, we will begin production of a new model, further promoting the utilization of hydrogen.

At the same time, the widespread adoption of fuel-cell commercial vehicles faces challenges, including reductions in vehicle costs, the expansion of hydrogen refueling infrastructure, and the lowering of hydrogen costs. To address these challenges, efforts are being undertaken through close collaboration between the public and private sectors.

In May 2025, the Ministry of Economy, Trade and Industry of Japan selected Fukushima, Tokyo, Kanagawa, Aichi, and Hyogo as priority regions for promoting the deployment of fuel-cell commercial vehicles. In response, Toyota and CJPT have started work on the following initiatives, aiming to ultimately roll them out nationwide.

- Creation of massive hydrogen demand and new hydrogen utilization models through the deployment of heavy-duty fuel-cell electric trucks
- Establishment of sales and operating environments in newly designated priority regions
- Expansion of the lineup of fuel-cell commercial vehicles
- Support for businesses working to reduce hydrogen costs

Development of Hydrogen Internal Combustion Engines

In 2025, Toyota's efforts to race a Corolla equipped with one of its hydrogen engines currently in development entered their fifth year. Hydrogen engines work like modified versions of conventional gasoline engines powered by burning hydrogen directly as fuel. The fuel is 100% pure hydrogen, unmixed with gasoline. As no fossil fuels are burned, hydrogen-engine vehicles emit almost no CO₂ when in operation — only that from the combustion of minute amounts of engine oil. The hydrogen engine is thus one option that offers great potential to contribute to carbon neutrality while making use of technologies for internal combustion engines built up over the decades and protecting engine-related jobs in the automotive industry.

In 2024, we took another step forward in the evolution of our hydrogen engines by increasing the durability of pumps, which had needed to be replaced numerous times in prior races; extending driving ranges by modifying tank shapes; automating the processes of switching CO₂ collection units; and implementing other substantial improvements. This cemented the achievement of our target driving range of 30 consecutive laps.

In 2025, we conducted test drives of vehicles with small, highly efficient superconducting motors within their fuel tanks, improving tank capacity over 1.3 times. Going forward, this will lead to further improvements in cruising range and driving performance and a reduction in the volume of boil-off gas.

We are striving to practically implement superconductivity technology with the aim of further developing liquid hydrogen technology.

Toyota could not have taken on this initiative with liquid hydrogen alone. A portion of the liquid hydrogen used in the hydrogen engine-equipped Corolla in the 2023 Fuji 24 Hours Race was lignite-derived hydrogen produced and transported from Australia in the Suiso Frontier liquid hydrogen carrier built by Kawasaki Heavy Industries, Ltd. as part of the HySTRA project. In addition, the mobile liquid hydrogen station used at the circuit was jointly developed by Iwatani Corporation and Toyota. Moreover, the switch to liquid hydrogen fuel required

the modification of many parts. In 2024, Toyota partnered with Japan Metals & Chemicals Co., Ltd. to develop an electricity supply system that used hydrogen storage alloy in order to address the boil-off gas* issues faced with prior liquid hydrogen fueling systems. A concept model of an engine that reused boil-off gas produced during driving as fuel or for generating electricity was displayed at the final race of the Super Taikyu Fuji Final 4 Hour Race, attracting individuals with similar ambitions to join us in the development process. Through cooperation with our numerous partners, the liquid hydrogen-fueled Corolla successfully completed the race, and, as a result of such efforts, our number of partners has grown from eight companies in May 2021 to 60 companies by the end of the 2025 season.

* Vaporized hydrogen produced due to the evaporation of liquid hydrogen fuel contained within tanks as a result of natural influx of outside heat

The scope of hydrogen engine development is expanding beyond motorsports. For example, a verification test of a hydrogen-powered Hiace was conducted on public roads in Australia from the end of 2023. In addition, Japan's first verification test of a mobile liquid hydrogen fueling system was carried out at the Iwatani Hydrogen Station in Kariya City, Aichi Prefecture, in 2024.

Toyota will continue in its efforts to expand the possibilities of hydrogen engines. Aiming to contribute to the realization of a carbon-neutral society, we will continue to evolve alongside our partners in line with the principle of "making ever-better cars from a starting point in motorsports" and our multi-pathway strategy.

Efforts in Realizing a Safe Mobility Society

Toyota's ultimate goal is to achieve zero casualties from traffic accidents, and ultimately, a society with zero traffic accidents. Additionally, to achieve a safe mobility society, we believe it will be important to adopt an integrated three-pronged approach involving people, vehicles, and the traffic environment.

It will also be vital for us to pursue real-world safety by learning from actual accidents and incorporating that knowledge into vehicle development. Toyota has defined its "Integrated Safety Management Concept" as the basic philosophy behind its technologies for eliminating traffic accident casualties and is moving forward with the development of technologies based on this concept.

Toyota provides optimized driver support for safety at every stage of driving, from parking to normal operation, the moment before a collision, during a collision, and post-collision emergency response. We also aim to enhance safety by reinforcing links between vehicle safety systems, rather than thinking about each system as a separate component. These are the approaches behind our Integrated Safety Management Concept.

We introduced the Toyota Safety Sense system, which packages multiple preventive safety functions that help reduce serious traffic accidents with the potential to cause death or injury, to the market in 2015. These functions include avoiding and mitigating damage from collisions with cars in front of a vehicle or with pedestrians, preventing accidents caused by a vehicle leaving its current lane, and ensuring optimal forward visibility during nighttime driving. Toyota Safety Sense has now been installed in more than 61 million vehicles globally (as of March 2026). Toyota Safety Sense is now available on nearly all passenger car models (as standard or option) in the Japanese, U.S., and European markets. It has also been introduced in a total of 144 countries and regions, including such key markets as China, other select Asian countries, the Middle East, and Australia.

Software Defined Vehicles (SDVs)

SDVs are playing a leading role in the transformation of mobility. Toyota's main aspiration in working with SDVs is a society with zero traffic accidents. Through SDVs, we aim to realize safer, more reliable, and more fun mobility. However, realizing such a society is difficult with just the technological innovation of cars. It requires

an integrated three-pronged approach involving cars, people, and infrastructure. For example, this includes coordination with road infrastructure that utilizes data from built-in sensors to address blind spots — an issue that evolution of vehicles cannot overcome alone — and AI agents that autonomously support drivers (people). An environment with uninterrupted communication and the development of infrastructure such as data centers are key to linking cars with society. Accordingly, we worked together with NTT, Inc. (formerly Nippon Telegraph and Telephone Corporation) in 2024 to begin creating appropriate infrastructure.

Toyota places strong emphasis and priority on safety and security. At the same time, we have an opportunity to leverage the strength of having 150 million private vehicles in operation to help identify the diverse values of SDVs, including the use of things such as AI agents that grow alongside customers and cars that may one day be capable of reproducing more professional or proficient driving styles. We aim to continue to provide customers with safe, reliable, high-quality software through innovative digital platforms that are the foundation of software development and our Arene software creation platform. We will accelerate the development of an SDV infrastructure unique to Toyota through cooperation with our partners across industries.

Arene

The structural components supporting SDVs include applications, software, and electronic platforms. To enhance the scalability as it relates to cars, we have encouraged co-creation with partner companies and have renewed our electronic platforms, including improving chip performance.

Furthermore, supporting the software development is Arene, introduced with the new RAV4. Arene is a software development platform through which we will mass-produce safe, reliable, and high-quality software, which will help accelerate the development of SDVs by applying the knowledge and technologies from the *monozukuri* that Toyota has cultivated to date. There are three components of the Arene platform.

1. Arene SDK

Arene SDK is a modular development kit for developers, enabling the rapid development of high-quality software and easy deployment of developed software across multiple vehicles.

2. Arene Tools

Arene Tools are tools for verifying and evaluating software in a virtual environment, reducing physical inspections of actual cars and enabling the creation of functions at an even earlier stage. The Arene SDK and Arene Tools shorten the development period for software, contributing to the quick provision of better software to customers.

3. Arene Data

Arene Data is the component referring to the collection and analysis of data that will contribute to providing a personalized driving experience tailored to each customer by continuously improving the car's functions as the owner drives it. By adopting Arene in the RAV4, a popular Toyota model loved by countless customers across regions, we can collect various data from customers around the world and continue evolving cars. Looking ahead, we expect this approach to expand and will consider cross-domain development. As the first step in mass production of Toyota RAV4 SDVs, we will make ever-better cars in line with regional needs through Arene, contributing to the future realization of a society with zero traffic accidents.

Toyota Woven City

Toyota aspires to transform into a mobility company. On our road toward accomplishing this goal, Toyota Woven City will function as a “mobility test course” for creating new products and services. Toyota and its group

company Woven by Toyota are advancing the Woven City project. Woven City saw its official launch on September 25, 2025, with companies and individuals commencing demonstrations of various products and services, and some residents have begun moving in. Access to this facility will not be limited to the Toyota Group. Rather, we hope to make Woven City a place where external stakeholders who share our desire to act “for others” can also use the environment, in which people actually live, to create new values to help shape a better future and enhance well-being for all. The companies and individuals who utilize Woven City to develop and demonstrate new products and services are called “Inventors.”

By combining Toyota’s manufacturing expertise, Woven by Toyota’s advanced software capabilities, and the unique strengths of each Inventor, Woven City seeks to foster *kakezan*, a Japanese concept of “multiplication,” where new innovation and societal value emerge from the convergence of different ideas and capabilities. The people who live in and visit Woven City, called “Weavers,” also participate in inventions through *kakezan*.

Weavers test the products and services developed by Inventors, sharing their comments on usability and opinions as feedback that Inventors will incorporate into their inventions. The Weavers and Inventors who gather at Woven City aim to work together to produce well-being for all under Toyota’s goal of working for others. Inventors are Toyota Group companies as well as like-minded outside companies and other organizations who have joined this quest for expanding mobility. Toyota and Woven by Toyota will also take advantage of Woven City to conduct tests as Inventors. Additionally, Toyota hosted an accelerator program attended by start-up companies, entrepreneurs, universities, and research institutions. The selected winners are expected to join the Inventors. The addition of start-up companies to the Inventors, which have primarily consisted of large corporations, is expected to further accelerate innovation through *kakezan*.

Co-creation Themes by Investors

Inventor	Theme
Daikin Industries, Ltd.	Testing “pollen-less spaces” and “personalized functional environments”
DyDo DRINCO, INC.	Creating new value through innovative vending machine concepts
NISSIN FOOD PRODUCTS CO., LTD.	Creating and evaluating food environments to inspire new “food cultures”
UCC Japan Co., Ltd.	Conducting a proof-of-concept study to demonstrate the effect of coffee on creativity and productivity
Zoshinkai Holdings Inc.	Leveraging data to realize innovative educational methods and new learning environments
Interstellar Technologies Inc.	Developing a robust rocket production system*
Kyoritsu Seiyaku Corporation	Finding new ways to enhance human-pet coexistence
Naoto Inti Raymi	Developing future-oriented soundscapes
AI Robot Association (AIRoA)	Exploring the practical deployment of robots through real-world challenge identification and feedback cycles
DAIICHIKOSHO CO., LTD.	Creating more flexible karaoke experiences through real-world demonstration experiments
Joby Aviation, Inc.	Exploration of an air mobility ecosystem

Toyota Financial Services Corporation	Developing new sales and financing models based on verified, real-world mobility usage data
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* Interstellar Technologies Inc. will conduct its work outside Woven City, with development support provided by Toyota and Woven by Toyota in the form of engineering know-how and technical staff.

The products and services developed by Inventors will be tested by Weavers (residents and visitors). These individuals are indispensable to the testing processes or co-creation activities and will serve a similar function to the test drivers who take part in the automobile development process. Their contributions to tests will come in the form of the feedback they provide with regard to the products and services being tested.

Following the official launch of Woven City, in September 2025, residents — primarily Toyota and Woven by Toyota staff and their families — have resided in Woven City as Weavers. The community will then gradually expand to include external Inventors and their families. Under Phase 1, the total population of Woven City is expected to reach approximately 300 in the future. Initially, visitors will be limited to related parties, with plans to welcome the general public to participate as Weavers in co-creation activities starting in fiscal 2026 and beyond. Woven City is a test course for mobility that demonstrates mobility infrastructure via a three-pronged approach of people, mobility, and infrastructure. The goal of this approach is to help realize the safe and secure mobility society that Toyota envisions. Up until now, Toyota has pursued this vision by focusing on the development of automobiles and working to make ever-better cars on dedicated automobile test courses. However, realizing a truly safe and secure mobility society requires that we expand our focus beyond automobiles and other forms of mobility to also consider the people who use these mobility options and the infrastructure that supports mobility. Woven City functions as a test course for implementing such demonstration testing. Under Phase 1, which has been officially launched, we have included the following features.

Features	Implementation	Function
Three-type road system	Citywide	Ground-level roads are classified into three types—one exclusively for pedestrians, one shared by pedestrians and personal mobility, and one dedicated to vehicles.
Underground road network	Underground	A fourth underground road enables testing unaffected by weather or temperature conditions.
Traffic signals	Citywide	A system that coordinates traffic signals with mobility, advancing safety through a three-pronged approach (mobility, people, and infrastructure)
Multifunctional poles	Citywide	Serving as both streetlights and traffic signal posts, these poles can also host sensors and cameras used in testing and co-creation activities.

In April 2026, the Woven City Inventor Garage (the “Inventor Garage”) began operations as a facility designed to further accelerate *kakezan* of Inventors. The Inventor Garage is located in the former stamping facility of Toyota Motor East Japan, Inc.’s Higashi-Fuji plant, which supported passenger vehicle production for more than 50 years, and was renovated to serve as a co-creation hub.

As a real-world test course, Woven City supports agile development and validation through three environments: the Inventor Garage, which serves as a hub for development of products and services, the “Woven City Inventor Field,” in which performance and safety tests are conducted in an environment without residents, and the “Phase 1 Residential Area,” which enables testing in a living environment currently home to approximately 100 Weavers. Woven City is intended to continue expanding as an “ever-evolving city,” and by providing a test course where safety and security are maintained at every stage, it aims to further support *kakezan*.

Woven City has officially launched, but this is just the starting point. We will work through trial and error together with Inventors and Weavers, while improving Woven City’s performance as a test course, to create products and services that will become the future fabric of life.

Mobility is not just the physical movement from point A to point B. It is also about being able to “move” people’s hearts and creating excitement. Moving toward inventions that will become the future fabric of life and expanding people’s potential: this is our vision for expanding mobility and for Woven City itself. Together with allies who share our vision, we will leverage Woven City to further our transformation into a mobility company that will help weave the future.

Financial Services

Toyota’s financial services include loan programs and leasing programs for customers and dealers. Toyota believes that its ability to provide financing to its customers is an important value-added service. In July 2000, Toyota established a wholly-owned subsidiary, Toyota Financial Services Corporation, to oversee the management of Toyota’s finance companies worldwide, through which Toyota aims to strengthen the overall competitiveness of its financial business, improve risk management and streamline decision-making processes. Toyota has expanded its network of financial services, in accordance with its strategy of developing auto-related financing businesses in significant markets. Accordingly, Toyota currently operates financial services companies in 42 countries and regions, which support its automotive operations globally.

Toyota’s sales revenues from its financial services operations were ¥4,857.1 billion in fiscal 2026, ¥4,481.1 billion in fiscal 2025, and ¥3,484.1 billion in fiscal 2024. In fiscal 2026, Toyota’s business saw solid growth mainly due to an accumulated balance of earning assets resulting from new car sales support for Toyota and Lexus vehicles. Under such circumstances, as a result of Toyota’s continued collaboration with dealers in various countries and regions and efforts to expand products and services that meet customer needs, Toyota’s share of financing provided for new car sales of Toyota and Lexus vehicles in regions where Toyota Financial Services Corporation operates reached approximately 30%, and the balance of earning assets continued to steadily increase. In addition, to fund the growing asset base, Toyota is making efforts to provide both its customers and dealers with stable financial services by diversifying its funding methods by deposit-based funding in addition to using already existing means as commercial paper, corporate bonds, bank borrowings, and asset securitization. As a result of ongoing monitoring of bad debt and diligent, detailed collection efforts, the percentage of credit losses remained at stable levels of 0.43% in fiscal 2026 and 0.46% in fiscal 2025. Toyota continues to work towards improving its management measures in connection with residual value risks in leasing.

Toyota Motor Credit Corporation is Toyota’s principal financial services subsidiary in the United States and provides financial services, including retail financing, retail leasing, wholesale financing, and insurance services. Toyota also provides financial services in 42 other countries and regions through various financial services subsidiaries, including:

- Toyota Finance Corporation in Japan;
- Toyota Credit Canada Inc. in Canada;
- Toyota Finance Australia Ltd. in Australia;
- Toyota Kreditbank GmbH in Germany;
- Toyota Financial Services (UK) PLC in the United Kingdom;
- Toyota Leasing (Thailand) Co., Ltd. in Thailand; and
- Toyota Motor Finance (China) Co., Ltd. in China.

KINTO, which started in Japan in 2019 in response to the shift from “owning” cars to “using” cars, has been steadily enhancing its service lineup and gaining brand awareness. This service is also being made available in Europe and other regions. Furthermore, Toyota developed and provides customers with the payment application “TOYOTA Wallet” as a platform that contributes to improving the convenience of customers’ daily payments and creating a foundation for a mobility society.

A large portion of Toyota's financial services is related to the sale of Toyota vehicles. Finance receivables for all of Toyota's dealer and customer financing operations were ¥38,966.6 billion as of March 31, 2026, representing an increase of 15.9% compared to the previous year. As of March 31, 2026, 52.2% of Toyota's finance receivables were attributable to North America, 15.4% from Europe, 11.4% from Asia, 10.0% from Japan and 11.0% from other areas.

Approximately 40% of Toyota's unit sales in the United States during fiscal 2026 included a finance or lease arrangement with Toyota.

The worldwide financial services market is highly competitive. Toyota's competitors in retail financing and retail leasing include commercial banks, credit unions and other finance companies. Commercial banks and other automobile finance subsidiary companies serving their parent automobile companies are competitors of Toyota's wholesale financing activities. Competitors in Toyota's insurance operations are primarily national and regional insurance companies.

For information on Toyota's finance receivables and operating leases, please see "Item 5. Operating and Financial Review and Prospects — 5.A Operating Results — Financial Services Operations."

Retail Financing

Toyota's finance subsidiaries acquire new and used vehicle installment contracts primarily from Toyota dealers. Installment contracts acquired must first meet specified credit standards. Thereafter, the finance company retains responsibility for installment payment collections and administration. Toyota's finance subsidiaries acquire security interests in the vehicles financed and can generally repossess vehicles if customers fail to meet their contractual obligations. Almost all retail financings are non-recourse, which relieves the dealers from financial responsibility in the event of repossession. In most cases, Toyota's finance subsidiaries require their retail financing customers to carry automobile insurance on financed vehicles covering the interests of both the finance company and the customer.

Toyota has historically sponsored, and continues to sponsor, special lease and retail programs by subsidizing below market lease and retail contract rates.

Retail Leasing

In the area of retail leasing, Toyota's finance subsidiaries acquire new vehicle lease contracts originated primarily through Toyota dealers. Lease contracts acquired must first meet specified credit standards after which the finance company assumes ownership of the leased vehicle. The finance company is generally permitted to take possession of the vehicle upon a default by the lessee. Toyota's finance subsidiaries are responsible for contract collection and administration during the lease period. The residual value is normally estimated at the time the vehicle is first leased. Vehicles returned to the finance subsidiaries at the end of their leases are sold by auction. For example, in the United States, vehicles are sold through a network of auction sites, as well as through the Internet. In most cases, Toyota's finance subsidiaries require lessees to carry automobile insurance on leased vehicles covering the interests of both the finance company and the lessee.

Wholesale Financing

Toyota's finance subsidiaries also provide wholesale financing primarily to qualified Toyota dealers to finance inventories of new Toyota vehicles and used vehicles of Toyota and others. The finance companies acquire security interests in vehicles financed at wholesale. In cases where additional security interests would be required, the finance companies take dealership assets or personal assets, or both, as additional security. If a dealer defaults, the finance companies have the right to liquidate any assets acquired and seek legal remedies.

Toyota's finance subsidiaries also make term loans to dealers for facilities refurbishment, real estate purchases and working capital requirements. These loans are typically secured with liens on real estate, other dealership assets and/or personal assets of the dealers.

Insurance

Toyota provides insurance services in the United States through Toyota Motor Credit Corporation's wholly owned subsidiary, Toyota Motor Insurance Services, Inc. ("TMIS") and its wholly owned insurance company subsidiaries. Their principal activities include marketing, underwriting and claims administration. TMIS also provides coverage related to vehicle service agreements through Toyota dealers to customers. In addition, TMIS also provides coverage and related administrative services to affiliated companies of Toyota Motor Credit Corporation. Toyota dealers in Japan and in other countries and regions also engage in vehicle insurance sales.

Other Financial Services

Toyota Finance Corporation launched its credit card business in April 2001 and began issuing Lexus credit cards in 2005 when the Lexus brand was introduced in Japan. As of March 31, 2026, Toyota Finance Corporation has 15.7 million card holders (including Lexus credit card holders).

All Other Operations

In addition to its automotive operations and financial services operations, Toyota is involved in a number of other non-automotive business activities. Sales revenues for these activities totaled ¥1,651.4 billion in fiscal 2026, ¥1,447.1 billion in fiscal 2025, and ¥1,368.1 billion in fiscal 2024.

Governmental Regulation, Environmental and Safety Standards

Toyota's products must comply with government regulations governing, among many other things, their emissions, fuel economy, noise and safety. In addition, Toyota is subject to laws regulating pollutants generated by its manufacturing operations. Toyota has incurred significant costs in complying with these laws and regulations and expects to incur significant compliance costs in the future. Toyota's management views leadership in environmental protection as an important competitive factor in the marketplace.

The following is a summary of the more significant existing environmental and safety standards that apply to our products.

International Harmonization of Vehicle Regulations

The World Forum for Harmonization of Vehicle Regulations ("WP.29") of the United Nations Economic Commission for Europe has been working to promote international harmonization of the technical prescriptions for the construction and approval of wheeled vehicles. Towards that end, it has developed certain international rules and regulations such as the UN Regulations ("UNR") under the 1958 Agreement and the Global Technical Regulations ("GTR") under the 1998 Agreement. The UNR has been adopted in jurisdictions such as Japan, EU and Russia, and each participating party's type approvals are mutually recognized under the 1958 Agreement. The parties to the 1998 Agreement include the U.S., China and India in addition to Japan, the EU and Russia, and 25 Global Technical Regulations have been established to date. Progress in international harmonization of technical prescriptions is expected to reduce country to country variations in product specifications and to lead to greater efficiency in Toyota's product development.

Vehicle Emissions

Japanese Standards

The Air Pollution Control Act of Japan and the Road Transport Vehicle Act and the Act Concerning Special Measures for Total Emission Reduction of Nitrogen Oxides and Particulate Matter from Automobiles in Specified Areas regulate vehicle emissions in Japan. In recent years, more stringent regulations have been introduced to match the European Union Standards, as can be seen from, among other things, the strengthened regulations on particulate matters emitted from gasoline-fueled vehicles, the adoption of the Worldwide Harmonized Light Vehicles Test Cycle (“WLTC”) driving cycles and the introduction of the Real Driving Emission (“RDE”). UN-R154 has also been adopted. The Noise Regulation Act and the Road Transport Vehicle Act provide for noise reduction standards on automobiles in Japan.

U.S. Federal Standards

The federal Clean Air Act directs the Environmental Protection Agency (“EPA”) to establish and enforce air quality standards, including emission control standards on passenger vehicles, light-duty trucks and heavy-duty vehicles (with such classifications based on gross vehicle weight ratings). Manufacturers are not permitted to sell vehicles in the United States that do not meet the standards. In 2014, EPA finalized new “Tier 3” tailpipe emission and evaporative emission standards for passenger vehicles, light-duty trucks, medium-duty passenger vehicles and some heavy-duty vehicles. Under that rule, tailpipe emission standards for non-methane organic gases, nitrogen oxides, and particulate matter, as well as standards for evaporative emissions and guaranteed useful life (which relates to a vehicle’s ability to meet emission limits over time), became increasingly stringent in phases from model years 2017 to 2025. It also required reductions in gasoline’s sulfur content beginning in model year 2017, which was expected to improve the performance of emission control systems. With the Tier 3 rule, EPA brought federal requirements in line with California’s more stringent emission standards (discussed below).

In March 2024, the EPA announced a final rule for Tier 4 emission standards for passenger vehicles, light-duty trucks, medium-duty passenger vehicles and some heavy-duty vehicles from model year 2027 through 2032. The rule tightened criteria pollutant limits, requiring reductions in non-methane organic gases and nitrogen oxides emissions and a particulate matter cap, fully phased in by model year 2031. Under the current Trump administration, however, the EPA has initiated steps to roll back these standards, framing them as an overreach that effectively mandates electric vehicle adoption. This deregulation effort is expected to face legal challenges from environmental groups and states, potentially delaying or altering the implementation of the original rules.

California Standards

The federal Clean Air Act generally prohibits states from enacting their own emission standards for new motor vehicles and engines. However, California is allowed to establish its own more stringent vehicle emission control standards if it receives a waiver of preemption from EPA. Other states then may decide to adopt the California standards that are allowed under the waiver.

Over the years, EPA has granted many such preemption waivers to California. Among those was a January 2013 waiver in support of California’s Advanced Clean Cars (“ACC”) program.

The California Air Resources Board (“CARB”) had adopted the ACC program in coordination with the EPA and the federal National Highway Traffic Safety Administration (“NHTSA”). It included the Low-Emission Vehicle III (“LEV III”) regulations, which set progressively stringent standards to reduce emissions of volatile organic compounds, carbon monoxide, nitrogen oxides, particulate matter and greenhouse gases (“GHG”). The regulations also addressed standards for evaporative emissions and extended vehicle useful life requirements.

Another part of the ACC program was a “zero-emission vehicles” (“ZEV”) mandate requiring manufacturers to sell a specified percentage of ZEVs—including BEVs, FCEVs and certain advanced technology

vehicles such as PHEVs that meet “partial zero-emission vehicles requirements”. Toyota’s MIRAI, an FCEV, is one example of a vehicle that qualifies as a zero-emission vehicle. Toyota intends to continue to develop additional advanced technologies and alternative fuel technologies that will allow other vehicles to qualify as zero-emission vehicles or partial zero-emission vehicles.

In 2022, CARB finalized the Advanced Clean Cars II (“ACC II”) regulations, which include updated LEV IV exhaust emissions standards and an expanded ZEV sales mandate applicable to model years 2026 through 2035. LEV IV standards further tighten criteria pollutant limits for light- and medium-duty vehicles, while the ZEV mandate requires 100% of new passenger vehicles sold in California to be ZEVs by 2035, consistent with California Governor Newsom’s Order of 2020 (N 79 20).

Legal challenges to the ACC II program have been filed, including suits over CARB’s authority and the waiver granted by the EPA under the Clean Air Act, particularly as federal policy on vehicle electrification has shifted under the second Trump administration. For example, the US Congress passed joint resolutions in May 2025 under the Congressional Review Act that disapproved EPA waivers for several California vehicle emission programs, including the ACC II rules; President Trump signed these resolutions into law on June 12, 2025. Developments such as these with their associated legal battles create significant uncertainty around future emissions standards under the Clean Air Act.

Aside from its emission standards, California has adopted regulations that require On-Board Diagnostics (“OBD”) systems to be incorporated into the computers of vehicles sold in California. OBD systems monitor components that can affect the emission performance of a vehicle and, if a problem with a component is detected, illuminates a warning light on the vehicle’s instrument panel. The systems also store the malfunction information in the computer to facilitate repairs. California’s OBD regulations are the most stringent in the world.

Other States’ Standards

Under Section 177 of the Clean Air Act, states can adopt California’s vehicle emissions standards and opt-in to that more stringent program. Approximately seventeen other states, for example, have adopted regulations substantially similar to California’s LEV standards. At least fifteen of those (Colorado, Connecticut, Maine, Maryland, Massachusetts, Minnesota, Nevada, New Jersey, New Mexico, New York, Oregon, Rhode Island, Vermont, Virginia and Washington) have adopted California’s ZEV program. Delaware and Pennsylvania have implemented the LEV standards but not the ZEV standards. Approximately eleven states (in addition to California) and the District of Columbia have adopted California’s ACC II regulations, mandating that 100% of new light-duty vehicle sales be ZEVs by 2035. Some of these state measures have faced reversal due to such concerns as the effect and cost of the mandates on consumers.

Canadian Standards

Canada finalized vehicle emission standards equivalent to federal standards in the United States in October 2014, responding to the strengthening of U.S. standards for model years 2017 to 2025; however, while the U.S. EPA published even stronger standards in March 2024 to drive significant ZEV penetration through 2032, it officially rescinded its Greenhouse Gas Endangerment Finding and repealed all federal GHG standards on February 12, 2026, leaving Tier 4 regulations on hold.

Although Canada typically aligns with the most stringent North American performance standards via “incorporation by reference,” U.S. regulatory reversals and legal threats have created uncertainty for Canada’s post-2026 emissions framework.

Further, in February 2026 the federal government announced a significant policy redirection by announcing it will repeal its ZEV Mandate (Electric Vehicle Availability Standard) and replace it with more stringent, Canada-unique fleet-average GHG emission standards for model years 2027–2032, with an eventual goal of 75% EV sales by 2035 and 90% by 2040 to be achieved via GHG emissions standards.

Despite this federal uncertainty, provinces of British Columbia and Quebec maintain their own ZEV mandates. In March 2026, British Columbia announced that it will modify its ZEV mandate to require manufacturers to reach 75% ZEV sales in model year 2035 (down from 100%). Quebec announced in 2025 that it would lift its 2035 ban on new gasoline-powered vehicles, set a new 2035 target of 90% ZEV sales — combining both BEVs and PHEVs, and provide some credit for hybrid vehicles within its ZEV mandate, with draft regulation reflecting these changes expected by the end of 2026.

To support these transitions, Canada provides a federal incentive through the Electric Vehicle Affordability Program (EVAP), which can often be combined with active provincial programs, though availability varies as several other regional programs have recently closed or paused. Furthermore, Canada remains committed to its 2017 fuel regulations, which limit sulfur concentration to 10mg/kg.

European Union Standards

In 2007, the European Parliament and the Council of the EU adopted the Vehicles Emissions Regulation (Regulation (EC) No 715/2007), which introduced more stringent emission standards for passenger vehicles and light commercial vehicles. The effective date for phasing in these stricter standards for passenger vehicles was September 2014 for Euro 6. For light commercial vehicles, the effective date was September 2015.

The primary focus of Euro 6 is to limit further emissions of diesel-powered vehicles and bring them down to a level equivalent to gasoline-powered vehicles. The EU implements RDE regulations, which require manufacturers to conduct on-road emissions tests using portable emissions testers to demonstrate compliance. Since September 2017, manufacturers have been required to reduce the divergence between the regulatory limit tested in laboratory conditions and the values of RDE tests, and this divergence factor was made more stringent for all new vehicles effective January 2021. The EU also implements the Worldwide harmonized Light vehicles Test Procedure (“WLTP”), which was introduced on September 1, 2017. The OBD regulations have also been tightened in terms of both subject parts and regulatory values. On January 1, 2019, an improved WLTP that purports to eliminate test flexibilities and introduces on-board fuel and energy consumption monitoring devices took effect. In March 2023, further regulations came into effect to harmonize requirements with UNR, tighten the divergence factor on RDE, and tighten the method for calculating CO₂ emissions for PHEVs.

On May 28, 2024, Euro 7 (Regulation (EU) 2024/1257), which further strengthens Euro 6, came into effect. The dates of application of the Euro 7 regulation depend on vehicle type. They will apply to new types of passenger vehicles and light commercial vehicles from November 29, 2026, to new passenger vehicles and light commercial vehicles from November 29, 2027, to new types of buses and lorries from May 29, 2028, and to new buses and lorries from May 29, 2029. The Euro 7 regulation maintains the Euro 6 exhaust emission limits for passenger vehicles and light commercial vehicles (except the particle number limit), tightens exhaust emission limits for buses and lorries (e.g., introducing new in-scope pollutants such as N₂O), establishes rules for other types of emissions such as brake particle emissions and tire abrasion, and introduces minimum performance requirements for battery durability in electric and plug-in hybrid vehicles (BEVs/PHEVs). Euro 7 also introduces on-board monitoring (OBM) systems, which monitor real-time exhaust emissions using on-board sensors and transmits the monitored data over the air from vehicles to manufacturers’ servers.

Chinese Standards

The next-generation emissions regulations for passenger vehicles, or Level 6 Emissions Regulations (China 6), were issued as GB18352.6-2016 at the end of 2016, pursuant to which tighter requirements will be implemented in two steps, depending on the regulated subjects and the implementation timing. Specifically, China 6a will apply to all models to be sold or registered in July 2020 and beyond, and China 6b will apply to all models to be sold or registered in July 2023 and beyond. China 6b will also introduce the RDE Regulations adopted under Euro 6. The OBD regulations have also been tightened in terms of both subject parts and regulatory values. With respect to fuels in the market, the quality standards and the implementation from

January 2019 for China 6 gasoline fuel and China 6 diesel fuel have been provided in GB17930-2016 and GB19147-2016 so as to keep up with the implementation timing of China 6 emissions regulations. Discussions are currently underway for Level 7 Emissions Regulations (“China 7”), which will be more stringent than the China 6 Emissions Regulations. Potential regulations for particulate matter emitted from brake pads and tire wear and the expansion of regulations to make BEVs/FCEVs subject to the OBD regulations are being considered.

For heavy-duty diesel-powered commercial vehicles, pursuant to GB17691-2005, the China V Emissions Regulations are being implemented from July 2017. With the establishment of GB17691-2018, which provides next-level China VI Emissions Regulations (“China VI”), it has been decided that China VIa will be implemented from July 2021 and China VIb from July 2023 (these regulations will apply to gas-fueled vehicles and public vehicles for urban areas earlier than those dates). For heavy-duty gasoline-powered commercial vehicles, pursuant to GB14762-2008, Level IV Emissions Regulations (“China IV”) apply to new models after July 2012. In parallel with China VII for passenger vehicles, tightening of the next-generation emissions regulations (China VII) is currently considered for heavy-duty gasoline-powered commercial vehicles.

Standards of Other Countries or Regions

At present, certain countries such as India, Thailand, Taiwan, Australia, New Zealand, Chile and Peru have also decided to introduce regulations equivalent to Euro 6.

Vehicle Fuel Economy

Japanese Standards

The Act on Rationalizing Energy Use and Shifting to Non-fossil Energy requires automobile manufacturers to improve their vehicles to meet specified fuel economy standards. Fuel economy standards are established according to the types of vehicles, and are required to be met by either fiscal 2011 (April 2010-March 2011), fiscal 2016 (April 2015-March 2016), fiscal 2021 (April 2020-March 2021), fiscal 2023 (April 2022-March 2023), fiscal 2026 (April 2025-March 2026) or fiscal 2031 (April 2030-March 2031). From 2020, if the WLTC mode is applied as a vehicle emissions test cycle, fuel economy test must be also conducted based on the WLTC mode.

U.S. Standards

Since 1975 when Congress passed the Energy Policy and Conservation Act, each automobile manufacturer must comply with corporate average fuel economy (“CAFE”) standards across its fleet of new cars and trucks. A manufacturer is subject to substantial civil penalties if, in any model year, its vehicles do not meet the CAFE standards. Manufacturers that exceed the CAFE standards earn credits determined by the difference between the average fuel economy performance of their vehicles and the CAFE standards. Credits may be used for the three years preceding the model year in which they were earned and the five years after.

An original goal of the CAFE Program was fuel efficiency. But the program also provided the means for EPA to address GHG emissions from vehicles. The two are linked since carbon dioxide emissions are directly proportional to fuel consumed. In 2012, for example, NHTSA and EPA issued a joint rule for passenger cars, light-duty trucks and medium-duty passenger vehicles for model years 2017 through 2025. NHTSA focused on fuel efficiency. It required passenger vehicles and light-duty trucks to meet an industry average fuel economy level of 49.7 miles per gallon in model year 2025. EPA, on the other hand, required an estimated combined average emission level of 163 grams of carbon dioxide per mile in model year 2025, which would be equivalent to 54.5 miles per gallon if met solely through improvements in fuel economy (without using any available credits for reducing air conditioning leakage).

Under the first Trump administration, in 2018, EPA and NHTSA proposed more relaxed GHG emission standards and CAFE standards. EPA also withdrew the preemption waiver allowing California to issue its own more stringent GHG emission standards under the ACC program. The Biden administration, however, moved to tighten the fuel economy program. EPA and NHTSA withdrew the prior Trump administration's proposed GHG emission standards and CAFE standards.

In 2021 the Biden EPA issued a final rule revising passenger car and light-duty truck GHG emissions standards for model years 2023 through 2026. That rule projected reductions in GHG emissions, year-over-year, by 9.8% for model year 2023, 5.1% for 2024, 6.6% for 2025, and 10.3% for 2026. Based on these reductions, the industry-wide average emission targets for passenger cars and light-duty trucks were projected by the EPA to be 161 grams of carbon dioxide per mile in model year 2026.

In 2022, NHTSA followed with a final rule revising passenger car and light-duty truck fuel economy standards for model years 2024 through 2026. That rule set a fleet-wide standard of approximately 49 mpg for passenger cars and light duty trucks in model year 2026. This was to be achieved by increasing fuel efficiency, year-over-year, by 8% for model year 2024, 8% for 2025, and 10% for 2026.

Also in 2022, EPA reinstated California's authority to enforce its own GHG emissions standards for vehicles.

In March 2024, EPA issued a final rule setting GHG emissions standards for light-duty and medium-duty vehicles from model years 2027 to 2032, projecting an industry-wide average target of 85 grams of carbon dioxide per mile by model year 2032. This represented an almost 50% reduction and was expected to accelerate the market shift towards electrification.

However, with the second Trump administration, NHTSA decided to review and reconsider fuel economy standards applicable to vehicles from model year 2022. In support of that effort, NHTSA issued an interpretive rule addressing the extent of its legal authority for the CAFE program. It was followed by a December 2025 proposed rule to amend the fuel economy standards for light duty vehicles for model years 2022 to 2026 and 2027 to 2031. In 2026, moreover, the Trump EPA rescinded the 2009 endangerment finding that provided the basis for its regulation of GHG emissions from new motor vehicles and new motor vehicle engines. Environmental stakeholders filed to start litigation on this decision, leading to uncertainty regarding such regulation.

Both the CAFE and GHG emissions standards are expected to remain dynamic in response to shifting federal policy priorities, technological developments, and market trends. A return of a Democratic administration, for example, could result in a tightening of such standards beyond model year 2032. Whatever the standards, legal and political challenges are likely. As such, the regulatory landscape is likely to evolve, with periodic rulemakings, midterm reviews and potential litigation shaping the trajectory of U.S. vehicle GHG emissions and fuel economy standards in the coming years.

European Union Standards

In April 2019, the European Parliament and the Council of the EU adopted the EU Emissions Performance Regulation (Regulation (EU) 2019/631), which introduced new carbon dioxide standards for vehicles and light commercial vehicles. Under these standards, average emissions of the EU fleet of new vehicles and light commercial vehicles were set to be reduced by 15% lower than 2021 levels by 2025 and, by 2030, emissions were set to a further 37.5% and 31% reduction of 2021 levels for vehicles and light commercial vehicles, respectively. As such, the 2020 to 2024 EU-fleet wide average carbon dioxide emissions target for light commercial vehicles was 147 grams per kilometer, and for passenger vehicles, 95 grams per kilometer. Since 2021, these emissions targets have been tested using the WLTP.

As part of its “Fit for 55” package, on April 19, 2023, the European Parliament and the Council of the EU adopted an amendment to the EU Emissions Performance Regulation (Regulation (EU) 2023/851), which introduced more stringent carbon dioxide emission standards for vehicles and light commercial vehicles. The new standards strengthen the 2030 targets from 37.5% to a 55% reduction for new passenger cars and from 31% to a 50% reduction for new light commercial vehicles, both relative to the 2021 baseline discussed above. In addition, the new standards introduce a new 2035 carbon dioxide target set at a 100% reduction for new vehicles and light commercial vehicles, again relative to the 2021 baseline. Since 2019, manufacturers failing to meet their targets have incurred penalties, which are currently set at €95 per vehicle from the first gram of target exceedance onwards.

On July 9, 2025, the European Parliament and the Council of the EU adopted an amendment to the EU Emissions Performance Regulation (Regulation (EU) 2025/1214), which introduced a one-time flexibility measure allowing manufacturers to meet 2025–2027 carbon dioxide targets over a three-year average rather than annually. This exemption was implemented as part of the Industrial Action Plan for the automotive sector, which aims to support investment in the clean transition while preserving overall climate ambition. Furthermore, since 2025, a zero- and low-emission vehicles (“ZLEV”) crediting system has been introduced to relax a manufacturer’s specific carbon dioxide emissions targets where the manufacturer produces numbers of ZLEV above specified benchmarks.

In December 2025, the European Commission published an “Automotive Package” comprising proposed amendments to Regulation (EU) 2023/851 (the amended CO₂ fleet-wide performance standards for cars and vans), a proposed Directive on clean corporate vehicle fleets, a proposed Automotive Omnibus Regulation on the simplification of type-approval and market surveillance requirements, and a Battery Booster investment program. The proposed amendments to Regulation (EU) 2023/851 would replace the 100% tailpipe emissions reduction target for new cars and vans by 2035 with a 90% target, with the remaining 10% to be compensated through the use of low-carbon steel produced in the EU, e-fuels or biofuels. The proposals also introduce additional compliance flexibilities, including “super credits” for small affordable electric vehicles manufactured in the EU, a “banking and borrowing” mechanism for the 2030–2032 period, and a reduction of the 2030 CO₂ target for vans from 50% to 40%. The proposed Directive on clean corporate vehicle fleets would require Member States to set mandatory targets for the uptake of zero- and low-emission vehicles by large companies and to make zero- or low-emission status and EU origin prerequisites for vehicles benefiting from public financial support. The proposed Automotive Omnibus Regulation is expected to streamline type-approval testing procedures, reduce the volume of delegated and implementing acts to be adopted under the General Safety Regulation (Regulation (EU) 2019/2144) and Euro 7 (Regulation (EU) 2024/1257), and introduce a new vehicle category for small affordable electric cars of up to 4.2 meters in length. The Battery Booster investment program allocates €1.8 billion, including €1.5 billion in interest-free loans for European battery cell producers, to support the development of a fully EU-based battery value chain. These proposals remain subject to adoption by the European Parliament and the Council of the EU, and their final form may differ from the European Commission’s proposals.

Also adopted as part of the “Fit for 55” package, the recast Renewable Energy Directive (Directive (EU) 2023/2413) enables Member States to require that renewable energy accounts for at least 29% of final energy consumption in transport by 2030, including a combined sub-target of 5.5% for advanced biofuels and renewable fuels of non-biological origin (“RFNBOs”) such as green hydrogen and e-fuels, of which at least 1% must come from RFNBOs.

The Alternative Fuels Infrastructure Regulation (Regulation (EU) 2023/1804), also part of the “Fit for 55” package, mandates the deployment of publicly accessible electric vehicle charging infrastructure along TEN-T (Trans-European Transport Network) core and comprehensive network corridors and hydrogen refueling stations along TEN-T core corridors.

Chinese Standards

Fuel consumption regulations are being implemented pursuant to the Chinese National Standards (“GB”), and the manufacture and sale of vehicle models not meeting these regulations are prohibited. For light-duty passenger vehicles, GB27999-2011 was issued. In these Level 3 Fuel Consumption Regulations for passenger vehicles, the regulation framework was substantially revised, such as the introduction of new regulations requiring automobile manufacturers to meet standards of corporate average fuel consumption across models in addition to existing regulations requiring each model to meet consumption standards. Furthermore, in order to achieve the national target for average fuel efficiency for 2020, the following more stringent fuel consumption regulations have been enforced. First, GB19578-2014, which has been enacted to strengthen regulations for each model, is being applied to new models after January 2016. Second, GB27999-2014, which has been enacted as Level 4 Fuel Consumption Regulations for passenger vehicles to strengthen corporate average regulations, has been in effect since 2016. In 2021, the fuel economy test mode was changed from NEDC to WLTC, and the Level 5 Fuel Consumption Regulations for passenger vehicles to achieve the average fuel efficiency target by 2025, GB19578-2021 and GB27999-2019, have been in effect since 2021. As a further enhancement of fuel consumption regulations, GB19578-2024 and GB27999-2025, which are the Level 6 Fuel Consumption Regulations for passenger vehicles, have been enacted and took effect in 2026. In addition, GB36980.1-2025, which regulates smaller electric vehicles (BEVs) by model, was enacted and has been applied to all new vehicles from January 2026. For light commercial vehicles, GB20997-2015 was enacted, based on which Level 3 Fuel Consumption Regulations have been applied to all new vehicles from January 2018. As a further enhancement of fuel consumption regulations, GB20997-2024, which are the Level 4 Fuel Consumption Regulations for light commercial vehicles, were enacted and applied to new vehicles from January 2026. Moreover, the implementation of the Life Cycle Assessment, which comprehensively regulates the amount of carbon dioxide emitted during the vehicle manufacturing, use, and disposal processes, among others, is being considered earlier than in the rest of the world.

With respect to large commercial vehicles, pursuant to GB30510-2018, Level 3 Fuel Consumption Regulations apply to new vehicles from July 2019 and are currently being enforced. In addition, in an effort to further strengthen fuel consumption regulations for the next generation, GB30510-2024, which is the Level 4 Fuel Consumption Regulations, have been enacted and applied to new vehicles from July 2025.

Standards of Other Countries or Regions

India, Saudi Arabia, Brazil, Chile, Mexico, Australia, New Zealand, South Korea and Taiwan have imposed regulations that require automobile manufacturers and dealers to reduce fuel consumption and carbon dioxide emissions.

Vehicle Safety

Japanese Standards

Japan has been participating in the 1958 Agreement of the UN and has a number of technical standards that are harmonized with the UNRs described below.

OBD testing to verify compliance with safety standards during vehicle inspections became mandatory for domestic vehicles starting October 2024 for imported vehicles starting October 2025.

From 2025 onwards, new UNRs have been adopted, including the pedal misapplication acceleration control system (UN-R175) and the emergency lane keeping system (UN-R178), among others.

Based on the outcomes of deliberations by the public-private council, Japan has implemented a harmonization of domestic effective dates. For standards for which application dates have already been determined, effective dates will be consolidated on an annual basis in September. For standards to be newly introduced going forward, effective dates will be unified to either September or March each year.

In addition, pursuant to the agreement between Japan and the United States concerning tariffs, a new certification scheme for U.S.-manufactured passenger vehicles has been established. By utilizing this scheme, passenger vehicles manufactured in the United States and compliant with U.S. regulatory standards may be accepted for sale in Japan without the need for additional testing within Japan.

U.S. Standards

In November 2021, the Bipartisan Infrastructure Bill was signed into law by President Biden. It requires the NHTSA to create regulations that cover a wide range of vehicle safety matters, including advanced driver assistance technologies, driver monitoring systems, headlamps, connected vehicles technologies, event data recording, and impaired driving prevention technologies. In response to these mandates, the NHTSA has so far completed several key rulemakings. A final rule permitting Adaptive Driving Beam headlamps was issued in 2022, a final rule mandating Automatic Emergency Braking Systems (“AEBS”) was issued in 2024, and a notice of proposed rulemaking for enhanced seatback strength was issued in 2025.

In the area of automated vehicles (“AV”), while the federal government has not issued binding AV regulations beyond the policy-level AV 4.0 guidance released in 2020, recent federal actions indicate a possible shift. In April 2025, the Trump administration proposed easing AV deployment restrictions while maintaining incident reporting for higher-level automated systems. Meanwhile, California and other states continue to advance AV oversight in the absence of comprehensive federal standards, with California recently proposing to lift its ban on autonomous heavy-duty truck testing.

European Union Standards

In December 2019, the EU issued the revised General Safety Regulation (Regulation (EU) 2019/2144) to tighten the requirements concerning safety and the protection of vehicle occupants and vulnerable road users. This revised General Safety Regulation (which came into effect in July 2022) made certain vehicle safety equipment mandatory in a phased approach, including: automated emergency braking, emergency lane keeping systems, driver drowsiness and attention warning, intelligent speed assistance, reversing detection systems, tire pressure monitoring systems, and data recorders in case of an accident (“event data recorders”). In October 2024, Regulation (EU) 2024/2220 was published specifying the specific test procedures and technical requirements for event data recorders for heavy vehicles.

In relation to this, various UNRs were developed (as detailed further below). The General Safety Regulation has been updated regularly to reflect new UNRs. For the equipment for which UNRs have not been developed, such as automated driving systems for automated vehicles, the EU has established its own technical standards.

In order to adapt to new telecommunication technologies in the EU, Regulation (EU) 2024/1180 was adopted in April 2024, amending Regulation (EU) 2015/758 which governs a 112-based eCall in-vehicle system. Detailed requirements and test procedures for the approval of eCall systems are currently being revised to align with the new regulations, and are expected to be issued shortly.

United Nations Standards

The United Nations Economic Commission for Europe Working Party on Automated/Autonomous and Connected Vehicles (“GRVA”) has been continuing to advance global regulatory frameworks on automated driving systems (“ADS”).

Amendments to UNR No. 157 on Automated Lane Keeping Systems (“ALKS”) have increased the permissible operating speed for ALKS from 60 km/h to 130 km/h and introduced provisions for automated lane change functions.

GRVA has been actively developing a new UNR/GTR on ADSs, with contributions from Canada, China, the EU, Japan, the UK and the US. Those new regulations aim to establish harmonized international technical requirements for ADS, encompassing functional safety, cybersecurity, software updates, and DSSAD (Data Storage System for Automated Driving) requirements. In parallel, amendments of all relevant UN GTRs and UNs for considering ADS fitness are being coordinated toward voting at WP.29 in June 2026.

WP.29 has endorsed “Considerations on Artificial Intelligence in the context of road vehicles” in June 2024. GRVA is exploring regulatory measures addressing artificial intelligence (“AI”). Now WP.29 will be exploring some instruments addressing AI used in vehicles.

In addition to automated driving, WP.29 is also engaged in the development of other new regulations. In March 2026, it adopted regulations requiring the issuance of warnings to drivers in cases of driver distraction or reduced alertness. Furthermore, other subsidiary working parties under WP.29 are progressing the development of regulations concerning, among other matters, the safety of children left in vehicles, awareness of vulnerable road users proximity, and ensuring ease of door opening in emergency situations such as vehicle fires or vehicle submersion.

Chinese Standards

Vehicle safety regulations in China were in general established having regard to the UNRs. However, China is adding its own requirements in consideration of the Chinese market and traffic environment, and establishing its own standards to improve the technological capabilities of its industries and to ensure international competitiveness. This is especially true in the area of “electrification,” or new energy vehicles (“NEVs”), which China is strongly promoting, and China’s own national technical standards on functions such as batteries, motors, and the charging and remote surveillance of NEVs have been made mandatory. Fuel-cell vehicles are subject to the supervising regulations on the safety of high-pressure gas in addition to the vehicle type approval requirement. Moreover, in accordance with the Made in China 2025 policy, the country considers “intelligentization” to be the next core technological area, and more than 100 standards for intelligent connected vehicles are being developed (including automation, telecommunication and security). As is the case in the field of electrification, it is anticipated that more of China’s own standards will become mandatory in a short period in the future. In particular, in recent years, from the perspective of ensuring data security against the backdrop of the U.S.-China trade friction and other factors, China has been vigorously and rapidly promoting legislation to strictly control the extraterrestrial transfer of data acquired within China, and the automotive sector is no exception to this. Although the authorities have already mandated to obtain clearance for personal information and important data to be transferred outside of China through security review, there is a risk that Toyota will need a major review of the necessity for further development of new technologies or of the technology development system, including technology transfer to China, depending on the terms of future laws and regulations. Furthermore, with the rapid expansion of the commercialization of advanced driver assistance technologies by local IT companies and OEMs, the development of related standards is also progressing at a fast pace. Accidents occurring during the use of these functions have become a social issue, and there is a shift toward only permitting technologies that provide support even in complex driving scenarios, by establishing performance requirements that significantly exceed those of UNRs. In addition, with a growing movement to prohibit features that have become widespread in NEVs, such as retractable door handles and one-pedal driving modes, regulatory developments specific to China are accelerating.

Environmental Matters

Japanese Standards

Automotive operations in Japan are subject to substantial environmental regulation under laws such as the Air Pollution Control Act, the Water Pollution Prevention Act, the Noise Regulation Act and the Vibration Control Act. Under these laws, if a business entity establishes or alters any facility that is regulated by these laws,

the business entity is required to give prior notice to regulators, and if a business entity uses, discharges, or stores substances that are environmental burdens or causes noise or vibration from such facility, the business entity is also required to comply with the applicable standards. Toyota has established and complies with environmental standards that exceed applicable statutory and regulatory requirements, based on agreements reached with relevant local administrative authorities. Under the Waste Management and Public Cleansing Act, producers of industrial waste must dispose of industrial waste in the manner prescribed in the same act.

The Soil Contamination Countermeasures Act of Japan requires that landowners conduct contamination testing and submit a report at the time they cease to use hazardous substances, such as in connection with the sale of a former factory, or if there is a possibility of health hazards due to land contamination. If it is found that land contamination exceeds a certain level, the relevant prefectural authority designates the area as considered to be contaminated, orders the landowner to submit a plan for decontamination (such plan must describe the measures to be taken in the area, the reasons therefor, and the deadline for implementing such measures, etc.), and has the landowner take such measures in accordance with such plan. In addition, under the Act on Recycling, etc. of End-of-Life Vehicles, vehicle manufacturers are required to take back and recycle specified materials (automotive shredder residues, air bags and fluorocarbons) of end-of-life vehicles and the provisions concerning such obligations of vehicle manufacturers became effective in January 2005. Toyota has coordinated with relevant parties to establish a vehicle take-back and recycle system throughout Japan. As a result, in fiscal 2025, Toyota achieved a recycling/recovery rate of 97% for automobile shredder residue (the legal requirement being 70% or higher) and 97% for air bags (the legal requirement being 85% or higher) and reached the targets set forth in this law.

U.S. Standards

The federal environmental statutes applicable in the United States include, among others, the Clean Air Act, the Clean Water Act, the Resource Conservation and Recovery Act (which governs wastes), and the Toxic Substances Control Act. Toyota also is subject to a variety of state laws that parallel, and in some cases are more stringent than, federal requirements.

Pursuant to the Clean Air Act, the EPA has promulgated National Ambient Air Quality Standards (“NAAQS”) for six “criteria” pollutants (carbon monoxide, lead, nitrogen dioxide, ozone, sulfur dioxide and particulate matter). Every five years EPA must review and possibly revise these NAAQS. In March 2024, the EPA announced a final rule, effective May 2024, lowering the primary (health-based) annual standard for particulate matter with diameters less than 2.5 micrometers (“PM_{2.5}”) (the fine inhalable particles) from 12.0 to 9.0 micrograms per cubic meter (“µg/m³”). This revised standard, as well as any future NAAQS revisions for other criteria pollutants, could lead to additional pollution control requirements for stationary sources of air emissions, including Toyota’s U.S. manufacturing facilities.

The rule has faced legal challenges from several states, including Louisiana and Texas, as well as industry groups. Arguing that EPA’s action was procedurally improper and failed to adequately consider economic impacts, they filed petitions for judicial review in the D.C. Circuit Court of Appeals. In March 2025, EPA Administrator Lee Zeldin announced a formal reconsideration of the PM_{2.5} NAAQS, citing concerns about the previous administration’s standards and their potential impact on permitting processes. The legal challenges remain pending.

European Union Standards

In the EU, the Ambient Air Quality and Clearer Air for Europe Directive (Directive 2008/50/EC) sets the environmental standards for air quality. A revised Ambient Air Quality and Clearer Air for Europe Directive (Directive (EU) 2024/2881) entered into force on December 10, 2024, aligning 2030 EU air quality standards more closely with the World Health Organization recommendations. In particular, the new Directive cuts the allowed annual limit value for the main air pollutant, fine particulate matter (PM_{2.5}), by more than half. It also

updates the air quality standards by lowering the permissible levels for twelve air pollutants. In relation to these Directives, environmental regulations, such as the National Emissions Ceilings Directive, or NEC Directive (2016/2284/EU), the Industrial Emissions Directive, or IED Directive (2010/75/EU) (as amended by Directive (EU) 2024/1785), and the Motor Vehicle Regulation (Regulation (EU) 2018/858), which is intended to control on-road emission sources, have been established, and emissions are managed under these directives based on their source.

A review of the EU Directive on End-of-Life Vehicles (Directive 2000/53/EC) was launched in 2021, resulting in a proposal for a new regulation in July 2023. The new proposed regulation would improve the quality of end-of-life treatment, incentivize reuse of recycled materials to enable more resource-efficient use of materials, recover more and better-quality raw materials (e.g., CRMs, plastics, steel and aluminum), and strengthen responsibility and cooperation between producers.

Toyota strives to ensure that its operations comply with environmental regulatory requirements concerning its facilities and products in each of the markets in which it operates. Toyota continuously monitors these requirements and takes necessary operational measures in an effort to remain in material compliance with all of these requirements. However, in light of the net zero transition, compliance with environmental regulations and standards has increased costs and is expected to lead to higher costs in the future. Therefore, Toyota recognizes that effective environmental cost management will become increasingly important. Moreover, innovation and leadership in the area of environmental protection are becoming increasingly important to remain competitive in the market. As a result, Toyota has proceeded with the development and production of environmentally friendly technologies, such as HEVs, PHEVs, FCEVs, BEVs and high fuel efficiency, low emission engines.

Beyond the product and facility-level environmental regulations described above, the European operations of automotive manufacturers are also potentially subject to a growing body of EU corporate sustainability and supply chain legislation. For instance, the Corporate Sustainability Reporting Directive (Directive (EU) 2022/2464) requires large undertakings operating in the EU to report detailed sustainability information in accordance with European Sustainability Reporting Standards. In addition, the Corporate Sustainability Due Diligence Directive (Directive (EU) 2024/1760) requires in-scope companies to conduct environmental and human rights due diligence. These Directives may apply to the EU subsidiaries of automotive manufacturers that meet the applicable size thresholds, and may also apply at group level under the Directives' relevant third-country parent provisions, depending on the consolidated EU net turnover of such manufacturers.

Finally, the EU Deforestation Regulation (Regulation (EU) 2023/1115), which prohibits the placing on the EU market of specified commodities, including natural rubber, unless they are verified as deforestation-free and legally produced, has applied to large operators from December 30, 2025. This may be relevant to Toyota's tire and rubber supply chain.

In addressing environmental issues, based on an assessment of the environmental impact of its products through their entire life cycles, from production through sales, disposal and recycling, Toyota, as a manufacturer, strives to take all possible measures from development stage and continues to work towards technological innovations to make efficient use of resources and to reduce the burden on the environment.

Toyota's Approach to and Initiatives Towards Sustainability

The following is a discussion of Toyota's approach to and initiatives towards sustainability. It contains forward-looking statements that are based upon the current judgment, assumptions and beliefs of Toyota's management. See "Cautionary Statement With Respect To Forward-Looking Statements." Actual business, financial and operational results may vary significantly from those described below as a result of unanticipated changes in various factors, including those described in "Risk Factors."

Approach Towards Sustainability

We believe that Toyota should conduct business for the public good and serve people's happiness and social development. This strong conviction is inherited from the belief, "always be faithful to your duties, thereby contributing to the company and to the overall good," which is part of the Toyoda Principles, the roots of the Toyota Group.

In 2020, we revisited our roots and developed the Toyota Philosophy, which established "Producing Happiness for All" as our corporate mission. This mission expresses our commitment to sustainable development for society and business to bring more happiness to our customers and other stakeholders around the world. This is our commitment to sustainable business.

Through business based on the Toyoda Principles and Toyota Philosophy, Toyota established a product/business-driven operational base, with a company-wide emphasis on three values that make us Toyota: "making ever-better cars," "best-in-town carmaker," and "for someone other than oneself."

We are now building on this legacy. Our next step is to evolve our growth strategy and business vision with a greater commitment to sustainability and to formulate concrete action plans to fulfill the mission of "Producing Happiness for All."

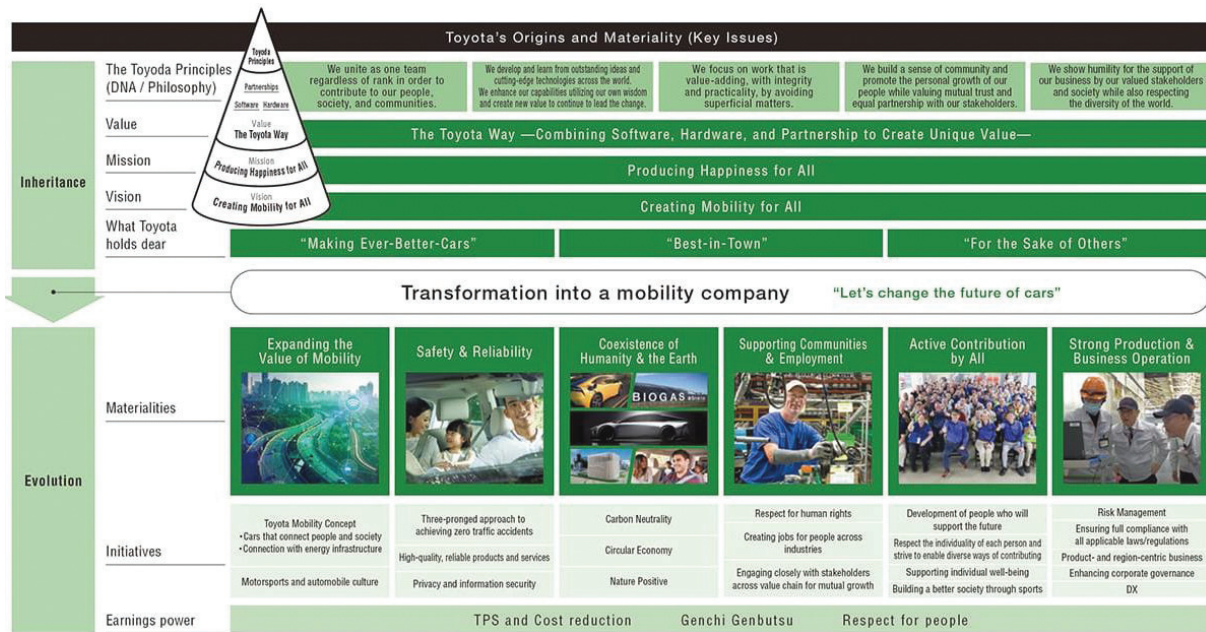
To fulfill this mission, Toyota aims to transform into a mobility company that provides freedom of mobility for all without leaving anyone behind. To put our mission into action, we assessed the materiality of our impacts as well as risks and opportunities, which incorporated a comprehensive range of stakeholder perspectives — customers, community/business partners, and employees. The materiality assessment resulted in the identification of six key themes with the greatest priority: "expanding the value of mobility," "safety & reliability," "co-existence of humanity and the earth," "supporting the community and employment," "Active Contribution by All" and "strong production and business operation."

At the heart of our key themes is our aspiration for making cars, which is expressed through our motto, "Let's change the future of cars."

We will continue to evolve our business from auto manufacturing to mobility, so that cars will be useful to society and bring smiles to customers for years to come. In pursuit of this goal, we must maximize cars' positive impacts, focusing on enhancing user-friendliness, comfort, and emotional value and making them fun to drive. Simultaneously, we are dedicated to minimizing negative impacts such as traffic accidents, congestion, and environmental burdens.

For Toyota, transformation into a mobility company means creating a new industrial structure that benefits the development of a mobility society through the evolution of the automobile. We will lead the transformative journey to shape the future with a sense of mission, working together with business partners who share the purpose.

We are now in an era in which it is hard to predict the future. That is why we believe that persistent and purposeful action makes a difference. In the spirit of *hyaku-setsu futo* (indefatigability), one of the cherished phrases of our founder Sakichi Toyoda, we will live up to our convictions and challenge ourselves to change the future of cars. Toyota's Origins and Materiality (Key Issues)

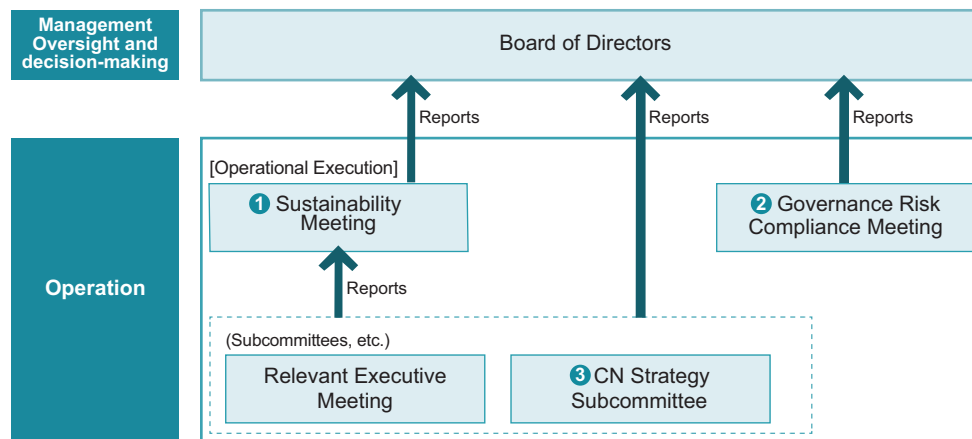


Governance

In order to grasp changes in the external environment and societal demands, and to prioritize issues of greater importance and urgency, we continuously strive to promote and improve environmental, social, and governance sustainability activities while working closely with the relevant groups under the promotion system illustrated below and under the supervision and decision-making of the Board of Directors.

To deliberate on key, multidisciplinary sustainability issues related to management, we have established the Sustainability Meeting chaired by the CEO, which mainly deals with themes associated with Environment and Social, and the Governance Risk Compliance Meeting chaired by the Chief Risk Officer (“CRO”), which deals with themes associated with Governance. In addition, we have established a framework in which meetings attended by the heads of the relevant divisions and the Carbon Neutral (CN) Strategy Subcommittee deliberate on individual issues and themes that are closer to actual practice.

<Sustainability Governance Structure>



	Sustainability Meeting	Governance Risk Compliance Meeting	CN Strategy Subcommittee
Chairperson	President	CRO/CCO*	President, Carbon-Neutral Engineering Development Center
Members	Vice Chairman of the Board of Directors (1); Executive vice presidents (2); outside member of the Board of Directors (1); outside Audit and Supervisory Committee members (2); CRO/CCO (1), others (3)	Executive vice presidents (2); outside member of the Board of Directors (1); outside Audit and Supervisory Committee members (3); Audit and Supervisory Committee member (1); others (4)	Executive vice presidents (2); operating officers (4), others (10)
Number of times held in fiscal year 2026	4	4	3
Timing of reports to the Board of Directors	When an important matter arises	When an important matter arises	When an important matter arises
Duties	Contribution to increases in corporate value by deliberating, making decisions, and promoting activities for important sustainability-related issues	Making proposals and deliberation on important matters relating to governance, risk, and compliance, in particular matters requiring strategic direction at the management level	Cultivation of shared understanding regarding important global trends pertaining to carbon neutrality and environmental issues Reporting and deliberation on targets, key performance indicators, and other important management provisions related to above duties

* CRO: Chief Risk Officer
CCO: Chief Compliance Officer

Risk Management

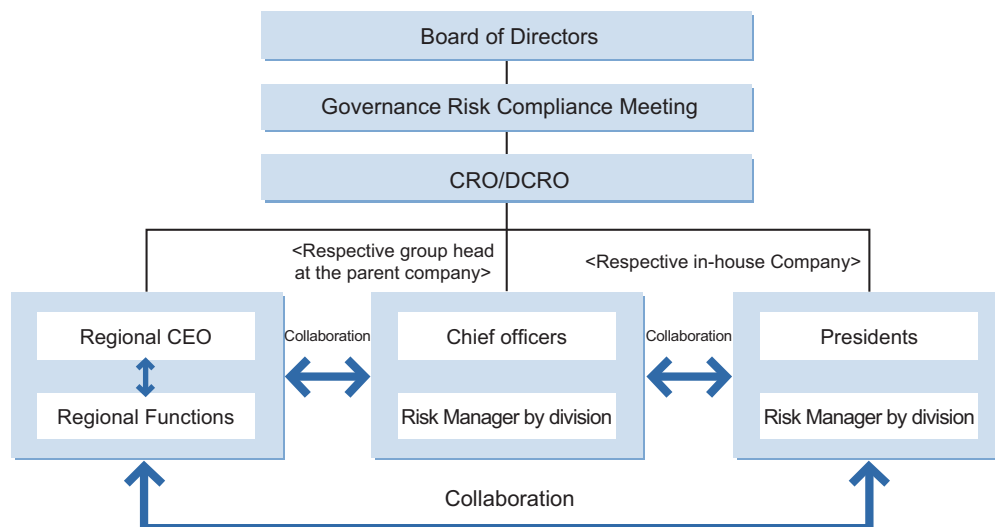
Toyota will further strengthen risk management in response to uncertainties amid our constantly needing to rise to new challenges in the era of major changes in the circumstances surrounding, and in the values of, the automobile industry, such as carbon neutrality, expanding value of mobility (electrification, intelligent technologies, diversification), and other factors.

In order for each region, function, and in-house company to cooperate and support each other and prevent, mitigate, reduce, and appropriately control risks arising in business activities from a global perspective, Toyota has appointed a CRO and Deputy CRO in charge of risk management, as well as the head of risk management in each region. Toyota has also established the Governance Risk Compliance Meeting under the CRO’s supervision to identify, take action against, and monitor material risks from a company-wide perspective.

In addition, as a risk management system framework, we regularly identify, evaluate, consolidate, implement measures against, and monitor risks based on the Toyota Global Risk Management Standard (“TGRS”), a company-wide risk management framework established by referencing frameworks such as the ISO (International Organization for Standardization) and COSO (Committee for Sponsoring Organizations of the Treadway Commission).

The identified risks that are deemed significant to Toyota are deliberated by the Governance Risk Compliance Meeting, chaired by the CRO, and are referred to the Board of Directors and other relevant governing bodies, as appropriate, to promote the execution of business operations.

Organizational Structure



Approach to and Initiatives Towards Human Resources

Based on the philosophy that “*monozukuri* (manufacturing) depends on human resource development,” Toyota believes that its greatest asset is its people, and Toyota has been focusing on human resource development since its foundation. The common foundation of our human resource development consists of three pillars: Toyota’s “philosophy” (Toyota Philosophy), “skills” (Toyota Production System, or TPS), and “behavior” (Toyota Way 2020). We cultivate talent whom, under our “philosophy” of “working for the sake of others,” acquire the “skills” of TPS—which seeks to thoroughly eliminate waste and shorten lead times—and put our “philosophy” into practice through their own actions, that is, their “behavior.” We believe that the ability of such individuals to think and act autonomously in their fields strengthens our capacity to respond to changes in the operating environment.

1. Governance

Toyota places importance on dialogue with employees in order to accurately identify issues related to human capital. In particular, the president, executive vice presidents, and other members who also serve on the Sustainability Meeting participate in the Labor-Management Council and the Joint Labor-Management Round Table Conference, which serve as opportunities to understand the voices of employees and to identify the direction for addressing human capital-related issues.

Among the issues identified, those that are deemed particularly material or that require cross-functional responses are referred to the Sustainability Meeting described in “Item 4. Information on the Company — 4.B Business Overview — Toyota’s Approach to and Initiatives Towards Sustainability — Governance” where such matters are deliberated and determined to promote “priority sustainability initiatives” relating to human capital.

Reference: Number of times held in fiscal 2026

Sustainability Meeting: 4

Labor-Management Council: 4

Joint Labor-Management Round Table Conference: 2

2. Strategy

In advancing our transformation into a mobility company, we have identified six materiality topics (key issues) based on the perspectives of our stakeholders, including customers, local communities, business partners, and employees. Among these, under “Active Contribution by All” and “Supporting the Community & Employment,” we have identified six priority action items related to human capital.

Materiality	Aim	
Active Contribution by All	Human Resource Development	Acquire and develop human resources who “continuously think and act for the benefit of others” based on the Toyota Philosophy
	Dialogue with employees	Translate dialogue between the company and employees of mutual trust/responsibility into action
	DE&I	Create corporate culture where all people working for Toyota feel respected, and can demonstrate their uniqueness, strength, and abilities, while embracing their diverse talents and values
	Labor Practices	Contribute to the peace of mind of employees and the sustainable growth of local communities through stable employment and maintaining/improving labor conditions
	Health and Safety	Eliminate all kinds of unsafety by fostering company-wide safety culture, while protecting the good health and well-being of employees and their families
Supporting the Community & Employment	Respect for Human Rights	Respect the human rights of all people involved in our business activities

We believe that advancing initiatives in these priority action items is essential to developing the talent that will drive our future.

3. Risk Management

We identify risks related to human capital through ongoing monitoring of workplace conditions via multiple communication channels—including dialogue with employees, engagement surveys, and consultation services—as well as through information gathering and benchmarking that take into account revisions to applicable laws and regulations and changes in the external environment.

Among the risks identified through these efforts, those deemed material from a company-wide perspective are escalated to management for decision-making and the consideration of responsive measures, in accordance with the process described in “Toyota’s Approach to and Initiatives Towards Sustainability—*Risk Management*.”

4. Metrics and Targets

In connection with the priority initiative of “Promoting Active Participation of Diverse Talent,” the table below sets forth representative metrics for TMC on an unconsolidated basis, together with the corresponding targets and results for fiscal 2026.

Metrics	Target	Result (Fiscal 2026)	
Number of women in managerial positions (unconsolidated)	By 2030, increase to five times the target set in 2014	455 (4.5 times the target set in 2014)	(Note 1)
Ratio of eligible male employees taking childcare leave (unconsolidated)	Achieve an average ratio of employees taking childcare leave of 85% or above during the period from April 1, 2025 through March 31, 2030	79.0%	(Note 2)

Note 1 As of March 31, 2026

Note 2 The ratio of eligible employees taking childcare leave is calculated based on the ratio of employees taking childcare leave under Article 71-6, Item 1 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ministry of Labour Ordinance No. 25 of 1991), in accordance with the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991).

Climate Change-related Disclosures

Toyota aims to establish a sustainable society in harmony with nature through contributions to the goal of carbon neutrality. Toyota addresses climate change-related impacts, risks, and opportunities guided by the principles of the “Toyota Earth Charter” and “Toyota Environmental Challenge 2050,” intending to fully concentrate on achieving carbon neutrality by 2050 across the entire vehicle life cycle. Toyota intends to reduce GHG emissions through multiple approaches, including the multi-pathway strategy, driven by the principles of “leaving no one behind” and “delivering freedom of movement to all.”

1. Governance

The Oversight of Climate change-related Issues by the Board of Directors

Toyota positions the Board of Directors as its ultimate supervisory, decision-making authority for climate change-related issues, including risks and opportunities. In order to effectively plan and execute strategies in response to social trends, we bring important climate change-related issues before the Board of Directors as they arise.

Responses to climate change-related issues (including risk and opportunity assessments and management implemented more than once a year) are addressed primarily by the CN Strategy Subcommittee, with oversight by the Board of Directors. The Board of Directors makes decisions based on the deliberations of each committee, including trade-offs between sustainability and climate change-related issues. The CN Strategy Subcommittee approves the formulation, review and monitoring of progress of climate change-related targets under the oversight of the Board of Directors, following deliberation by the Environmental Product Design Assessment Committee and the Consolidated Environment Committee. For details of the overall process, see “Item 4. Information on the Company — 4.B Business Overview — Toyota’s Approach to and Initiatives Towards Sustainability — Governance”.

Examples of decisions made by the Board of Directors in 2025 include the approval to execute a comprehensive partnership agreement with the municipal government of Shanghai and the establishment of Lexus (Shanghai) New Energy Co., Ltd., which develops and manufactures BEVs and batteries, aimed at contributing to the realization of carbon neutrality in China. The new company will develop Lexus-branded BEVs, with mass production to launch in 2027 or later.

2. Strategy

(a) Toyota's Strategies (Fundamental approach of Toyota's multi-pathway strategy)

Carbon neutrality is an urgent issue for cars to remain an essential part of society. Toyota is making efforts to provide our customers around the world with options for mobility under our multi-pathway strategy, while promoting the decarbonization of manufacturing and supply chains. It is important to consider the ways in which mobility takes into account the future of energy. The strategy's basic premise is that we need to reduce dependence on fossil fuels from the perspective of the global environment and sustainability. Furthermore, over the medium- to long-term, renewable energy sources will continue to proliferate, with electricity and hydrogen emerging as the primary energy sources sustaining society. In the short term, however, it is critical to acknowledge global realities and implement changes in practical ways that maintain energy security. This is precisely why we are committed to providing mobility options that are aligned with a diverse range of energy situations and customer needs, while also keeping an eye on the future of electricity and hydrogen.

The underlying concept of our multi-pathway strategy is to achieve carbon neutrality through practical transition.

(b) Identification and Assessment of Climate Change-Related Impacts, Risks, and Opportunities

Overview of Impacts, Risks, and Opportunities

Toyota identifies factors that may impact the future based on the identified Impacts, Risks, and Opportunities ("IROs"). Toyota responds appropriately under Toyota's strategies and transition plans. The overview of climate change-related IROs are as follows.

- **Impacts:** Effects that a company has on the environment and society as a result of its activities or business transactions.
- **Risks**
 - **Transition risk:** Negative impact on the company arising from the transition to a low-carbon society, such as the introduction or strengthening of climate change-related policies and the advancement of low-carbon technologies.
 - **Physical risk:** Negative impact on the company arising from physical climate events caused by climate change.
- **Opportunities:** Positive impact for the company arising from responses to market changes and technological innovation, driven by the transition to a low-carbon society and the progression of climate change.

We established a process to identify and assess climate change-related risks and opportunities using scenario analysis. We also incorporated financial impact assessments into the process to enhance the accuracy of IRO materiality.

Time horizon for IRO assessment

Short-term	Medium-term	Long-term
1 year	1-5 years	Over 5 years

Process of Identifying and Assessing Climate Change-Related Impacts

We analyze activities across Toyota and our value chain to identify potential environmental and social impacts. We conduct assessments on identified impacts based on severity (scale and scope of impact) and likelihood of occurrence. Scope 3 emissions account for a significant portion of Toyota’s total emissions, with category 11 representing a substantial share thereof. As they contribute significantly to climate change, reduction efforts across the entire value chain are essential. However, Scopes 1 and 2 emissions, while accounting for a small percentage, fall within the company’s direct control. This makes them important for Toyota, which has set a target under the Life Cycle Zero CO₂ Emissions Challenge. For details of the Life Cycle Zero CO₂ Emissions Challenge, see “Item 4. Information on the Company — 4B. Business Overview — Toyota’s Approach to and Initiatives Towards Sustainability — Climate Change-related Disclosures — 2. Strategy — (c) Resilience Analysis.”

Processes for Identifying and Assessing Climate Change-related Risks and Opportunities

Toyota identifies and assesses climate change-related risks and opportunities and evaluates the resilience of its strategies by having an internal team of climate change experts and external specialists conduct scenario analysis based on various future society projections.

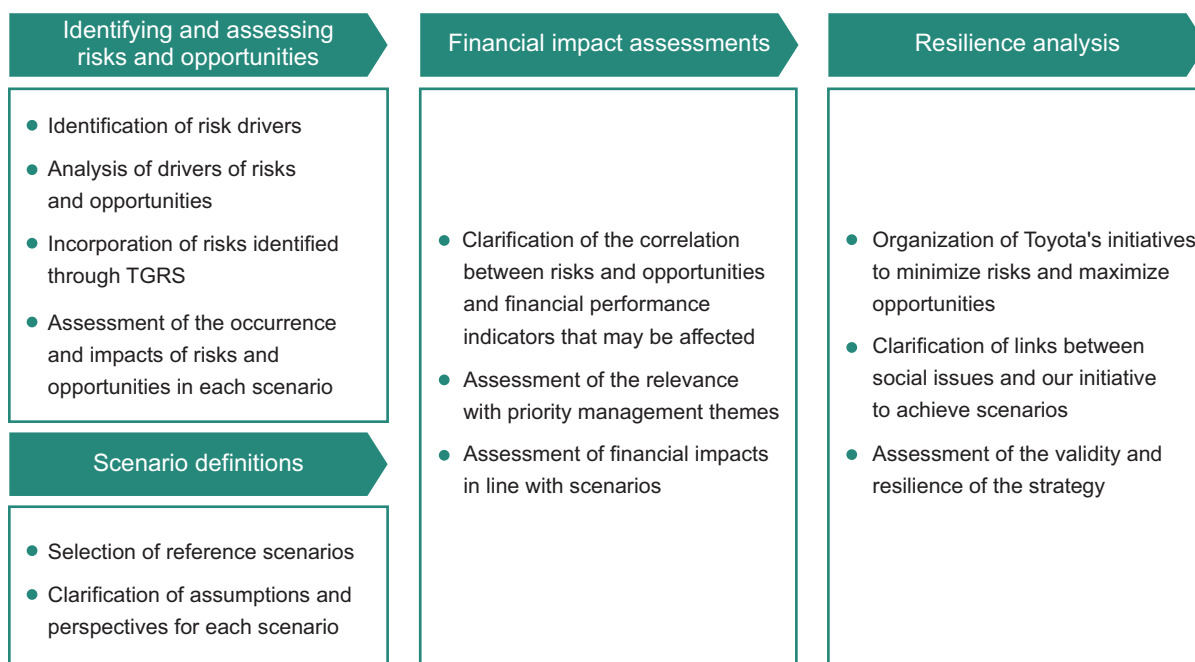


Chart created by Toyota based on guidance from the TCFD and Ministry of the Environment, Japan

Identification and Assessment of Risks and Opportunities

Toyota identifies primary factors (risk drivers) for climate change-related risks and opportunities based on anticipated future social conditions from the perspectives of transition risks (policy/legislation, markets, technology, reputation) and physical risks (acute, chronic). Toyota identifies risks and opportunities by analyzing driving factors and incorporates disclosure topics defined in ISSB* industry-based guidance, as well as climate change-related risks identified through TGRS, Toyota’s cross-functional risk management system, and climate change-related risks and opportunities specified by referencing external information into risks and opportunities identified through driver analysis. Toyota examines how the likelihood and impact of risks and opportunities differ in each scenario based on the identified risk drivers. The overall materiality of each risk and opportunity is

determined based on a quantitative assessment of likelihood and impact as well as a qualitative assessment that takes into account factors such as corporate social responsibility and Toyota's key issues.

* International Sustainability Standards Board

Scenario Analysis Overview

Scenario analysis is conducted in accordance with the processes outlined in guidance provided by the Financial Stability Board's Task Force on Climate-related Financial Disclosures ("TCFD") and the Ministry of the Environment, Japan. Toyota conducts 1.5°C scenario analysis to assess transition risks and opportunities as well as a 4°C scenario analysis to assess physical risks based on climate hazards.

- Scope

Transition risks and opportunities: Automotive business and value chains in Toyota Motor Corporation and its consolidated subsidiaries

Physical risks: Toyota Motor Corporation, consolidated subsidiaries, and unconsolidated vehicle manufacturing subsidiaries

- Impact assessment period

Transition risks and opportunities: Up to 2035

Physical risks: Up to the late 21st century

1.5°C Scenario Analysis

Selection of 1.5°C Scenarios

Toyota uses multiple published scenarios as reference for analysis, such as the scenarios from IEA^{*1} and IPCC^{*2} AR6^{*3} WG3 report. Toyota envisions society's future energy landscape as converging on electricity and hydrogen with the widespread introduction of renewable energy, and recognizes that the transition speed varies by region depending on energy conditions.

Against the backdrop of recent global developments, discussions have begun on balancing environmental issues with economic security. There are also observable phenomena such as a slowdown in renewable energy investments due to international inflation and a stagnation in the growth trend of BEV sales in Europe and the U.S. At international forums such as the Conference of the Parties ("COP") to the United Nations Framework Convention on Climate Change, discussions are progressing on transitional measures extending into the future. There is a growing recognition of the importance of introducing diverse decarbonization methods tailored to conditions in each country and region.

In recognition of these backgrounds, our multi-pathway strategy offers mobility options tailored to energy situations in each country/region and the diverse needs of customers through a practical transition in the short term with a view toward a future in which electricity and hydrogen serve as primary energy sources underpinning society in the long term.

The 1.5°C scenario analysis for passenger vehicles considers both the IEA NZE scenario,^{*4} which highlights the introduction of BEVs and PHEVs as key decarbonization measures, and other 1.5°C scenarios that incorporate regional characteristics and an increased range of mitigation measures (such as CO₂ removal (CDR^{*5}), carbon capture and storage (CCS), and carbon-neutral fuels) to assess corporate strategic resilience.

The assumptions and global circumstances of each scenario are organized as follows:

According to the IEA NZE Scenario (IEA World Energy Outlook 2025), reducing GHG emissions from the power generation sector may decrease emissions from other sectors. GHG emissions may be reduced by the

widespread adoption of BEVs in the road transport field of the transportation sector, where electrification is relatively easier. In reality, the speed of progress and timeframe of these initiatives may be delayed depending on energy conditions and policy developments in each country and region. In such cases, CDR technologies will become essential.

In other 1.5°C scenarios, concerns over energy and economic security and a decline in industrial competitiveness will cause delays in the progress of mitigation measures driven by energy conditions and policy developments in each country and region to spread globally. Furthermore, the introduction of decarbonization technologies to the market requires substantial investment in the initial stages, and differences in investment levels may lead to disparities in progress.

While decarbonization technologies beyond electrification may be utilized with low-emission power, the expansion of biofuel usage in road transport could be limited by the food-versus-fuel dilemma and variations in supply volume caused by land-use restrictions to protect the environment. A slower pace of reduction for GHG emissions will inevitably lead to an overshoot in temperature rise, making it necessary to assume the later large-scale and extensive deployment of CDR technologies compared to the NZE scenario.

- *1 International Energy Agency
- *2 Intergovernmental Panel on Climate Change
- *3 Sixth Assessment Report
- *4 Net Zero Emissions by 2050 Scenario
- *5 Carbon Dioxide Removal

Study on the IEA NZE Scenario

The IEA reports that the following is required to accomplish the NZE scenario. The shift of passenger vehicles to BEVs will progress as electricity is decarbonized with the active introduction of renewable energy, leading to a sharp reduction in GHG emissions after 2030 and the achievement of net zero emissions, including emissions from owned vehicles by 2050. To achieve this goal, it is assumed that governments around the world will introduce ambitious climate policies such as carbon pricing, tighter fuel efficiency standards, and bans on the sale of vehicles with internal combustion engines, along with expanded incentives to support the growth of BEVs. BEVs will become more widely accepted in the market as consumer awareness of the environment grows and stronger policies are put in place, along with technological advancements in vehicle electrification, development of innovative batteries, and energy management systems powered by renewable power. The societal shift towards electrification and renewable energy will suppress energy consumption with improvements in efficiency. For fossil fuels in hard-to-electrify sectors and delays in transitioning to electrification and renewable energy, carbon removal from the atmosphere via CDR technology is necessary. In the IEA World Energy Outlook prior to 2023, the use of CDR technology was not assumed in the NZE scenario. However, the 2024 edition reports that it will be necessary, and the 2025 edition indicates even greater use is required. The transition risks and societal challenges associated with the achievement of this scenario are as set forth below.

Transition risks associated with this scenario:

- Fines or other penalties imposed for non-compliance with fuel efficiency, GHG, or ZEV regulations.
- Ramp-down of production and decrease in units sold caused by sudden product changes to comply with regulations.
- Increase in R&D costs in response to developments in powertrain technology.
- Supply shortages and rising procurement costs due to increased demand for feedstocks related to BEVs.
- Increase in manufacturing costs due to the surge in renewable electricity prices.

The following challenges must be addressed to accomplish this scenario:

- Formulation of government policies and active investment to promote the introduction of renewable energy.
- Creation of social systems to secure the supply of battery feedstocks and development of recycling technologies.
- Innovating and reducing the costs of decarbonization technologies that use electricity and hydrogen.
- Development of charging infrastructure accompanying the widespread adoption of electric vehicles.
- An increase of cost burdens associated with the introduction of decarbonization and CDR technologies

Studies on Other 1.5°C Scenarios

In addition to the IEA NZE scenario, multiple 1.5°C scenarios published by the IPCC and various research institutions are compared and examined in detail to analyze differences in energy conditions and policy developments across countries and regions. The pathway toward achieving the 1.5°C target set out in the Paris Agreement is as follows.

- Energy sector:
Introduction of various technologies, such as CCS, in addition to the use of renewable energy and the adoption of low-carbon and carbon-neutral fuels, such as biofuels and synthetic fuels.
- Transportation sector:
In addition to vehicle electrification, efforts also include the use of fuel-efficient vehicles and the adoption of low-carbon and carbon-neutral fuels such as biofuels and synthetic fuels.
- Differences between countries and regions:
Renewable energy sources, such as biomass, are utilized to their fullest extent depending on conditions in each country and region. During the transition period, the aim is to balance economic development and carbon-neutral by also using fossil fuel combined with CCUS* technologies. With the advancement of diverse energy infrastructure such as low-carbon fuels and carbon-neutral fuels, various energy sources and powertrains are selected based on their respective convenience.

* Carbon Capture, Utilization and Storage

Transition Risks Associated with the Aforementioned Scenarios:

- Transition risks associated with the enhancement of BEVs are similar to those stated in the IEA NZE scenario; however, their impact on Toyota's strategy and finances will be relatively small, considering the current track record of BEV adoption in each country and region and reviews of their policies.
- Delays in the adoption of low-carbon fuels and carbon-neutral fuels such as biofuels and synthetic fuels.
- Increase in R&D costs associated with the diversification of automotive fuels.
- Increase in energy procurement costs due to the decarbonization of energy sources such as gas and liquid fuels, in addition to electricity.

Social Challenges Toward Achieving Scenarios are More Diverse Compared to the IEA NZE Scenario:

- Developing technologies for low-carbon and carbon-neutral fuels, such as hydrogen, biofuels, and synthetic fuels, adapted to each country and region, and support in the early stage of introduction

- Solving issues such as the food versus fuel dilemma related to biofuels and curbing the rise in fuel prices
- Ensuring the supply of low-carbon fuels and carbon-neutral fuels through collaboration with other sectors
- Development of infrastructure and aid policies to ensure a stable supply of energy

Risks and Opportunity Trade-Offs in the 1.5°C Scenario

While electrification presents opportunities in relation to sales, it also brings risks such as increased R&D expenses and higher raw material procurement costs.

4°C Scenario Analysis

Selection of 4°C Scenarios

We selected IPCC AR6 WG1 SSP5-8.5 as the reference scenario for the 4°C scenario analysis. The IPCC SSP5-8.5 is the highest emission scenario that represents a fossil fuel-dependent economic development path without the implementation of climate policies, resulting in the occurrence of extremely frequent and severe physical climate events. We assessed the resilience of our business activities by conducting analyses under this scenario.

Studies on the 4°C Scenario

We consider that major physical risks under this scenario include the following:

- Suspended production and sales resulting from supply chain disruptions caused by more frequent and severe natural disasters.
- Impacts on production caused by water shortage and higher water costs.

We conducted the below screenings of high-risk sites:

- Screened high-risk sites for flooding hazards, such as river flooding, inland flooding, and storm surges, using geographical coordinates for 137 business locations in Japan and 73 locations overseas.
- Identified sites in and outside of Japan where future hazard grades have been changed as a result of climate change and are evaluated as hazard grade B or higher, requiring attention to risks.

As a result of our risk analysis, we confirmed that some business sites are at risk for river flooding, inland flooding, and storm surges, but the impact is slight.

Definition of Hazard Grade

Grade	Definition of grades
A	Flooding is expected to submerge most of the first floor
B	Preventing indoor flooding is difficult with typical countermeasures
C	Flooding of the building and its surroundings is anticipated
D	Flooding hazard is considered slight
E	Flooding hazard is considered extremely slight, or no hazard information available

Results of Physical Risk Screening

Hazard	Hazard assessment target site	Number of sites where the hazard grade changed to B or higher from the present through the latter half of the 21st century
River flooding	137 sites (Japan)	0 sites
	73 sites (overseas)	0 sites
Inland flooding	73 sites (overseas)	3 sites
Storm surge	73 sites (overseas)	8 sites

Assessment conditions:

Assessment of changes in hazard grades from the present to the latter half of the 21st century under the 4°C scenario (SSP5-8.5) based on the following conditions

Sites (Japan): Logic: MS&AD InterRisk Research & Consulting, Inc. (e.g., Flood Risk Finder)
Assessment item: Inundation hazards due to river flooding

Sites (overseas): Logic: Tokio Marine dR Co., Ltd. (e.g., Fathom Global Flood Map)
Assessment item: Inundation hazards due to river flooding, inland flooding, and storm surges

Efforts to Minimize Risk

To minimize physical risks, Toyota is undertaking various initiatives, including selection of locations for new plants, taking water risk into account, taking measures based on the results of water risk assessments, continuous revisions of BCP*1 based on experience from past disasters as well as the initiatives related to BCM*2, including the supply chain.

- *1 Business Continuity Plan. A plan for companies to minimize damage and ensure business continuity and recovery when emergencies such as disasters occur
- *2 Business Continuity Management. A framework for operational management that ensures each countermeasure plan defined in the BCP functions can be executed

Financial Impact Assessments

Toyota analyzes causal links between identified risks and opportunities and their financial impacts. Toyota assesses relationships with management themes, such as mobility concepts related to identified risks and opportunities and priority sustainability initiatives, to confirm the materiality of these risks and opportunities. In addition, Toyota assesses the financial impacts of identified high-priority risks and opportunities in light of the assumptions of each scenario.

Impact

	Category	Impact	Time horizon*	Value chain
I-1	Negative	Impact to climate change through GHG emissions from direct operations (Scopes 1 and 2)	Short-term, medium-term, long-term	Direct operation
I-2		Impact to climate change through GHG emissions in value chain (Scope 3)	Short-term, medium-term, long-term	Upstream and downstream
I-3		Impact of industrial structure changes due to climate change-related measures (electrification) on suppliers, regional economies, and residents (issues regarding business continuity and employment retention for internal combustion engine parts suppliers)	Medium-term, long-term	Upstream and direct operation
I-4	Positive	Contribution to carbon neutrality (CN) through reduction of GHG emissions from direct operations (Scopes 1 and 2)	Short-term, medium-term, long-term	Direct operation
I-5		Contribution to CN through reduction of GHG emissions from the value chain (Scope 3)	Short-term, medium-term, long-term	Upstream and downstream
I-6		Contribution to carbon neutrality by providing decarbonization solutions (storage batteries, renewable energy utilization, logistics efficiency improvements, etc.) to society	Medium-term, long-term	Downstream
I-7		Impact of industrial structure changes due to climate change-related measures (electrification) on suppliers, regional economies, and residents (construction of battery manufacturing plants and creation of new employment)	Medium-term, long-term	Upstream and direct operation

* Short-term: less than a year, medium-term: less than five years, long-term: over five years

Material Risks and Opportunities

■ Risks and opportunities that have significant or certain level of global impact are defined as "material risks and opportunities."

No.	Category	Driver	Risk/Opportunity		Time horizon**	Value chain	Financial impact ^① (Qualitative)	
RO-1	Transition risks and opportunities (1.5°C scenario)	Policy/Legislation	● Tighter fuel efficiency, GHGs, and ZEV regulations	Fines or other penalties imposed for non-compliance with fuel efficiency regulations	Risk	Short-term, medium-term, long-term	Direct operation	High
RO-2				Ramp-down of production and decrease in units sold caused by sudden product changes to comply with regulations	Risk	Short-term, medium-term, long-term	Direct operation and downstream	High
RO-3		Technology/Market (product)	● Development of low-carbon technologies	Increased sales due to growing demand for electrified vehicles	Opportunity	Short-term, medium-term, long-term	Direct operation and downstream	High
RO-4			● Increase in electrification and the introduction of renewable energy	Increased R&D costs associated with the development of powertrain technology	Risk	Medium-term, long-term	Direct operation	Medium
RO-5			● Fuel conversion	Creation of new value in mobility, acquisition of new customers, and cultivation of new demand through collaboration with other companies in product development	Opportunity	Medium-term, long-term	Direct operation	Medium
RO-6			● Diversification of energy and low-carbon emissions	Creation of new value chains, acquisition of new customers, and cultivation of new demand through cooperation with other companies in low-carbon fuel development	Opportunity	Medium-term, long-term	Direct operation and downstream	Medium
RO-7			● Fluctuations in fossil fuel demand	Supply shortages due to increased demand for low-carbon materials and battery feedstocks and the associated rise in procurement costs	Risk	Medium-term, long-term	Direct operation	High
RO-8			● Low-carbonization of materials	Improved stability in resource supply and manufacturing through the promotion of the Battery 3R ^① initiatives, including development of a battery ecosystem	Opportunity	Medium-term, long-term	Direct operation	High
RO-9			● Resource shortages and rising costs	Acquiring new customers and cultivating new demand through battery and energy management-related businesses	Opportunity	Medium-term, long-term	Direct operation	High
RO-9			● Introduction of regulations for end-of-life vehicles and batteries					

^① Reduce, reuse/recycle, recycle

Other Risks and Opportunities

■ Although the impact on global operations is minimal, risks and opportunities that are specified based on their relevance to corporate social responsibility and Toyota's key issues are defined as "Other Risks and Opportunities."

No.	Category	Driver	Risk/Opportunity		Time horizon ^②	Value chain	Financial impact ^① (Qualitative)	
RO-10	Transition risks and opportunities (1.5°C scenario)	Technology/Market (manufacturing)	● Accelerated energy savings	Increased manufacturing costs due to the purchase of low-carbon equipment and upgrading existing equipment	Risk	Medium-term, long-term	Direct operation	Slight
RO-11			● Development of low-carbon technologies	Lower costs due to improved energy efficiency and stable production as a result of a diversified energy mix	Opportunity	Medium-term, long-term	Direct operation	Slight
RO-12			● Expanding renewable electricity	Increase in manufacturing costs due to the surge in renewable electricity prices	Risk	Medium-term, long-term	Direct operation	Slight
RO-13			● Fuel conversion/electrification	Higher manufacturing costs due to capital investment related to the use of low-carbon fuels, such as hydrogen and biofuels, and rising fuel prices	Risk	Medium-term, long-term	Direct operation	Slight
RO-14	Physical risks and opportunities (4°C scenario)	Acute/Chronic	● Increased severity of natural disasters, water stress, others	Costs of repairing buildings and equipment at production sites damaged by extreme weather events like flooding and high tides	Risk	Short-term, medium-term, long-term	Direct operation	Slight
RO-15				Production halt due to supply chain disruption caused by abnormal weather	Risk	Short-term, medium-term, long-term	Upstream, direct operation, and downstream	Slight

^② Short-term: less than a year, medium-term: less than five years, long-term: over five years

^① Financial impact assessment criteria: The 2030-2050 financial impact is defined as (1) High: has a strong impact globally, (2) Medium: has a certain level of impact globally, or (3) Slight: has a lower level of impact globally

Key Initiatives for Minimizing Risk and Expanding Opportunities

Transition Risks and Opportunities (1.5°C Scenario)

Category	Risk/Opportunity	Key initiatives for minimizing risks and expanding opportunities
Policy/Legislation	<ul style="list-style-type: none"> Fines or other penalties imposed for non-compliance with fuel efficiency regulations Ramp-down of production and decrease in units sold caused by sudden product changes to comply with regulations 	<ul style="list-style-type: none"> Monitoring regulatory trends in each region and promptly incorporate them into product planning by collaborating with regional headquarters overseas Introducing a range of powertrains adapted to the specific needs of each country and region Developing technologies and building social systems with stakeholders in various fields that can respond to diverse scenarios involving CN fuels like biofuels and synthetic fuels, as well as CO₂ capture
Technology/Market (product)	<ul style="list-style-type: none"> Increased sales due to growing demand for electrified vehicles Increased R&D costs associated with the development of powertrain technology Creation of new value in mobility, acquisition of new customers, and cultivation of new demand through collaboration with other companies in product development Creation of new value chains, acquisition of new customers, and cultivation of new demand through cooperation with other companies in low-carbon fuel Supply shortages due to increased demand for low-carbon materials and battery feedstocks and the associated rise in procurement costs Improved stability in resource supply and manufacturing through the promotion of the Battery 3R initiatives, including development of a battery ecosystem Acquiring new customers and cultivating new demand through battery and energy management-related businesses 	<ul style="list-style-type: none"> Monitoring regulatory trends in each region and promptly incorporate them into product planning by collaborating with regional headquarters overseas Developing technologies that advance electrification with the efficient utilization of battery feedstocks (practical BEVs) Developing resource-efficient and long-life batteries Building a battery ecosystem that values the thoughtful use of limited resources through the Battery 3R approach, which focuses on reusing or remanufacturing batteries and recycling rare metals with minimal GHG emissions Encourage the widespread adoption of fuel-efficient vehicles such as HEVs to ensure stable energy supply and efficient use of existing resources, while simultaneously advancing GHG emission reductions Developing technologies and building social systems with stakeholders in various fields that can respond to diverse scenarios involving CN fuels like biofuels and synthetic fuels, as well as CO₂ capture
Technology/Market (manufacturing)	<ul style="list-style-type: none"> Increased manufacturing costs associated with the purchase of low-carbon equipment and upgrades to existing equipment Lower costs due to improved energy efficiency and stable production due to a diversified energy mix Increase in manufacturing costs due to the surge in renewable electricity prices Higher manufacturing costs due to capital investment related to the use of low-carbon fuels, such as hydrogen and biofuels, and rising fuel prices 	<ul style="list-style-type: none"> Enhancing energy-saving through Kaizen (improvement) and the introduction of innovative technologies Developing technologies that advance electrification with the efficient utilization of battery feedstocks (practical BEVs) Developing resource-efficient and long-life batteries Building a battery ecosystem that values the thoughtful use of limited resources through the Battery 3R approach, which focuses on reusing or remanufacturing and reusing batteries and recycling rare metals with minimal GHG emissions Cooperating with relevant stakeholders to develop technologies using renewable electricity and hydrogen, such as solar cells, water electrolysis systems, and hydrogen

Physical Risks and Opportunities (4°C Scenario)

Category	Risk	Key initiatives for minimizing risks
Acute/Chronic	<ul style="list-style-type: none"> Costs of repairing buildings and equipment at production sites damaged by extreme weather events like flooding and high tides Production halt due to supply chain disruptions caused by abnormal weather 	<ul style="list-style-type: none"> Selection of locations for new plants, taking water risk into account Taking measures based on the results of water risk assessments Continuous revisions to BCP based on experience from past disasters

(c) Resilience Analysis

Strategies and Business Models for Addressing Material IROs

We recognized that the material IROs specified through the aforementioned process assessment have a significant impact on Toyota. Under the multi-pathway strategy, we incorporate measures to address these IROs into the transition plan and others, and secure resources to address these responses.

Transition Plan

We announced the “Toyota Environmental Challenge 2050” in October 2015, prior to the Paris Agreement. We established the “Life Cycle Zero CO₂ Emissions Challenge,” “New Vehicle Zero CO₂ Emissions Challenge,” and “Plant Zero CO₂ Emissions Challenge” to clarify our long-term climate change objectives. The “8th Toyota Environmental Action Plan” sets specific reduction targets for each emission scope in the medium term. We have set our reduction targets for Scope 1, Scope 2, and Scope 3 category 11 with reference to and in line with criteria established by SBTi*1; however, such targets are not set forth in this annual report based upon the authority of or in reliance upon SBTi as experts with respect to such targets.

We support the Paris Agreement and under these GHG reduction targets, we intend to fully concentrate on achieving the 2050 Carbon Neutrality by advancing a multi-pathway strategy. We formulated a transition plan that organizes reduction initiatives and other measures aimed at achieving targets. This plan is recognized as crucial for Toyota to address climate change-related risks and opportunities, and is integrated into management plans such as sales plans and the midterm business plan.

The transition plan is developed around key emission scopes and includes initiatives Toyota considers important for contributing to carbon neutrality. We set primary reduction initiatives as reduction levers for each emissions scope. Under these levers, we implement specific emission reduction measures and manage the progress of our efforts. The transition plan considers the assumptions of the 1.5°C scenario referenced in the scenario analysis.

Emission scope	Target*2,*3			Reduction levers	Related IROs*4
	2030	2035	2050		
Life cycle (GHG: t*5 CO ₂ e/unit)	30% reduction	—	CN	—	—
Scopes 1 and 2 (GHG: kt CO ₂ e)	47% reduction	68% reduction	CN	<ul style="list-style-type: none"> • Advancing energy-saving activities • Introduction of renewable energy • Fuel switching 	I-1, 4 RO-10, 11, 12, 13
Production in plant (GHG: kt CO ₂ e)	—	CN	Zero CO ₂ emissions		
Renewable electricity introduction rate (%)	80%	—	—		
Scope 3 category 11 (Average GHG from new vehicle*6: g CO ₂ e/km/unit)	Passenger cars and light commercial vehicles 33.3% reduction Medium- and heavy-freight trucks 11.6% reduction	Reduction of 50% or more	CN	• Widespread use of electric vehicles	I-2, 3, 5, 7 RO-1, 2, 3, 4, 5, 6
Scope 3 category 1	—	—	—	<ul style="list-style-type: none"> • Collaboration with suppliers • Adoption of low-carbon materials • Introduction of renewable energy 	I-2, 5 RO-7

*2 The base year for all reduction rate targets is 2019
 The most recent performance year at the time of target setting (2020) saw a decline in sales volume due to the COVID-19 pandemic and global semiconductor shortages; therefore, the preceding year was set as the base year
 *3 All reduction rate targets are based on gross emissions
 *4 I-6, RO-8, and RO-9, which do not fit into the emission scopes in above table, are addressed in relation to Other Initiatives
 *5 Metric ton (tonne, 1 t = 1,000 kg)
 *6 Per unit, g CO₂e/km, WW (Well to Wheel)
 WW includes the GHG emissions from the process of driving the tires from the engine or motor (TRW, Tank to Wheel), as well as GHG emissions from fuel extraction/production and electricity generation stages (WtT, Well to Tank)

*1 Science Based Targets initiative. An initiative established by the CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF)

Resilience Analysis

The strategic resilience of the multi-pathway strategy is verified through scenario analysis.

1.5°C Scenario Analysis Results

The scenario analysis has revealed a variety of pathways to achieve the 1.5°C target aligned with the Paris Agreement, each accompanied by specific conditions and social challenges. With our global reach, we have reaffirmed the validity of focusing on our multi-pathway strategy, which includes various measures and technologies capable of addressing uncertainties to respond to global market and stakeholder demands, rather than specializing in or adhering to a single policy or technology.

4°C Scenario Analysis Results

Through the scenario analysis, some domestic and overseas sites are facing risks for river flooding, inland flooding, and storm surges, but the impact is estimated to be slight. Disaster drills and other means for improvements through PDCA cycles have proven to enhance the effectiveness of BCP and accelerate the speed of recovery after a disaster. We have positioned these activities as BCM and are promoting it as a collaborative framework between employees and their families, the Toyota Group and suppliers, and Toyota Motor Corporation.

Results from Resilience Analysis

Guided by the philosophy of being the “best-in-town,” we will continue to provide a lineup of vehicles that are well-received by customers and adaptable to different economic and energy situations in order to contribute to the development of each country and region. We will strive to reduce GHG emissions by utilizing existing infrastructure and assets. Toyota’s multi-pathway strategy has proven to be highly resilient in all of the scenarios presented.

As indicated in the IPCC assessment reports and other publications, there are multiple paths available to achieve the 1.5°C target as set out in the Paris Agreement. These paths can vary depending on local energy conditions and government policy, requiring the involvement of various industries and making collaboration with partners, including encouraging the use of carbon-neutral fuels, crucial. We stand with the Paris Agreement and take action to achieve its goals. We prioritize alignment with the Paris Agreement and work with our partners to promote the development of vehicles and social infrastructure based on our mobility concept, intending to fully concentrate on achieving carbon neutrality by 2050.

As the landscape changes, we will continue to conduct scenario analyses to reassess risks and opportunities, and reflect the responses to them into our strategies to further strengthen our resilience.

3. Risk Management

Links Between Company-Wide Risk Management and Climate Change-Related Risk Management Processes

Recognizing that the risks and opportunities present in climate change are key management concerns, we conduct scenario analyses based on the TCFD recommendations to identify risks and opportunities and assess the resilience of our business activities. Utilizing tools such as the TGRS, a company-wide risk management system designed by Toyota based on ISO standards and the COSO framework, we identify a broad range of risks related to our global business activities. When necessary, we establish cross-company task forces to promote risk management while monitoring the progress of countermeasures.

Risks are assessed based on the magnitude of impact and vulnerabilities. By setting a specific time horizon, we can clarify actual and strategic impacts on our businesses.

The magnitude of impact is rated on a five-grade scale for each of the following factors: finance, reputation, violation of laws and regulations, and business continuity. Vulnerability is assessed based on the current status of

countermeasures and probability of occurrence. Risk owners are assigned for the key risks assessed by region, function (such as production and sales) and product based on the above perspectives. Chief Officers of divisions and in-house company presidents oversee initiatives, while at the working level, relevant measures are implemented and monitored under the instructions of divisional General Managers.

In addition to the aforementioned TGRS, climate change-related risks and opportunities are reviewed by relevant executives and divisions in charge, and the status of the response is monitored and reviewed. Toyota actively works to identify a wide range of risks and opportunities stemming from environmental issues, regularly reviews the validity of strategies such as the “Toyota Environmental Challenge 2050” and promotes activities to boost competitiveness.

Current and future GHG emissions from vehicles, production and sales operations, and supply chains are calculated and assessed in line with relevant science-based emission reduction pathways. Important risks and opportunities that require prompt responses are deliberated at the Governance Risk Compliance Meeting and reported to the Board of Directors to determine the course of action.

4. Metrics and Targets

Medium- and Long-Term Target Structure

Toyota has systematically formulated its vision and targets for the environmental issues in order to realize its mission of coexistence of humanity and the earth as well as the mass production of happiness. We share and collaboratively promote “Toyota Environmental Challenge 2050” as our long-term vision, and the “8th Toyota Environmental Action Plan” as our medium-term target, with Carbon Neutrality (CN), Circular Economy (CE), and Nature Positive (NP) prioritized as our major pillars. For details on the transition plan, including medium- and long-term targets, please refer to “Item 4. Information on the Company — 4B. Business Overview — Toyota’s Approach to and Initiatives Towards Sustainability — Climate Change-related Disclosures — 2. Strategy — (c) Resilience Analysis”

	Carbon Neutrality (CN)				Circular Economy (CE)	Nature Positive (NP)	
	Challenge Life Cycle Zero CO ₂ Emissions Challenge	Challenge New Vehicle Zero CO ₂ Emissions Challenge	Corporate Activities	Challenge Plant Zero CO ₂ Emissions Challenge	Challenge Circular Economy Challenge	Challenge Challenge of Establishing a Future Society in Harmony with Nature	Challenge Challenge of Minimizing and Optimizing Water Usage
Long-term	Toyota Environmental Challenge 2050						
	Achieve CN for GHG emissions throughout the life cycle by 2050	Achieve CN in average GHG emissions during the operation of new vehicles by 2050	Achieve CN for GHG emissions from corporate activities by 2050	Achieve zero CO ₂ emissions from production at plants by 2050	Achieve circular economy by using less resources, promoting longer use, and avoiding waste	Expand the reach of nature conservation activities among communities, with the world, to the future	Minimize water usage and manage wastewater discharge according to the specific local conditions
Medium-term		Reduce average GHG emissions during the operation of new vehicles by 50% or more by 2025 (compared to 2019 levels)	Reduce GHG emissions from corporate activities by 68% by 2025 (compared to 2019 levels) SBTi	Achieve CN for GHGs emitted from production activities at plants by 2025			
	The 8th Toyota Environmental Action Plan (2030 Target)						

Review of the “7th Toyota Environmental Action Plan (2025 Target)”

Toyota promoted the “7th Toyota Environmental Action Plan (2025 Target)”, a five-year action plan to achieve the “Toyota Environmental Challenge 2050.”

Six Challenges	No.	Action Items	Specific Actions and Targets	Progress Results for Fiscal Year 2026	Evaluation	
New Vehicle Zero CO ₂ Emissions Challenge <small>Third-Party Assurance 2025 data</small>	1	Average CO ₂ emissions from new vehicles	<ul style="list-style-type: none"> Reduce global¹⁾ average CO₂ emissions (TWh²⁾, g/km from new vehicles by at least 30% compared to 2010 level Global values are calculated for the following countries and regions: Japan, the U.S., Europe, China, Canada, Brazil, Saudi Arabia, India, Australia, Taiwan, Thailand, and Indonesia TWh (Data to Whisk): CO₂ emissions during vehicle operation 	<ul style="list-style-type: none"> Reduced by 35% compared to 2010 levels[◆] Achieved the target one year ahead of schedule 	✓✓	
	2	Electrified vehicles	<ul style="list-style-type: none"> Achieve cumulative sales of more than 30 million units 	<ul style="list-style-type: none"> Achieved cumulative sales reaching 36.81 million units[◆] Achieved the target one year ahead of schedule 	✓✓	
Plant Zero CO ₂ Emissions Challenge	3	CO ₂ emissions from plants	<ul style="list-style-type: none"> Reduce CO₂ emissions through innovative technology, improvement measures, and the introduction of renewable energy Reduce CO₂ emissions from global plants by 30% compared to 2013 levels 	<ul style="list-style-type: none"> Accelerated CO₂ emission reduction activities by developing and introducing low-CO₂ production technologies and sharing globally daily improvement practices through shop-oriented environmental activities Reduced CO₂ emissions from global plants by 44% compared to 2013 levels 	✓✓	
			<ul style="list-style-type: none"> Achieve a 25% introduction rate for renewable electricity 	<ul style="list-style-type: none"> Purchased renewable energy, taking into consideration the characteristics of each country and region Achieved a 51% global introduction rate for renewable electricity Maintained 100% introduction of electricity from renewable sources at all plants in Europe and South America 	✓✓	
			<ul style="list-style-type: none"> Actively promote the development of hydrogen utilization technologies 	<ul style="list-style-type: none"> Implemented demonstration projects for hydrogen utilization at the Honsha Plant, the Motomachi Plant, and the Tahara Plant 	✓✓	
Life Cycle Zero CO ₂ Emissions Challenge	4	Life cycle CO ₂ emissions	<ul style="list-style-type: none"> Reduce life cycle CO₂ emissions by more than 18% compared to 2013 levels 	<ul style="list-style-type: none"> Reduced life cycle CO₂ emissions by 20% compared to 2013 levels 	✓✓	
	5	Logistics	<ul style="list-style-type: none"> Japan <ul style="list-style-type: none"> Reduce CO₂ emissions by 7% compared to 2018 levels by improvements in transportation efficiency (an average annual reduction of 1%) Japan & Other regions <ul style="list-style-type: none"> Reduce CO₂ emissions by ocean-going vessels (Replace two car carrier ships with liquefied natural gas (LNG) vessels) 	<ul style="list-style-type: none"> Japan <ul style="list-style-type: none"> Implemented transport efficiency improvements including loading efficiency improvements, joint transport, modal shifts³⁾ and use of tandem trailers Increased average transportation distances due to the relocation of production sites, and increased transport volumes due to higher production volumes Reduced CO₂ emissions by 5% compared to 2018 levels by improving transportation efficiency despite increased logistics activity volume (average annual reduction of 0.7%) Japan & Other regions <ul style="list-style-type: none"> Replaced 3 car carrier ships with liquefied natural gas (LNG) vessels in fiscal year 2026 	<ul style="list-style-type: none"> Engaged in communication with suppliers in each region and promoted activities in accordance with the local situation 	<ul style="list-style-type: none"> –
			6	Suppliers	<ul style="list-style-type: none"> Promote CO₂ emissions reduction activities among major suppliers 	<ul style="list-style-type: none"> Engaged in communication with suppliers in each region and promoted activities in accordance with the local situation
	7	Dealers and distributors	<ul style="list-style-type: none"> Achieve a 100% implementation rate of CO₂ reduction measures in newly constructed and remodeled dealers 	<ul style="list-style-type: none"> Promote the implementation of CO₂ reduction measures at newly constructed and remodeled dealers Scope: 72 major countries and regions, including Japan, North America, Europe, Asia, South America and Oceania, and Africa Achieved a 100% implementation rate of CO₂ reduction measures at newly constructed dealers Some remodeled dealers have not yet achieved the target 	<ul style="list-style-type: none"> – 	

◆ Third-Party Assurance
◆ Values certified through third-party assurance

Evaluation legend
✓✓: Achieved
✓: Challenges remain
–: Unachieved

Six Challenges	No.	Action Items	Specific Actions and Targets	Progress Results for Fiscal Year 2026	Evaluation
Challenge of Minimizing and Optimizing Water Usage	8	Water quantity	<ul style="list-style-type: none"> Reduce water usage, taking into consideration the water environment of each country and region Engage in various activities such as daily improvements, wastewater recycling, and rainwater utilization Reduce water usage per global production unit by 3% compared to 2013 levels (34% reduction compared to 2001 levels) Complete measures at two priority-challenge plants with significant water environmental impact 	<ul style="list-style-type: none"> Introduced or implemented the improvement measures tailored to each country and region to reduce water usage Engaged in various activities such as daily improvements, wastewater recycling, and rainwater utilization to achieve the target Reduced by 17% compared to 2013 levels Completed taking measures at 4 priority-challenge plants with high-impact toward the 2030 milestone 	✓✓
	9	Water quality	<ul style="list-style-type: none"> Implement thorough wastewater management based on voluntary standards that are stricter than regulations Continuously assess the impact of wastewater discharge at all plants that discharge into rivers 	<ul style="list-style-type: none"> Continued wastewater management based on voluntary standards stricter than regulations Conducted assessment at all production plants that discharge into rivers 	✓✓
Challenge of Establishing a Recycling-Based Society and Systems	10	Toyota Global 100 Dismantlers Project	<ul style="list-style-type: none"> Complete the setup of 15 model facilities for appropriate treatment and recycling of end-of-life vehicles 	<ul style="list-style-type: none"> Completed the setup of 22 model facilities for the appropriate treatment and recycling of end-of-life vehicles 	✓✓
			<ul style="list-style-type: none"> Continuously accelerate easy-to-dismantle designs¹⁾ Integrate easy-to-dismantle designs to respond to appropriate treatment and recycling of end-of-life vehicles and resource issues, and provide suitable information Large batteries, fuel cell (FC), hydrogen tank 	<ul style="list-style-type: none"> Continued to integrate easy-to-dismantle designs into new models and provided suitable information through appropriate treatment manuals 	✓✓
11	Toyota Global Car-to-Car Recycle Project	<ul style="list-style-type: none"> Establish a safe and efficient system for Battery 3R²⁾, aiming the widespread use of electrified vehicles Aim to maximize the collection and detoxification of end-of-life batteries globally Start engaging in Battery 3R initiatives throughout 5 regions—Japan, the U.S., Europe, China, and Asia Reduce, reuse, recycle 	<ul style="list-style-type: none"> Reuse <ul style="list-style-type: none"> Thailand: A stationary Battery Energy Storage System (BESS) using EV batteries has started Recycling <ul style="list-style-type: none"> Japan: Demonstrations of a battery recycling process that separates and recovers rare metals without incineration are ongoing 	<ul style="list-style-type: none"> ✓✓ 	
		<ul style="list-style-type: none"> Develop technologies to utilize recycled materials (especially plastic) in accordance with the conditions in each region Promote utilization through technological development to optimally exploit recycled materials in Europe and to increase the supply of recycled materials in Japan 	<ul style="list-style-type: none"> Began concrete studies to expand the utilization of recycled materials in response to the circular economy Step-by-step application of the use of recycled plastics started with the Prius in December 2022, and expanded to the RAV4 and the Crown Sport in fiscal year 2026 with the aim of achieving the target of expanding the use of recycled plastics by 2030 	<ul style="list-style-type: none"> ✓✓ 	

Evaluation legend
✓✓: Achieved
✓: Challenges remain
–: Unachieved

Six Challenges	No.	Action Items	Specific Actions and Targets	Progress Results for Fiscal Year 2026	Evaluation
Challenge of Establishing a Future Society in Harmony with Nature	12	Toyota Green Wave Project	<ul style="list-style-type: none"> Achieve Plant in Harmony with Nature at six plants in Japan and four plants overseas Promote activities to connect with local communities in collaboration with affiliated companies Start activities promoting harmony with nature in collaboration with local communities and companies toward biodiversity conservation 	<ul style="list-style-type: none"> Established 6 plants in Japan and 4 model plants overseas and continued to promote initiatives by sharing know-how with other plants (One plant in Japan has been certified as one of the Nationally Certified Sustainably Managed Natural Sites based on the Act on Promoting Activities to Enhance Regional Biodiversity of Japan and has been added to the World Database on OECMs) Conducted activities in collaboration with 25 Toyota Group companies and global affiliates (Number of activities from 2021 to 2025: 4,508) 	✓✓
	13	Toyota Today for Tomorrow Project	<ul style="list-style-type: none"> Globally strengthen the conservation of endangered species, which symbolize biodiversity, in collaboration with NGOs and others 	<ul style="list-style-type: none"> In fiscal year 2021, completed a support agreement and other memorandums of cooperation with the IUCN for the assessment of endangered species and the selection of projects to be supported by the Toyota Environmental Activities Grant Program 	✓✓
	14	Toyota ESD ³⁾ Project	<ul style="list-style-type: none"> Implement globally unified initiatives to foster environmentally conscious persons responsible for the future Offer environmental education opportunities by utilizing biotopes and other facilities in collaboration with the Plant in Harmony with Nature Foster environmentally conscious persons at both in-house and outside facilities, such as plants and the Forest of Toyota, by effectively utilizing educational tools in harmony with nature for the next generation Education for Sustainable Development 	<ul style="list-style-type: none"> Conducted environmental education programs around the world (Case in Japan) Environmental learning session: Plant in Harmony with Nature (54 sessions), The Forest of Toyota (217 sessions) 	✓✓
Environmental Management	15	Chemical substances	<ul style="list-style-type: none"> Implement thorough management by carefully considering legal trends in each country and region 	<ul style="list-style-type: none"> Steadily introduced vehicles that comply with the latest regulations and restricted substances Promoted continued evaluation of and improvements to the chemical substance management system together with affiliates and suppliers in each region 	✓✓
	16	Air quality	<ul style="list-style-type: none"> Product <ul style="list-style-type: none"> Steadily introduce low-emission vehicles and boost further improvement by introducing and increasing ZEVs⁴⁾ Production <ul style="list-style-type: none"> Continue volatile organic compound (VOC) emission reduction activities and maintain an industry-leading position Zero Emission Vehicles: Vehicles emit no CO₂ or nitrogen oxides (NOx) during operation, such as battery electric vehicles (BEVs) and fuel cell vehicles (FCVs) 	<ul style="list-style-type: none"> Product <ul style="list-style-type: none"> In response to stricter exhaust gas regulations in various countries and regions, introduced vehicles that satisfy those regulations Production <ul style="list-style-type: none"> Promoted a switch to water-based paint for painting bumpers Implemented initiatives to completely eliminate the use of ozone-depleting substances (ODS) with no significant emissions of these substances 	✓✓
	17	Waste	<ul style="list-style-type: none"> Promote activities to thoroughly reduce waste globally, and aim to minimize the volume of resource input and waste, keeping the environment and economy in balance 	<ul style="list-style-type: none"> Promoted activities to reduce waste through the development and introduction of waste reduction-oriented production technologies and daily improvement 	✓✓
	18	Logistics packaging	<ul style="list-style-type: none"> Implement initiatives to reduce and recycle plastics used in packaging and recycle them 	<ul style="list-style-type: none"> Continued to promote the reduction of plastics used in packaging by reviewing packaging specifications and actively using of recycled materials 	✓✓
	19	Risk management	<ul style="list-style-type: none"> Thoroughly comply with environmental laws and regulations and strengthen proactive environmental risk prevention activities in each country and region 	<ul style="list-style-type: none"> There were 8 environmental non-compliance issues in production areas (6 in Japan and 2 in other regions) and 2 environmental non-compliance issues in non-production areas (2 in Japan and 0 in other regions), for which countermeasures were completed No major breaches of environmental laws or regulations, nor any instances of environmental non-compliance, have occurred 	✓✓

Evaluation legend
✓✓: Achieved
✓: Challenges remain
–: Unachieved

The “8th Toyota Environmental Action Plan (2030 Target)”

Toward the realization of “Toyota Environmental Challenge 2050,” we have formulated the “8th Toyota Environmental Action Plan (2030 target),” a new five-year action plan, and begun its implementation in April 2026. Based on the three pillars that Toyota has long prioritized—Carbon Neutrality (CN), Circular Economy (CE), and Nature Positive (NP)—we have developed specific targets for 17 categories. In 10 overseas countries and regions (North America, Europe, China, Asia, India, South America, South Africa, Australia, New Zealand, and South Korea), regional 2030 targets have been formulated in line with this.

Action Items		2030 target	
Carbon Neutrality (CN)	Life cycle	<ul style="list-style-type: none"> Reduce life cycle GHG emissions by 30% per unit compared to fiscal year 2020 levels 	
	Scopes 1 and 2	<ul style="list-style-type: none"> Reduce GHG emissions from corporate activities by 47% compared to fiscal year 2020 levels Utilize low-carbon technologies including hydrogen and CN fuels 	
	Renewable electricity	<ul style="list-style-type: none"> Achieve 80% introduction rate for renewable electricity 	
	Scope 3 Category 4 Upstream transportation and distribution	<ul style="list-style-type: none"> Continuously improve transportation efficiency and utilize low-carbon technologies including hydrogen and CN fuels for medium-term GHG reduction 	
Category 11 Use of sold products	<ul style="list-style-type: none"> Reduce average GHG emissions*1 per new vehicle <ul style="list-style-type: none"> by 33.3% for passenger light duty vehicles and light commercial vehicles from calendar year 2019 levels by 11.6% for medium and heavy freight trucks from calendar year 2019 levels <p>*1 g CO₂e/km, Well to Wheel: Includes GHG emissions from the production of fuel and electricity, as well as GHG emissions during vehicle operation</p>		
Circular Economy (CE)	Recycled materials	<ul style="list-style-type: none"> <Toyota Global Car-to-Car Recycle Project> Aim to use 30% or more recycled materials on average*2 to facilitate the creation of a society that maximizes resource circulation by 2050 (Scope: New models introduced after 2030) *2 On a vehicle weight basis 	
	Product design	<ul style="list-style-type: none"> Expand the introduction of circular product design*3 *3 Easy-to-dismantle product design, etc. 	
	Battery	<ul style="list-style-type: none"> <Toyota Global Car-to-Car Recycle Project> Reduce: Aim to reduce the amount of critical minerals in next-generation batteries Reuse: • Promote the commercialization of the battery ecosystem concept in accordance with the circumstances in each country and region, starting with the joint-venture project in China <ul style="list-style-type: none"> Develop technologies that enable the reuse of automotive batteries with cost efficiency and high quality Recycling: Establish a battery-to-battery recycling supply chain and start the utilization of recycled critical minerals such as Ni, Co, and Li 	
	Appropriate treatment and recycling of end-of-life vehicles	<ul style="list-style-type: none"> <Toyota Global 100 Dismantlers Project> Start demonstrations of resource circulation originated from model facilities (facilities for appropriate treatment and recycling of end-of-life vehicles) 	
Waste	<ul style="list-style-type: none"> Promote activities to thoroughly reduce waste globally and aim to minimize the volume of resource input and waste, with the environment and economy in balance Manage the waste volume at global plants per vehicle produced below fiscal year 2020 levels 		
Nature Positive (NP)	Harmony with nature	<ul style="list-style-type: none"> Increase sites in harmony with nature Provide support for environmental NGOs and environmental education (inside and outside Toyota) Promote the All Toyota Green Wave Project 	
	Water	Water quantity	<ul style="list-style-type: none"> Manage water withdrawal at global plants per vehicle produced below fiscal year 2020 levels (While Toyota has steadily reduced water withdrawal so far, the subsidiarization of battery production companies will result in an increase. Toyota will promote further efforts to manage water withdrawal below fiscal year 2020 levels and develop management targets for plants in focused regions.*4) *4 Regions of concern for water scarcity and pollution identified through external evaluation
		Water quality	<ul style="list-style-type: none"> Develop management targets for plants in focused regions
Environmental Management	Environmental education	<ul style="list-style-type: none"> Disseminate the image of the Toyota's ideal environmentally conscious person throughout global Toyota 	
	Chemical substances	<ul style="list-style-type: none"> Implement thorough management by carefully considering legal trends in each country and region 	
	Air quality	<ul style="list-style-type: none"> Product: Introduce steadily low-emission vehicles and contribute to further improvement by introducing and increasing zero emission vehicles (ZEVs) Production: Continue volatile organic compound (VOC) emissions mitigation activities and maintain industry-leading levels 	
	Risk management	<ul style="list-style-type: none"> Thoroughly comply with environmental laws and regulations and strengthen proactive prevention activities for environmental risks in each country and region 	

Disclosure of Iranian Activities under Section 13(r) of the Securities Exchange Act of 1934

None.

Research and Development

The overriding goals of Toyota's technology and product development activities are to minimize the negative aspects of vehicles, such as traffic accidents and impact on the environment, and maximize the positive aspects, such as driving pleasure, comfort and convenience. By achieving these sometimes-conflicting goals to a high degree, Toyota seeks to open the door to the automobile society of the future. To ensure efficient progress in research and development activities, Toyota coordinates and integrates all research and development phases, from basic research and advanced research to forward-looking technology and product development. With respect to long-term basic research in areas such as energy, the environment, information technology, telecommunications and materials, projects are regularly reviewed and evaluated in consultation with outside experts to achieve research and development cost control. With respect to forward-looking, leading-edge technology and product development, Toyota establishes cost-performance benchmarks on a project-by-project basis to ensure efficient development investment.

The chart below provides an overview of Toyota’s R&D at each phase.

Basic research	Phase to discover development theme Research on basic vehicle-related technology
Forward-looking and leading-edge technology development	Phase requiring technological breakthroughs such as components and systems Development of leading-edge components and systems that are more advanced than those of competitors
Product development	Phase mainly for development of new models Development of all-new models and existing-model upgrades

With a focus on environmentally friendly, carbon-neutral and safe-vehicle technology, Toyota is promoting research and development into the early commercialization of next generation environmentally friendly, energy-efficient and safe-vehicle technology. Toyota is also moving forward with the development of innovative technologies such as electrification, connected vehicles and automated driving so as to realize a mobility society of the future that enables everyone to enjoy freedom of movement beyond the conventional concept of vehicles. To this end, Toyota is focusing on the following areas:

- further improvements in hybrid technologies, including in functions and cost, and contributions to the environment through advancements;
- improvement in internal combustion engine fuel economy technology as well as improvement in technology in connection with more stringent emission standards;
- development of BEVs, FCEVs and other alternative fuel vehicles;
- development of advanced safety technology designed to promote driving and vehicle safety;
- development of automated driving technologies;
- connected car technologies; and
- development of technology to bring about more comfortable movement.

For a detailed discussion of our research and development infrastructure, see “Item 5. Operating and Financial Review and Prospects — 5.C Research and Development, Patents and Licenses.”

Components and Parts, Raw Materials and Sources of Supply

Toyota purchases parts, components, raw materials, equipment and other supplies from multiple competing suppliers located around the world. Toyota works closely with its suppliers to pursue optimal procurement. Toyota believes that this policy encourages technological innovation, cost reduction and other measures to strengthen its vehicle competitiveness. Although there are supply restrictions with respect to the procurement of certain parts and components, Toyota plans to continue purchases based on the same principle.

Because Toyota had more than 50 overseas operations in 27 countries and regions as of March 31, 2026, procurement of parts and components is being carried out not only locally in the country of the production site but also from third countries. As a result, the distribution network has become increasingly complex. In order to realize timely and efficient distribution while minimizing costs, Toyota is promoting efforts to optimize each stage of the supply chain. To this end, Toyota has developed a standardized system of global distribution and is supporting the operation of the system at each production base. The use of the global distribution system aims at implementing parts procurement that meets changes in vehicle production in a timely manner. These varying efforts, combined together, have led to maximized customer satisfaction, as well as to building a good working relationship with Toyota’s suppliers.

Toyota aims to share information and collaborate among the procurement divisions in each of the regions throughout the world in order to procure parts and materials from the most competitive suppliers among Toyota

factories located in various areas worldwide. At the same time, Toyota carries out streamlining efforts together with suppliers in each country in order to achieve sustainable growth. Toyota has been working on cost reduction measures, referred to as RR-CI (*ryohin-renka*, or cost innovation) and VA (value analysis) activities, which aims to eliminate waste in all processes from design to production while ensuring the reliability and safety of each part. Through these activities, Toyota focuses on “developing a real cost-competitive structure” by working together with suppliers.

In response to a significant upward trend in materials costs, including related logistics and other costs, since fiscal 2022, Toyota is accelerating initiatives such as the replacement of raw materials with those that are less subject to price pressure and reduction of raw material usage.

Intellectual Property

Through its ongoing challenge to be one step ahead in conducting new research and development, Toyota has enhanced its product appeal and technological prowess, which have been serving as the source of the company’s competitiveness. At the core of Toyota’s products created through this research and development always lies intellectual property, including invention, know-how and brands. This intellectual property functions as Toyota’s important management resources. By protecting and utilizing our intellectual property in an appropriate manner, we will continue to contribute to society.

Toward the realization of a future mobility society, Toyota is carrying out intellectual property activities in line with management priorities.

For example, we are focusing resources on such areas as carbon neutrality, including the development of electrified vehicles and batteries, and on software and connected initiatives, including connected and automated driving technologies. We are also reinforcing efforts to obtain and utilize intellectual property licenses in such areas to strengthen our future competitiveness.

As for the intellectual property activities framework, having established intellectual property functions at the R&D centers in Japan, the United States, Europe and China, Toyota supports technology development globally by securing organic, systematic coordination between R&D activities and intellectual property activities. Working in concert with approximately 110 law firms around the world, we also collect intellectual property information and take measures suitable for any intellectual property disputes that may arise in specific countries or regions. To enhance activities that incorporate management, R&D and intellectual property in one, Toyota has an Intellectual Property Management Committee. The members of the Committee discuss and make decisions concerning obtaining and utilizing important intellectual property conducive to management and for responding to management risks related to intellectual property.

In 2025, Toyota filed approximately 19,000 patent applications domestically and internationally. In Japan, based on the ranking published by IP Force, Toyota was ranked 1st among companies and 1st among automobile manufacturers that year in terms of the number of patent registrations as of December 31, 2025. In the United States, based on the ranking published by IFI CLAIMS, Toyota was ranked 8th among companies and 1st among automobile manufacturers that year in terms of the number of patent registrations as of December 31, 2025.

Capital Expenditures and Divestitures

Set forth below is a chart of Toyota's principal capital expenditures between April 1, 2023 and March 31, 2026, the approximate total costs of such activity, as well as the location and method of financing of such activity, presented on a "by subsidiary" basis and as reported in Toyota's annual Japanese securities report filed with the director of the Kanto Local Finance Bureau.

Description of Activity	Total Cost (Yen in billions)	Location	Primary Method of Financing
<i>Japan</i>			
Investment primarily in technology and products by Toyota Motor Corporation	1,915.2	Japan	Internal funds, financing from issuance of bonds, etc.
Investment primarily in technology and products by Prime Planet Energy & Solutions, Inc.	168.5	Japan	Borrowing
Investment primarily in technology and products by Toyota Auto Body Co., Ltd.	102.8	Japan	Internal funds
Investment primarily in technology and products by Toyota Motor Kyushu, Inc.	86.5	Japan	Internal funds
<i>Outside of Japan</i>			
Investment primarily to promote localization by Toyota Battery Manufacturing, Inc.	730.6	United States	Internal funds
Investment primarily to promote localization by Toyota Motor Thailand Co., Ltd.	290.1	Thailand	Internal funds
Investment primarily to promote localization by Toyota Motor Manufacturing, Kentucky, Inc.	221.4	United States	Internal funds
Investment primarily to promote localization by Toyota Motor Manufacturing, Indiana, Inc.	184.0	United States	Internal funds
Investment primarily to promote localization by Toyota Motor Manufacturing Canada, Inc.	170.9	Canada	Internal funds
Investment primarily to promote localization by Toyota Motor Manufacturing De Guanajuato, S.A. de C.V.	152.6	Mexico	Internal funds
Investment primarily to promote localization by Toyota do Brazil LTDA.	130.6	Brazil	Internal funds
Investment primarily to promote localization by Toyota Motor Technical Center (China) Co., Ltd.	113.0	China	Internal funds
Investment primarily to promote localization by Toyota Motor Manufacturing, Texas, Inc.	102.9	United States	Internal funds
Investment primarily to promote localization by Toyota Motor Europe NV/SA.	96.4	Belgium	Internal funds
Investment primarily in leased automobiles by Toyota Motor Credit Corporation	7,032.5	United States	Internal funds, financing from issuance of bonds, etc.

Set forth below is information with respect to Toyota’s material plans to construct, expand or improve its facilities between April 2026 and March 2027, presented on a “by subsidiary” basis and as reported in Toyota’s annual Japanese securities report filed with the director of the Kanto Local Finance Bureau.

Description of Activity	Total Cost (Yen in billions)	Location	Primary Method of Financing
<i>Japan</i>			
Investment primarily in manufacturing facilities by Toyota Motor Corporation	850.0	Japan	Internal funds
<i>Outside of Japan</i>			
Investment primarily in manufacturing facilities by Toyota Motor Manufacturing, Kentucky, Inc	260.9	United States	Internal funds
Investment primarily in manufacturing facilities by Toyota Kirloskar Motor Private Ltd.	128.9	India	Internal funds
Investment primarily in manufacturing facilities by Toyota Motor Manufacturing, Indiana, Inc.	119.1	United States	Internal funds
Investment primarily in manufacturing facilities by Toyota Motor Europe NV/SA	107.5	Belgium	Internal funds
Investment primarily in manufacturing facilities by Toyota Motor Manufacturing Canada Inc.	70.8	Canada	Internal funds

Toyota does not collect information on the amount of expenditures already paid for each plant under construction because Toyota believes that it is difficult and it would require unreasonable effort or expense to identify and categorize each expenditure item with reasonable accuracy as past and future expenditures. Toyota’s construction projects consist of numerous expenditures, each of which is continually being adjusted and incurred in variable and constantly changing amounts as part of the overall work-in-progress.

Seasonality

Toyota does not consider its seasonality material in the sense of significantly higher sales during any certain period of the year as compared to other periods of the year.

Legal Proceedings

Toyota and other automakers are subject to certain class actions relating to Takata airbag issues. The actions against Toyota are being litigated in Brazil and Argentina.

Toyota is named as a defendant in an economic loss class action lawsuit in Australia in which damages are claimed on the basis that diesel particulate filters in certain vehicle models are defective. On April 7, 2022, March 27, 2023, and November 6, 2024, Toyota received unfavorable judgments in the court of first instance, the Federal Court of Australia, and the High Court of Australia, respectively. The judgments included a finding that there was a perceived reduction in vehicle value of certain vehicle models. However, the High Court remanded the case to the court of first instance for further proceedings to determine the specific calculation of the reduction in vehicle value. Other claims of economic loss in this class action lawsuit continue to be litigated at the court of first instance. In calculating the provision we should record in the consolidated financial statements as a result of the aforementioned judgments, Toyota has considered various factors including the legal and factual circumstances of the case, the contents of the judgment of the court of first instance and the Federal Court of Australia, and the views of legal counsel. The currently estimated probable economic outflow related to the class action is immaterial to Toyota’s consolidated financial position, results of operations and cash flows. At this stage, however, the final outcome and therefore ultimate financial liability for Toyota on account of this matter cannot be predicted with certainty.

In April 2020, Toyota reported possible anti-bribery violations related to a Thai subsidiary to the SEC and the U.S. Department of Justice (“DOJ”) and cooperated with these investigations. In June 2025, the DOJ and SEC informed Toyota that they had closed their investigations into the matter.

On March 4, 2022, Hino, a Japanese company that produces and sells commercial trucks and buses, and of which Toyota owns 66.16% of the voting interests as of March 31, 2026, disclosed that it had voluntarily commenced an investigation into potential issues regarding emissions performance and certification in the North American and Japanese markets, and that it has reported such issues to and is cooperating with the relevant authorities. Hino announced that, through such investigation, it identified past misconduct in relation to its applications for certification concerning the emissions and the fuel economy performance of certain of its engines for the Japanese market. In Japan, Hino was subject to an on-site inspection from the MLIT, and received a corrective action order from it. From October 7, 2022 to May 22, 2024, Hino submitted recurrence prevention reports to the MLIT. The MLIT has also revoked certain of the “type approvals” (that is, approvals that exempt new vehicles or vehicles with certain equipment from individual testing by government inspectors prior to sale) and the fuel consumption ratings relating to certain engine models. Hino has also further agreed to compensate certain of its customers in Japan for certain additional motor vehicle taxes that have become payable on account of the misconduct, as well as in connection with vehicles with engines with respect to which there were fuel efficiency problems. The investigation by Hino’s special investigation committee for engines for the Japanese market has been completed; however, some verification, investigations and communications with related parties are still ongoing.

In Canada, Hino and certain of its subsidiaries were sued in a putative class action in the Supreme Court of British Columbia, Canada, on October 19, 2023, and a similar lawsuit was filed in the Superior Court of Quebec, Canada. Hino entered into a settlement agreement with the plaintiffs on November 13, 2024, and received final approval of the Supreme Court of British Columbia on May 6, 2025 (local time), as well as final approval of the Superior Court of Quebec on June 2, 2025 (local time).

With respect to the United States, a lawsuit naming Hino and certain of its subsidiaries as defendants in a putative class action lawsuit was filed at the U.S. District Court for the Southern District of Florida claiming damages related to Hino’s vehicles sold in the U.S. from 2004 to 2021, was filed at the U.S. District Court for the Southern District of Florida on August 5, 2022 (local time). Hino entered into a settlement agreement with the plaintiff on October 25, 2023 and received final approval of the court on April 1, 2024 (local time). In addition, the DOJ and other U.S. agencies commenced an investigation with respect to potential violations of relevant laws and regulations regarding the certification of certain of Hino’s engines for the U.S. market. On January 16, 2025, Hino reached an agreement with the DOJ to resolve its criminal investigation into engine emissions certification testing and performance issues in the U.S. market, which became effective on March 19, 2025. Hino and its U.S. subsidiaries also reached a consolidated civil resolution with U.S. federal and California government authorities to resolve their civil investigations into the issues, which became effective on May 21, 2025.

In these resolutions, Hino agreed to the payment of criminal and civil penalties. In addition, Hino has started the implementation of measures for the engines in the market and a project for reducing environmental burdens. Furthermore, Hino has extended warranties for vehicles in the wake of the settlement in the class action lawsuit filed in the U.S., the civil settlement with the U.S. authorities, and the settlement in the class action lawsuit filed in Canada.

In addition, on April 17, 2023, a lawsuit against Hino and its subsidiaries as defendants in a representative action lawsuit has also been filed in Australia as a class action lawsuit. In the lawsuit, the plaintiffs claimed that they had suffered loss and damage resulting from alleged misleading or deceptive conduct in relation to non-compliance of the affected vehicles with emissions standards and fuel efficiency standards. Hino entered into a settlement agreement with the plaintiff on February 14, 2025, and received final approval of the court on July 18, 2025.

In New Zealand, Hino and local distributors which have no capital ties with Hino were sued in a class action in the High Court of New Zealand on March 3, 2025 (local time). Hino entered into a settlement agreement with the plaintiffs on February 9, 2026.

For the year ended March 31, 2025, Toyota recorded ¥281,140 million in costs and expenses related to the Hino certification issues described above. This amount covers costs associated with the aforementioned resolutions with the U.S. authorities, the settlement of the class action litigation in Canada, and the legal settlement in Australia, to the extent that Toyota can reasonably estimate them based on available information.

Hino ceased to be a consolidated subsidiary of Toyota as a result of its business integration with Mitsubishi Fuso Truck and Bus Corporation (“MFTBC”) effective April 1, 2026.

Similar lawsuits have been filed, and may be filed in the future. Investigations by governmental authorities, as well as civil litigation, related to these matters could result in the imposition of further civil or criminal penalties, fines or other sanctions, damages awards, or other consequences. Except as stated above, Toyota cannot predict the scope, duration, or outcome of these matters described above at this time.

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, as well as intellectual property litigation, 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.

4.C ORGANIZATIONAL STRUCTURE

As of March 31, 2026, Toyota Motor Corporation had 216 domestic subsidiaries and 386 foreign subsidiaries. The following table sets forth for each of Toyota Motor Corporation’s principal subsidiaries, the country of incorporation and the percentage ownership interest and the voting interest held by Toyota Motor Corporation.

Name of Subsidiary	Country of Incorporation	Percentage Ownership Interest	Percentage Voting Interest
		%	%
Hino Motors, Ltd.* ¹	Japan	71.92	66.16
Prime Planet Energy & Solutions, Inc.	Japan	51.00	51.00
Toyota Financial Services Corporation	Japan	100.00	100.00
Daihatsu Motor Co., Ltd.	Japan	100.00	100.00
Toyota Finance Corporation	Japan	100.00	100.00
Toyota Auto Body Co., Ltd.	Japan	100.00	100.00
Toyota Motor Kyushu, Inc.	Japan	100.00	100.00
Toyota Motor East Japan, Inc.	Japan	100.00	100.00
Woven by Toyota, Inc.	Japan	100.00	100.00
Toyota Motor Engineering & Manufacturing North America, Inc. ...	United States	100.00	100.00
Toyota Motor Manufacturing, Kentucky, Inc.	United States	100.00	100.00
Toyota Motor North America, Inc.	United States	100.00	100.00
Toyota Motor Credit Corporation	United States	100.00	100.00
Toyota Motor Manufacturing, Indiana, Inc.	United States	100.00	100.00

Name of Subsidiary	Country of Incorporation	Percentage Ownership Interest	Percentage Voting Interest
		%	%
Woven Capital, L.P.	United States	100.00	100.00
Toyota Motor Manufacturing, Texas, Inc.	United States	100.00	100.00
Toyota Motor Sales, U.S.A., Inc.	United States	100.00	100.00
Toyota Battery Manufacturing, Inc.	United States	90.00	90.00
Toyota Motor Manufacturing Canada Inc.	Canada	100.00	100.00
Toyota Motor Europe NV/SA	Belgium	100.00	100.00
Toyota Motor Finance (Netherlands) B.V.	Netherlands	100.00	100.00
Toyota Motor Manufacturing (UK) Ltd.	United Kingdom	100.00	100.00
Toyota Motor Manufacturing Turkey Inc.	Turkey	90.00	90.00
Guangqi Toyota Engine Co., Ltd.	China	70.00	70.00
Toyota Motor (China) Investment Co., Ltd.	China	100.00	100.00
Toyota Motor Finance (China) Co., Ltd.	China	100.00	100.00
Lexus Electrified Shanghai Co., Ltd.	China	100.00	100.00
Toyota Motor Asia (Singapore) Pte. Ltd.	Singapore	100.00	100.00
Toyota Leasing (Thailand) Co., Ltd.	Thailand	90.00	90.00
Toyota Motor Thailand Co., Ltd.	Thailand	86.43	86.43
Toyota Motor Asia (Thailand) Co., Ltd.	Thailand	100.00	100.00
Toyota Motor Corporation Australia Ltd.	Australia	100.00	100.00
Toyota Finance Australia Ltd.	Australia	100.00	100.00
Toyota do Brasil Ltda.	Brazil	100.00	100.00

*1 Hino ceased to be a consolidated subsidiary of Toyota as a result of its business integration with MFTBC effective April 1, 2026.

4.D PROPERTY, PLANTS AND EQUIPMENT

As of March 31, 2026, Toyota and its affiliated companies produced automobiles and related components through more than 50 overseas manufacturing organizations in 27 countries and regions besides Japan. The facilities are located principally in Japan, the United States, Canada, the United Kingdom, France, Turkey, Czech Republic, Poland, Thailand, China, Taiwan, India, Indonesia, South Africa, Argentina and Brazil.

In addition to its manufacturing facilities, Toyota's properties include sales offices and other sales facilities in major cities, repair service facilities and research and development facilities.

The following table sets forth information, as of March 31, 2026, with respect to Toyota's principal properties and facilities that are owned by Toyota Motor Corporation or its subsidiaries. However, small portions, all under approximately 20%, of some facilities are on leased premises.

Facility or Subsidiary Name	Location	Land Area (thousands of square meters)	Number of Employees	Principal Products or Functions
Japan (Toyota Motor Corporation)				
Toyota Technical Center				
Shimoyama	Toyota City, Aichi Pref.	5,947	1,941	Research and Development
Tahara Plant	Tahara City, Aichi Pref.	4,029	6,564	Automobiles
Toyota Head Office and Technical Center	Toyota City, Aichi Pref.	2,725	23,479	Research and Development
Higashi-Fuji Technical Center	Susono City, Shizuoka Pref	2,719	2,516	Research and Development
Motomachi Plant	Toyota City, Aichi Pref.	1,575	8,035	Automobiles
Takaoka Plant	Toyota City, Aichi Pref.	1,305	4,337	Automobiles

<u>Facility or Subsidiary Name</u>	<u>Location</u>	<u>Land Area (thousands of square meters)</u>	<u>Number of Employees</u>	<u>Principal Products or Functions</u>
Honsha Plant	Toyota City, Aichi Pref.	623	1,893	Automobile parts
Myochi Plant	Miyoshi City, Aichi Pref.	555	1,443	Automobile parts
Shimoyama Plant	Miyoshi City, Aichi Pref.	474	814	Automobile parts
Toyota Woven City	Susono City, Shizuoka	263	8	Research and Development
Japan (Subsidiaries)				
Daihatsu Motor Co., Ltd.	Ikeda City, Osaka, etc.	7,721	11,143	Automobiles
Hino Motors, Ltd.* ¹	Hino City, Tokyo, etc.	5,795	11,622	Automobiles
Toyota Auto Body Co., Ltd.	Kariya City, Aichi Pref., etc.	2,118	11,915	Automobiles
TOYOTA Mobility Tokyo Inc.	Minato-ku, Tokyo, etc.	403	6,391	Sales facilities
Prime Planet Energy & Solutions, Inc.	Chuo-ku, Tokyo, etc.	300	4,299	Automobiles
Outside Japan (Subsidiaries)				
Toyota Battery Manufacturing, Inc. . .	North Carolina, U.S.A.	7,400	2,675	Automobiles
Toyota Motor Manufacturing, De Guanajuato, S.A. de C.V.	Guanajuato, Mexico	6,091	2,823	Automobiles
Toyota Motor Manufacturing, Kentucky, Inc.	Kentucky, U.S.A.	5,161	9,636	Automobiles
Toyota Motor Manufacturing Canada, Inc.	Ontario, Canada	4,752	8,298	Automobiles
Toyota Motor Thailand Co., Ltd. . . .	Samutprakarn, Thailand	4,414	7,463	Automobiles

*¹ Hino ceased to be a consolidated subsidiary of Toyota as a result of the business integration with MFTBC effective April 1, 2026.

Toyota is constantly engaged in upgrading, modernizing and revamping the operations of its manufacturing facilities based on its assessment of market needs and prospects. To respond flexibly to fluctuations in demand in each of its production operations throughout the world, Toyota continually reviews and implements appropriate production measures such as revising take time and adjusting days of operation. As a result, Toyota believes it would require unreasonable effort to track the exact productive capacity and the extent of utilization of each of its manufacturing facilities with a reasonable degree of accuracy.

As of March 31, 2026, property, plant and equipment having a net book value of approximately ¥1,926.7 billion was pledged as collateral securing indebtedness incurred by Toyota Motor Corporation's consolidated subsidiaries. Toyota believes that there does not exist any material environmental issues that may affect the company's utilization of its assets.

Toyota considers all its principal manufacturing facilities and other significant properties to be in good condition and adequate to meet the needs of its operations.

See "Item 4. Information on the Company — 4.B Business Overview — Capital Expenditures and Divestitures" for a description of Toyota's material plans to construct, expand or improve facilities.

ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

5.A OPERATING RESULTS

Financial information discussed in this section is derived from Toyota's consolidated financial statements that appear elsewhere in this annual report. The financial statements have been prepared in accordance with IFRS Accounting Standards, as issued by the IASB.

The following discussion covers the fiscal years ended March 31, 2025 and 2026. For the discussion covering the fiscal year ended March 31, 2024, refer to "ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS" of Toyota's Form 20-F for the fiscal year ended March 31, 2025 filed with the SEC on June 18, 2025.

Overview

The business segments of Toyota include automotive operations, financial services operations and all other operations. Automotive operations are Toyota's most significant business segment, accounting for 87% of Toyota's total revenues before the elimination of intersegment revenues for fiscal 2026. Toyota's primary markets based on vehicle unit sales for fiscal 2026 were: Japan (21.7%), North America (30.6%), Europe (12.3%) and Asia (18.3%).

Automotive Market Environment

The worldwide automotive market is highly competitive and volatile. The demand for automobiles is affected by a number of factors including social, political and general economic conditions; introduction of new vehicles and technologies; and costs incurred by customers to purchase or operate vehicles. These factors can cause consumer demand to vary substantially in different geographic markets and for different types of automobiles.

During fiscal 2026, the global economy showed differing trends by region. In the United States, consumption remained resilient even after tariff increases. In China, however, consumer sentiment stayed weak amid a slowdown in the real estate market and employment concerns, and consumption growth remained sluggish due to continued price stagnation and intense price competition.

The following table sets forth Toyota's consolidated vehicle unit sales by geographic market based on location of customers for the past two fiscal years.

	Thousands of units	
	Year ended March 31,	
	2025	2026
Japan	1,991	2,082
North America	2,703	2,934
Europe	1,172	1,183
Asia	1,838	1,759
Other*	1,659	1,637
Overseas total	7,372	7,513
Total	9,362	9,595

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

During fiscal 2026, Toyota's consolidated vehicle unit sales in Japan increased. Overseas consolidated vehicle unit sales increased overall during fiscal 2026 due mainly to increases in North America and Europe, despite decreases in Asia and the Middle East.

Toyota's share of total vehicle unit sales in each market is influenced by the quality, safety, reliability, price, design, performance, economy and utility of Toyota's vehicles compared with those offered by other manufacturers. The timely introduction of new or redesigned vehicles is also an important factor in satisfying customer needs. Toyota's ability to satisfy changing customer preferences can affect its revenues and earnings significantly.

The profitability of Toyota's automotive operations is affected by many factors. These factors include:

- vehicle unit sales volumes,
- the mix of vehicle models and options sold,
- the level of parts and service sales,
- the levels of price discounts and other sales incentives and marketing costs,
- the cost of customer warranty claims and other customer satisfaction actions,
- the cost of research and development and other fixed costs,
- the prices of raw materials,
- the ability to control costs,
- the efficient use of production capacity,
- the adverse effect on production due to such factors as the reliance on various suppliers for the provision of supplies, or the general scarcity of certain supplies,
- climate change risk, including both physical risks as well as transition risks,
- the adverse effect on market, sales and productions of natural calamities as well as the outbreak and spread of epidemics and interruptions of social infrastructure, and
- changes in the value of the Japanese yen and other currencies in which Toyota conducts business.

Changes in laws, regulations, policies and other governmental actions can also materially impact the profitability of Toyota's automotive operations. These laws, regulations and policies include those attributed to environmental matters, vehicle safety, fuel economy and emissions that can add significantly to the cost of the vehicles.

Many governments also impose local content requirements, impose tariffs and other trade barriers, and enact price or exchange controls that can limit an automaker's operations and can make the repatriation of profits unpredictable. Changes in these laws, regulations, policies and other governmental actions may affect the production, licensing, distribution or sale of Toyota's products, cost of products or applicable tax rates. From time-to-time when potential safety problems arise, Toyota issues vehicle recalls and takes other safety measures including safety campaigns relating to its vehicles. The recalls and other safety measures described above have led to a number of claims and legal proceedings against Toyota. For a more detailed description of these claims and legal proceedings, see "Item 4. Information on the Company — 4.B Business Overview — Legal Proceedings" and notes 24 and 32 to the consolidated financial statements.

The worldwide automotive industry is in a period of global competition which may continue for the foreseeable future, and in general the competitive environment in which Toyota operates is likely to intensify. Toyota believes it has the resources, strategies and technologies in place to compete effectively in the industry as an independent company for the foreseeable future.

Financial Services Operations Segment

Competition in the worldwide automobile financial services industry is intensifying. As competition increases, margins on financing transactions may decrease and market share may also decline as customers obtain financing for Toyota vehicles from alternative sources.

Toyota's financial services operations mainly include loans and leasing programs for customers and dealers. Toyota believes that its ability to provide financing to its customers is an important value added service. Therefore, Toyota has expanded its network of finance subsidiaries in order to offer financial services in many countries.

Toyota's competitors for retail financing and retail leasing include commercial banks, credit unions and other finance companies. Meanwhile, commercial banks and other captive automobile finance companies also compete against Toyota's wholesale financing activities.

Toyota's total receivables related to financial services increased during fiscal 2026 mainly due to an increase in loan balance. Also, vehicles and equipment on operating leases increased during fiscal 2026 mainly due to the impact of changes in exchange rates.

For details on receivables related to financial services and vehicles and equipment on operating leases, see notes 8 and 13 to the consolidated financial statements.

Toyota's receivables related to financial services are subject to collectability risks. These risks include consumer and dealer insolvencies and insufficient collateral values (less costs to sell) to realize the full carrying values of these receivables. See notes 3 and 20 to the consolidated financial statements for additional information.

Toyota continues to originate leases to finance new Toyota vehicles. These leasing activities are subject to residual value risk. Residual value losses could be incurred when the lessee of a vehicle does not exercise the option to purchase the vehicle at the end of the lease term. See note 3 to the consolidated financial statements for additional information.

Toyota enters into interest rate swap agreements and cross currency interest rate swap agreements to convert its fixed-rate debt to variable-rate functional currency debt. A portion of the derivative instruments are entered into to manage interest rate risk from an economic perspective and are not designated as a hedge of specific assets or liabilities on Toyota's consolidated statements of financial position and accordingly, unrealized gains or losses related to derivatives that are not designated as a hedge are recognized currently in operations. See the discussion in "Item 11. Quantitative and Qualitative Disclosures about Market Risk" and note 21 to the consolidated financial statements.

The fluctuations in funding costs can affect the profitability of Toyota's financial services operations. Funding costs are affected by a number of factors, some of which are not in Toyota's control. These factors include general economic conditions, prevailing interest rates and Toyota's financial strength. Funding costs increased during fiscal 2025 and 2026 mainly as a result of an increase in the balance of financial liabilities.

Toyota launched its credit card business in Japan in April 2001. As of March 31, 2025, Toyota had 16.0 million cardholders, a decrease of 0.12 million cardholders compared with March 31, 2024. As of March 31, 2026, Toyota had 16.9 million cardholders, an increase of 0.85 million cardholders compared with March 31, 2025. Credit card receivables as of March 31, 2025 increased by ¥15.7 billion from March 31, 2024 to ¥574.5 billion, and that as of March 31, 2026 decreased by ¥23.0 billion from March 31, 2025 to ¥551.4 billion.

Currency Fluctuations

Toyota is affected by fluctuations in foreign currency exchange rates. Toyota is exposed to fluctuations in the value of the Japanese yen against the U.S. dollar and the euro as well as the Australian dollar, the Canadian dollar, the British pound and others. Toyota's consolidated financial statements, which are presented in Japanese yen, are affected by foreign currency exchange fluctuations through both translation risk and transaction risk.

Translation risk is the risk that Toyota's consolidated financial statements for a particular period or for a particular date will be affected by changes in the prevailing exchange rates of the currencies in those countries in which Toyota does business compared with the Japanese yen. Even though the fluctuations of currency exchange rates to the Japanese yen can be substantial, and therefore significantly impact comparisons with prior periods and among the various geographic markets, the translation risk is a reporting consideration and does not reflect Toyota's underlying results of operations. Toyota does not hedge against translation risk.

Transaction risk is the risk that the currency structure of Toyota's costs and liabilities will deviate from the currency structure of sales proceeds and assets. Transaction risk relates primarily to sales proceeds from Toyota's non-domestic operations from vehicles produced in Japan.

Toyota believes that the location of its production facilities in different parts of the world has significantly reduced the level of transaction risk. As part of its globalization strategy, Toyota has continued to localize production by constructing production facilities in the major markets in which it sells its vehicles. In fiscal 2025 and 2026, Toyota produced 73.5% and 73.9%, respectively, of its non-domestic sales outside Japan. In North America, 76.0% and 74.6% of vehicles sold in fiscal 2025 and 2026, respectively, were produced locally. In Europe, 69.6% and 69.0% of vehicles sold in fiscal 2025 and 2026, respectively, were produced locally. In Asia, 94.6% and 96.4% of vehicles sold in fiscal 2025 and 2026, respectively, were produced locally. Localizing production enables Toyota to locally purchase many of the supplies and resources used in the production process, which allows for a better match of local currency revenues with local currency expenses.

Toyota also enters into foreign currency transactions and other hedging instruments to address a portion of its transaction risk. This has reduced, but not eliminated, the effects of foreign currency exchange rate fluctuations, which in some years can be significant. See notes 3 ("Material accounting policies — Financial instruments — (3) Derivative financial instruments") and 21 to the consolidated financial statements for additional information.

Generally, a weakening of the Japanese yen against other currencies has a positive effect on Toyota's consolidated revenues, operating income and net income attributable to Toyota Motor Corporation. In fiscal 2026, the Japanese yen was on average stronger against the U.S. dollar but weaker against the euro in comparison to fiscal 2025. At the end of fiscal 2026, the Japanese yen was weaker against the U.S. dollar and the euro in comparison to the end of fiscal 2025. See note 20 to the consolidated financial statements for additional information.

Operating Performance

Sales Revenues

Toyota's sales revenues include sales revenues from sales of products, consisting of sales revenues from automotive operations and all other operations, excluding sales revenues from financial services operations, which increased by 5.2% during fiscal 2026 compared with the prior fiscal year to ¥45,865.9 billion, and sales revenues from financial services operations, which increased by 8.6% during fiscal 2026 compared with the prior fiscal year to ¥4,819.0 billion.

See “ — Sales Revenues and Operating Income by Business Segment” and “ — Sales Revenues and Operating Income by Geography” for additional information for the factors affecting changes in sales revenues.

Cost of Products Sold

Cost of products sold increased by ¥3,631.2 billion, or 10.2%, to ¥39,141.4 billion during fiscal 2026 compared with the prior fiscal year.

This increase includes a ¥395.0 billion increase in operating expenses attributable to our efforts to strengthen the foundation of our suppliers and the impact of soaring materials prices. Through continued cost reduction efforts together with our suppliers, this increase was partially offset by a ¥215.0 billion reduction primarily attributable to value engineering activities and other cost reduction efforts concerning design-related costs and a ¥60.0 billion reduction attributable to cost reduction efforts at plants and logistics departments.

The cost reduction efforts described above related to ongoing value engineering and value analysis activities, the use of common parts resulting in a reduction of part types and other manufacturing initiatives designed to reduce the costs of vehicle production. The impact of soaring materials prices includes the impact of fluctuation in the price of steel, precious metals, non-ferrous alloys including aluminum, plastic parts and other production materials and parts.

Cost of Financial Services

Cost of financial services increased by ¥131.2 billion, or 4.5%, to ¥3,079.7 billion during fiscal 2026 compared with the prior fiscal year. This increase was due mainly to the increase in funding costs resulting from an increase in the balance of financial liabilities.

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased by ¥84.9 billion, or 1.8%, to ¥4,697.5 billion during fiscal 2026 compared with the prior fiscal year. This decrease was due mainly to the effect of expenses related to Hino's certification issues recorded in fiscal 2025.

Operating Income

	<u>Yen in millions</u>
	<u>Year ended March 31,</u>
	<u>2026 v. 2025 Change</u>
Changes in operating income and loss:	
Effect of marketing efforts	710,000
Effect of cost reduction efforts	(120,000)
Effect of changes in exchange rates	(195,000)
Increase or decrease in expenses and expense reduction efforts	(2,030,000)
Other	605,700
Total	<u>(1,029,300)</u>

Toyota's operating income decreased by ¥1,029.3 billion, or 21.5%, to ¥3,766.2 billion during fiscal 2026 compared with the prior fiscal year. This decrease was due to the ¥2,030.0 billion aggregate unfavorable impact of changes in expenses and expense reduction efforts, partially offset by the ¥710.0 billion favorable impact of marketing efforts.

The aggregate unfavorable impact of changes in expenses and expense reduction efforts includes the ¥1,380.0 billion impact of U.S. tariffs.

The favorable impact of marketing efforts includes the ¥210.0 billion impact of changes in vehicle unit sales and sales mix, as well as the ¥335.0 billion impact of other marketing efforts such as price revisions.

Other Income and Expenses

Share of profit (loss) of investments accounted for using the equity method during fiscal 2026 decreased by ¥38.4 billion, or 6.5%, to ¥552.7 billion compared with the prior fiscal year. This decrease was due mainly to a decrease during fiscal 2026 in net income attributable to the shareholders of companies accounted for by the equity method. The following table shows the share of profit (loss) of investments accounted for using the equity method by country.

	<u>Yen in millions</u>			
	<u>Year ended March 31,</u>		<u>2026 v. 2025 Change</u>	
	<u>2025</u>	<u>2026</u>	<u>Amount</u>	<u>Percentage</u>
Japan	407,085	354,234	(52,851)	(13.0)%
China	106,992	108,299	1,307	1.2
Other	77,143	90,209	13,066	16.9
Total	591,219	552,742	(38,478)	(6.5)%

Other finance income increased by ¥37.5 billion, or 6.7%, to ¥594.2 billion during fiscal 2026 compared with the prior fiscal year. This increase was due mainly to an increase in gains on sales of securities.

Other finance costs decreased by ¥103.9 billion, or 54.5%, to ¥86.7 billion during fiscal 2026 compared with the prior fiscal year. This decrease was due mainly to a decrease in losses on securities revaluation.

Foreign exchange gain (loss), net decreased by ¥304.5 billion to ¥400.7 billion during fiscal 2026 compared with the prior fiscal year. Foreign exchange gains and losses include the differences between the value of foreign currency denominated assets and liabilities recognized through transactions in foreign currencies translated at prevailing exchange rates and the value at the date the transaction settled during the fiscal year, including those settled using forward foreign currency exchange contracts, or the value translated by appropriate year-end exchange rates. The ¥304.5 billion decrease in foreign exchange gain (loss), net was due mainly to the reclassification of foreign currency translation adjustments related to foreign operations, which had been recognized in “Other components of equity” in the consolidated statement of financial position, to “Foreign exchange gain (loss), net” in the consolidated statement of income during fiscal 2025 due mainly to the loss of control of certain consolidated subsidiaries.

Other income (loss), net decreased by ¥30.7 billion, to ¥74.2 billion in losses during fiscal 2026 compared with the prior fiscal year.

Income Taxes

The provision for income taxes decreased by ¥457.6 billion, or 28.2%, to ¥1,167.2 billion during fiscal 2026 compared with the prior fiscal year. This decrease was due mainly to the decrease in income before income taxes. The average effective tax rate for fiscal 2026 was 22.7%.

See note 16 to the consolidated financial statements for further discussion.

Net Income Attributable to Non-controlling Interests

Net income attributable to non-controlling interests increased by ¥112.9 billion, or 458.0%, to ¥137.6 billion during fiscal 2026 compared with the prior fiscal year. This increase was due mainly to an increase during fiscal 2026 in net income of consolidated subsidiaries.

Net Income Attributable to Toyota Motor Corporation

Net income attributable to Toyota Motor Corporation decreased by ¥916.9 billion, or 19.2%, to ¥3,848.0 billion during fiscal 2026 compared with the prior fiscal year.

Other Comprehensive Income, Net of Tax

Other comprehensive income, net of tax increased by ¥2,275.9 billion to ¥1,529.9 billion for fiscal 2026 compared with the prior fiscal year. This increase resulted mainly from exchange differences on translating foreign operations gains of ¥946.3 billion in fiscal 2026 compared with losses of ¥827.8 billion in the prior fiscal year, due mainly to the weakening of the yen against the U.S. dollar and the euro, and remeasurements of defined benefit plans gains of ¥101.3 billion in fiscal 2026 compared with losses of ¥109.5 billion in the prior fiscal year, due mainly to changes in fair value of plan assets.

Operating Performance by Business Segment

Segmentation

Toyota’s most significant business segment is its automotive operations. Toyota carries out its automotive operations as a global competitor in the worldwide automotive market. Management allocates resources to, and assesses the performance of, its automotive operations as a single business segment on a worldwide basis and assesses financial and non-financial data such as vehicle unit sales, production volume, market share information, vehicle model plans and plant location costs to allocate resources within the automotive operations. Toyota does not manage any subset of its automotive operations, such as domestic or overseas operations or parts, as separate management units.

Sales Revenues and Operating Income by Business Segment

The tables below show Toyota's sales revenues and operating income from external customers by business and by product category.

For the year ended March 31, 2025

	Yen in millions				Consolidated
	Automotive	Financial services	All other	Inter-segment Elimination/ Unallocated Amount	
Sales revenues					
Revenues from external customers					
Vehicles	36,892,232	—	—	—	
Parts and components for production	1,606,173	—	—	—	
Parts and components for after service	3,423,389	—	—	—	
Other	1,074,505	—	—	—	
Total revenues from external customers . .	42,996,299	4,437,827	602,578	—	48,036,704
Inter-segment revenues and transfers	203,566	43,353	844,536	(1,091,455)	—
Total	43,199,865	4,481,180	1,447,114	(1,091,455)	48,036,704
Operating expenses	39,259,587	3,797,661	1,265,920	(1,082,050)	43,241,118
Operating income	3,940,278	683,519	181,194	(9,405)	4,795,586

For the year ended March 31, 2026

	Yen in millions				Consolidated
	Automotive	Financial services	All other	Inter-segment Elimination/ Unallocated Amount	
Sales revenues					
Revenues from external customers					
Vehicles	38,847,899	—	—	—	
Parts and components for production	1,509,449	—	—	—	
Parts and components for after service	3,608,666	—	—	—	
Other	1,235,909	—	—	—	
Total revenues from external customers . .	45,201,924	4,819,003	664,026	—	50,684,952
Inter-segment revenues and transfers	215,779	38,112	987,387	(1,241,278)	—
Total	45,417,703	4,857,115	1,651,412	(1,241,278)	50,684,952
Operating expenses	42,640,654	4,005,394	1,519,333	(1,246,644)	46,918,736
Operating income	2,777,049	851,722	132,079	5,366	3,766,216

Automotive Operations Segment

The automotive operations segment is Toyota's largest operating segment by sales revenues. Sales revenues for the automotive segment increased during fiscal 2026 by ¥2,217.8 billion, or 5.1%, to ¥45,417.7 billion compared with the prior fiscal year. The increase mainly reflects the ¥1,900.0 billion favorable impact of changes in vehicle unit sales and sales mix.

Operating income from the automotive operations decreased by ¥1,163.2 billion, or 29.5%, to ¥2,777.0 billion during fiscal 2026 compared with the prior fiscal year. This decrease in operating income was due mainly to the ¥2,030.0 billion aggregate unfavorable impact of changes in expenses and expense reduction efforts, partially offset by the ¥710.0 billion favorable impact of marketing efforts.

Financial Services Operations Segment

Sales revenues for the financial services operations increased during fiscal 2026 by ¥375.9 billion, or 8.4%, to ¥4,857.1 billion compared with the prior fiscal year. This increase was due mainly to the increase in loan balance.

Operating income from financial services operations increased by ¥168.2 billion, or 24.6%, to ¥851.7 billion during fiscal 2026 compared with the prior fiscal year. This increase was due mainly to the recording of valuation gains on interest rate swaps in sales finance subsidiaries in the United States.

The following table shows the number of financing contracts by geographic region at the end of fiscal 2026 and 2025, respectively.

	Number of financing contracts in thousands			
	As of March 31,		2026 v. 2025 Change	
	2025	2026	Amount	Percentage
Japan	2,740	2,652	(88)	(3.2)%
North America	5,647	5,659	12	0.2
Europe	1,944	2,076	132	6.8
Asia	2,245	2,307	62	2.8
Other*	1,054	1,108	54	5.1
Total	13,630	13,802	172	1.3%

* "Other" consists of Central and South America, Oceania and Africa.

All Other Operations Segment

Toyota's other business operations consist of its information technology business and others.

Sales revenues for Toyota's other operations segments increased by ¥204.2 billion, or 14.1%, to ¥1,651.4 billion during fiscal 2026 compared with the prior fiscal year.

Operating income from Toyota's other operations segments decreased by ¥49.1 billion, or 27.1%, to ¥132.0 billion during fiscal 2026 compared with the prior fiscal year.

Consolidated Statement of Income on Non-Financial Services Businesses and Financial Services Business

	Yen in millions	
	Year ended March 31, 2025	Year ended March 31, 2026
(Non-Financial Services Businesses)		
Sales revenues	43,787,709	46,079,610
Cost of revenues	35,684,332	39,325,176
Selling, general and administrative	3,984,469	3,830,878
Operating income	4,118,908	2,923,556
Other income (loss), net	1,622,539	1,387,992
Income before income taxes	5,741,447	4,311,548
Income tax expense	1,446,627	935,124
Net income	4,294,820	3,376,424
Net income attributable to		
Toyota Motor Corporation	4,281,231	3,245,638
Non-controlling interests	13,589	130,786
(Financial Services Business)		
Sales revenues	4,481,180	4,857,115
Cost of revenues	2,960,227	3,101,062
Selling, general and administrative	837,435	904,331
Operating income	683,519	851,722
Other income (loss), net	(10,309)	5,672
Income before income taxes	673,210	857,393
Income tax expense	178,000	232,086
Net income	495,210	625,307
Net income attributable to		
Toyota Motor Corporation	484,129	618,430
Non-controlling interests	11,081	6,878
(Elimination)		
Elimination of net income	(274)	(15,970)
(Consolidated)		
Net income	4,789,755	3,985,761
Net income attributable to		
Toyota Motor Corporation	4,765,086	3,848,098
Non-controlling interests	24,670	137,664

Operating Performance by Geography

The tables below show Toyota's sales revenues and operating income from external customers by geography.

For the year ended March 31, 2025

	Yen in millions					Inter-segment Elimination/ Unallocated Amount	Consolidated
	Japan	North America	Europe	Asia	Other*		
Sales revenues							
Revenues from external customers	10,719,120	18,930,253	6,110,052	7,903,360	4,373,919	—	48,036,704
Inter-segment revenues and transfers	11,139,974	370,074	203,437	1,084,702	147,338	(12,945,525)	—
Total	21,859,094	19,300,327	6,313,489	8,988,062	4,521,257	(12,945,525)	48,036,704
Operating expenses	18,707,971	19,191,519	5,897,936	8,091,552	4,268,632	(12,916,492)	43,241,118
Operating income	3,151,123	108,808	415,553	896,510	252,626	(29,033)	4,795,586

For the year ended March 31, 2026

	Yen in millions					Inter-segment Elimination/ Unallocated Amount	Consolidated
	Japan	North America	Europe	Asia	Other*		
Sales revenues							
Revenues from external customers	10,985,614	20,661,490	6,464,911	7,966,455	4,606,482	—	50,684,952
Inter-segment revenues and transfers	11,088,528	418,175	236,280	1,304,921	152,511	(13,200,415)	—
Total	22,074,141	21,079,665	6,701,191	9,271,377	4,758,993	(13,200,415)	50,684,952
Operating expenses	19,753,103	21,272,219	6,343,449	8,401,551	4,430,028	(13,281,613)	46,918,736
Operating income (loss)	2,321,038	(192,554)	357,743	869,826	328,966	81,198	3,766,216

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

Sales Revenues and Operating Income by Geography

Japan

	Thousands of units			
	Year ended March 31,		2026 v. 2025 Change	
	2025	2026	Amount	Percentage
Toyota's consolidated vehicle unit sales*	3,932	4,083	151	3.8%

* including number of exported vehicle unit sales

	Yen in millions			
	Year ended March 31,		2026 v. 2025 Change	
	2025	2026	Amount	Percentage
Sales revenues:				
Sales of products	21,468,488	21,651,881	183,393	0.9%
Financial services	390,606	422,260	31,654	8.1
Total	21,859,094	22,074,141	215,047	1.0%
Operating costs and expenses	18,707,971	19,753,103	1,045,132	5.6%
Operating income	3,151,123	2,321,038	(830,085)	(26.3)%

Sales revenues in Japan increased due mainly to an increase in vehicle sales of 151 thousand units and the favorable impact of price revisions compared with the prior fiscal year. For fiscal 2025 and 2026, exported vehicle unit sales were 1,941 thousand units and 2,001 thousand units, respectively.

Operating income in Japan decreased due mainly to the expenses and others, and the effects of changes in exchange rates compared with the prior fiscal year.

North America

	Thousands of units			
	Year ended March 31,		2026 v. 2025 Change	
	2025	2026	Amount	Percentage
Toyota's consolidated vehicle unit sales	2,703	2,934	231	8.5%

	Yen in millions			
	Year ended March 31,		2026 v. 2025 Change	
	2025	2026	Amount	Percentage
Sales revenues:				
Sales of products	16,606,446	18,241,546	1,635,100	9.8%
Financial services	2,693,881	2,838,119	144,238	5.4
Total	19,300,327	21,079,665	1,779,338	9.2%
Operating costs and expenses	19,191,519	21,272,219	2,080,700	10.8%
Operating income (loss)	108,808	(192,554)	(301,362)	—

Sales revenues in North America increased due mainly to an increase in vehicle sales of 231 thousand units and the favorable impact of price revisions compared with the prior fiscal year.

Operating income in North America decreased due mainly to the expenses and others, and the impact of U.S. tariffs compared with the prior fiscal year.

Europe

	Thousands of units			
	Year ended March 31,		2026 v. 2025 Change	
	2025	2026	Amount	Percentage
Toyota's consolidated vehicle unit sales	1,172	1,183	11	1.0%

	Yen in millions			
	Year ended March 31,		2026 v. 2025 Change	
	2025	2026	Amount	Percentage
Sales revenues:				
Sales of products	5,577,646	5,808,718	231,071	4.1%
Financial services	735,843	892,474	156,631	21.3
Total	<u>6,313,489</u>	<u>6,701,191</u>	<u>387,702</u>	<u>6.1%</u>
Operating costs and expenses	<u>5,897,936</u>	<u>6,343,449</u>	<u>445,512</u>	<u>7.6%</u>
Operating income	<u>415,553</u>	<u>357,743</u>	<u>(57,810)</u>	<u>(13.9)%</u>

Sales revenues in Europe increased due mainly to an increase in vehicle sales of 11 thousand units, and the favorable impacts of changes in exchange rates and price revisions compared with the prior fiscal year.

Operating income in Europe decreased due mainly to the effects of changes in exchange rates compared with the prior fiscal year.

Asia

	Thousands of units			
	Year ended March 31,		2026 v. 2025 Change	
	2025	2026	Amount	Percentage
Toyota's consolidated vehicle unit sales	1,838	1,759	(79)	(4.3)%

	Yen in millions			
	Year ended March 31,		2026 v. 2025 Change	
	2025	2026	Amount	Percentage
Sales revenues:				
Sales of products	8,701,501	8,963,111	261,609	3.0%
Financial services	286,561	308,266	21,705	7.6
Total	<u>8,988,062</u>	<u>9,271,377</u>	<u>283,315</u>	<u>3.2%</u>
Operating costs and expenses	<u>8,091,552</u>	<u>8,401,551</u>	<u>309,999</u>	<u>3.8%</u>
Operating income	<u>896,510</u>	<u>869,826</u>	<u>(26,684)</u>	<u>(3.0)%</u>

Sales revenues in Asia increased due mainly to the favorable impact of price revisions compared with the prior fiscal year, despite a decrease in vehicle sales of 79 thousand units.

Operating income in Asia decreased due mainly to the effects of changes in exchange rates compared with the prior fiscal year.

Other

	Thousands of units			
	Year ended March 31,		2026 v. 2025 Change	
	2025	2026	Amount	Percentage
Toyota's consolidated vehicle unit sales	1,659	1,637	(22)	(1.3)%

	Yen in millions			
	Year ended March 31,		2026 v. 2025 Change	
	2025	2026	Amount	Percentage
Sales revenues:				
Sales of products	4,023,077	4,215,127	192,050	4.8%
Financial services	498,180	543,866	45,686	9.2
Total	<u>4,521,257</u>	<u>4,758,993</u>	<u>237,736</u>	<u>5.3%</u>
Operating costs and expenses	<u>4,268,632</u>	<u>4,430,028</u>	<u>161,396</u>	<u>3.8%</u>
Operating income	<u>252,626</u>	<u>328,966</u>	<u>76,340</u>	<u>30.2%</u>

Sales revenues in Other increased due mainly to the favorable impact of changes in exchange rates compared with the prior fiscal year, despite a decrease in vehicle sales of 22 thousand units.

Operating income in Other increased due mainly to marketing efforts compared with the prior fiscal year.

The following is a description of changes in operating income by geographic location.

	Yen in millions				
	2026 v. 2025 Change				
	Japan	North America	Europe	Asia	Other
Changes in operating income and loss:					
Effect of marketing efforts	265,000	415,000	(30,000)	65,000	45,000
Effect of cost reduction efforts	(145,000)	25,000	15,000	15,000	(30,000)
Effect of changes in exchange rates	(105,000)	25,000	(45,000)	(75,000)	5,000
Increase or decrease in expenses and expense reduction efforts	(1,250,000)	(865,000)	(30,000)	(15,000)	(30,000)
Other	<u>404,915</u>	<u>98,638</u>	<u>32,190</u>	<u>(16,684)</u>	<u>86,340</u>
Total	<u>(830,085)</u>	<u>(301,362)</u>	<u>(57,810)</u>	<u>(26,684)</u>	<u>76,340</u>

Sales Revenues by Location of External Customers

	Yen in millions	
	Year ended March 31,	
	2025	2026
Japan	7,723,171	7,942,616
North America	18,985,399	20,783,571
Europe	5,979,720	6,396,867
Asia	7,944,206	7,894,843
Other*	<u>7,404,208</u>	<u>7,667,056</u>
Total	<u>48,036,704</u>	<u>50,684,952</u>

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

5.B LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

Based on its experiences with financial crises and the Great East Japan Earthquake, Toyota seeks to secure a sufficient level of on-hand funds, which has been defined as an amount able to cover both six months of fixed costs in the automotive business and six months of refinancing requirements in the financial services business. With this level of liquidity, we aim to ensure business continuity under any operating conditions.

Toyota has funded its cash requirements, including those relating to capital expenditures as well as its research and development activities through cash generated by operations.

In fiscal 2027, Toyota expects to sufficiently fund its cash requirements, including those relating to capital expenditures as well as its research and development activities, through cash and cash equivalents on hand, cash generated by operations and debt financing, such as the issuance of corporate bonds and borrowing. Toyota will use its funds to efficiently invest in maintenance and replacement of conventional manufacturing facilities and the introduction of new products and will focus on investment in areas contributing to strengthening competitiveness and future growth for transformation into a mobility company. See “Item 4. Information on the Company — 4.B Business Overview — Capital Expenditures and Divestitures” for information regarding Toyota’s material capital expenditures and divestitures for fiscal 2024, 2025 and 2026, and information concerning Toyota’s principal capital expenditures and divestitures currently in progress.

Toyota funds its financing programs for customers and dealers, including loans and leasing programs, through cash generated by operations and debt financing, such as the issuance of corporate bonds and borrowing, all by its sales finance subsidiaries. Toyota seeks to expand its ability to raise funds locally in markets around the world through its network of finance subsidiaries.

Net cash provided by operating activities increased by ¥1,775.9 billion to ¥5,472.9 billion for fiscal 2026, compared with ¥3,696.9 billion for fiscal 2025. The increase was primarily attributable to the ¥1,260.7 billion decrease in income taxes paid, net of refunds.

Net cash used in investing activities decreased by ¥2,669.4 billion to ¥1,520.3 billion for fiscal 2026, compared with ¥4,189.7 billion for fiscal 2025. The decrease was primarily attributable to the ¥2,064.4 billion increase in proceeds from upon maturity of public and corporate bonds compared to the prior fiscal year.

Net cash used in financing activities was ¥536.6 billion for fiscal 2026, compared with net cash provided by financing activities of ¥197.2 billion for fiscal 2025, a ¥733.8 billion change. The change was primarily attributable to the ¥1,084.3 billion increase in payments of long-term debt compared to the prior fiscal year.

For a discussion of cash flows for fiscal 2025 as compared to those for fiscal 2024, see “Item 5. Operating and Financial Review and Prospects – 5.B. Liquidity and Capital Resources” of Toyota’s Annual Report on Form 20-F for the fiscal year ended March 31, 2025.

Total capital expenditures for property, plant and equipment, including vehicles and equipment on operating leases, were ¥6,059.7 billion in fiscal 2026, remaining largely unchanged from the ¥5,991.2 billion in total capital expenditures in fiscal 2025.

Toyota expects investments in property, plant and equipment, excluding vehicles and equipment on operating leases, to be approximately ¥2,300.0 billion during fiscal 2027.

Consolidated Statement of Cash Flows on Non-Financial Services Businesses and Financial Services Business

	Yen in millions	
	Year ended March 31, 2025	Year ended March 31, 2026
(Non-Financial Services Businesses)		
Cash flows from operating activities		
Net income	4,294,820	3,376,424
Depreciation and amortization	1,413,066	1,472,087
Share of profit (loss) of investments accounted for using the equity method	(579,619)	(542,072)
Income tax expense	1,446,627	935,124
Changes in operating assets and liabilities, and other	(370,839)	744,179
Interest received	363,304	318,422
Dividends received	617,644	424,816
Interest paid	(100,770)	(90,538)
Income taxes paid, net of refunds	(2,347,622)	(1,159,061)
Net cash provided by (used in) operating activities	<u>4,736,610</u>	<u>5,479,380</u>
Cash flows from investing activities		
Additions to fixed assets excluding equipment leased to others	(1,878,342)	(2,119,162)
Additions to equipment leased to others	(24,855)	(33,176)
Proceeds from sales of fixed assets excluding equipment leased to others	68,266	28,647
Proceeds from sales of equipment leased to others	6,035	7,997
Additions to intangible assets	(341,131)	(365,834)
Additions to public and corporate bonds and stocks	(3,446,017)	(3,816,713)
Proceeds from sales of public and corporate bonds and stocks and upon maturity of public and corporate bonds	3,423,102	5,140,628
Other, net	(618,309)	1,172,580
Net cash provided by (used in) investing activities	<u>(2,811,251)</u>	<u>14,967</u>
Cash flows from financing activities		
Increase (decrease) in short-term debt	(116,549)	3,307
Proceeds from long-term debt	162,735	540,117
Payments of long-term debt	(306,768)	(939,292)
Dividends paid to Toyota Motor Corporation common shareholders	(1,132,329)	(1,238,974)
Dividends paid to non-controlling interests	(122,565)	(120,431)
Reissuance (repurchase) of treasury stock	(1,179,043)	(39,975)
Other, net	55,560	34,712
Net cash provided by (used in) financing activities	<u>(2,638,959)</u>	<u>(1,760,535)</u>
Effect of exchange rate changes on cash and cash equivalents	(88,260)	176,261
Net increase (decrease) in cash and cash equivalents	<u>(801,860)</u>	<u>3,910,073</u>
Cash and cash equivalents at beginning of year	<u>6,892,817</u>	<u>6,090,957</u>
Net increase (decrease) in cash and cash equivalents resulting from transfer to assets held for sale	—	(115,932)
Cash and cash equivalents at end of year	<u><u>6,090,957</u></u>	<u><u>9,885,097</u></u>

	Yen in millions	
	Year ended March 31, 2025	Year ended March 31, 2026
(Financial Services Business)		
Cash flows from operating activities		
Net income	495,210	625,307
Depreciation and amortization	838,167	920,432
Interest income and interest costs related to financial services, net	(769,800)	(833,480)
Share of profit (loss) of investments accounted for using the equity method	(11,600)	(10,669)
Income tax expense	178,000	232,086
Changes in operating assets and liabilities, and other	(2,405,422)	(1,739,575)
Interest received	2,332,296	2,468,460
Dividends received	5,651	5,958
Interest paid	(1,531,190)	(1,620,645)
Income taxes paid, net of refunds	(153,692)	(81,619)
Net cash provided by (used in) operating activities	<u>(1,022,379)</u>	<u>(33,745)</u>
Cash flows from investing activities		
Additions to fixed assets excluding equipment leased to others	(28,469)	(29,030)
Additions to equipment leased to others	(2,972,065)	(2,733,176)
Proceeds from sales of fixed assets excluding equipment leased to others	2,555	2,595
Proceeds from sales of equipment leased to others	1,701,864	1,347,608
Additions to intangible assets	(13,064)	(12,970)
Additions to public and corporate bonds and stocks	(519,533)	(473,958)
Proceeds from sales of public and corporate bonds and stocks and upon maturity of public and corporate bonds	326,469	376,933
Other, net	89,633	43,662
Net cash provided by (used in) investing activities	<u>(1,412,610)</u>	<u>(1,478,336)</u>
Cash flows from financing activities		
Increase (decrease) in short-term debt	229,903	(121,594)
Proceeds from long-term debt	13,251,352	12,408,438
Payments of long-term debt	(10,618,851)	(11,087,637)
Dividends paid to non-controlling interests	(4,667)	(4,985)
Other, net	(4,716)	(0)
Net cash provided by (used in) financing activities	<u>2,853,022</u>	<u>1,194,223</u>
Effect of exchange rate changes on cash and cash equivalents	(45,829)	200,936
Net increase (decrease) in cash and cash equivalents	<u>372,203</u>	<u>(116,923)</u>
Cash and cash equivalents at beginning of year	<u>2,519,244</u>	<u>2,891,447</u>
Net increase (decrease) in cash and cash equivalents resulting from transfer to assets held for sale	—	—
Cash and cash equivalents at end of year	<u><u>2,891,447</u></u>	<u><u>2,774,524</u></u>
(Consolidated)		
Effect of exchange rate changes on cash and cash equivalents	(134,089)	377,197
Net increase (decrease) in cash and cash equivalents	(429,656)	3,793,150
Cash and cash equivalents at beginning of year	9,412,060	8,982,404
Net increase (decrease) in cash and cash equivalents resulting from transfer to assets held for sale	—	(115,932)
Cash and cash equivalents at end of year	<u><u>8,982,404</u></u>	<u><u>12,659,622</u></u>

Financial Position

Cash and cash equivalents were ¥12,659.6 billion as of March 31, 2026. Most of Toyota's cash and cash equivalents are held in Japanese yen or in U.S. dollars.

Liquid assets, which Toyota defines as cash and cash equivalents, time deposits, public and corporate bonds and its investment in monetary trust funds were ¥22,117.9 billion as of March 31, 2026.

Trade accounts and notes receivable, less allowance for doubtful accounts increased during fiscal 2026 by ¥116.2 billion, or 3.2%, to ¥3,795.9 billion. This increase was due mainly to an increase in the impact of changes in exchange rates.

Inventories increased during fiscal 2026 by ¥536.7 billion, or 11.7%, to ¥5,134.9 billion. This increase was due mainly to an increase in the impact of changes in exchange rates.

Total finance receivables, net increased during fiscal 2026 by ¥5,341.6 billion, or 15.9%, to ¥38,966.6 billion. This increase was due mainly to an increase in loan balance to customers and dealers. Finance receivables were geographically distributed as follows: in North America 52.2%, in Europe 15.4%, in Asia 11.4%, in Japan 10.0% and in Other 11.0%.

Other financial assets decreased during fiscal 2026 by ¥1,700.3 billion, or 10.1%. This decrease was due mainly to a decrease in public and corporate bonds.

Property, plant and equipment increased during fiscal 2026 by ¥1,733.6 billion, or 11.3%. This increase was due mainly to capital expenditures.

Accounts and notes payable increased during fiscal 2026 by ¥329.5 billion, or 6.0%. This increase was due mainly to an increase in accounts payable associated with parts procurement.

Income taxes payable increased during fiscal 2026 by ¥206.1 billion, or 40.8%. This increase was mainly due to a decrease in interim payments of income taxes.

Toyota's total borrowings increased during fiscal 2026 by ¥4,412.5 billion, or 11.4%. Toyota's short-term borrowings consist of loans with a weighted-average interest rate of 2.51% and commercial paper with a weighted-average interest rate of 3.15%. Short-term borrowings increased during fiscal 2026 by ¥234.6 billion, or 4.3%, to ¥5,699.0 billion. Toyota's long-term debt mainly consists of unsecured and secured loans, unsecured notes and medium-term notes, and secured notes with weighted-average interest rates ranging from 2.91% to 7.86%, and maturity dates ranging from 2026 to 2048. The current portion of long-term debt increased during fiscal 2026 by ¥1,445.6 billion, or 14.1%, to ¥11,718.5 billion and the non-current portion increased by ¥2,554.6 billion, or 11.3%, to ¥25,076.7 billion. The increase in total borrowings resulted mainly from the increasing demand for financing associated with the increase in the loan balance at financial subsidiaries. As of March 31, 2026, approximately 47% of long-term debt was denominated in U.S. dollars, 14% in euros, 12% in Japanese yen, 5% in Australian dollars, 4% in Canadian dollars, and 18% in other currencies. Toyota hedges interest rate risk exposure of fixed-rate borrowings by entering into interest rate swaps. There are no material seasonal variations in Toyota's borrowings requirements.

As of March 31, 2026, Toyota's total interest-bearing debt was 108.2% of Toyota Motor Corporation shareholders' equity, compared with 108.0% as of March 31, 2025.

The following table provides information on credit ratings of Toyota's short-term borrowing and long-term debt from Standard & Poor's Ratings Group (S&P), Moody's Ratings (Moody's), and Rating and Investment Information, Inc. (R&I), as of May 31, 2026. A credit rating is not a recommendation to buy, sell or hold securities. A credit rating may be subject to withdrawal or revision at any time. Each rating should be evaluated separately of any other rating.

	S&P	Moody's	R&I
Short-term borrowing	A-1+	P-1	—
Long-term debt	A+	A1	AAA

Toyota's net defined benefit liability (asset) of Japanese plans increased during fiscal 2026 by ¥23.1 billion, or 10.5%, to ¥243.7 billion. The net defined benefit liability (asset) of foreign plans increased during fiscal 2026 by ¥40.2 billion, or 11.5%, to ¥391.0 billion. The amounts of net defined benefit liability (asset) will be funded through future cash contributions by Toyota or in some cases will be settled on the retirement date of each covered employee. The increase in net defined benefit liability (asset) of the Japanese plans reflects mainly a decrease in plan assets that resulted from a partial return from retirement benefit trusts, despite a decrease in defined benefit obligations due to an increased discount rate. See note 23 to the consolidated financial statements for further discussion.

Toyota's treasury policy is to maintain controls on all exposures, to adhere to stringent counterparty credit standards, and to actively monitor marketplace exposures. Toyota remains centralized and is pursuing global efficiency of its financial services operations through Toyota Financial Services Corporation.

The key element of Toyota's financial strategy is maintaining a strong financial position that will allow Toyota to continue its business and fund its research and development initiatives, capital expenditures and financial services operations strategically even if earnings are subject to short-term fluctuations. Toyota believes that it maintains sufficient liquidity for its present cash requirements and that, by maintaining its high credit ratings, it will continue to be able to access funds from external sources in large amounts and at relatively low costs. In order for Toyota to maintain its high credit ratings, a number of conditions must be met, some of which are not within Toyota's control. Such conditions include the general economic condition in Japan and the other major markets in which Toyota does business.

Toyota uses its securitization program as part of its funding through special purpose entities for its financial services operations. Toyota is considered as the primary beneficiary of these special purpose entities and therefore consolidates them. Toyota has not entered into any off-balance sheet securitization transactions during fiscal 2026.

For information regarding the amounts of non-derivative financial liabilities and derivative financial liabilities by a remaining contract maturity period, see note 20 to the consolidated financial statements. In addition, as part of Toyota's normal business practices, Toyota enters into long-term arrangements with suppliers for purchases of certain raw materials, components and services. These arrangements may contain fixed/minimum quantity purchase requirements. Toyota enters into such arrangements to facilitate an adequate supply of these materials and services.

The following tables summarize Toyota's contractual obligations and commercial commitments as of March 31, 2026.

	Yen in millions				
	Total	Payments Due by Period			
		Less than 1 year	1 to 3 years	3 to 5 years	5 years and after
Contractual Obligations:					
Short-term debt	5,699,083	5,699,083	—	—	—
Long-term debt*	37,506,386	11,882,021	14,999,702	8,093,928	2,530,735
Commitments for the purchase of property, plant, other assets and services (note 32)	<u>2,570,912</u>	<u>443,289</u>	<u>518,144</u>	<u>565,469</u>	<u>1,044,010</u>
Total	<u><u>45,776,381</u></u>	<u><u>18,024,393</u></u>	<u><u>15,517,846</u></u>	<u><u>8,659,397</u></u>	<u><u>3,574,745</u></u>
Commercial Commitments (note 32):					
Maximum potential exposure to guarantees given in the ordinary course of business	<u>1,553,327</u>	<u>546,125</u>	<u>791,437</u>	<u>135,278</u>	<u>80,487</u>
Total	<u><u>1,553,327</u></u>	<u><u>546,125</u></u>	<u><u>791,437</u></u>	<u><u>135,278</u></u>	<u><u>80,487</u></u>

* "Long-term debt" represents future principal payments.

Toyota expects to contribute ¥34,336 million domestically and ¥18,488 million overseas to its pension plans in fiscal 2027.

Consolidated Statement of Financial Position on Non-Financial Services Businesses and Financial Services Business

	Yen in millions	
	March 31, 2025	March 31, 2026
Assets		
(Non-Financial Services Businesses)		
Current assets		
Cash and cash equivalents	6,090,957	9,885,097
Trade accounts and other receivable	3,689,021	3,835,922
Other financial assets	6,198,376	3,211,041
Inventories	4,588,755	5,120,950
Other current assets	1,034,507	1,288,955
Assets held for sale	—	2,016,804
Total current assets	<u>21,601,616</u>	<u>25,358,768</u>
Non-current assets		
Property, plant and equipment, net	9,134,857	9,584,748
Other	17,556,285	18,451,708
Total non-current assets	<u>26,691,142</u>	<u>28,036,455</u>
Total assets	<u>48,292,758</u>	<u>53,395,223</u>
(Financial Services Business)		
Current assets		
Cash and cash equivalents	2,891,447	2,774,524
Trade accounts and other receivable	410,958	454,168
Receivables related to financial services	11,453,249	13,483,501
Other financial assets	1,443,042	1,544,390
Other current assets	414,216	489,695
Total current assets	<u>16,612,912</u>	<u>18,746,278</u>
Non-current assets		
Receivables related to financial services	22,171,786	25,494,405
Property, plant and equipment, net	6,198,838	7,482,619
Other	1,787,250	2,018,407
Total non-current assets	<u>30,157,874</u>	<u>34,995,431</u>
Total assets	<u>46,770,786</u>	<u>53,741,709</u>
(Elimination)		
Elimination of assets	(1,462,194)	(1,614,601)
(Consolidated)		
Total assets	<u><u>93,601,350</u></u>	<u><u>105,522,331</u></u>

Note: Assets in non-financial services include unallocated corporate assets.

	Yen in millions	
	March 31, 2025	March 31, 2026
Liabilities		
(Non-Financial Services Businesses)		
Current liabilities		
Trade accounts and other payables	5,195,204	5,492,355
Short-term and current portion of long-term debt	1,188,430	976,235
Accrued expenses	1,729,279	2,014,207
Income taxes payable	454,252	654,751
Other current liabilities	3,495,075	3,844,179
Liabilities directly associated with assets held for sale	—	694,547
Total current liabilities	<u>12,062,240</u>	<u>13,676,274</u>
Non-current liabilities		
Long-term debt	1,547,461	1,823,843
Retirement benefit liabilities	1,001,227	1,002,213
Other non-current liabilities	2,442,382	2,520,522
Total non-current liabilities	<u>4,991,070</u>	<u>5,346,578</u>
Total liabilities	<u>17,053,309</u>	<u>19,022,852</u>
(Financial Services Business)		
Current liabilities		
Trade accounts and other payables	674,347	777,916
Short-term and current portion of long-term debt	15,111,977	17,042,885
Accrued expenses	137,836	142,451
Income taxes payable	51,248	56,924
Other current liabilities	2,535,501	3,193,333
Total current liabilities	<u>18,510,910</u>	<u>21,213,511</u>
Non-current liabilities		
Long-term debt	21,515,873	23,904,821
Retirement benefit liabilities	18,341	20,271
Other non-current liabilities	1,089,654	1,958,944
Total non-current liabilities	<u>22,623,868</u>	<u>25,884,036</u>
Total liabilities	<u>41,134,778</u>	<u>47,097,547</u>
(Elimination)		
Elimination of liabilities	(1,465,650)	(1,618,136)
(Consolidated)		
Total liabilities	<u>56,722,437</u>	<u>64,502,263</u>
Shareholders' equity		
(Consolidated) Total Toyota Motor Corporation shareholders' equity	<u>35,924,826</u>	<u>39,918,854</u>
(Consolidated) Non-controlling interests	<u>954,088</u>	<u>1,101,214</u>
(Consolidated) Total shareholders' equity	<u>36,878,913</u>	<u>41,020,068</u>
(Consolidated) Total liabilities and shareholders' equity	<u>93,601,350</u>	<u>105,522,331</u>

Lending Commitments

Credit Facilities with Credit Card Holders

Toyota's financial services operations issue credit cards to customers. As customary for credit card businesses, Toyota maintains credit facilities with holders of credit cards issued by Toyota. These facilities are used upon each holder's requests up to the limits established on an individual holder's basis. Although loans made to customers through these facilities are not secured, for the purposes of minimizing credit risks and of appropriately establishing credit limits for each individual credit card holder, Toyota employs its own risk management policy which includes an analysis of information provided by financial institutions in alliance with Toyota. Toyota periodically reviews and revises, as appropriate, these credit limits. Outstanding credit facilities with credit card holders were ¥151.6 billion as of March 31, 2026.

Credit Facilities with Dealers

Toyota's financial services operations maintain credit facilities with dealers. These credit facilities may be used for business acquisitions, facilities refurbishment, real estate purchases and working capital requirements. These loans are typically collateralized with liens on real estate, vehicle inventory, and/or other dealership assets, as appropriate. Toyota obtains a personal guarantee from the dealer or corporate guarantee from the dealership when deemed prudent. Although the loans are typically collateralized or guaranteed, the value of the underlying collateral or guarantees may not be sufficient to cover Toyota's exposure under such agreements. Toyota evaluates the credit facilities according to the risks assumed in entering into the credit facility. Toyota's financial services operations also provide financing to various multi-franchise dealer organizations, referred to as dealer groups, often as part of a lending consortium, for wholesale inventory financing, business acquisitions, facilities refurbishment, real estate purchases and working capital requirements. Toyota's outstanding credit facilities with dealers totaled ¥2,512.7 billion as of March 31, 2026.

Guarantees

See note 32 to the consolidated financial statements for further discussion.

Related Party Transactions

See note 34 to the consolidated financial statements for further discussion.

5.C RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES

Toyota's research and development is dedicated to capturing the increasingly diverse and sophisticated market through the development of attractive, affordable, high-quality products for customers worldwide. The intellectual property that R&D generates is a vital management resource that Toyota utilizes and protects to maximize its corporate value.

For a more detailed discussion of our research and development objectives and policies, see "Item 4. Information on the Company — 4.B Business Overview — Research and Development."

Toyota's research and development expenditures were approximately ¥1,522.8 billion in fiscal 2026, ¥1,326.4 billion in fiscal 2025, and ¥1,202.3 billion in fiscal 2024.

Toyota presents research and development expenditures as a supplemental measure that demonstrates the amount of research and development expenditures undertaken during the relevant reporting period. Toyota defines research and development expenditures as research and development cost, plus research and development-related expenditures that were recognized as intangible assets, less amortization expenses for such assets. This measure has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for an analysis of Toyota's research and development cost as reported under IFRS Accounting Standards.

For details of the research and development cost recorded in the consolidated statement of income, see note 28 to the consolidated financial statements.

Toyota operates a global research and development organization with the primary goal of building automobiles that meet the needs of customers in every region of the world. In Japan, research and development operations are led by Toyota and Toyota Central Research & Development Laboratories, Inc., which works closely with Daihatsu, Hino, Toyota Auto Body Co., Ltd., Toyota Motor East Japan, Inc., and many other group companies. Overseas, Toyota has a worldwide network of technical centers as well as design and motorsports research and development centers.

Toyota established TRI in January 2016 to accelerate research and development of artificial intelligence technology, which has significant potential to support future industrial technologies. In July 2017, TRI invested \$100 million to launch a venture capital fund designed to provide financing to startup companies, and is making investments in newly established promising startup companies in the four areas of artificial intelligence, robotics, autonomous mobility, and data and cloud technology. TRI successively invested another \$100 million in May 2019, \$150 million in June 2021 and \$150 million in April 2024. In addition, in an aim to achieve carbon neutrality, TRI established a \$150 million fund in June 2021 and additionally invested \$150 million in April 2024.

In Japan, Toyota established a new company, Toyota Research Institute — Advanced Development ("TRI-AD"), in March 2018 to further accelerate its efforts in advanced development for automated driving technology and related technologies. Its key objectives include creating a smooth software pipeline from research to commercialization, leveraging data-handling capabilities, strengthening collaboration in development within the Toyota Group, including TRI, to accelerate development, and recruiting and employing top-level engineers globally, while cultivating and coordinating strong talent within the Toyota Group. In January 2021, TRI-AD was reorganized into Woven Planet Group comprising four companies — Woven Planet Holdings, Inc., which is responsible for decision-making for the entire group and creates new business opportunities; Woven Core, Inc., which assumed the business of TRI-AD and is responsible for the development of automated driving technologies; Woven Alpha, Inc., which is responsible for the development of new projects such as Woven City and Arene, a software platform; and Woven Capital, L.P. with a total investment value of \$800 million, which invests in growth-stage companies in areas such as autonomous driving mobility, artificial intelligence, and smart city. Moreover, to bolster overseas research and development initiatives related to automated driving technology and software platforms, Toyota established Woven Planet North America ("WPNA") in the United States and

Woven Planet United Kingdom in the United Kingdom, and transferred TRI's automated driving division to WPNA in May 2022. On April 1, 2023, Woven Planet Holdings, Inc., Woven Core, Inc. and Woven Alpha, Inc. were merged and changed their name to Woven by Toyota, Inc.

Toyota also established a technical development center in Otemachi, Tokyo, Japan in October 2018 as a site for development of key IT technologies that collaborates with Woven by Toyota, as well as promotes collaboration with venture companies and creation of new value by utilizing big data.

Furthermore, Toyota Technical Center Shimoyama was established in Aichi Prefecture as a new R&D base, with partial operation in April 2019 and full operation in March 2024. Together with Toyota Technical Center, Toyota Technical Center Shimoyama develops vehicles aimed at “making ever-better cars” by bringing together members of all kinds of functions, such as vehicle planning, style, design, and evaluation, and by finding problems in vehicles while running a test course that reproduces a wide variety of severe usage environments around the world, and by repeating improvements.

The following table provides information on Toyota's principal research and development facilities.

Facility	Principal Activity
<i>Japan</i>	
Toyota Technical Center	Product planning, style, design, prototype production and vehicle evaluation
Toyota Technical Center Shimoyama	Product planning, style, design and vehicle evaluation
Higashi-Fuji Technical Center	Advanced development and advanced research
Tokyo Design Research & Laboratory	Advanced styling designs
Otemachi Office	Development of key IT technologies, creation of new values by utilizing big data and collaboration with venture companies
Shibetsu Proving Ground	Evaluation
Toyota Central R&D Labs., Inc.	Basic research
Woven by Toyota, Inc.	Development of artificial intelligence technology with a focus on automated driving technology Development of Woven City and software platform technologies
<i>United States</i>	
Toyota Motor Engineering and Manufacturing North America, Inc.	Product planning, design and evaluation of vehicles manufactured in North America
Calty Design Research, Inc.	Design
Toyota Research Institute of North America (TRI-NA)	Advanced research relating to “energy and environment,” “safety” and “mobility infrastructure”
Toyota Research Institute, Inc.	Research and development of artificial intelligence technology
<i>Europe</i>	
Toyota Motor Europe NV/SA	Planning and evaluation of vehicles manufactured in Europe
Toyota Europe Design Development S.A.R.L.	Design
TOYOTA RACING GmbH	Development of motor sports vehicles
* TOYOTA RACING GmbH renamed from TOYOTA GAZOO Racing Europe GmbH, effective January 7, 2026.	

Facility	Principal Activity
TOYOTA GAZOO Racing World Rally Team Oy	Development of motor sports vehicles
<i>Asia Pacific</i>	
Toyota Motor Asia (Thailand) Co., Ltd.	Planning and evaluation of vehicles manufactured in Australia and Asia
<i>China</i>	
Intelligent Electro Mobility R&D Center by TOYOTA (China) Co., Ltd.	Environmental technology design and evaluation in China
FAW Toyota Motor Co., Ltd. Research & Development Branch	Design, evaluation and certification of vehicles manufactured in China
GAC Toyota Motor Co., Ltd.	Design, evaluation and certification of vehicles manufactured in China
BYD Toyota EV Technology Co., Ltd.	Design and evaluation of BEVs
Toyota Motor Technical Research and Service (Shanghai) Co., Ltd.	Research of new technology, construction and system of automobiles
United Fuel Cell System R&D (Beijing) Co., Ltd.	Development of FC system for commercial vehicles in China
Lexus Electrified Shanghai Co., Ltd.	Design and development of Lexus BEVs

Toyota carefully analyzes patents and the need for patents in each area of research to formulate more effective research and development strategies. Toyota identifies research and development projects in which it should build a strong global patent portfolio.

For a further discussion of Toyota’s intellectual property, see “Item 4. Information on the Company — 4.B Business Overview — Intellectual Property.”

5.D TREND INFORMATION

For a discussion of the trends that affect Toyota’s business and operating results, see “Item 5. Operating and Financial Review and Prospects — 5.A Operating Results” and “Item 5. Operating and Financial Review and Prospects — 5.B Liquidity and Capital Resources.”

5.E CRITICAL ACCOUNTING ESTIMATES

Not applicable.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

6.A DIRECTORS AND SENIOR MANAGEMENT

In order to advance its transition to a mobility company, Toyota has reflected on the path it has taken thus far and has formulated the “Toyota Philosophy” as a roadmap for the future. Toyota’s mission is “Producing Happiness for All” by expanding the possibilities of people, companies and communities through addressing the challenges of mobility as a mobility company. In order to do so, Toyota will continue to create new and unique value with various partners by relentlessly committing towards *monozukuri* (manufacturing), and by fostering imagination for people and society.

Toyota strives to provide a full lineup of products with “good quality yet affordable prices” globally at the right place at the right time, and offer products and services that are sympathetic towards customers in each country and region, through the initiative of “making even better cars” that we have been engaged in since the

2008 financial crisis. In order to meet these objectives, following the introduction of “region-based operations,” the “business unit system” and the “in-house company system” in 2011, 2013 and 2016, respectively, in April 2017 Toyota further clarified that, for the purpose of further accelerating decision-making and operational execution, members of the Board of Directors are responsible for decision-making and management oversight and that operating officers are responsible for operational execution. Furthermore, in 2018, Toyota changed the commencement of operating officers’ terms of office from April to January, reduced corporate strategy functions and restructured the Japan Sales Business Group based on regions rather than sales channels in an effort to enable decision-making closer to customers and the field, in order to further accelerate execution in full coordination with each site. In 2019, in order to further advance Toyota’s “acceleration of management” and the development of a diverse and talented workforce, the executive structure was changed to be composed only of senior managing officers and people of higher rank, and a new classification called “senior professional/senior management” (*kanbushoku*) grouped and replaced the following titles or ranks: managing officers, executive general managers, (sub-executive managerial level) senior grade 1 and senior grade 2 managers, and grand masters. From the perspective of appointing the right people to the right positions, senior professionals/senior management were positioned in a wide range of posts, from those of chief officer, deputy chief officer, plant general manager, and senior general manager to group manager, to deal with management issues as they arise and to strengthen their development as part of a diverse and talented workforce through on-site learning and problem-solving (*genchi genbutsu*). In April 2020, Toyota consolidated the posts of executive vice president and operating officer into the post of operating officer. In July 2020, Toyota further clarified the roles of operating officers. Members of management who, together with the president, have cross-functional oversight of the entire company, were redefined as “operating officers.” In-house company presidents, regional CEOs, and chief officers, as on-site leaders of business implementation elements, were given authority while being consolidated into the classification of “senior professional/senior management.” The roles of operating officers and senior professionals/senior management are to be determined where and as needed, and persons appointed as operating officers and senior professionals/senior management will change in accordance with the challenges faced and the path that should be taken, as Toyota exercises greater flexibility in making appointments. However, because of the rapidly changing business environment, Toyota now recognizes that there is an increasing need for such executives to fulfill management roles (related to people, goods, and money) together with our President. Therefore, in April 2022, Toyota reorganized the roles of operating officers and reestablished the position of “executive vice president,” defining it as an operating officer who is focused on the business from a management perspective. In April 2023, the role of operating officers was revised to a management team that implements “product-centered (manufacturing ever-better cars) and region-centered (best-in-town) management” under the theme of “inheritance and evolution,” and the executive vice presidents were selected upon their extensive knowledge and experience from the two pillars of products and regions. Based on its basic policy of appointing the right people to the right positions, Toyota has been swiftly and continuously innovating. Toyota will further press forward the tide of such innovations, aiming for a corporate structure capable of carrying out management from a viewpoint that is optimal for a global company.

In order to convey top management’s aspirations and Toyota’s direction to all stakeholders, Toyota communicates what Toyota is really like through “Toyota Times.”

Toyota believes that it is critical to appoint individuals who practice “product-centered and region-centered management” and contribute to decision-making aimed at sustainable growth into the future based on the “Toyota Philosophy.” Moreover, these individuals should be able to play a significant role in transforming Toyota into a “mobility company” through responding to electrification, intelligence, and diversification and external partnerships based on trust and friendship and internal two-way interactive teamwork, while working towards solutions for social challenges such as the climate change issue. Toyota maintains its Board of Directors and senior management at an adequate size, and ensures they are overall balanced and diverse, including from the perspective of gender and nationality. Five outside members of the Board of Directors have been appointed in order to further reflect the opinions of those from outside the company in management’s decision-making process. Toyota transitioned from a company with Audit & Supervisory Board to a company with Audit &

Supervisory Committee in June 2025. Toyota has four members of the Board of Directors who are Audit & Supervisory Committee members, three of whom are outside Audit & Supervisory Committee members.

Set forth below are brief summaries of Toyota's members of the Board of Directors.

Name (Date of Birth)	Position	Brief Career Summary and Important Concurrent Duties	Number of Common Shares (in thousands)
Akio Toyoda (May 3, 1956)	Chairman of the Board of Directors (Representative Director)	1984 Joined TMC 2000 Member of the Board of Directors of TMC 2002 Managing Director of TMC 2003 Senior Managing Director of TMC 2005 Executive Vice President of TMC 2009 President of TMC 2023 Chairman of the Board of Directors of TMC (to present) (important concurrent duties) Chairman of TOYOTA FUDOSAN CO., LTD. Director of DENSO Corporation (Scheduled to retire in June 2026) Representative Director of ROOKIE Racing, Inc. Chairman of TOYOTA GAZOO Racing World Rally Team	24,099
Koji Sato (October 19, 1969)	Vice Chairman of the Board of Directors (Representative Director)*1	1992 Joined TMC 2017 Executive General Manager of TMC 2020 Operating Officer of TMC 2021 Operating Officer of TMC (current system) 2023 Operating Officer and President of TMC President, Member of the Board of Directors and Operating Officer of TMC 2026 Vice Chairman of the Board of Directors of TMC (to present) (important concurrent duties) Chairman of Japan Automobile Manufacturers Association, Inc.	667
Hiroki Nakajima (April 10, 1962)	Executive Vice President, Member of the Board of Directors (Representative Director), Operating Officer	1987 Joined TMC 2014 Executive General Manager of TMC 2015 Managing Officer of TMC 2020 Operating Officer of TMC 2023 Operating Officer and Executive Vice President of TMC (current system) Member of the Board of Directors, Operating Officer, Vice President of TMC 2025 Executive Vice President, Member of the Board of Directors, Operating Officer of TMC (to present) (important concurrent duties) President and Representative Director of Commercial Japan Partnership Technologies Corporation	333

<u>Name (Date of Birth)</u>	<u>Position</u>	<u>Brief Career Summary and Important Concurrent Duties</u>	<u>Number of Common Shares (in thousands)</u>
		President and Representative Director of Commercial Japan Partnership Technologies Asia Co., Ltd. Chairman of TOYOTA GAZOO Racing Europe GmbH Managing Director of TOYOTA RACING GmbH	
Yoichi Miyazaki (October 19, 1963)	Executive Vice President, Member of the Board of Directors (Representative Director), Operating Officer	1986 Joined TMC 2015 Managing Officer of TMC 2019 Operating Officer of TMC 2022 Operating Officer of TMC (current system) 2023 Operating Officer and Executive Vice President of TMC Member of the Board of Directors, Operating Officer, Vice President of TMC 2025 Executive Vice President, Member of the Board of Directors, Operating Officer of TMC (to present)	328
Shigeaki Okamoto (February 20, 1961)	Outside Member of the Board of Directors	1983 Joined the Ministry of Finance 2006 Director for the Budget Bureau, Planning and Administration Division of Budget Bureau, Ministry of Finance 2009 Head of Secretariat Division, Minister's Secretariat, Ministry of Finance 2012 Deputy Director-General of the Budget Bureau, Ministry of Finance 2015 Deputy Vice Minister, Ministry of Finance 2017 Director-General of the Budget Bureau, Ministry of Finance 2018 Administrative Vice Minister, Ministry of Finance 2020 Retired as Administrative Vice-Minister of Finance, Ministry of Finance 2022 Deputy Chairperson of the Board of Japan Tobacco Inc. 2025 Outside Member of the Board of Directors of TMC (to present) 2026 Chairman of the Board of Japan Tobacco Inc. (to present) (important concurrent duties) Chairman of the Board of Japan Tobacco Inc.	2
Kumi Fujisawa (March 15, 1967)	Outside Member of the Board of Directors	1995 Founder and President of IFIS Limited Ltd. 2000 Director of Think Tank SophiaBank 2011 Public Governor of the Japan Securities Dealers Association (to present) 2012 Director of Organization for Supporting the Turnaround of Businesses Damaged by the Great East Japan Earthquake 2013 President of Think Tank SophiaBank	0

Name (Date of Birth)	Position	Brief Career Summary and Important Concurrent Duties	Number of Common Shares (in thousands)
George Olcott (May 7, 1955)	Outside Member of the Board of Directors who is a member of the Audit & Supervisory Committee	2014 Outside Director of Toyota Tsusho Corporation 2018 Outside Director of Net Protections Holdings, Inc. 2022 Chairperson of Institute for International Socio-Economic Studies (to present) 2022 Outside Director of Shizuoka Financial Group, Inc. (to present) 2024 Substitute Audit & Supervisory Board Member of TMC 2024 Outside Director of Mercari, Inc. (to present) 2025 Outside Member of the Board of Directors of TMC (to present) (important concurrent duties) Chairperson of Institute for International Socio-Economic Studies Outside Director of Shizuoka Financial Group, Inc. Outside Director of Mercari, Inc.	5
Christopher P. Reynolds (January 11, 1963)	Member of the Board of Directors who is a member of the Audit & Supervisory Committee	1986 Law clerk for Judge Damon J. Keith, U.S. Court of Appeals for the Sixth Circuit 1987 Joined Hughes Hubbard & Reed 1989 Joined U.S. Attorney's Office, Southern District of New York 1994 Joined Morgan, Lewis & Bockius 2007 Joined Toyota Motor Sales, U.S.A., Inc. (TMS) 2008 Group Vice President & General Counsel of TMS 2012 General Counsel of Toyota Motor North America, Inc. (TMNA)	—

<u>Name (Date of Birth)</u>	<u>Position</u>	<u>Brief Career Summary and Important Concurrent Duties</u>	<u>Number of Common Shares (in thousands)</u>
		<p>2015 Managing Officer of TMC (Chief Officer of General Planning Division, Deputy Chief Officer of General Administration & Human Resources Group, General Counsel and Chief Legal Officer)</p> <p>2017 Executive Vice President (EVP) of TMNA</p> <p>2020 Deputy Chief Risk Officer of TMC</p> <p>2022 Deputy Chief Compliance Officer of TMC</p> <p>2022 Independent Director of Southwest Airlines Co. (to present)</p> <p>2025 Retired from TMNA</p> <p>2025 Member of the Board of Directors who is a member of the Audit & Supervisory Committee of TMC (to present)</p> <p>(important concurrent duties)</p> <p>Independent Director of Southwest Airlines Co.</p>	
Masahiko Oshima (September 13, 1960)	Outside Member of the Board of Directors who is a Member of the Audit & Supervisory Committee	<p>1984 Joined The Mitsui Bank Limited</p> <p>2012 Executive Officer of Sumitomo Mitsui Banking Corporation (SMBC)</p> <p>2014 Managing Executive Officer of SMBC</p> <p>2017 Director and Managing Executive Officer of SMBC Director and Senior Managing Executive Officer of SMBC</p> <p>2018 Senior Managing Corporate Executive Officer of Sumitomo Mitsui Financial Group, Inc. (SMFG)</p> <p>Senior Managing Executive Officer of SMBC</p> <p>2019 Deputy President and Executive Officer of SMFG Director and Deputy President of SMBC</p> <p>2023 Deputy Chairman of SMBC</p> <p>2023 Outside Member of the Board of Directors of TMC</p> <p>2024 Advisor of SMBC</p> <p>2024 Outside Audit and Supervisory Board Member, TBS HOLDINGS, INC. (to present)</p> <p>2024 Chairman and Representative Director, Ares Management Asia Japan KK. (to present)</p> <p>2025 Member of the Board of Directors who is a member of the Audit & Supervisory Committee of TMC (to present)</p> <p>(important concurrent duties)</p> <p>Chairman and Representative Director of Ares Management Asia Japan KK.</p> <p>Outside Audit and Supervisory Board Member of TBS HOLDINGS, INC.</p>	3
Hiromi Osada (June 11, 1973)	Outside Member of the Board of Directors who is a	<p>1999 Joined Chunichi Shimbun Co., Ltd.</p>	1

<u>Name (Date of Birth)</u>	<u>Position</u>	<u>Brief Career Summary and Important Concurrent Duties</u>	<u>Number of Common Shares (in thousands)</u>
	Member of the Audit & Supervisory Committee	2021 Editorial writer and Leader for reserve reporters in the Business News Department of Chunichi Shimbun Co., Ltd. 2023 Editorial Committee Member and International General Desk of Chunichi Shimbun Co., Ltd. 2024 Retired from Chunichi Shimbun Co., Ltd. 2024 Outside Audit & Supervisory Board Member of TMC 2025 Member of the Board of Directors who is a member of the Audit & Supervisory Committee of TMC (to present)	

*1 Mr. Koji Sato, who is Vice Chairman of the Board of Directors, will retire as a member of the Board of Directors effective upon the conclusion of the Ordinary General Meeting of Shareholders scheduled to be held on June 17, 2026.

TMC has proposed, as an agenda item for resolution at the Ordinary General Meeting of Shareholders scheduled to be held on June 17, 2026, the “Election of 6 Members of the Board of Directors (Excluding Directors who are Audit & Supervisory Committee Members).” If this proposal is approved, the following individual is expected to be appointed as a director of TMC.

<u>Name (Date of Birth)</u>	<u>Position</u>	<u>Brief Career Summary and Important Concurrent Duties</u>	<u>Number of Common Shares (in thousands)</u>
Kenta Kon (August 2, 1968)	President, Member of the Board of Directors* ¹	1991 Joined TMC 2017 General Manager, Accounting Division of TMC 2018 Managing Officer of TMC Deputy Chief Officer, General Administration & Human Resources Group of TMC Deputy Chief Officer, Accounting Group of TMC 2019 Executive Vice President of Advanced R&D and Engineering Company of TMC Operating Officer of TMC Chief Officer of Accounting Group of TMC 2020 Fellow, Advanced R&D and Engineering Company of TMC Chief Financial Officer of TMC 2021 Member of the Board of Directors and Operating Officer of TMC 2022 Member of the Board of Directors, Operating Officer and Executive Vice President of TMC 2023 Member of the Board of Directors of TMC Representative Director and Chief Financial Officer of Woven by Toyota, Inc. Director and Chief Financial Officer of Woven by Toyota, Inc.	74

Name (Date of Birth)	Position	Brief Career Summary and Important Concurrent Duties	Number of Common Shares (in thousands)
		2025 Operating Officer of TMC In charge of Mobility 3.0 Office at TMC (to present) Chief Financial Officer of TMC 2026 Operating Officer and President of TMC Chief Executive Officer of TMC (to present)	

*1 As of the date of this report, Mr. Kon is the Operating Officer and President of TMC and will remain so following the approval of the proposal at the Ordinary General Meeting of Shareholders mentioned above. Mr. Kon will also become a Representative Director following such approval.

None of the persons listed above was selected as a member of Board of Directors, Audit & Supervisory Board Member, Audit & Supervisory Committee member or member of senior management pursuant to an arrangement or understanding with Toyota's major shareholders, customers, suppliers or others.

6.B COMPENSATION

Decision Making Policy and Process

Toyota believes that it is critical to appoint individuals who practice "product-centered and region-centered management" and contribute to decision-making aimed at sustainable growth into the future based on the "Toyota Philosophy." Moreover, these individuals should be able to play a significant role in transforming Toyota into a mobility company based on trust and friendship and internal two-way interactive teamwork, while working towards the solution of environmental issues, including climate change, as well as social challenges related to Toyota Motor Corporation and its value chain. Toyota's director compensation system is an important means through which to promote various initiatives and is determined based on the following policy.

- It should be a system that encourages members of the Board of Directors to work to improve the medium- to long-term corporate value of Toyota.
- It should be a system that can maintain compensation levels that will allow Toyota to secure and retain talented personnel.
- It should be a system that motivates members of the Board of Directors to promote management from the same viewpoint as our shareholders with a stronger sense of responsibility as corporate managers.

Toyota became a company with an Audit & Supervisory Committee based on a resolution adopted at the 121st Ordinary General Meeting of Shareholders held on June 12, 2025. By resolution of the Board of Directors held on the same day, changes were made to the policy regarding the determination of remuneration for each member of the Board of Directors prior to the transition to a company with an Audit & Supervisory Committee, including specifying that the policy applies to Board of Directors (excluding those who are Audit & Supervisory Committee members) and other modifications. However, there were no substantive changes to the policy before and after the transition to a company with an Audit & Supervisory Committee.

The Board of Directors decides by resolution the policy for determining remuneration for and other payments to each member of the Board of Directors (excluding those who are Audit & Supervisory Committee members). Remuneration is effectively linked to corporate performance while reflecting individual job responsibilities and performance. Remuneration for outside members of the Board of Directors and members of the Board of Directors who are Audit & Supervisory Committee members consists only of fixed payments. As a result, this remuneration is not readily impacted by business performance, helping to ensure independence from management.

Based on the resolution of the 121st Ordinary General Shareholders' Meeting held on June 12, 2025 concerning remuneration for the members of the Board of Directors (excluding those who are Audit & Supervisory Committee

members) of Toyota, the maximum cash compensation was set at 3.0 billion yen per year (of which, the maximum amount payable to outside members of the Board of Directors is 0.3 billion yen per year). Additionally, it was further resolved that the maximum share compensation for members of the Board of Directors (excluding outside members of the Board of Directors and members of the Board of Directors who are Audit & Supervisory Committee members) was set at 4.0 billion yen per year. The number of members of the Board of Directors (excluding those who are Audit & Supervisory Committee members) upon conclusion of the 121st Ordinary General Shareholders' Meeting was six (including two outside members of the Board of Directors).

The amount of remuneration for each member of the Board of Directors (excluding those who are Audit & Supervisory Committee members) of Toyota and the remuneration system are decided by the Board of Directors and the "Executive Compensation Meeting," a majority of the members of which are outside members of the Board of Directors, to ensure the independence of the decision. See "Item 6. Directors, Senior Management and Employees — 6.C Board Practices" for the members of the Executive Compensation Meeting. The members of the meeting are Yoichi Miyazaki (Chairperson), Executive Vice President and a member of the Board of Directors, and Shigeaki Okamoto and Kumi Fujisawa, each an outside member of the Board of Directors.

The Board of Directors resolves the policy for determining remuneration for and other payments to each member of the Board of Directors (excluding those who are Audit & Supervisory Committee members) and the executive remuneration system. The Board of Directors also resolves to delegate the determination of the amount of remuneration for each member of the Board of Directors (excluding those who are Audit & Supervisory Committee members) for a given fiscal year to the Executive Compensation Meeting.

The Executive Compensation Meeting reviews the remuneration system for members of Board of Directors (excluding those who are Audit & Supervisory Committee members) and senior management on which it will consult with the Board of Directors and determines the amount of remuneration for each member of the Board of Directors (excluding those who are Audit & Supervisory Committee members), taking into account factors such as corporate performance as well as individual job responsibilities and performance, in accordance with the policy for determining remuneration for and other payments to each member of the Board of Directors (excluding those who are Audit & Supervisory Committee members) established by the Board of Directors. The Board of Directors considers that such decisions made by the Executive Compensation Meeting are in line with the policy for determining remuneration for and other payments to each member of the Board of Directors (excluding those who are Audit & Supervisory Committee members).

The total amount of remuneration for members of the Board of Directors who are Audit & Supervisory Committee members is set at no more than 360 million yen per year based on a resolution at the 121st Ordinary General Shareholders' Meeting held on June 12, 2025. The number of members of the Board of Directors who are Audit & Supervisory Committee members as resolved at the Ordinary General Shareholders' Meeting is four (including three outside members of the Board of Directors).

Remuneration for members of the Board of Directors who are Audit & Supervisory Committee members is discussed and determined by members of the Board of Directors who are Audit & Supervisory Committee members within the scope determined by resolution of the shareholders' meeting.

Executive Compensation Meetings were held in May, July, October, November and December 2025 and January, February, March and April 2026 to discuss and determine the amount of remuneration for fiscal 2026 and other relevant matters.

Remuneration for the members of the Board of Directors (excluding those who are Audit & Supervisory Committee members) was determined with the unanimous consent of the Executive Compensation Meeting.

The principal topics discussed at Executive Compensation Meetings included:

- Remuneration level for each position and job responsibility

- Evaluation of actual results of fiscal 2026
- Determination of the amount of remuneration for each member of the Board of Directors

* The amount of remuneration for each outside member of the Board of Directors (excluding those who are Audit & Supervisory Committee members) and the amount of remuneration for each internal member of the Board of Directors (excluding those who are Audit & Supervisory Committee members) were determined at the Executive Compensation Meeting held in May 2025 and April 2026, respectively.

Method of Determining Performance-based Remuneration (Bonus and Share Compensation)

Directors with Japanese Citizenship (Excluding Outside Members of the Board of Directors and Members of the Board of Directors who are Audit & Supervisory Committee Members)

Toyota sets the total amount of compensation that each member of the Board of Directors receives annually (“Annual Total Remuneration”) at an appropriate level based on position and duties by referencing compensation levels benchmarked against global companies selected based on the size of each person’s role and other factors.

Toyota makes sure that STI (short term incentive) and LTI (long term incentive) account for around 20% and 50% of the Annual Total Remuneration, respectively, and performance-based remuneration, which is STI and LTI combined, account for around 70%. STI is provided in the form of cash compensation based on “consolidated operating income,” “fluctuation of Toyota’s market capitalization*,” and “individual performance evaluation.” LTI is provided in the form of share compensation based on “multiple financial indicators,” “non-financial indicator,” and “individual performance evaluation.” In addition, there are cases where LTI may be paid in cash to retiring members of the Board of Directors (excluding outside members of the Board of Directors and members of the Board of Directors who are Audit & Supervisory Committee members) and members of the Board of Directors who do not reside in Japan (excluding outside members of the Board of Directors and members of the Board of Directors who are Audit & Supervisory Committee members).

* Calculated by multiplying the closing price of Toyota’s common stock on the Tokyo Stock Exchange by the number of shares issued after deducting the number of shares of treasury stock

Composition of Compensation

Type of Remuneration	% of Total Remuneration	Remuneration Method	Concept
Base compensation*	Around 30%	Cash compensation	The percentage of total remuneration represented by LTI is designed to increase as an individual’s roles and duties become greater.
STI (Short Term Incentive)	Around 20%	Cash compensation	
LTI (Long Term Incentive)	Around 50%	Share compensation	

* Other types of compensation such as fringe benefits and various allowances (e.g., a certain monetary payment that may be made following the retirement of a member of the Board of Directors who retires due to death, determined by taking into comprehensive consideration the role, duties, and other relevant factors of such director) may be provided to members of the Board of Directors within an appropriate range.

Concept of Performance Evaluating Indicators

STI	Financial indicators	(1) Consolidated operating income (single year)	Indicator for evaluating Toyota's efforts based on short-term business performance
		(2) Fluctuation of Toyota's market capitalization	Corporate value indicator for shareholders and investors to evaluate Toyota's efforts
	Individual performance evaluation		Qualitative evaluation of performance of each member of the Board of Directors
LTI	Financial indicators	(3) Consolidated operating income (multiple years)	Indicator for evaluating Toyota's medium- to long-term efforts based on business performance
		(4) Total shareholder return	Corporate value indicator for shareholders and investors to evaluate Toyota's medium- to long-term efforts
		(5) Return on equity	
	Non-financial indicator	(6) Progress of efforts to resolve sustainability issues	Indicator for evaluating Toyota's medium- to long-term efforts based on the degree of corporate value enhancement
	Individual performance evaluation		Qualitative evaluation of performance of each member of the Board of Directors

Method and Reference Value for Each Performance Evaluating Indicator and Evaluation Result

STI	Evaluation Weight	Evaluation Method	Reference Value	Evaluation Result
(1) Consolidated operating income (single year)	70%	Evaluate the degree of attainment of consolidated operating income of the fiscal year, using the average consolidated operating income of Toyota over the last 10 fiscal years as a reference value (set in 2023)	2.5 trillion yen	134%
(2) Fluctuation of Toyota's market capitalization	30%	Comparatively evaluate the fluctuation of TMC's market capitalization for the fiscal year (average from January through March), using the market capitalization of Toyota and TOPIX for the previous fiscal year (average from January through March) as reference values	Toyota: 36.1 trillion yen TOPIX: 2,709.83	

LTI	Evaluation Weight	Evaluation Method	Reference Value	Evaluation Result
(3) Consolidated operating income (multiple years)	35%	Evaluate the degree of attainment of consolidated operating income for the last three fiscal years, including the fiscal year in question, using the average consolidated operating income of Toyota over the last 10 fiscal years as a reference value (set in 2023)	2.5 trillion yen	130%
(4) Total shareholder return	17.5%	Comparatively evaluate Toyota's total shareholder return, using the rate of change calculated by dividing the sum of the stock price of Toyota on the last day of the fiscal year and the cumulative amount of dividend per share during the period from the fiscal year that is four years before the fiscal year in question through the fiscal year in question by the stock price on the last day of the fiscal year that is five years before the fiscal year in question and the rate of change in TOPIX Net Total Return calculated in the same manner as reference values	TOPIX: 202.2%	
(5) Return on equity	17.5%	Comparatively evaluate Toyota's return on equity for the fiscal year using the levels recommended by the Ito Review as reference values	8%	
(6) Progress of efforts to resolve sustainability issues	30%	Comprehensively evaluate quantitative and qualitative KPIs (amount of reduction in GHG emissions, indices in employee engagement, and governance, etc.) that are linked to business activities and established based on six materiality themes*	For each KPI, principally assessed based on the average over the preceding five-year period	

* The six key issues identified by Toyota are: (1) Expanding the Value of Mobility; (2) Safety & Reliability; (3) Coexistence of Humanity & the Earth (including carbon neutrality); (4) Supporting the Community and Employment; (5) Active Participation for All; and (6) Strong Production and Business Operation

Concept of Individual Performance Evaluation

For the determination of Annual Total Remuneration, adjustments to individual performance evaluations are made to the amounts of the STI base amount and the LTI base amount that reflect the evaluation results of financial and non-financial indicators. The evaluation takes into account various factors, such as initiatives

(including the ESG perspective) based on the Toyota Philosophy and initiatives toward medium- to long-term corporate value enhancement, as well as trust from his or her peers and contribution to the promotion of human resources development. The range of adjustments based on individual performance evaluations is set within the range of 50% above or below of the STI base amount and the LTI base amount, which reflect the performance evaluation results of financial and non-financial indicators, commensurate with position and job responsibilities. The amount of performance-based remuneration for each member of the Board of Directors is calculated based on evaluation results. Given the magnitude of roles and responsibilities of the Chairman of the Board of Directors, the Vice Chairman of the Board of Directors, and the President and member of the Board of Directors, we have determined that individual remuneration is to be adjusted solely based on company-wide performance evaluations, not reflecting an individual performance evaluation.

Directors with Foreign Citizenship (Excluding Outside Members of the Board of Directors and Members of the Board of Directors who are Audit & Supervisory Committee Members)

Fixed remuneration and performance-based remuneration are set based on the remuneration levels and structures that allow Toyota to secure and retain talented personnel. Annual Total Remuneration levels as well as the percentages of fixed remuneration and performance-based remuneration in total remuneration are set, taking into account each member's job responsibilities and the remuneration standards of the entity for which such member previously worked (application determined individually). Performance-based remuneration consists of STI and LTI as is the case with directors with Japanese citizenship (excluding outside members of the Board of Directors and members of the Board of Directors who are Audit & Supervisory Committee members). The amounts of STI and LTI change in the same manner by reflecting STI and LTI performance evaluating indicators set for directors with Japanese citizenship (excluding outside members of the Board of Directors and members of the Board of Directors who are Audit & Supervisory Committee members) and individual performance evaluation results. In addition, there are cases where Toyota provide income tax compensation for certain members of the Board of Directors in light of the difference in income tax rates with that applied to them when they were at their former affiliation.

Additional Information Regarding Share Compensation

For additional details regarding share compensation provided to Members of the Board of Directors of Toyota, see "Item 6. Directors, Senior Management and Employees — 6.E Share Ownership."

Compensation

The aggregate amount of remuneration, including bonuses, accrued for all members of the Board of Directors (and Audit & Supervisory Board members before the transition to a company with an Audit & Supervisory Committee in June 2025) as a group by Toyota for services in all capacities was ¥4,405 million during fiscal 2026.

Toyota Motor Corporation and its subsidiaries have not set aside or accrued any amounts to provide pension, retirement or similar benefits to members of the Board of Directors (and Audit & Supervisory Board members before the transition to a company with an Audit & Supervisory Committee in June 2025) of Toyota Motor Corporation.

Toyota's Annual Securities Report filed with the Kanto Local Bureau of Finance on June 10, 2026, contained the following information concerning compensation in fiscal 2026 on a consolidated basis for members of the Board of Directors and Audit & Supervisory Board members whose total compensation exceeded ¥100 million during such period:

Name, Position	Classification of Company	Compensation per Type (millions of yen)					Total Compensation
		Fixed Compensation	Bonus	Performance-based Compensation		Retirement Benefits	
				Share Compensation*1			
Akio Toyoda, Member of the Board of Directors	Toyota Motor Corporation	396	620	1,097 (368)	—	2,113	
Koji Sato, Member of the Board of Directors	Toyota Motor Corporation	197	200	406*2 213	—	803	
Hiroki Nakajima, Member of the Board of Directors	Toyota Motor Corporation	95	168	(72)	—	476	
Yoichi Miyazaki, Member of the Board of Directors	Toyota Motor Corporation	100	168	213 (72)	—	481	

*1 Numbers in parentheses are the number of shares, provided in thousands of shares, rounded to the nearest 1,000 shares.

*2 Share compensation will be paid in cash to Koji Sato, who will retire as the Vice Chairman of the Board of Directors upon the conclusion of the 122nd Ordinary General Shareholders' Meeting to be held on June 17, 2026.

The amounts above were recorded as expenses in fiscal 2026.

6.C BOARD PRACTICES

Toyota's articles of incorporation provide that the number of members of the Board of Directors is no more than 20, and the number of members of the Board of Directors who are Audit & Supervisory Committee members is no more than seven. Shareholders elect the members of the Board of Directors at the general shareholders' meeting. The normal term of office of members of the Board of Directors (excluding members of the Board of Directors who are Audit & Supervisory Committee members) is one year, and that of members of the Board of Directors who are Audit & Supervisory Committee members is two years. Members of the Board of Directors may serve any number of consecutive terms.

The Board of Directors may appoint one Chairman of the Board of Directors and one President, as well as one or more Vice Chairmen of the Board and Executive Vice Presidents. The Board of Directors elects, pursuant to its resolutions, one or more Representative Directors. Each Representative Director represents Toyota generally in the conduct of its affairs. The Board of Directors has the ultimate responsibility for the administration of Toyota's affairs. None of Toyota's members of the Board of Directors is party to a service contract with Toyota or any of its subsidiaries that provides for benefits upon termination of employment.

Under the provisions of the Companies Act, if Toyota decides the terms of an agreement promising that Toyota will compensate a member of the Board of Directors for all or part of certain expenses incurred by the member of the Board of Directors, such a decision must be made by a resolution of the Board of Directors. Under the provisions of the Companies Act, if Toyota decides the terms of an insurance agreement to be executed with an insurer, under which a member of the Board of Directors is the insured, and which promises that the insurer will compensate for damage arising from the member of the Board of Directors being held liable in relation to the execution of his or her duties or from a liability claim filed against the member of the Board of Directors, such decision must be made by a resolution of the Board of Directors.

Under the Companies Act and Toyota's articles of incorporation, Toyota may, by a resolution of its Board of Directors, exempt members of the Board of Directors (including former members of the Board of Directors)

from their liabilities to Toyota arising in connection with their failure to execute their duties within the limits stipulated by laws and regulations. In addition, Toyota may enter into a liability limitation agreement with each member of the Board of Directors (excluding executive members of the Board of Directors, among others) which limits the maximum amount of their liabilities owed to Toyota arising in connection with their failure to execute their duties to an amount equal to the minimum liability limit amount prescribed in the laws and regulations.

Under the Companies Act, Toyota must have at least three members of the Board of Directors who are Audit & Supervisory Committee members. A majority of the members of the Board of Directors who are Audit & Supervisory Committee members are required to be “outside” members of the Board of Directors, which is any person who satisfies all of the following requirements:

- (a) A person who is not, and has never been during the ten year period before becoming an outside member of the Board of Directors, an executive director (a member of the Board of Directors who engages in the execution of business), executive officer, manager or employee (collectively, “Executive Director, etc.”) of Toyota or its subsidiaries;
- (b) if a person was a member of the Board of Directors, accounting advisor (in the case that an accounting advisor is a legal entity, a member of such entity who is in charge of its affairs) or Audit & Supervisory Board member (excluding those who have ever been Executive Directors, etc.) of Toyota or any of its subsidiaries at any time during the ten year period before becoming an outside member of the Board of Directors, such person who has not been an Executive Director, etc. of Toyota or any of its subsidiaries during the ten year period before becoming a member of the Board of Directors, accounting counselor or Audit & Supervisory Board member; and
- (c) a person who is not a spouse or relative within the second degree of kinship of a member of the Board of Directors, manager, or other key employee of Toyota.

A member of the Board of Directors who is an Audit & Supervisory Committee member may not concurrently act as an executive member of the Board of Directors, manager, or other employees of Toyota or its subsidiary, or accounting advisor (if the accounting advisor is a corporation, the member who is in charge of its affairs) or an executive officer of Toyota or any of its subsidiaries. Audit & Supervisory Committee members have the duty to examine the financial statements and business reports which are submitted by the Board of Directors to the general shareholders’ meeting. The Audit & Supervisory Committee members also audit the execution of duties of Toyota’s members of the Board of Directors. Audit & Supervisory Committee members are not required to be, and Toyota’s Audit & Supervisory Committee members are not, certified public accountants.

Toyota does not have a remuneration committee. However, members of Toyota’s Executive Compensation Meeting discuss remuneration for members of the Board of Directors.

The Executive Compensation Meeting reviews the remuneration system for members of the Board of Directors and senior management and determines the amount of remuneration for each member of the Board of Directors, taking into account factors such as corporate performance as well as individual job responsibilities and performance. The members of the meeting are Yoichi Miyazaki (Chairperson), a member of the Board of Directors, and Shigeaki Okamoto and Kumi Fujisawa, each an outside member of the Board of Directors.

6.D EMPLOYEES

The total number of Toyota employees, on a consolidated basis, was 390,927 as of March 31, 2026, 383,853 as of March 31, 2025, and 380,793 as of March 31, 2024. The following tables set forth a breakdown of persons employed by business segment and by geographic location as of March 31, 2026.

Segment	Number of Employees	Location	Number of Employees
Automotive	343,952	Japan	207,137
Financial services	16,222	North America	65,411
All other	23,934	Europe	24,741
Unallocated	6,819	Asia	66,331
		Other*	27,307
Total	390,927	Total	390,927

* “Other” consists of Central and South America, Oceania, Africa and the Middle East.

Most regular employees of Toyota Motor Corporation and its consolidated subsidiaries in Japan, other than management, are required to become members of the labor unions that compose the Federation of All Toyota Workers’ Unions. Approximately 87% of Toyota Motor Corporation’s regular employees in Japan are members of this union.

In Japan, basic wages and other working conditions are negotiated annually. In addition, in accordance with Japanese national custom, each employee is also paid a semi-annual bonus. Bonuses are negotiated at the time of wage negotiations and are based on Toyota’s financial results, prospects and other factors. In fiscal 2026, the wage raises and bonuses were at the level demanded by the labor union.

In general, Toyota considers its labor relations with all of its workers to be good. However, Toyota is currently a party to, and otherwise from time to time experiences, labor disputes in some of the countries in which it operates. Toyota does not expect any disputes to which it is currently a party to materially affect Toyota’s consolidated financial position.

Toyota’s average number of temporary employees on a consolidated basis was 99,032 during fiscal 2026.

6.E SHARE OWNERSHIP

For information on the number of shares of Toyota’s common stock held by each member of the Board of Directors as of June 2026, see “Item 6. Directors, Senior Management and Employees — 6.A Directors and Senior Management.”

None of Toyota’s shares of common stock entitles the holder to any preferential voting rights. As of March 31, 2026, Toyota does not have any stock option plan for which stock options or stock acquisition rights are exercisable or will become exercisable in the future.

Toyota's Board of Directors resolves the restricted share compensation within the maximum restricted share compensation amount of 4.0 billion yen per year (also, the total number of Toyota's shares of common stock to be allotted shall not exceed a maximum of 4 million shares per year in total for members of the Board of Directors (excluding outside members of the Board of Directors and members of the Board of Directors who are Audit & Supervisory Committee members; "Eligible Members")) established at the 121st Ordinary General Shareholders' Meeting held on June 12, 2025. The overview of the share compensation is as follows.

Eligible Persons	Members of the Board of Directors of TMC (excluding Outside Members of the Board of Directors and Audit & Supervisory Committee Members) and Operating Officers of TMC who do not also serve as a member of the Board of Directors and Members of the board of directors of certain subsidiaries of TMC (excluding outside members of the board of directors and audit & supervisory committee members) and operating officers of certain subsidiaries of TMC who do not also serve as a member of the board of directors
Total amount of the share compensation	Maximum of 4.0 billion yen per year (the Eligible Members of the Board of Directors will make an in-kind contribution of all monetary claims granted within the said amount to receive delivery of the common stock to be issued or disposed of for the allotment)
Amount of the share compensation payable to each member of the Board of Directors	Set each year considering factors such as corporate results, duties, and performance
Type of shares to be allotted and method of allotment	Issue or disposal of common stock (with transfer restrictions under an allotment agreement)
Total number of shares to be allotted	Maximum of 4,000,000 shares per year in total to the Eligible Members of the Board of Directors (Provided, however, that if a stock split, including a gratis allotment, or a reverse stock split of Toyota's common stock is carried out after June 12, 2025, or in case of events that otherwise require an adjustment to the total number of Toyota's shares of common stock to be issued or disposed of as restricted share compensation, such total number of shares will be adjusted to a reasonable extent.)
Amount to be paid	Determined by the Board of Directors of TMC based on the closing price of TMC's common stock on the Tokyo Stock Exchange on the business day prior to each resolution of the Board of Directors, within a range that is not particularly advantageous to the Eligible Members of the Board of Directors
Transfer restriction period	A period of three to fifty years from the allotment date, which is determined by the Board of Directors of TMC in advance

<p>Conditions for removal of transfer restrictions</p>	<p>Members of the Board of Directors of TMC (excluding Outside Members of the Board of Directors and Audit & Supervisory Committee Members) and Operating Officers of TMC who do not also serve as a member of the Board of Directors:</p> <p>Restrictions will be removed upon the expiration of the transfer restriction period.</p> <p>However, restrictions on all of the allotted shares which the Eligible Person has will also be removed in the case of resignation from the position of member of the Board of Directors or an operating officer who does not also serve as a member of the Board of Directors of TMC due to expiration of the term of office, death, or other legitimate reasons.</p> <p>Members of the board of directors of certain subsidiaries of TMC (excluding outside members of the board of directors and audit & supervisory committee members) and operating officers of certain subsidiaries of TMC who do not also serve as a member of the board of directors:</p> <p>Restrictions will be removed upon the expiration of the transfer restriction period.</p> <p>However, restrictions on all of the allotted shares which the Eligible Person has will also be removed in the case of resignation from all of the following positions due to expiration of the term of office or other legitimate reasons: member of the board of directors of a subsidiary of TMC, operating officer of a subsidiary of TMC who does not also serve as a director, or member of the Board of Directors of TMC or Operating Officer of TMC who does not also serve as a member of the Board of Directors.</p>
<p>Gratis acquisition by Toyota</p>	<p>TMC will naturally acquire at no cost all of the allotted shares for which the transfer restrictions have not been lifted at the time of the expiration of the transfer restriction period, or at the time of the lifting of the transfer restrictions stipulated. Other grounds for gratis acquisition shall be stipulated by the allocation contract of the restricted stock based on a resolution of the Board of Directors of TMC.</p>

If an Eligible Member of the Board of Directors does not reside in Japan at the time of receiving an allotment of restricted shares, Toyota may grant restricted share units instead of the restricted shares above to relieve the recipients from the burden of compliance with laws and regulations in their country of residence and tax disadvantages. The only conditions different from Toyota's restricted share compensation plan are that the delivery of common shares will be upon the expiration of a period equivalent to the transfer restriction period and that in the event of the death of an Eligible Member of the Board of Directors, it will be a payment of money to the successors of members of the Board of Directors of Toyota in lieu of an issuance of common shares. Both the restricted share compensation plan and the restricted share unit plan shall be managed together within the total amount of share compensation applicable.

In some cases, share compensation for a retiring Eligible Member of the Board of Directors may be allotted to them without any transfer restrictions. In addition, share compensation may be paid in cash to a retiring Eligible Member of the Board of Directors or an Eligible Member of the Board of Directors who does not reside in Japan.

Toyota also has an employee stock ownership association in Japan for employees and full time and part time company advisors. Members of the employee stock ownership association set aside certain amounts from their monthly salary and bonuses to purchase Toyota's common stock through the employee stock ownership

association. As of March 31, 2026, the employee stock ownership association held 68,566,067 shares of Toyota’s common stock.

On March 24, 2025, the Board of Directors resolved to introduce a share-based compensation plan using an employee stock ownership plan trust structure (the “ESOP Trust”) for employees in “Senior Professional / Senior Management (*Kanbushoku*)” positions who satisfy certain requirements (the “Eligible Employees”). The following table provides a summary of the ESOP Trust.

<u>Category</u>	<u>Details</u>
Trust type	A money trust other than an individually-operated designated money trust (third party benefit trust)
Trust purpose	To provide incentives to Eligible Employees
Settlor	TMC
Trustees	Mitsubishi UFJ Trust and Banking Corporation (Co-trustee: The Master Trust Bank of Japan, Ltd.)
Beneficiaries	Eligible Employees satisfying the beneficiary requirements
Trust administrator	A third party that does not have any interest in TMC (certified public accountant)
Trust agreement date	August 25, 2025
Trust period	From August 25, 2025 to August 31, 2026
Exercise of voting rights	The trustee will exercise the voting rights of TMC shares by following the instructions of the trust administrator that reflect the exercise of voting rights by the beneficiary candidates.
Type of acquired shares	Common stock of TMC
Amount of trust money	1.5 billion yen (includes trust fees and trust expenses)
Method of acquisition of shares	Acquisition from TMC (disposition of treasury stock)
Timing of acquisition of shares	August 28, 2025
Holder of vested rights	TMC
Residual assets	Residual assets that can be received by TMC, as the beneficiary, shall be limited to the trust expense reserve, calculated by deducting the cost for acquiring shares from trust money.

No shares have been granted under the ESOP Trust.

6.F DISCLOSURE OF A REGISTRANT’S ACTION TO RECOVER ERRONEOUSLY AWARDED COMPENSATION

None.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

7.A MAJOR SHAREHOLDERS

As of March 31, 2026, 15,794,987,460 shares of Toyota’s common stock (of which 2,761,055,486 shares were treasury stock and 13,033,931,974 shares were outstanding) were issued.

Subsequent to March 31, 2026, pursuant to the written resolution in lieu of a resolution of the Board of Directors dated June 3, 2025, the resolution of the Board of Directors dated January 14, 2026, and the written

resolution in lieu of a resolution of the Board of Directors dated March 30, 2026, Toyota conducted a tender offer to repurchase shares of its common stock from existing shareholders, pursuant to which Toyota repurchased 1,192,330,962 shares of its common stock at 3,067 yen per share, for an aggregate purchase price of approximately 3.65 trillion yen, during the period from March 31, 2026 to April 27, 2026. The repurchased shares became treasury shares upon repurchase. Toyota has announced that, pursuant to a written resolution dated June 3, 2025 in lieu of a resolution of the Board of Directors, it will retire 1,200,000,000 shares of its common stock held as treasury shares on June 30, 2026, representing approximately 7.6% of the total number of shares issued as of March 31, 2026. Under the Financial Instruments and Exchange Law, any person who becomes, beneficially and solely or jointly, a holder, including, but not limited to, a deemed holder who manages shares for another holder pursuant to a discretionary investment agreement, of more than 5% of the total issued shares of a company listed on a Japanese stock exchange (including American Depositary Shares, or ADSs, representing such shares) must file a report concerning the shareholding with the director of the relevant local finance bureau. A similar report must be filed, with certain exceptions, if the percentage of shares held by a holder, solely or jointly, of more than 5% of the total issued shares of a company increases or decreases by 1% or more, or if any change to a material matter set forth in any previously filed reports occurs.

Based on information known to Toyota or that can be ascertained from public filings, the following table sets forth the beneficial ownership of holders of 5% or more of Toyota’s common stock as of March 31, 2026. Information concerning beneficial ownership of Toyota’s common stock in the table below was prepared from information known to Toyota or that could be ascertained from public filings, including filings made by Toyota’s shareholders regarding their ownership of Toyota’s common stock under the Financial Instruments and Exchange Law of Japan.

Name of Beneficial Owner	Number of Shares of Common Stock (in thousands)	Percentage of Outstanding Voting Shares of Common Stock
Toyota Industries Corporation*	1,192,331	9.17

* Subsequently, pursuant to the written resolution in lieu of a resolution of the Board of Directors dated June 3, 2025, the resolution of the Board of Directors dated January 14, 2026, and the written resolution in lieu of a resolution of the Board of Directors dated March 30, 2026, Toyota conducted a tender offer to repurchase shares of its common stock from existing shareholders, pursuant to which Toyota repurchased 1,192,330,962 shares of its common stock at 3,067 yen per share, for an aggregate purchase price of approximately 3.65 trillion yen, during the period from March 31, 2026 to April 27, 2026. As a result of Toyota Industries Corporation having tendered its Toyota shares of common stock in Toyota’s tender offer, on May 25, 2026, the commencement date of the settlement of such tender offer, the number of Toyota shares of common stock held by Toyota Industries Corporation decreased to 1,242,720 (representing 0.1% of the outstanding shares of Toyota common stock as of March 31, 2026).

According to The Bank of New York Mellon, depository for Toyota’s ADSs (the “Depository”), as of March 31, 2026, 355,369,125 shares of Toyota’s common stock were held in the form of ADSs and there were 1,679 ADS holders of record and 915,350 beneficial owners in the United States. According to Toyota’s register of shareholders, as of March 31, 2026, there were 1,272,096 holders of common stock of record worldwide. As of March 31, 2026, there were 723 record holders of Toyota’s common stock with addresses in the United States, whose shareholdings represented approximately 12.1% of the issued common stock on that date. Because some of these shares were held by brokers or other nominees, the number of record holders with addresses in the United States might not fully show the number of beneficial owners in the United States.

None of Toyota’s shares of common stock entitles the holder to any preferential voting rights.

To the extent known to Toyota, Toyota is not owned or controlled, directly or indirectly, by another corporation, any foreign government or any natural or legal person.

Toyota knows of no arrangements the operation of which may at a later time result in a change of control.

7.B RELATED PARTY TRANSACTIONS

Business Relationships

Toyota purchases materials, supplies and services, among others, from numerous suppliers throughout the world in the ordinary course of business, including Toyota's associates and joint ventures accounted for by the equity method and those firms with which certain members of Toyota's Board of Directors are affiliated. Toyota purchased materials, supplies and services, among others, from these associates and joint ventures in the amount of ¥14,239.5 billion in fiscal 2026. Toyota also sells its products and services, among others, to Toyota's associates and joint ventures accounted for by the equity method and firms with which certain members of Toyota's Board of Directors are affiliated. Toyota sold products and services, among others, to these associates and joint ventures in the amount of ¥4,095.3 billion in fiscal 2026. See note 34 of Toyota's consolidated financial statements for additional information regarding Toyota's investments in and transactions with associates and joint ventures.

Loans

Toyota regularly has trade accounts and other receivables by, and accounts payable to, Toyota's associates and joint ventures accounted for by the equity method and firms with which certain members of Toyota's Board of Directors are affiliated. Toyota had outstanding trade accounts and other receivables by these associates and joint ventures in the amount of ¥706.3 billion as of March 31, 2026. Toyota had outstanding trade accounts and other payables to these associates and joint ventures in the amount of ¥1,865.0 billion as of March 31, 2026.

Toyota, from time to time, provides short- to medium-term loans to its associates and joint ventures, as well as loans under a loan program established by certain subsidiaries to assist their executives and members of the Board of Directors with the purchase of homes. As of March 31, 2026, an aggregate amount of ¥57.8 billion in loans was outstanding to its associates and joint ventures accounted for by the equity method. Toyota believes that each of these loans was entered into in the ordinary course of business.

7.C INTERESTS OF EXPERTS AND COUNSEL

Not applicable.

ITEM 8. FINANCIAL INFORMATION

8.A CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMATION

- 1-3. Consolidated Financial Statements. Toyota's audited consolidated financial statements are included under "Item 18 — Financial Statements." Except for Toyota's consolidated financial statements included under Item 18, no other information in this annual report has been audited by Toyota's auditors.
4. Not applicable.
5. Not applicable.
6. Export Sales. See "Item 5. Operating and Financial Review and Prospects — 5.A Operating Results — Overview — Geographic Breakdown."
7. Legal and Arbitration Proceedings. See "Item 4. Information on the Company — 4.B Business Overview — Legal Proceedings."
8. Dividend Information.

Toyota normally pays dividends twice per year, including an interim dividend and a year-end dividend. Toyota's articles of incorporation provide that retained earnings can be distributed as dividends pursuant to a resolution of its Board of Directors. Toyota's Board of Directors resolves to pay year-end dividends to holders of common stock and registered pledgees of common stock of record as of March 31, the record date, in each year.

In addition to these year-end dividends, Toyota may pay an interim dividend in the form of cash distributions from its distributable surplus to holders of common stock and pledgees of common stock of record as of September 30, the record date, in each year by a resolution of its Board of Directors.

In addition, under the Companies Act, dividends may be paid to holders of common stock and pledgees of record of common stock as of any record date, other than those specified above, as set forth in Toyota's articles of incorporation or as determined by its Board of Directors from time to time. Under the Companies Act, dividends may be distributed in cash or (except in the case of interim dividends mentioned in the third preceding paragraph) in kind, subject to limitations on distributable surplus and to certain other conditions.

The following table sets forth the dividends declared per share of common stock by Toyota for each of the periods shown. The periods shown are the six months ended on that date. The U.S. dollar equivalents for the cash dividends shown are based on the noon buying rate for Japanese yen on the last date of each period set forth below.

<u>Period Ended</u>	<u>Cash Dividends per Common Share</u>	
	<u>Yen</u>	<u>U.S. dollars</u>
September 30, 2023	30.0	0.20
March 31, 2024	45.0	0.30
September 30, 2024	40.0	0.28
March 31, 2025	50.0	0.33
September 30, 2025	45.0	0.30
March 31, 2026	50.0	0.31

Toyota deems improving shareholder returns as one of its priority management policies, and it will continue to work to improve its corporate culture to realize sustainable growth in order to enhance its corporate value. Toyota will strive for the stable and continuous increase of dividends.

With a view to surviving tough competition and transitioning to a mobility company, Toyota will aim to utilize its internal funds mainly for investment in growth for the next generation, such as environmental technologies to achieve a carbon-neutral society and safety technologies for the safety and security of its customers, and also for the stakeholders such as employees, business partners and local communities.

Considering these factors, with respect to the dividends for fiscal 2026, Toyota determined to pay a year-end dividend of 50 yen per share of common stock by a resolution of the Board of Directors pursuant to Toyota's articles of incorporation. As a result, combined with the interim dividend of 45 yen per share of common stock, the annual dividend was 95 yen per share of common stock, and the total amount of the dividends on common stock for the year was 1,238.2 billion yen.

Furthermore, pursuant to the written resolution in lieu of a resolution of the Board of Directors dated June 3, 2025, the resolution of the Board of Directors dated January 14, 2026, and the written resolution in lieu of a resolution of the Board of Directors dated March 30, 2026, Toyota conducted a tender offer to repurchase shares of its common stock from existing shareholders, pursuant to which Toyota repurchased 1,192,330,962 shares of its common stock at 3,067 yen per share, for an aggregate purchase price of approximately 3.65 trillion yen, during the period from March 31, 2026 to April 27, 2026. The repurchased shares became treasury shares upon repurchase. Toyota has announced that, pursuant to a written resolution dated June 3, 2025 in lieu of a resolution

of the Board of Directors, it will retire 1,200,000,000 shares of its common stock held as treasury shares on June 30, 2026, representing approximately 7.6% of the total number of shares issued as of March 31, 2026.

Toyota intends to repurchase shares flexibly by taking into consideration the price level of its common stock and other factors and to utilize share repurchases to respond to requests for the sale of Toyota's shares as needed.

8.B SIGNIFICANT CHANGES

Except as disclosed in this annual report, there have been no significant changes since the date of Toyota's latest annual financial statements.

ITEM 9. THE OFFER AND LISTING

9.A LISTING DETAILS

Shares of Toyota common stock are traded on the Prime Market of the Tokyo Stock Exchange and the Nagoya Stock Exchange under the ticker symbol "7203" in Japan, and on the London Stock Exchange under the ticker symbol "TYT." Toyota's ADSs, each representing ten shares of Toyota common stock, are listed on the New York Stock Exchange, or NYSE, under the ticker symbol "TM."

9.B PLAN OF DISTRIBUTION

Not applicable.

9.C MARKETS

The primary trading market for Toyota's common stock is the Prime Market of the Tokyo Stock Exchange. The common stock is also listed on the Nagoya Stock Exchange and on the London Stock Exchange.

Since September 29, 1999, American Depositary Shares, each equal to ten shares of Toyota's common stock, have been traded and listed on the New York Stock Exchange through a sponsored ADS facility operated by The Bank of New York Mellon, as Depositary. Prior to that time, Toyota's ADSs were listed on the Nasdaq SmallCap Market through five unsponsored ADS facilities.

9.D SELLING SHAREHOLDERS

Not applicable.

9.E DILUTION

Not applicable.

9.F EXPENSES OF THE ISSUE

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

10.A SHARE CAPITAL

Toyota's authorized number of shares as of March 31, 2026 was 50,000,000,000 shares, of which 15,794,987,460 shares of common stock have been issued. Subsequent to March 31, 2026, pursuant to a written resolution dated June 3, 2025 in lieu of a resolution of the board of directors, Toyota has announced that it will retire 1,200,000,000 shares of its common stock held as treasury shares on June 30, 2026, representing approximately 7.6% of the total number of shares as of March 31, 2026.

10.B MEMORANDUM AND ARTICLES OF ASSOCIATION

Except as otherwise stated, set forth below is information relating to Toyota's common stock, including brief summaries of the relevant provisions of Toyota's articles of incorporation and share handling regulations, as currently in effect, and of the Companies Act, Act Concerning Book-Entry Transfer of Corporate Bonds, Shares and Other Securities and related legislation.

General

Toyota does not issue share certificates for its shares. In accordance with the Companies Act, the Book-Entry Transfer Act and Toyota's articles of incorporation, Toyota's common stock are recorded or registered on (i) Toyota's register of shareholders and (ii) transfer account books of the Japan Securities Depository Center, Inc. ("JASDEC") which is a book-entry transfer institution, and securities firms, banks or other account management institutions. The transfer of common stock will generally become effective once the transfer is recorded in the transferee's account. There are no restrictions imposed by Toyota's articles of incorporation or share handling regulations on the transfer of common stock. In order to assert shareholders' rights against Toyota, a shareholder must generally have his or her name and address recorded or registered on Toyota's register of shareholders. A holder of common stock can assert minority shareholders' rights (shareholders' rights for which Toyota has not set a record date) against Toyota if JASDEC provides an individual shareholder notice to Toyota upon the shareholder's request. The shareholder of deposited shares underlying the ADSs is the Depository for the ADSs. Accordingly, holders of ADSs will not be able directly to assert shareholders' rights.

A holder of common stock must have a transfer account to transfer shares. Holders of common stock who do not have a transfer account with JASDEC must have an account with an account management institution that directly or indirectly has a transfer account with JASDEC. Once Toyota decides on the record date for its shareholders' meeting or makes a request to JASDEC based on justifiable grounds, JASDEC will promptly provide to Toyota names, addresses and other information with respect to the holders of Toyota's common stock who are recorded on the transfer account books of JASDEC or account management institutions. Upon receiving such information, Toyota will record or register such information received from JASDEC on its register of shareholders. Accordingly, holders of common stock recorded or registered on Toyota's register of shareholders will be treated as holders of common stock of Toyota and may exercise rights, such as voting rights, and will receive dividends (if any) and notices to holders of common stock directly from Toyota. Holders of common stock wishing to assert minority shareholders' rights against Toyota must request an individual shareholder notice to JASDEC or the account management institution at which the shareholder has opened a transfer account. In response to such request, JASDEC will provide the individual shareholders notice to Toyota. A holder of common stock may assert his or her minority shareholders' rights against Toyota for a period of four weeks after the date the individual shareholder notice is provided to Toyota. The shares held by a person who is deemed to hold additional shares according to the transfer account books are aggregated for these purposes.

Corporate Purpose

Article 2 of Toyota's articles of incorporation states that its purpose is to engage in the following businesses:

- the manufacture, sale, leasing and repair of:
 - motor vehicles, industrial vehicles, ships, aircraft, other transportation machinery and apparatus, spacecraft and space machinery and apparatus, and parts thereof;
 - industrial machinery and apparatus, other general machinery and apparatus, and parts thereof;
 - electrical machinery and apparatus, and parts thereof; and
 - measuring machinery and apparatus, medical machinery and apparatus, and parts thereof;
- the manufacture and sale of ceramics and products of synthetic resins, and materials thereof;

- the manufacture, sale and repair of construction materials and equipment, furnishings and fixtures for residential buildings;
- the planning, designing, supervision, execution and undertaking of construction works, civil engineering works, land development, urban development and regional development;
- the sale, purchase, leasing, brokerage and management of real estate;
- the service of information processing, information communications and information supply and the development, sale and leasing of software;
- the design and development of product sales systems that utilize networks such as the Internet, sale, leasing and maintenance of computers included within such systems, and sale of products by utilizing such systems;
- the inland transportation, marine transportation, air transportation, stevedoring, warehousing and tourism businesses;
- the printing, publishing, advertising and publicity, general leasing, security and workers dispatch businesses;
- the credit card operations, purchase and sale of securities, investment consulting, investment trust operation, and other financial services;
- the operation and management of such facilities as parking lots, showrooms, educational facilities, medical care facilities, sports facilities, marinas, airfields, food and drink stands and restaurants, lodging facilities, retail stores and others;
- the non-life insurance agency business and the life insurance agency business;
- the production and processing by using biotechnology of agricultural products including trees, and the sale of such products; the power generation and the supply and sale of electric power;
- the sale of goods related to each of the preceding items and mineral oil;
- the conducting of engineering, consulting, invention and research relating to each of the preceding items and the utilization of such invention and research; and
- any businesses incidental to or related to any of the preceding items.

Dividends

Dividends — General

Toyota normally pays dividends twice per year, including an interim dividend and a year-end dividend. Toyota's articles of incorporation provide that retained earnings can be distributed as dividends pursuant to a resolution of its Board of Directors. Toyota's Board of Directors resolves to pay year-end dividends to shareholders and registered pledgees of record as of March 31, the record date, in each year.

In addition to these year-end dividends, Toyota may pay an interim dividend in the form of cash distributions from its distributable surplus to holders of stock and pledgees of stock of record as of September 30, the record date, in each year by a resolution of its Board of Directors.

In addition, under the Companies Act, dividends may be paid to shareholders and pledgees of record as of any record date, other than those specified above, as set forth by Toyota's articles of incorporation or as determined by its Board of Directors from time to time. Under the Companies Act, dividends may be distributed in cash or (except in the case of interim dividends mentioned in the second preceding paragraph) in kind, subject to limitations on distributable surplus and to certain other conditions.

Dividends — Distributable Amount

Under the Companies Act, Toyota is permitted to make distributions of surplus to the extent that the aggregate book value of the assets to be distributed to shareholders does not exceed the distributable amount provided for by the Companies Act and the ordinance of the Ministry of Justice as at the effective date of such distribution of surplus.

The amount of surplus at any given time shall be the amount of Toyota's assets and the book value of Toyota's treasury stock after subtracting and adding the amounts of items provided for by the Companies Act and the ordinance of the Ministry of Justice, and the amount of surplus distributable for dividends is calculated by adding to and subtracting from this amount the amounts of items provided for by the Companies Act and the ordinance of the Ministry of Justice.

Dividends — Prescription

Under its articles of incorporation, Toyota is not obligated to pay any dividends in cash which are left unclaimed for a period of three years after the date on which they first became payable.

Capital Accounts

The amount of the cash or assets paid or contributed by subscribers for new shares (with certain exceptions) is required to be accounted for as stated capital, although Toyota may account for an amount not exceeding one-half of such cash or assets as additional paid-in capital.

Under the Companies Act, Toyota may reduce its additional paid-in capital and legal reserve without limitation on the amount to be reduced, generally, by a resolution of a general shareholders' meeting and if so decided by the same resolution, may account for the whole or any part of the amount of the reduction of additional paid-in capital as stated capital. The whole or any part of surplus which may be distributed as dividends may also be transferred to stated capital by a resolution of a general shareholders' meeting.

Stock Splits

Toyota may at any time split the outstanding shares into a greater number of shares by a resolution of the Board of Directors. Toyota must give public notice of the stock split, specifying a record date for the stock split, not less than two weeks prior to the record date.

Consolidation of Shares

Toyota may at any time consolidate shares in issue into a smaller number of shares by a special shareholders resolution (as defined in "Voting Rights"). When a consolidation of shares is to be made, Toyota must give public notice of certain matters two weeks prior to the effective date of the consolidation.

Japanese Unit Share System

General. Consistent with the requirements of the Companies Act, Toyota's articles of incorporation provide that 100 shares constitute one "unit." Although the number of shares constituting a unit is included in the articles of incorporation, any amendment to the articles of incorporation reducing (but not increasing) the number of shares constituting a unit or eliminating the provisions for the unit of shares may be made by a resolution of the Board of Directors rather than by a special shareholders resolution, which is otherwise required for amending the articles of incorporation.

Voting Rights under the Unit Share System. Under the unit share system, shareholders have one voting right for each unit of shares that they hold. Any number of shares less than a full unit will carry no voting rights.

Purchase by Toyota of Shares Constituting Less Than a Unit. A holder of shares constituting less than a full unit may require Toyota to purchase those shares at their market value in accordance with the provisions of Toyota's share handling regulations and the Companies Act.

Voting Rights

Toyota holds its ordinary general shareholders' meeting each year. In addition, Toyota may hold an extraordinary general shareholders' meeting whenever necessary by giving at least two weeks' advance notice. Under the Companies Act, notice of any shareholders' meeting must be given to each shareholder having voting rights or, in the case of a non-resident shareholder, to his or her resident proxy or mailing address in Japan in accordance with Toyota's share handling regulations, at least two weeks prior to the date of the meeting.

Under the Companies Act, Toyota shall implement the electronic provision measures ("Electronic Provision") for the information contained in the reference materials, etc. for general shareholders' meetings.

The convocation notice of shareholders' meeting must set forth the information contained in the reference materials, etc. for general shareholders' meetings being provided through the Electronic Provision and the URL of the website used for the Electronic Provision, in addition to the place, the time and the purpose of the meeting. The information contained in the reference materials, etc. for general shareholders' meetings must be posted on a website from the earlier of the date three weeks prior to the date set for the meeting or the date on which the convocation notice of shareholders' meeting is dispatched until the date on which three months have elapsed from the meeting. In general, any shareholder is entitled to request printed paper copies of the information contained in the reference materials, etc. for general shareholders' meetings by the record date for voting rights at the relevant general shareholders' meeting.

Holders of common stock shall have voting rights exercisable at a general shareholders' meeting. A holder of shares constituting one or more whole units is entitled to one vote per unit of shares subject to the limitations on voting rights set forth in this paragraph. In general, under the Companies Act, a resolution can be adopted at a general shareholders' meeting by a majority of the shares having voting rights represented at the meeting. The Companies Act and Toyota's articles of incorporation require a quorum for the election of members of the Board of Directors of not less than one-third of the total number of outstanding shares having voting rights. Toyota's shareholders are not entitled to cumulative voting in the election of members of the Board of Directors. A corporate shareholder, the management of which is substantially under Toyota's control as provided by an ordinance of the Ministry of Justice, either through the holding of voting rights or for any other reason, does not have voting rights.

Shareholders may exercise their voting rights by attending the general shareholders' meeting or in writing by mail or through the internet. Shareholders who choose to exercise their voting rights by mail must fill out and return to Toyota the voting right exercise form enclosed with the convocation notice of the general shareholders' meeting by the date specified in such convocation notice. Shareholders electing to exercise their voting rights through the internet must log on to the "Website to Exercise Voting Rights" using the login ID and temporary password provided in the voting right exercise form enclosed with the convocation notice and submit their votes by a date specified in the convocation notice, following instructions appearing on the website. Institutional investors may also use the Electronic Proxy Voting Platform operated by Investor Communications Japan to exercise their voting rights through the use of the Internet, if such institutional investor applies to use the platform in advance. Shareholders may also exercise their voting rights through proxies, provided that those proxies are also shareholders who have voting rights. Toyota may refuse a shareholder having two or more proxies attend a general shareholders' meeting.

The Companies Act and Toyota's articles of incorporation provide that a quorum of at least one-third of outstanding shares with voting rights must be present at a shareholders' meeting to approve any material corporate actions such as:

- (1) any amendment of the articles of incorporation with certain exceptions in which a shareholders' resolution is not required;
- (2) acquisition of its own shares from a specific party;
- (3) consolidation of shares;
- (4) any issue or transfer of its shares at a "specially favorable" price (or any issue of stock acquisition rights or bonds with stock acquisition rights at "specially favorable" conditions by Toyota) to any persons other than shareholders;
- (5) the removal of an Audit & Supervisory Committee member;
- (6) the exemption of liability of a member of the Board of Directors with certain exceptions;
- (7) a reduction of stated capital which meets certain requirements with certain exceptions;
- (8) a distribution of in-kind dividends which meets certain requirements;
- (9) dissolution, merger, or consolidation with certain exceptions in which a shareholders' resolution is not required;
- (10) the transfer of the whole or a material part of the business;
- (11) the transfer in entirety or in part of shares or equity interest of a subsidiary under certain conditions;
- (12) the taking over of the entire business of any other corporation with certain exceptions in which a shareholders' resolution is not required;
- (13) share exchange or share transfer for the purpose of establishing 100% parent-subsidary relationships with certain exceptions in which a shareholders' resolution is not required;
- (14) company split with certain exceptions in which a shareholders' resolution is not required; or
- (15) share delivery with certain exceptions in which a shareholders' resolution is not required.

At least two-thirds of the shares having voting rights represented at the meeting must approve these actions.

The voting rights of holders of ADSs are exercised by the Depository based on instructions from those holders.

Rights to be Allotted Shares

Shareholders have no preemptive rights under Toyota's articles of incorporation. Under the Companies Act, the Board of Directors may, however, determine that shareholders shall be given rights to be allotted shares or stock acquisition rights on request in connection with a particular issue or transfer of shares, or issue of stock acquisition rights, respectively. In this case, such rights must be given on uniform terms to all shareholders as of a specified record date by at least two weeks' prior public notice to shareholders of the record date.

Rights to be allotted shares are nontransferable. However, a shareholder may be allotted stock acquisition rights without consideration thereto, and may transfer such rights.

Liquidation Rights

In the event of a liquidation of Toyota, the assets remaining after payment of all debts, liquidation expenses and taxes will be distributed among the shareholders or registered pledgees in proportion to the respective number of shares they own.

Liability to Further Calls or Assessments

All of Toyota's currently outstanding shares, including shares represented by the ADSs, are fully paid and nonassessable.

Transfer Agent

Mitsubishi UFJ Trust and Banking Corporation is the transfer agent for all shares. Mitsubishi UFJ Trust and Banking Corporation's office is located at 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo, 100-8212 Japan. Mitsubishi UFJ Trust and Banking Corporation maintains Toyota's register of shareholders and records transfers of record ownership (in the case of common stock, upon receiving notification from JASDEC).

Record Date

The close of business on March 31 is the record date for Toyota's year-end dividends, if paid. A holder of shares constituting one or more whole units who is recorded or registered as a holder on Toyota's register at the close of business as of March 31 is also entitled to exercise shareholders' voting rights at the ordinary general shareholders' meeting with respect to the business year ending on March 31. The close of business on September 30 of each year is the record date for interim dividends, if paid. In addition, Toyota may set a record date for determining the shareholders entitled to other rights and for other purposes by giving at least two weeks' prior public notice.

The shares generally trade ex-dividend or ex-rights on the Japanese stock exchanges on the business day preceding a record date (or if the record date is not a business day, one business day prior thereto), for the purpose of dividends or rights offerings.

Acquisition by Toyota of Shares

Toyota may acquire its own shares (i) through a stock exchange on which such shares are listed or by way of tender offer (pursuant to an ordinary resolution of a general shareholders' meeting or a resolution of the Board of Directors), (ii) by purchase from a specific party (pursuant to a special resolution of a general shareholders' meeting) or (iii) from a subsidiary of Toyota (pursuant to a resolution of the Board of Directors). When such acquisition of shares is made by Toyota from a specific party other than a subsidiary of Toyota, any other shareholder may make a demand to a representative director, more than five calendar days prior to the relevant shareholders' meeting, that Toyota also purchase the shares held by such holder. However, the acquisition of its own shares at a price not exceeding the market price to be provided under an ordinance of the Ministry of Justice will not trigger the right of any shareholder to include him/her as the seller of his/her shares in such proposed purchase.

Any acquisition of shares must satisfy certain requirements that the total amount of the acquisition price may not exceed the amount of the distributable dividends. See "Item 10. Additional Information — 10.B Memorandum and Articles of Association — Dividends."

Shares acquired by Toyota may be held by it for any period or may be cancelled by resolution of the Board of Directors. Toyota may also transfer to any person the shares held by it, subject to a resolution of the Board of Directors, and subject also to other requirements applicable to the issuance of new shares. Toyota may also utilize its treasury stock for the purpose of transfer to any person upon exercise of stock acquisition rights or for the purpose of acquiring another company by way of merger, share exchange or corporate split through exchange of treasury stock for shares or assets of the acquired company.

The Companies Act generally prohibits any subsidiary of Toyota from acquiring shares of Toyota.

Report of Substantial Shareholdings

The Financial Instruments and Exchange Law of Japan and regulations under the Law require any person who has become a holder (together with its related persons) of more than 5% of the total issued shares of a company listed on any Japanese stock exchange (including ADSs representing such shares) to file with the Director of a competent Local Finance Bureau, within five business days, a report concerning those shareholdings. A similar report must also be filed to reflect any change of 1% or more in any shareholding or any change in material matters set out in reports previously filed. Any such report shall be filed with the Director of a competent Local Finance Bureau through the Electronic Disclosure for Investor's Network ("EDINET") system. For this purpose, shares issuable to a shareholder upon exercise of stock acquisition rights are taken into account in determining both the number of shares held by that stock acquisition rights holder and the company's total issued shares.

10.C MATERIAL CONTRACTS

All material contracts concluded by Toyota during the two years preceding this filing were entered into in the ordinary course of business.

10.D EXCHANGE CONTROLS

The following is a general summary of major Japanese foreign exchange control regulations applicable to holders of shares of capital stock or voting rights (including ADSs) of Toyota, and to others intending to consummate other actions such as obtaining consent from other investors holding voting rights and consenting to certain proposals at a general shareholders meeting, who are "exchange non-residents" or "foreign investors," as described below. The statements regarding Japanese foreign exchange control regulations set forth below are based on the laws and regulations in force and as interpreted by the Japanese authorities as of the date of this annual report and are subject to subsequent changes in the applicable Japanese laws or interpretations thereof. This summary is not exhaustive of all possible foreign exchange control considerations that may apply to a particular investor, and potential investors are advised to satisfy themselves as to the overall foreign exchange control consequences of the acquisition, ownership and disposition of shares of capital stock or voting rights of Toyota by consulting their own advisors.

The Foreign Exchange and Foreign Trade Act of Japan (Act No. 228 of 1949, as amended, the "FEFTA") and the cabinet orders and ministerial ordinances thereunder (collectively, the "Foreign Exchange Regulations") govern the acquisition and holding of shares of capital stock and voting rights of Toyota by "exchange non-residents" and by "foreign investors." The Foreign Exchange Regulations currently in effect do not, however, affect transactions between exchange non-residents to purchase or sell shares outside Japan using currencies other than Japanese yen.

Exchange non-residents are:

- (i) individuals who do not reside in Japan; and
- (ii) corporations whose principal offices are located outside Japan.

Generally, branches and other offices of non-resident corporations that are located within Japan are regarded as residents of Japan. Conversely, branches and other offices of Japanese corporations located outside Japan are regarded as exchange non-residents.

Foreign investors are:

- (i) individuals who are exchange non-residents;
- (ii) corporations or other organizations that are organized under the laws of foreign countries or whose principal offices are located outside of Japan;
- (iii) Japanese corporations of which 50% or more of their total voting rights are held directly or indirectly by individuals who are exchange non-residents and/or corporations or other organizations falling within (i) and/or (ii) above;
- (iv) partnerships under the Civil Code of Japan (Act No. 89 of 1896, as amended) established to invest in corporations, limited partnerships for investment under the Limited Partnership Act for Investment of Japan (Act No. 90 of 1998, as amended), or any other similar partnerships under foreign law, of which (a) 50% or more of the total contributions are made by individuals and/or corporations falling within (i), (ii), (iii) above and/or (v) below or any other persons prescribed under the Foreign Exchange Regulations or (b) a majority of the general partners are individuals and/or corporations falling within (i), (ii), (iii) above and/or (v) below or any other persons prescribed under the Foreign Exchange Regulations; and
- (v) corporations or other organizations, a majority of whose officers, or officers having the power of representation, are individuals who are exchange non-residents.

Acquisition of Shares

In general, the acquisition of shares of a Japanese company (such as the shares of capital stock of Toyota) by an exchange non-resident from a resident of Japan is not subject to any prior filing requirements (other than those relating to an “inward direct investment” set out below). In certain limited circumstances, however, the Minister of Finance may require prior approval of an acquisition of this type. While prior approval, as described above, is not required in general, in the case where a resident of Japan transfers shares of a Japanese company (such as the shares of capital stock of Toyota) for consideration exceeding ¥100 million to an exchange non-resident, the resident of Japan who transfers the shares is required to report the transfer to the Minister of Finance within 20 days from the date of the transfer or the date of receipt of payment, whichever comes later, unless (i) the transfer was made through a bank or financial instruments business operator licensed or registered under Japanese law or other entity prescribed by the Foreign Exchange Regulations acting as an agent or intermediary or (ii) the acquisition constitutes an “inward direct investment” described below.

Inward Direct Investment in Shares of Listed Companies

On May 8, 2020, an amendment to the Foreign Exchange Regulations came into effect. Upon the full implementation of the Amendment as of June 7, 2020, the requirements and procedures regarding the prior notifications of inward direct investments to the Minister of Finance and any other competent Ministers under the FEFTA, were amended. Additionally, a partial amendment to the Foreign Exchange Regulations was promulgated on April 4, 2025, and the amendments became effective and applicable on May 19, 2025. As a result, Japanese listed companies are classified into the following categories:

- (i) companies engaged in businesses excluding certain businesses designated by the Foreign Exchange Regulations as designated businesses (the “Designated Businesses”);
- (ii) companies engaged in Designated Businesses other than the Designated Business designated by the Foreign Exchange Regulations as core sector businesses (the “Non-Core Sector Designated Businesses”);

- (iii) companies engaged in Designated Businesses designated by the Foreign Exchange Regulations as core sector businesses (the “Core Sector Designated Businesses”) (excluding companies in (iv) below); and
- (iv) companies that are “Specified Essential Infrastructure Service Provider” under the Economic Security Promotion Act (Act on the Promotion of Ensuring National Security through Integrated Implementation of Economic Measures) and engage in businesses that fall within the core business (the “Specified Core Business Operators”).

For reference purposes only, the Minister of Finance publishes, and may update from time to time, a list that classifies Japanese listed companies into the above categories. According to the list published by the Minister of Finance as of July 15, 2025, the businesses which are currently engaged in by Toyota are classified as category (iii) i.e., the Core Sector Designated Businesses above.

Definition of Inward Direct Investment

If a foreign investor acquires shares or voting rights of a Japanese company that is listed on a Japanese stock exchange (such as the shares of capital stock of Toyota) and, as a result of the acquisition, the foreign investor, in combination with any existing holdings, directly or indirectly holds 1% or more of the issued shares or the total number of voting rights of the relevant company, such acquisition constitutes an “inward direct investment.” In addition, an acquisition of the authority to exercise, or instruct to exercise, voting rights held by other shareholders that results in the foreign investor, in combination with any existing shareholding, directly or indirectly holding 1% or more of the total number of voting rights of the relevant company constitutes an “inward direct investment.” Furthermore, if a foreign investor manages, on a discretionary basis, shares or voting rights of a Japanese company that is listed on a Japanese stock exchange and in combination with any existing management, directly or indirectly manages 1% or more of the issued shares or the total number of voting rights of the relevant company, such discretionary investment management generally constitutes an “inward direct investment.”

In addition to the acquisitions of shares or voting rights described above, if a foreign investor (i) is granted the authority to exercise proxy voting rights on behalf of other shareholders of the relevant company regarding certain matters which may control substantially or have a material influence on the management of such company, such as the election or removal of directors, or (ii) obtains consent from another foreign investor holding the voting rights of the relevant company to exercise the voting rights of such company jointly, and, in each case, as a result of these arrangements, the number of the voting rights directly or indirectly held by the foreign investor, including the total number of the voting rights subject to such proxy, or the sum of the number of the voting rights directly or indirectly held by the foreign investor and such other foreign investors subject to such joint voting agreement, as the case may be, is 10% or more of the total number of voting rights of the relevant company, each such arrangement regarding voting rights (hereinafter referred to as a “voting arrangement”) also constitutes an “inward direct investment.” Additionally, if a foreign investor who directly or indirectly holds 1% or more of the total voting rights of a Japanese listed company consents, at a general meeting of shareholders, to certain proposals having a material influence on the management of such company such as (i) election of such foreign investor or its related persons (as defined in the Foreign Exchange Regulations) as directors or Audit & Supervisory Board members of the relevant company or (ii) transfer or discontinuation of its business, such consent will also constitute an “inward direct investment.”

Prior Notification Requirements

If a foreign investor intends to consummate an “inward direct investment” as described above, in certain circumstances, such as where the foreign investor is in a country that is not listed on an exemption schedule in the Foreign Exchange Regulations or where that Japanese company is engaged (as Toyota is currently) in one or more Designated Businesses, prior notification of the relevant inward direct investment must be filed with the Minister of Finance and any other competent Ministers.

However, a foreign investor seeking to consummate an “inward direct investment” may be eligible for the exemptions, if certain conditions are met.

In the case of an acquisition (including discretionary investment management) of shares or voting rights or the authority to exercise, directly or through instructions, voting rights of a Japanese listed company that is engaged (as Toyota is currently) in one or more Core Sector Designated Businesses, the foreign investor may be exempted from the prior notification requirement, if, as a result of such acquisition, the foreign investor directly or indirectly holds less than 10% of the total number of issued shares or voting rights of the relevant company, and such foreign investor complies with the following conditions:

- (i) the foreign investor or its closely-related persons (as defined in the Foreign Exchange Regulations) will not become directors or Audit & Supervisory Board members of the relevant company;
- (ii) the foreign investor will not make certain proposals (as prescribed in the Foreign Exchange Regulations) at a general meeting of shareholders, including transfer or discontinuation of the Designated Businesses of the relevant company;
- (iii) the foreign investor will not access non-public technical information in relation to the Designated Businesses of the relevant company, or take certain other actions that may lead to the leak of such non-public technical information (as prescribed in the Foreign Exchange Regulations);
- (iv) the foreign investor will not attend, and will not cause any persons designated by it to attend, meetings of the relevant company’s Board of Directors, or meetings of committees having authority to make important decisions, in respect of the Core Sector Designated Businesses of the relevant company;
- (v) the foreign investor will not make, and will not cause any persons designated by it to make, proposals to such board or committees or their members in writing or electronic form requesting any response or actions by certain deadlines in respect of the Core Sector Designated Businesses of the relevant company;

If a foreign investor who is not themselves a “Specified Foreign Investor” (as defined below) under the Foreign Exchange Regulations is deemed to be an equivalent entity to a Specified Foreign Investor (an entity obligated to cooperate in information gathering activities of a foreign government pursuant to a contract with a foreign government or pursuant to laws and regulations of a foreign country (“Specified Foreign Investor”)), then such foreign investor may be exempted from the prior notification requirement if they meet conditions (vi) and (vii) below in addition to conditions (i) through (v) above:

- (vi) the foreign investor will not knowingly obtain non-public information regarding the relevant company’s Core Sector Designated Businesses nor otherwise engage in certain acts (as prescribed in the Foreign Exchange Regulations) that may result in leakage of other non-public information.
- (vii) the foreign investor will not serve as an employee or other personnel of the relevant company in relation to its Core Sector Designated Business, nor cause any of its closely related parties (as defined under the Foreign Exchange Regulations) to serve as an employee or other personnel of the relevant company at the foreign investor’s direction. Furthermore, the foreign investor will not solicit any officer, employee or other personnel of the relevant company to work for itself or for any third party.

However, if a person equivalent to a Specified Foreign Investor acquires (including in cases of discretionary investment management) shares or voting rights or the authority to exercise, directly or through directions, voting rights of a Japanese listed company engaged in one or more Core Sector Designated Businesses which qualifies as a Specified Core Business Operator, such person equivalent to a Specified Foreign Investor is not permitted to use the exemption described above under any circumstances.

In addition, in the case of an acquisition (including investment discretionary management) of shares or voting rights or the authority to exercise, either directly or through instructions, voting rights of a Japanese listed company that is engaged in one or more Non-Core Sector Designated Businesses, the foreign investor may be

exempted from the prior notification requirement, including in the case where, as a result of such acquisition, the foreign investor holds 10% or more of the total number of issued shares or the total number of voting rights of the relevant company, which would have required prior notification, if such foreign investor complies with the conditions (i) through (iii) above (the “Exemption Conditions”).

Notwithstanding the above, if a foreign investor falls under a category of disqualified investors designated by the Foreign Exchange Regulations (including (a) investors who have records of certain sanctions due to violations of the FEFTA, (b) certain investors who are state-owned enterprises or other related entities excluding those who are accredited by the Minister of Finance, and (c) above-mentioned Specified Foreign Investors prescribed in the Foreign Exchange Regulations), in no event may such foreign investor be eligible for the exemptions described above. On the other hand, if a foreign investor, excluding the disqualified investors described in the foregoing sentence, falls under a category of certain foreign financial institutions (as prescribed in the Foreign Exchange Regulations) and complies with the Exemption Conditions, such foreign investor may be eligible for the exemptions, even if the acquisition results in such foreign investor’s directly or indirectly holding 10% or more of the total number of issued shares or voting rights of a corporation engaged in one or more Core Sector Designated Businesses.

In addition, if a foreign investor intends to make a voting arrangement with respect to a Japanese listed company engaged one or more Designated Businesses or consents to a proposal at a general meeting of shareholders of such company, in each case, that constitutes an “inward direct investment” as described above, in certain circumstances, prior notification of the relevant inward direct investment must be filed with the Minister of Finance and any other competent Ministers. However, the exemptions from the prior notification requirements may be available in the cases where the relevant voting arrangement is regarding matters other than certain matters which may control substantially or have a material influence on the management of the relevant company, such as the election or removal of directors, which would have required prior notification.

Acquisitions of shares by foreign investors by way of stock split are not subject to the foregoing notification requirements.

Procedures for Prior Notification

If such prior notification is filed, the proposed inward direct investment may not be consummated until after 30 days have passed from the date of filing, although this screening period may be shortened to two weeks unless such Ministers deem it necessary to review the proposed inward direct investment. The Ministers may extend the screening period up to five months if they deem it necessary to review the proposed inward direct investment and may recommend any modification or abandonment of the proposed inward direct investment and, if the foreign investor does not accept such recommendation, the Ministers may order the modification or abandonment of such inward direct investment. In addition, if the Ministers consider the proposed inward direct investment to be an inward direct investment that is likely to cause damage to the national security of Japan and, if a foreign investor (i) consummates such inward direct investment without filing the prior notification described above; consummates such inward direct investment before the expiration of the screening period described above; in connection with such inward direct investment, makes false statements in the prior notification described above; or (ii) does not follow the recommendation or order issued by the Ministers to modify or abandon such inward direct investment, the Ministers may order such foreign investor to dispose of all or part of the shares acquired or take other measures.

Post Facto Reporting Requirements

A foreign investor who consummates an inward direct investment as described above relating to a Japanese listed company that is engaged in one or more Designated Businesses, but is not subject to the prior notification requirements described above due to the exemptions from such prior notification requirements, in general, must file a report of the relevant inward direct investment with the Minister of Finance and any other competent Ministers having jurisdiction over such Japanese company within 45 days of such inward direct investment

when, as a result of such acquisition, the foreign investor (excluding, in the cases of (i) and (ii) below, a foreign investor who falls under a category of certain foreign financial institutions (as prescribed in the Foreign Exchange Regulations)) directly or indirectly holds (i) 1% or more but less than 3% of the total number of issued shares or voting rights, for the first time, (ii) 3% or more but less than 10% of the total number of issued shares or voting rights, for the first time, or (iii) 10% or more of the total number of issued shares or voting rights.

In addition, if a foreign investor consummates the inward direct investment described above through the acquisition (including investment discretionary management) of shares or voting rights or the authority to exercise, directly or through instructions, voting rights of a Japanese listed company that is not engaged in the Designated Businesses (which is not subject to the prior notification requirements described above) and, as a result of such acquisition, such foreign investor holds 10% or more of shares or voting rights of the total number of issued shares or voting rights of the relevant company, such foreign investor must file a report of the relevant inward direct investment with the Minister of Finance and any other competent Ministers having jurisdiction over such Japanese company within 45 days of such inward direct investment.

Additionally, if a foreign investor consummates the inward direct investment described above through a voting arrangement with respect to a Japanese listed company that is not engaged in the Designated Businesses (which is not subject to the prior notification requirements described above), such foreign investor must file a report of the relevant inward direct investment with the Minister of Finance and any other competent Ministers having jurisdiction over such Japanese company within 45 days of such inward direct investment.

Acquisitions of shares by foreign investors by way of stock split are not subject to the foregoing notification requirements.

Dividends and Proceeds of Sale

Under the Foreign Exchange Regulations, dividends paid on, and the proceeds of sales in Japan of, shares held by non-residents of Japan may in general be converted into any foreign currency and repatriated abroad. Under the terms of the deposit agreement pursuant to which Toyota's ADSs are issued, the Depositary is required, to the extent that in its judgment it can convert yen on a reasonable basis into dollars and transfer the resulting dollars to the United States, to convert all cash dividends that it receives in respect of deposited shares into dollars and to distribute the amount received (after deduction of applicable withholding taxes) to the holders of ADSs.

10.E TAXATION

The following discussion is a general summary of the material U.S. federal income and Japanese national tax consequences of the acquisition, ownership and disposition of shares of common stock or ADSs. This summary does not purport to address all material tax consequences that may be relevant to holders of shares of common stock or ADSs, and does not take into account the specific circumstances of any particular investors, some of which (such as tax-exempt entities, banks, insurance companies, broker-dealers, traders in securities that elect to use a mark-to-market method of accounting for their securities holdings, regulated investment companies, real estate investment trusts, partnerships and other pass-through entities, investors liable for U.S. alternative minimum taxes, investors that own or are treated as owning 10% or more of Toyota's stock (by vote or value), investors that hold shares of common stock or ADSs as part of a straddle, hedge, conversion transaction or other integrated transaction and U.S. Holders (as defined below) whose functional currency is not the U.S. dollar) may be subject to special tax rules. This summary is based on the tax laws and regulations of the United States and Japan, judicial decisions, published rulings and administrative pronouncements all as in effect on the date hereof, as well as on the current income tax convention between the United States and Japan (the "Treaty"), as described below, all of which are subject to change (possibly with retroactive effect), and to differing interpretations.

For purposes of this discussion, a “U.S. Holder” is any beneficial owner of shares of common stock or ADSs that, for U.S. federal income tax purposes, is:

1. an individual who is a citizen or resident of the United States;
2. a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) organized in or under the laws of the United States, any state thereof, or the District of Columbia;
3. an estate the income of which is subject to U.S. federal income tax without regard to its source; or
4. a trust that is subject to the primary supervision of a U.S. court and the control of one or more U.S. persons (as defined in Section 7701(a)(30) of the Internal Revenue Code of 1986, as amended (the “Code”)), or that has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person.

An “Eligible U.S. Holder” is a U.S. Holder that:

1. is a resident of the United States for purposes of the Treaty;
2. does not maintain a permanent establishment in Japan (a) with which the shares of common stock or ADSs are effectively connected and through which the U.S. Holder carries on or has carried on business, or (b) of which the shares of common stock or ADSs form part of the business property; and
3. is eligible for benefits under the Treaty with respect to income and gain derived in connection with the shares of common stock or ADSs.

This summary does not address any aspects of U.S. federal tax law other than U.S. federal income taxation (such as the estate and gift tax or the Medicare tax on net investment income) and does not discuss any aspects of Japanese taxation other than income taxation, as limited to national taxes, inheritance and gift taxation. This summary also does not cover any U.S. state or local, or non-U.S., non-Japanese tax considerations. Investors are urged to consult their tax advisors regarding the U.S. federal, state and local and Japanese and other tax consequences of acquiring, owning and disposing of shares of common stock or ADSs. In particular, where relevant, investors are urged to confirm their status as Eligible U.S. Holders with their tax advisors and to discuss with their tax advisors any possible consequences of their failure to qualify as Eligible U.S. Holders. In addition, this summary is based in part upon the representations of the Depository and the assumption that each obligation in the deposit agreement, and in any related agreement, will be performed in accordance with its terms.

In general, for purposes of the Treaty and for U.S. federal income and Japanese income tax purposes, owners of American Depositary Receipts evidencing ADSs will be treated as the owners of the shares of common stock represented by those ADSs, and exchanges of shares of common stock for ADSs, and exchanges of ADSs for shares of common stock, will not be subject to U.S. federal income or Japanese income tax.

The discussion below is intended for general information only and does not constitute a complete analysis of all tax consequences relating to ownership of shares of common stock or ADSs. Prospective purchasers of shares of common stock or ADSs should consult their own tax advisors concerning the tax consequences of their particular situations.

Japanese Taxation

The following is a summary of the principal Japanese tax consequences (limited to national taxes) to non-residents of Japan or non-Japanese corporations without permanent establishments in Japan (“non-resident Holders”) who are holders of shares of common stock or of ADSs of Toyota. The following information regarding taxation in Japan is based on the tax treaties and tax laws in force and their interpretation by Japan’s tax authorities as of the date of this annual report. Tax laws and treaties and their interpretations may change (including with retroactive effect). Toyota will not revise this summary on the basis of any such change occurring after the date of this annual report.

Generally, non-resident Holders are subject to Japanese withholding tax on dividends paid by Japanese corporations. Stock splits are, in general, not taxable events.

In the absence of an applicable income tax treaty, convention or agreement reducing the maximum rate of Japanese withholding tax or allowing an exemption from Japanese withholding tax, the rate of Japanese withholding tax applicable to dividends paid by Japanese corporations to non-resident Holders is generally 20.42 percent, provided that, with respect to dividends paid on listed shares issued by a Japanese corporation (such as the shares of common stock or ADSs of Toyota) to non-resident Holders, other than any non-resident Holder who is an individual holding three percent or more of the total issued shares of the relevant Japanese corporation, the aforementioned 20.42 percent withholding tax rate is reduced to 15.315 percent for dividends due and payable on or before December 31, 2047. These rates include a special additional withholding tax (2.1 percent of the original withholding tax amount) to secure funds for reconstruction from the Great East Japan Earthquake (the “reconstruction surtax”). This overall 15.315% and 20.42% withholding tax rate continues to apply until December 31, 2047, while the breakdown of the 0.315% and 0.42% surtax portion is (i) the reconstruction surtax of 0.315% (or 2.1% of 15%) and 0.42% (or 2.1% of 20%) until December 31, 2026, and (ii) during the period beginning on January 1, 2027 and ending on December 31, 2047, the reconstruction surtax of 0.165% (or 1.1% of 15%) and 0.22% (or 1.1% of 20%) and another special additional withholding tax of 0.15% (or 1.0% of 15%) and 0.2% (or 1.0% of 20%) to fund strengthening Japan’s national defense capabilities (the “defense surtax”). The 2026 tax reform, which was promulgated on March 31, 2026, has introduced the defense surtax while accordingly reducing the reconstruction surtax, to maintain the overall 15.315% and 20.42% withholding tax rate.

At the date of this annual report, Japan has income tax treaties, conventions or agreements whereby the above-mentioned withholding tax rate is reduced, in most cases to 15 percent, ten percent or five percent for portfolio investors (15 percent under the income tax treaties in force with, among other countries, Canada, Denmark, Finland, Germany, Iceland, Ireland, Italy, Luxembourg, New Zealand, Norway and Singapore, ten percent under the income tax treaties with, among other countries, Australia, Austria, Belgium, France, Hong Kong, the Netherlands, Portugal, Sweden, Switzerland, the U.K. and the United States, and five percent under the income tax treaties with, among other countries, Spain).

Under the Treaty, the maximum rate of Japanese withholding tax which may be imposed on dividends paid by a Japanese corporation to an Eligible U.S. Holder that is a portfolio investor is generally reduced to ten percent of the gross amount actually distributed, and dividends paid by a Japanese corporation to an Eligible U.S. Holder that is a pension fund (as defined in the Treaty) are exempt from Japanese income tax by way of withholding or otherwise, provided that such dividends are not derived from the carrying on of a business, directly or indirectly, by such pension fund.

If the maximum tax rate provided for in the income tax treaty applicable to dividends paid by Toyota to any particular non-resident Holder is lower than the withholding tax rate otherwise applicable under Japanese tax law or if any particular non-resident Holder is exempt from Japanese income tax with respect to such dividends under the income tax treaty applicable to such particular non-resident Holder, such non-resident Holder who is entitled to a reduced rate of or exemption from Japanese withholding tax on the payment of dividends on shares of common stock by Toyota is required to submit an Application Form for Income Tax Convention Regarding Relief from Japanese Income Tax and Special Income Tax for Reconstruction on Dividends (together with any other required forms and documents) in advance through the withholding agent to the relevant tax authority before the payment of dividends. A standing proxy for non-resident Holders of a Japanese corporation may provide this application service. In addition, a simplified special filing procedure is available for non-resident Holders to claim treaty benefits of exemption from or reduction of Japanese withholding tax by submitting a Special Application Form for Income Tax Convention Regarding Relief from Japanese Income Tax and Special Income Tax for Reconstruction on Dividends of Listed Stock (together with any other required forms and documents). With respect to ADSs, this reduced rate or exemption is applicable if the Depository or its agent submits, together with other documents, two Special Application Forms (one before payment of dividends, the other within eight months after the recording date

concerning such payment of dividends) to the Japanese tax authority. To claim this reduced rate or exemption, any relevant non-resident Holder of ADSs will be required to file proof of taxpayer status, residence and beneficial ownership (as applicable) and to provide other information or documents as may be required by the Depository. A non-resident Holder who is entitled, under an applicable income tax treaty, to a reduced treaty rate lower than the withholding tax rate otherwise applicable under Japanese tax law or an exemption from the withholding tax, but fails to submit the required application in advance, will be entitled to claim the refund of Japanese taxes withheld in excess of the rate under an applicable tax treaty (if such non-resident Holder is entitled to a reduced treaty rate under the applicable income tax treaty) or the entire amount of Japanese tax withheld (if such non-resident Holder is entitled to an exemption under the applicable income tax treaty) by complying with a certain subsequent filing procedure. Toyota does not assume any responsibility to ensure withholding at the reduced rate, or exemption therefrom, for non-resident Holders who would be so eligible under an applicable tax treaty, but where the required procedures as stated above are not followed.

Gains derived from the sale of shares of common stock or ADSs outside Japan by a non-resident Holder holding such shares of common stock or ADSs as portfolio investors are, in general, not subject to Japanese income tax or corporation tax under Japanese law. In addition, Eligible U.S. Holders are exempt from Japanese income or corporation tax with respect to such gains under the Treaty so long as filings required under Japanese law are made.

Japanese inheritance and gift taxes at progressive rates may be payable by an individual who has acquired from another individual shares of common stock or ADSs as a legatee, heir or donee, even though neither the individual, nor the deceased, nor donor is a Japanese resident.

Holders of shares of common stock or ADSs should consult their tax advisors regarding the effect of these taxes and, in the case of U.S. Holders, the possible application of the Estate and Gift Tax Treaty between the United States and Japan.

U.S. Federal Income Taxation

U.S. Holders

The following discussion is a summary of the material U.S. federal income tax consequences to U.S. Holders that hold shares of common stock or ADSs as capital assets (generally, for investment purposes).

Taxation of Dividends

Subject to the passive foreign investment company (“PFIC”) rules discussed below, the gross amount of any distribution made by Toyota in respect of shares of common stock or ADSs (without reduction for Japanese withholding taxes) will constitute a taxable dividend to the extent paid out of current or accumulated earnings and profits, as determined under U.S. federal income tax principles. The U.S. dollar amount of such a dividend generally will be included in the gross income of a U.S. Holder, as ordinary income, when actually or constructively received by the U.S. Holder, in the case of shares of common stock, or by the Depository, in the case of ADSs. Dividends paid by Toyota will not be eligible for the dividends-received deduction generally allowed to U.S. corporations in respect of dividends received from other U.S. corporations.

Dividends received on shares and ADSs of certain non-U.S. corporations by non-corporate U.S. investors may be subject to U.S. federal income tax at lower rates than other types of ordinary income if certain conditions are met. Dividends received by non-corporate U.S. Holders with respect to shares of common stock or ADSs of Toyota are expected to be eligible for these reduced rates of tax. U.S. Holders should consult their own tax advisors regarding the eligibility of such dividends for a reduced rate of tax.

The U.S. dollar amount of a dividend paid in Japanese yen will be determined based on the Japanese yen/U.S. dollar exchange rate in effect on the date that the dividend is included in the gross income of the U.S. Holder,

regardless of whether the payment is converted into U.S. dollars on that date. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date the dividend payment is included in the gross income of a U.S. Holder through the date that payment is converted into U.S. dollars (or otherwise disposed of) will be treated as U.S.-source ordinary income or loss. U.S. Holders should consult their own tax advisors regarding the calculation and U.S. federal income tax treatment of foreign currency gain or loss.

To the extent, if any, that the amount of any distribution received by a U.S. Holder in respect of shares of common stock or ADSs exceeds Toyota's current and accumulated earnings and profits, as determined under U.S. federal income tax principles, the distribution will be applied first to reduce such holder's tax basis in its shares of common stock or ADSs, thereby increasing the amount of gain or decreasing the amount of loss recognized on a subsequent disposition of the shares of common stock or ADSs. Then, to the extent such distribution exceeds such U.S. Holder's adjusted tax basis in those shares of common stock and ADSs, such excess will be treated as U.S.-source capital gain.

Distributions of additional shares of common stock that are made to U.S. Holders with respect to their shares of common stock or ADSs, and that are part of a pro rata distribution to all of Toyota's shareholders, generally will not be subject to U.S. federal income tax.

For U.S. foreign tax credit purposes, dividends included in gross income by a U.S. Holder in respect of shares of common stock or ADSs will constitute income from sources outside the United States. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, dividends paid by Toyota will generally be "passive category income" or, in the case of certain U.S. Holders, "general category income." Any Japanese withholding tax imposed in respect of a Toyota dividend may be claimed as a credit against the U.S. federal income tax liability of a U.S. Holder, subject to a number of complex limitations and conditions, including those introduced by recently issued U.S. Treasury regulations that apply to foreign income taxes paid or accrued in taxable years beginning on or after December 28, 2021. A U.S. Holder's use of a foreign tax credit with respect to any such Japanese income or withholding taxes would generally not be allowed unless such U.S. Holder elects benefits under an applicable income tax treaty with respect to such tax. A U.S. Holder who does not elect to claim a credit for any creditable foreign income taxes paid during the taxable year may instead claim a deduction in the computation of such U.S. Holder's taxable income, subject to generally applicable limitations. An election to deduct foreign taxes instead of claiming foreign tax credits must apply to all creditable foreign taxes paid or accrued in the taxable year. Special rules generally will apply to the calculation of foreign tax credits in respect of dividend income that qualifies for preferential U.S. federal income tax rates. Additionally, special rules apply to individuals whose foreign source income during the taxable year consists entirely of "qualified passive income" and whose creditable foreign taxes paid or accrued during the taxable year do not exceed \$300 (\$600 in the case of a joint return). Further, under some circumstances, a U.S. Holder that:

- (i) has held shares of common stock or ADSs for less than a specified minimum period during which such U.S. holder is not protected from the risk of loss; or
- (ii) is obligated to make payments related to Toyota dividends, will not be allowed a foreign tax credit for Japanese taxes imposed on Toyota dividends.

U.S. Holders are urged to consult their tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

Taxation of Capital Gains and Losses

In general, upon a sale or other taxable disposition of shares of common stock or ADSs, a U.S. Holder will recognize gain or loss for U.S. federal income tax purposes in an amount equal to the difference between the amount realized on the sale or other taxable disposition and the U.S. Holder's adjusted tax basis in those shares of common stock or ADSs. A U.S. Holder generally will have an adjusted tax basis in a share of common stock or an ADS equal to

its U.S. dollar cost. Subject to the PFIC rules discussed below, gain or loss recognized on the sale or other taxable disposition of shares of common stock or ADSs generally will be capital gain or loss and, if the U.S. Holder's holding period for those shares or ADSs exceeds one year, will be long-term capital gain or loss. Non-corporate U.S. Holders, including individuals, currently are eligible for preferential rates of U.S. federal income tax in respect of long-term capital gains. Under U.S. federal income tax law, the deduction of capital losses is subject to limitations. Any gain or loss recognized by a U.S. Holder in respect of the sale or other disposition of shares of common stock or ADSs generally will be treated as U.S.-source income or loss for U.S. foreign tax credit purposes.

Deposits and withdrawals of common stock in exchange for ADSs will not result in the realization of gain or loss for U.S. federal income tax purposes.

Passive Foreign Investment Companies

A non-U.S. corporation generally will be classified as a PFIC for U.S. federal income tax purposes in any taxable year in which, after applying look-through rules, either (1) at least 75% of its gross income is passive income or (2) on average at least 50% of the gross value of its assets is attributable to assets that produce passive income or are held for the production of passive income. Passive income for this purpose generally includes dividends, interest, royalties, rents and gains from commodities and securities transactions. The PFIC determination is made annually and generally is based on the value of a non-U.S. corporation's assets (including goodwill) and composition of its income.

Toyota does not believe that it was a PFIC for U.S. federal income tax purposes for its taxable year ended March 31, 2026, and currently intends to continue its operations in such a manner that it will not become a PFIC in the future. Because the PFIC determination is made annually and the application of the PFIC rules to a corporation such as Toyota (which among other things is engaged in leasing and financing through several subsidiaries) is not entirely clear, no assurances can be made regarding determination of its PFIC status in the current or any future taxable year. If Toyota is determined to be a PFIC, U.S. Holders could be subject to additional U.S. federal income taxes on gain recognized with respect to the shares of common stock or ADSs and on certain distributions. In addition, an interest charge may apply to the portion of the U.S. federal income tax liability on such gains or distributions treated under the PFIC rules as having been deferred by the U.S. Holder. Moreover, dividends that a non-corporate U.S. Holder receives from Toyota will not be eligible for the reduced U.S. federal income tax rates on dividends described above if Toyota is a PFIC either in the taxable year of the dividend or the preceding taxable year. If a U.S. Holder owns shares of common stock or ADSs in any taxable year in which Toyota is a PFIC, such U.S. Holder generally would be required to file Internal Revenue Service ("IRS") Form 8621 (or other form specified by the U.S. Department of the Treasury) on an annual basis, subject to certain exceptions based on the value of PFIC stock held. Toyota will inform U.S. Holders if it believes that it will be classified as a PFIC in any taxable year.

Prospective investors should consult their own tax advisors regarding the potential application of the PFIC rules to shares of common stock or ADSs.

Non-U.S. Holders

The following discussion is a summary of the principal U.S. federal income tax consequences to beneficial owners of shares of common stock or ADSs that are neither U.S. Holders, nor partnerships, nor entities taxable as partnerships for U.S. federal income tax purposes ("Non-U.S. Holders").

A Non-U.S. Holder generally will not be subject to any U.S. federal income or withholding tax on distributions received in respect of shares of common stock or ADSs unless the distributions are effectively connected with the conduct by the Non-U.S. Holder of a trade or business within the United States (and, if an applicable tax treaty requires, are attributable to a U.S. permanent establishment or fixed base of such Non-U.S. Holder).

A Non-U.S. Holder generally will not be subject to U.S. federal income tax in respect of gain recognized on a sale or other disposition of shares of common stock or ADSs, unless:

- (i) the gain is effectively connected with a trade or business conducted by the Non-U.S. Holder within the United States (and, if an applicable tax treaty requires, is attributable to a U.S. permanent establishment or fixed base of such Non-U.S. Holder); or
- (ii) the Non-U.S. Holder is an individual who was present in the United States for 183 or more days in the taxable year of the disposition and other conditions are met.

Income that is effectively connected with a U.S. trade or business of a Non-U.S. Holder, and, if an income tax treaty applies and so requires, is attributable to a U.S. permanent establishment or fixed base of the Non-U.S. Holder, generally will be taxed in the same manner as the income of a U.S. Holder. In addition, under certain circumstances, any effectively connected earnings and profits realized by a corporate Non-U.S. Holder may be subject to an additional “branch profits tax” at the rate of 30% or at a lower rate that may be prescribed by an applicable income tax treaty.

Backup Withholding and Information Reporting

In general, information reporting requirements will apply to dividends paid to a U.S. Holder in respect of shares of common stock or ADSs, and to the proceeds received upon the sale, exchange or redemption of the shares of common stock or ADSs within the United States by U.S. Holders. Furthermore, backup withholding may apply to those amounts (currently at a 24% rate) if a U.S. Holder fails to provide an accurate taxpayer identification number to certify that such U.S. Holder is not subject to backup withholding or to otherwise comply with the applicable requirements of the backup withholding requirements.

Dividends paid to a Non-U.S. Holder in respect of shares of common stock or ADSs, and proceeds received upon the sale, exchange or redemption of shares of common stock or ADSs by a Non-U.S. Holder, generally are exempt from information reporting and backup withholding under current U.S. federal income tax law. However, a Non-U.S. Holder may be required to provide certification of non-U.S. status in order to obtain that exemption.

Persons required to establish their exempt status generally must provide such certification under penalty of perjury on IRS Form W-9, entitled “Request for Taxpayer Identification Number and Certification”, in the case of U.S. persons, and on IRS Form W-8BEN, entitled “Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding and Reporting (Individuals)”, or IRS Form W-8BEN-E, entitled “Certificate of Status of Beneficial Owner for United States Tax Withholding and Reporting (Entities)” (or other appropriate IRS Form W-8), in the case of non-U.S. persons. Backup withholding is not an additional tax. The amount of backup withholding imposed on a payment generally may be claimed as a credit against the holder’s U.S. federal income tax liability, provided that the required information is properly furnished to the IRS in a timely manner.

In addition, certain U.S. Holders who are individuals that hold certain foreign financial assets (which may include shares of common stock or ADSs) are required to report information relating to such assets, subject to certain exceptions. U.S. Holders should consult their tax advisors regarding the effect, if any, of this legislation on their ownership and disposition of shares of common stock or ADSs.

THE SUMMARY OF U.S. FEDERAL INCOME AND JAPANESE NATIONAL TAX CONSEQUENCES SET OUT ABOVE IS INTENDED FOR GENERAL INFORMATION PURPOSES ONLY. PROSPECTIVE PURCHASERS OF COMMON STOCK OR ADSs ARE URGED TO CONSULT WITH THEIR OWN TAX ADVISORS WITH RESPECT TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING OR DISPOSING OF COMMON STOCK OR ADSs, BASED ON THEIR PARTICULAR CIRCUMSTANCES.

10.F DIVIDENDS AND PAYING AGENTS

Not applicable.

10.G STATEMENT BY EXPERTS

Not applicable.

10.H DOCUMENTS ON DISPLAY

Toyota files annual reports on Form 20-F and reports on Form 6-K with the SEC. You may access this information through the SEC's website (<https://www.sec.gov>). In addition, Toyota's reports, proxy statements and other information may be inspected at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005. Copies of the documents referred to herein may also be inspected at Toyota's offices by contacting Toyota at 1 Toyota-cho, Toyota City, Aichi Prefecture 471-8571, Japan, attention: Capital Strategy & Affiliated Companies, Finance Division, telephone number: +81-565-28-2121.

10.I SUBSIDIARY INFORMATION

Not applicable.

10.J ANNUAL REPORT TO SECURITY HOLDERS

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Quantitative and Qualitative Disclosures about Market Risk

Toyota is exposed to market risk from changes in foreign currency exchange rates, interest rates, certain commodity and equity security prices. In order to manage the risk arising from changes in foreign currency exchange rates and interest rates, Toyota enters into a variety of derivative financial instruments.

A description of Toyota's accounting policies for derivative instruments is included in note 3 to the consolidated financial statements and further disclosure is provided in notes 20 and 21 to the consolidated financial statements.

Toyota monitors and manages these financial exposures as an integral part of its overall risk management program, which recognizes the unpredictability of financial markets, and seeks to reduce the potentially adverse effects on Toyota's operating results.

Market risk analyses of risks such as foreign exchange risk, interest rate risk, commodity price fluctuation risk and stock price fluctuation risk are provided in note 20 to the consolidated financial statements.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

12.A DEBT SECURITIES

Not applicable.

12.B WARRANTS AND RIGHTS

Not applicable.

12.C OTHER SECURITIES

Not applicable.

12.D AMERICAN DEPOSITARY SHARES

Fees and Charges for Holders of American Depositary Shares

The Bank of New York Mellon, as Depositary for the ADSs, collects its fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The Depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The Depositary may generally refuse to provide fee-attracting services until its fees for those services are paid. The Depositary’s principal executive office is located at 240 Greenwich Street, 8th Floor West, New York, NY 10286, United States of America.

<u>Persons depositing or withdrawing shares must pay:</u>	<u>For:</u>
\$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)	<ul style="list-style-type: none"> • Delivery of ADSs, including those resulting from a distribution, sale or exercise of shares or rights or other property • Surrender of ADSs for the purpose of withdrawal including if the deposit agreement terminates
\$0.05 (or less) per ADS A fee equivalent to the fee that would be payable if securities distributed to you had been shares and the shares had been deposited for delivery of ADSs	<ul style="list-style-type: none"> • Any cash distribution to ADS registered holders • Distribution of securities or rights distributed to holders of deposited securities that are distributed by the Depositary to ADS registered holders
\$0.05 (or less) per ADS per year Registration fees	<ul style="list-style-type: none"> • General depositary services • Registration of transfer of shares on Toyota’s share register to or from the name of the Depositary or its nominee or the custodian or its nominee when shares are deposited or withdrawn
Fees and expenses of the Depositary	<ul style="list-style-type: none"> • Cable (including SWIFT) and facsimile transmissions (when expressly provided in the deposit agreement) • Converting foreign currency to U.S. dollars
Taxes and other governmental charges the Depositary or the custodian have to pay on any ADS or share underlying an ADS	<ul style="list-style-type: none"> • As necessary
Any other charges payable by the Depositary, the custodian or their respective agents in connection with the servicing of the deposited securities	<ul style="list-style-type: none"> • As necessary

Fees Incurred in Fiscal 2026

For fiscal 2026, the Depositary paid to Toyota, or paid to a third party at Toyota’s instruction, an aggregate of \$980,058.75 for standard out-of-pocket maintenance costs for the ADSs (consisting of the expenses of postage

and envelopes for mailing annual reports, printing and distributing dividend checks, stationery, postage, facsimile, and telephone calls), Toyota's continuing annual stock exchange listing fees with respect to the ADSs, expenses relating to Toyota's annual general shareholders' meeting that are incurred with respect to Toyota's ADS holders and 50% of the net dividend fees collected by the Depositary.

Fees to be Paid in the Future

With regards to the ADS program, the Depositary has agreed to pay the standard out-of-pocket maintenance costs for the ADSs, which includes the expenses of postage and envelopes for mailing annual reports, printing and distributing dividend checks, stationery, postage, facsimile and telephone calls. It has also agreed to pay for investor relations expenses, the continuing annual stock exchange listing fees with respect to the ADSs, and any other program related expenses. The limit on the amount of expenses for which the Depositary will pay is the sum of \$300,000 annually. In addition, the Depositary has agreed to pay Toyota 50% of the net dividend fees collected by the Depositary during each annual period towards the aforementioned expenses.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

None.

ITEM 15. CONTROLS AND PROCEDURES

(a) DISCLOSURE CONTROLS AND PROCEDURES

Toyota performed an evaluation of the effectiveness of the design and operation of its disclosure controls and procedures as of the end of fiscal 2026. Disclosure controls and procedures are designed to ensure that information required to be disclosed in the Form 20-F that Toyota files under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) is accumulated and communicated to its management, including the chief executive officer and the principal accounting and financial officer, to allow timely decisions regarding required disclosure. The disclosure controls and procedures also ensure that the Form 20-F that it files under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Commission’s rules and forms. The evaluation was performed under the supervision of Toyota’s principal executive officer, and the principal financial officer. Toyota’s disclosure controls and procedures are designed to provide reasonable assurance of achieving its objectives. Managerial judgment was necessary to evaluate the cost-benefit relationship of possible controls and procedures. The President and Representative Director as well as the member of the Board of Directors have concluded that Toyota’s disclosure controls and procedures are effective at the reasonable assurance level.

(b) MANAGEMENT’S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Toyota’s management is responsible for establishing and maintaining effective internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS Accounting Standards. Toyota’s internal control over financial reporting includes those policies and procedures that:

- (i) pertain to the maintenance of records that in reasonable detail, accurately and fairly reflect the transactions and dispositions of Toyota’s assets;
- (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS Accounting Standards, and that Toyota’s receipts and expenditures are being made only in accordance with authorizations of Toyota’s management and members of the Board of Directors; and
- (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of Toyota’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Toyota's management conducted an evaluation of the effectiveness of internal control over financial reporting based on the framework in "Internal Control — Integrated Framework (2013)" issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on this evaluation, management concluded that Toyota's internal control over financial reporting was effective as of March 31, 2026.

PricewaterhouseCoopers Japan LLC, an independent registered public accounting firm that audited the consolidated financial statements included in this report, has also audited the effectiveness of Toyota's internal control over financial reporting as of March 31, 2026, as stated in its report included herein.

(c) ATTESTATION REPORT OF THE REGISTERED PUBLIC ACCOUNTING FIRM

Toyota's independent registered public accounting firm, PricewaterhouseCoopers Japan LLC, has issued an audit report on the effectiveness of Toyota's internal control over financial reporting. This report appears in Item 18.

(d) CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no changes in Toyota's internal control over financial reporting during fiscal 2026 that have materially affected, or are reasonably likely to materially affect, Toyota's internal control over financial reporting.

ITEM 16. [RESERVED]

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Toyota maintains an Audit & Supervisory Committee, in accordance with the Companies Act. Toyota's Audit & Supervisory Committee is comprised of four members of the Board of Directors who are Audit & Supervisory Committee members, three of whom are outside and independent directors. Each member of the Board of Directors who is an Audit & Supervisory Committee member has been appointed at Toyota's meetings of shareholders, and the Audit & Supervisory Committee has certain statutory powers independently, including auditing the business affairs and accounts of Toyota.

Toyota's Audit & Supervisory Committee has determined that it does not have an "audit committee financial expert" serving on the Audit & Supervisory Committee. The qualifications for, and powers of, the Audit & Supervisory Committee member delineated in the Companies Act are different from those anticipated for any audit committee financial expert. Audit & Supervisory Committee members have the authority to be given reports from a certified public accountant or an accounting firm concerning audits, including technical accounting matters. At the same time, each Audit & Supervisory Committee member has the authority to consult internal and external experts on accounting matters. Each Audit & Supervisory Committee member must fulfill the requirements under Japanese laws and regulations and otherwise follow Japanese corporate governance practices and, accordingly, Toyota's Audit & Supervisory Committee has confirmed that it is not necessarily in Toyota's best interest to nominate as Audit & Supervisory Committee member a person who meets the definition of audit committee financial expert. Although Toyota does not have an audit committee financial expert on its Audit & Supervisory Committee, Toyota believes that Toyota's current corporate governance structure, taken as a whole, including the Audit & Supervisory Committee members' ability to consult internal and external experts, is fully equivalent to a structure having an audit committee financial expert on its Audit & Supervisory Committee.

ITEM 16B. CODE OF ETHICS

Toyota has adopted a code of ethics that applies to its members of the Board of Directors and operating officers, including its principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. A copy of Toyota's code of ethics is included as an exhibit to this annual report on Form 20-F.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

PricewaterhouseCoopers Japan LLC has audited the financial statements of Toyota included in this annual report on Form 20-F.

The following table presents the aggregate fees for professional services and other services rendered by PricewaterhouseCoopers Japan LLC and the various network and member firms of PricewaterhouseCoopers to Toyota in fiscal 2025 and fiscal 2026.

	Yen in millions	
	2025	2026
Audit Fees ⁽¹⁾	8,779	8,780
Audit-related Fees ⁽²⁾	134	231
Tax Fees ⁽³⁾	453	378
All Other Fees ⁽⁴⁾	60	46
Total	9,426	9,435

- (1) Audit Fees consist of fees billed for the annual audit services engagement and other audit services, which are those services that only the external auditor reasonably can provide, and include the services of annual audit, quarterly reviews and assessment and reviews of the effectiveness of internal controls over financial reporting of Toyota and its subsidiaries and affiliated companies; the services associated with SEC registration statements or other documents issued in connection with securities offerings such as comfort letters and consents.
- (2) Audit-related Fees consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of its financial statements or that are traditionally performed by the external auditor, and mainly include services such as agreed-upon or expanded audit procedures; and financial statement audits of employee benefit plans.
- (3) Tax Fees include fees billed for tax compliance services, including services such as tax planning, advice and compliance of federal, state, local and international tax; the review of tax returns; assistance with tax audits and appeals; tax-only valuation services including transfer pricing; expatriate tax assistance and compliance.
- (4) All Other Fees primarily include fees billed for risk management advisory services; services providing information related to automotive market conditions; and other advisory services.

Policies and Procedures of the Audit & Supervisory Committee

Below is a summary of the current policies and procedures of the Audit & Supervisory Committee for the pre-approval of audit and permissible non-audit services performed by Toyota's independent public accountants.

Under the policy, specified operating officers or managers submit a request for general pre-approval of audit and permissible non-audit services for the following fiscal year, which shall include details of the specific services and estimated fees for the services, to the Audit & Supervisory Committee, which reviews and determines whether or not to grant the request in advance. Upon the general pre-approval of the Audit & Supervisory Committee, the specified operating officers or managers are not required to obtain any specific pre-approval for audit and permissible non-audit services so long as those services fall within the scope of the general pre-approval provided.

The Audit & Supervisory Committee makes a further determination of whether or not to grant a request to revise the general pre-approval for the applicable fiscal year if such request is submitted by specified operating officers or managers. Such request may include (i) adding any audit or permissible non-audit services other than the ones listed in the general pre-approval and (ii) obtaining services that are listed in the general pre-approval but of which the total fee amount exceeds the amount affirmed by the general pre-approval. The determination of whether or not to grant a request to revise the general pre-approval noted in the foregoing may alternatively be made by an Audit & Supervisory Committee member, who is designated in advance by a resolution of the Audit & Supervisory Committee, in which case such Audit & Supervisory Committee member shall report such decision at the next meeting of the Audit & Supervisory Committee. The performance of audit and permissible non-audit services and the payment of fees are subject to review by the Audit & Supervisory Committee at least once every fiscal year.

With respect to fiscal 2026, none of the audit related fees, tax fees or all other fees described in the table above were approved by the Audit & Supervisory Committee pursuant to the de minimis exception provided by paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X. With respect to fiscal 2025, none of the audit related fees, tax fees or all other fees described in the table above were approved by the Audit & Supervisory Board, which used to approve such transactions prior to TMC becoming a company with an Audit & Supervisory Committee, pursuant to the de minimis exception provided by paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

As of the date of this annual report on Form 20-F, we do not rely on any of the exemptions contained in paragraph (b)(1)(iv), the general exemption contained in paragraph (c)(3) or the last sentence of paragraph (a)(3) of Rule 10A-3 under the Exchange Act.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

The following table sets forth purchases of Toyota's common stock by Toyota and its affiliated purchasers during fiscal 2026:

Period	(a)Total Number of Shares Purchased ⁽¹⁾	(b)Average Price Paid per Share (Yen) ⁽¹⁾	(c)Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽²⁾	(d)Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs ⁽²⁾
April 1, 2025 – April 30, 2025	16,226,828	2,462	16,226,100	—
May 1, 2025 – May 31, 2025	387	2,700	—	—
June 1, 2025 – June 30, 2025	715	2,627	—	—
July 1, 2025 – July 31, 2025	550	2,523	—	—
August 1, 2025 – August 31, 2025	697	2,836	—	—
September 1, 2025 – September 30, 2025	778	2,916	—	—
October 1, 2025 – October 31, 2025	926	2,941	—	—
November 1, 2025 – November 30, 2025	521	3,166	—	—
December 1, 2025 – December 31, 2025	1,045	3,244	—	—
January 1, 2026 – January 31, 2026	819	3,504	—	—
February 1, 2026 – February 28, 2026	760	3,663	—	—
March 1, 2026 – March 31, 2026	674	3,566	—	—
Total	16,234,700	—	16,226,100	—

(1) A portion of the above purchases were made as a result of holders of shares constituting less than one unit, which is 100 shares of common stock, requesting Toyota to purchase shares that are a fraction of a unit, in

accordance with Toyota's share handling regulations. Toyota is required to comply with such requests pursuant to the Companies Act. See "Item 10. Additional Information — 10.B Memorandum and Articles of Association — Japanese Unit Share System." The number of shares purchased not pursuant to publicly announced plans or programs conducted in fiscal 2026 is 8,600.

- (2) Subsequent to March 31, 2026, pursuant to the written resolution in lieu of a resolution of the Board of Directors dated June 3, 2025, the resolution of the Board of Directors dated January 14, 2026, and the written resolution in lieu of a resolution of the Board of Directors dated March 30, 2026, Toyota conducted a tender offer to repurchase shares of its common stock from existing shareholders, pursuant to which Toyota repurchased 1,192,330,962 shares of its common stock at 3,067 yen per share, for an aggregate purchase price of approximately 3.65 trillion yen, during the period from March 31, 2026 to April 27, 2026. The repurchased shares became treasury shares upon repurchase.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

Not applicable.

ITEM 16G. CORPORATE GOVERNANCE

Significant Differences in Corporate Governance Practices between Toyota and U.S. Companies Listed on the NYSE

Pursuant to home country practices exemptions granted by the NYSE, Toyota is permitted to follow certain corporate governance practices complying with Japanese laws, regulations and stock exchange rules in lieu of the corporate governance standards under Section 303A of the NYSE Listed Company Manual (the "NYSE Corporate Governance Rules"). More specifically, Toyota is exempt from the NYSE Corporate Governance Rules, except for requirements that (a) Toyota's Audit & Supervisory Committee satisfies the requirements of Rule 10A-3 under the Exchange Act, (b) Toyota must disclose significant differences in its corporate governance practices as compared to those followed by domestic companies under the NYSE listing standards, (c) Toyota's principal executive officer must notify the NYSE in writing after any executive officer of Toyota becomes aware of any non-compliance with (a), (b) and (e), (d) Toyota must submit annual and interim written affirmations to the NYSE, and (e) Toyota must adopt and comply with a written policy providing that it will recover erroneously awarded incentive-based compensation from its executive officers in the event that it is required to prepare an accounting restatement due to the material noncompliance by Toyota with any financial reporting requirement under the securities laws. Toyota's corporate governance practices and those followed by domestic companies under the NYSE Corporate Governance Rules have the following significant differences:

1. Members of the Board of Directors. The NYSE Corporate Governance Rules require U.S. listed companies generally to have a majority of the board be "independent directors," as defined under the NYSE Corporate Governance Rules. The NYSE Corporate Governance Rules also require that the non-management directors of each U.S. listed company meet at regularly scheduled executive sessions without management. As a foreign private issuer, neither rule applies to Toyota. Unlike the NYSE Corporate Governance Rules, neither the Companies Act nor the regulations of the Japanese stock exchanges require, and accordingly Toyota does not have, an internal corporate organ or committee comprised solely of "independent directors" as defined under the regulations of the Japanese stock exchanges.

The Companies Act requires Toyota to have "outside" members of the Board of Directors, as defined under the Companies Act. Toyota currently has five outside members of the Board of Directors. An "outside" member of the Board of Directors refers to:

- (a) a person who is not, and has never been during the ten year period before becoming an outside member of the Board of Directors, an Executive Director of Toyota or its subsidiaries;
- (b) if a person was a member of the Board of Directors, accounting counselor (in the case that an accounting counselor is a legal entity, a member of such entity who is in charge of its affairs) or Audit and Supervisory Board member (excluding those who have ever been Executive Directors, etc.) of

Toyota or any of its subsidiaries at any time during the ten year period before becoming an outside member of the Board of Directors, such person who has not been an Executive Director, etc. of Toyota or any of its subsidiaries during the ten year period before becoming a member of the Board of Directors, accounting counselor or Audit and Supervisory Board member; and

- (c) a person who is not a spouse or relative within the second degree of kinship of any member of the Board of Directors, manager or other key employee of Toyota.

Such qualifications for an “outside” member of the Board of Directors are different from the director independence requirements under the NYSE Corporate Governance Rules.

In addition, pursuant to the regulations of the Japanese stock exchanges, Toyota is required to have one or more “independent director(s),” defined under the relevant regulations of the Japanese stock exchanges as “outside directors” (as defined under the Companies Act), who are unlikely to have any conflicts of interests with Toyota’s general shareholders. Each of the outside members of the Board of Directors of Toyota satisfies the “independent director” requirements under the regulations of the Japanese stock exchanges. The Japanese Corporate Governance Code provides that certain listed companies, including Toyota, should appoint at least one-third of their directors as “independent outside directors” as defined based on the criteria for assessing director independence established by Toyota in line with the independence standards of the Japanese stock exchanges. Each of the outside members of the Board of Directors of Toyota satisfies the “independent outside director” requirements under the independence standards of the Japanese stock exchanges. To ensure our outside members of the Board of Directors participate in decision-making from an independent standpoint and reflect the opinions of more diverse stakeholders in management, Toyota has clarified the unique roles of and expectations for Toyota’s outside members of the Board of Directors and revised the independence assessment criteria. The definition of “independent director” and “outside director” reflecting such criteria is different from that of the definition of independent director under the NYSE Corporate Governance Rules.

The roles of and expectations for outside members of the Board of Directors are as follows.

To believe in and uphold the Toyota Philosophy, have a high interest in our company’s business and people, and understand our company and its surrounding environment by having close dialogues with top management

To contribute to decision-making for our company’s sustainable growth and medium- to long-term enhancement in our corporate value as well as to solutions to social issues

To contribute to greater added value of the Board of Directors’ decision-making while supervising business execution, utilizing their abundant experience and advanced expertise based on their recognition of diverse stakeholders’ opinions

To provide advice and support on key issues and business strategies, etc., in addition to matters presented to the Board of Directors

(For outside members of the Board of Directors who are Audit & Supervisory Committee members)

In addition to the above, to conduct audits from a fair and neutral standpoint, utilizing their abundant experience and advanced expertise

The independence assessment criteria of Toyota are as follows.

Outside members of the Board of Directors who satisfy the requirements stipulated by the Companies Act and do not fall into any of the following categories are deemed to be independent.

1. History of belonging to affiliated companies: Persons who are currently functioning as executive directors, members of the Audit & Supervisory Committee (excluding outside members of the Board of

Directors) or Audit and Supervisory Board, operating officers, or employees of our company and its consolidated subsidiaries. Or those who functioned as executive directors, members of the Audit & Supervisory Committee (excluding outside members of the Board of Directors) or the Audit and Supervisory Board, operating officers, or employees at any time during the last ten years.

2. Major business partners: Persons who are executing business in companies, etc. (executive directors, executive officers, operating officers, employees, or any equivalents; the same shall apply hereunder) where the amount of the transaction with our company and its consolidated subsidiaries is more than 2% of the consolidated net sales of their company or our company and its consolidated subsidiaries in any of the last three fiscal years.
3. Major lenders: Persons who are executing business in companies from which our company and its consolidated subsidiaries borrowed funds amounting to more than 2% of the consolidated total assets of our company and its consolidated subsidiaries in any of the last three fiscal years.
4. Highly paid experts: Consultants, accountants, or jurists who earned more than US\$120,000 a year directly from our company and its consolidated subsidiaries as remuneration (excluding that for the function of outside executives) in any of the last three fiscal years.
5. Large contribution: Persons who (or persons belonging to organizations that) received contributions amounting to more than US\$120,000 a year from our company and its consolidated subsidiaries in any of the last three fiscal years.
6. Major shareholders: Persons who are executing business in companies, etc., that are ranked tenth or higher in terms of the ownership ratio of our company's shares or for which our company is ranked tenth or higher in terms of the ownership ratio of their shares.
7. Affiliated audit firms: Persons who currently belong to or belonged to, at any time during the last ten years, the audit firms serving as accounting auditors of our company and its consolidated subsidiaries.
8. Close relatives: Spouses, or relatives within the second degree of kinship, of members of the Board of Directors, the Audit & Supervisory Committee or Audit and Supervisory Board, operating officers, key employees of our company and its consolidated subsidiaries, or persons falling into the above 1 to 6 (excluding non-key persons).
9. Mutual executive dispatch: Persons who are executing business in companies that are accepting one or more member(s) of the Board of Directors or the Audit and Supervisory Board from our company and its consolidated subsidiaries.
10. Term of office: Persons whose term of office as an outside executive is longer than 12 years.

Persons who fall within any of the above-listed categories may be determined as independent, under the condition that our company discloses the reason for the determination when such persons satisfy the requirements for outside executives stipulated in the Companies Act and are substantially independent, and thus, a conflict of interest against general shareholders is deemed not to emerge.

2. Nominating / Corporate Governance and Compensation Committees. Under the Companies Act, Toyota has elected to structure its corporate governance system as a company with an audit & supervisory committee. Toyota, as a Japanese company with an audit & supervisory committee, is not required to have certain committees that are required of U.S. listed companies subject to the NYSE Corporate Governance Rules, including those that are responsible for director nomination, corporate governance and executive compensation. However, members of Toyota's Executive Appointment Meeting, a majority of whom are outside directors, discuss recommendations to the Board of Directors concerning the appointment and dismissal of members of the Board of Directors. Members of the Executive Compensation Meeting, a majority of whom are outside directors, review the remuneration system for members of Board of Directors (excluding for Audit & Supervisory Committee members) and senior management as well as determine the amount of remuneration for each member

of the Board of Directors (excluding for Audit & Supervisory Committee members). The Japanese Corporate Governance Code provides that certain listed companies, including Toyota, generally should have the majority of the members of each of certain committees be independent directors, and those committees of Toyota satisfy that principle.

Pursuant to the Companies Act, Toyota's Board of Directors nominates and submits a proposal for the appointment of members of the Board of Directors for shareholder approval. The shareholders vote on such nomination at the general shareholders' meeting. The Companies Act requires that the limits or calculation formula of the remuneration, bonus and any other benefits in compensation for the execution of duties ("remuneration, etc.") of directors, the kind of remuneration, etc. (in case that the remuneration, etc. are other than cash (excluding shares and stock acquisition rights)) to be received by directors, and the limits of remuneration, etc. that are shares and stock acquisition rights to be granted to directors must be determined by a resolution of the general shareholders' meeting, unless their remuneration, etc. is provided for in the articles of incorporation. The distribution of remuneration, etc., among each member of the Board of Directors (excluding Audit & Supervisory Committee members) is broadly delegated to the Board of Directors and the distribution of remuneration among each Audit & Supervisory Committee member is determined by consultation among the Audit & Supervisory Committee members.

3. Audit Committee. In addition to satisfying the requirements of Rule 10A-3 under the Exchange Act (including that each member meet the independence requirements of Rule 10A-3(b)(1)), audit committees of companies listed on the NYSE generally are supposed to satisfy additional requirements, such as each member needing to be also an "independent director" as defined under the NYSE Corporate Governance Rules, and having specified purposes, duties and responsibilities. Toyota is not subject to the aforementioned additional requirements.

Pursuant to the requirements of the Companies Act, Toyota elects its Audit & Supervisory Committee members and the other members of the Board of Directors separately through a resolution adopted at a general shareholders' meeting. The Companies Act of Japan stipulates that the Audit & Supervisory Committee must consist of at least three members of the Board of Directors. Toyota currently has four Audit & Supervisory Committee members.

Under the Companies Act, a majority of the Audit & Supervisory Committee members must be "outside" members of the Board of Directors. An "outside" member of the Board of Directors is any person who satisfies all of the requirements as described above in "1. Members of the Board of Directors.":

Three of the Audit & Supervisory Committee members of Toyota are "outside" members of the Board of Directors and satisfy the "independent director" requirements under the regulations of the Japanese stock exchanges, as described above in "1. Members of the Board of Directors."

Unlike the NYSE Corporate Governance Rules, the Companies Act, among other matters, does not require Audit & Supervisory Committee members to establish an "expertise in accounting or financial management" nor are they required to present other special knowledge and experience. Toyota's Board of Directors has not determined that any of its Audit & Supervisory Committee members has "expertise in accounting or financial management," as set forth in the NYSE Corporate Governance Rules. However, the Japanese Corporate Governance Code indicates that persons with appropriate experience and skills as well as necessary knowledge of finance, accounting, and laws should be appointed as Audit & Supervisory Committee members, and in particular, one or more Audit & Supervisory Committee members who have sufficient knowledge of finance and accounting matters should be appointed. Toyota has appointed persons who are able to provide opinions and advice regarding management based on their broader experience and discretion beyond finance and accounting. Under the Companies Act, the Audit & Supervisory Committee may determine the auditing policies and methods of investigating the conditions of Toyota's business and assets and prepares auditors' reports. Further, the Audit & Supervisory Committee makes decisions concerning proposals relating to the appointment and dismissal

of accounting auditors; it also has the authority to dismiss the accounting auditor when certain matters specified under the Companies Act occur.

U.S. domestic issuers listed on NYSE are required to disclose the charter of their audit committees. Japanese law and the regulations of the Japanese stock exchanges do not require such disclosure, and accordingly, we do not disclose our Audit & Supervisory Committee charter.

4. Corporate Governance Guidelines. Unlike the NYSE Corporate Governance Rules, Toyota is not required to comply with the Japanese Corporate Governance Code under Japanese laws and regulations, including the Companies Act, the Financial Instruments and Exchange Law of Japan and the regulations of the Japanese stock exchanges. However, if Toyota does not comply with the Japanese Corporate Governance Code, it is required to explain the reasons why it does not do so in accordance with the regulations of the Japanese stock exchanges. In addition, Toyota is required to resolve at the Board of Directors matters relating to a system, which is required under the ordinance of the Ministry of Justice (“internal control system” or “*naibu-tosei*”), to ensure the execution of duties of the members of the Board of Directors to comply with laws, regulations and articles of incorporation, and any other systems to ensure the adequacy of the business, and to disclose such matters resolved, policies and the present status of its corporate governance in its business reports, annual securities report and certain other disclosure documents in accordance with the regulations under the Financial Instruments and Exchange Law and the regulations of the Japanese stock exchanges in respect of timely disclosure.

5. Code of Business Conduct and Ethics. Similar to the NYSE Corporate Governance Rules, under the Japanese Corporate Governance Code, Toyota is encouraged to adopt a code of conduct regarding ethical business activities for members of the Board of Directors, officers and employees. Toyota has resolved matters relating to maintenance of an “internal control system,” or “*naibu-tosei*,” in order to ensure its employees comply with laws, regulations and the articles of incorporation, etc., pursuant to the Companies Act, and Toyota maintains guidelines and internal regulations such as “Guiding Principles at Toyota,” “Toyota Code of Conduct” and a code of ethics pursuant to Section 406 of the Sarbanes-Oxley Act. Please see “Item 16B. Code of Ethics” for additional information.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

ITEM 16J. INSIDER TRADING POLICIES

Toyota has adopted an insider trading policy that is reasonably designed to promote compliance with applicable insider trading laws, rules and regulations, and any listing standards applicable to Toyota. A copy is filed as Exhibit 19.1 to this annual report.

ITEM 16K. CYBERSECURITY

Cybersecurity Risk Management and Strategy

The process at TMC for managing cybersecurity risks is integrated into the TGRS, a company-wide risk management framework based on ISO and COSO. For instance, based on the TGRS, TMC identifies cybersecurity risks, determines their degree of significance, and sets priorities to enable an effective response. For a further discussion of TMC's company-wide risk management, see "Item 4. Information on the Company — 4.B Business Overview — Toyota's Approach to and Initiatives Towards Sustainability — Risk Management" in this annual report.

As part of TMC's cybersecurity risk management process, TMC has a cybersecurity team established within the digital information and communication group that gathers information concerning cybersecurity-related trends and case examples relating to other companies from third parties such as governmental security agencies, cybersecurity companies and software vendors, and monitors cyberattacks from external sources. In addition, by being a member of the Automotive Information Sharing & Analysis Center (Auto-ISAC) in Japan and the U.S., TMC is able to learn promptly about problematic events that occur within the industry and puts the information to use to improve and implement cybersecurity measures. Furthermore, TMC also actively collaborates with outside experts to gain outside knowledge and uses it to improve security. TMC also is a member of the Nippon Computer Security Incident Response Team (CSIRT) Association, which shares information about incidents, vulnerabilities, and signs of attacks, among member companies.

The team also shares information about security threats with Toyota's overseas regional headquarters, which then share information within their own regions and implement countermeasures as necessary. Similarly, in the area of product security, the groups in charge of automotive security within the specialized team promotes automotive security initiatives throughout the entire automotive lifecycle in collaboration with the automotive development field, including product development with security-by-design and multi-layered protection in mind, in addition to compliance with international regulations and standards such as UNR155*1 and ISO/SAE 21434*2, and the collection and monitoring of threat and vulnerability information.

*1 Regulations concerning cybersecurity, which were adopted at the World Forum for the Harmonization of Vehicle Regulations (WP.29) in June 2020

*2 International standards concerning cyber security of electrical/electronic systems of automobiles

TMC also provides information security training for all of TMC's employees, including secondees and dispatched employees, such as through activities to raise awareness during "Information Quality Months," educational or warning information displayed at the startup of individuals' personal computers, and unannounced training to test responses to targeted-attack-type emails.

In addition, third-party organizations with expertise in cybersecurity and risk management evaluate, based on such standards as those of the U.S National Institute of Standards and Technology Cybersecurity Framework (NIST CSF), NIST's Special Publications (SP) Series, ISO and International Electrotechnical Commission (IEC), the condition of the management and technical aspects of TMC's security measures for information technology, operational technology, products and other areas. TMC implements measures to address problems identified through these evaluations as needed, working to raise the level of security.

TMC has an ongoing process in place to monitor known access routes to its systems, block potential threats, and evaluate incidents as they are identified. This process also applies to the systems of certain subsidiaries as well as certain third-party distributors, suppliers, and service providers.

TMC has issued the All Toyota Security Guidelines (“ATSG”), which are guidelines for identifying and mitigating cybersecurity risks, to TMC’s consolidated subsidiaries, as well as third party dealers and rental or leasing agencies in Japan, requesting them to conduct self-inspections covering more than 100 items and enhance cybersecurity measures. In addition, the cybersecurity team carries out on-site audits by visiting the subsidiaries and other entities that the ATSG applies to, to check responses to the ATSG and the status of implementation of physical security measures at each company. TMC has also requested TMC’s key suppliers to enhance their cybersecurity measures based on the guidelines that are equivalent to the ATSG.

No material cybersecurity incident has occurred to Toyota to date. In fiscal 2026, Toyota did not identify cybersecurity risks from cybersecurity threats, including as a result of past cybersecurity incidents, that are reasonably likely to materially affect Toyota, including its business strategy, results of operations, or financial condition. However, despite the capabilities, processes, and other security measures we employ that we believe are designed to assess, identify, and mitigate the risk of cybersecurity incidents, we may not be aware of all vulnerabilities or might not accurately assess the risks of incidents, and such preventative measures cannot provide absolute security and may not be sufficient in all circumstances or mitigate all potential risks. For a further discussion of risks that may materially affect Toyota if a cybersecurity threat materializes and other matters, see “Item 3. Key Information — 3.D Risk Factors” in this annual report.

Cybersecurity Governance

TMC considers cybersecurity risk to be a particularly important risk within its risk management framework and one of the areas of focus for its Board of Directors, Audit & Supervisory Committee, and management. As part of the company-wide risk management process, in addition to developing the TGRS described above, TMC has established a governance and risk subcommittee that includes members of the Board of Directors and Audit & Supervisory Committee, as well as the chief officer of the cyber security office as a member in charge of cybersecurity. The subcommittee discusses cybersecurity as one of the company-wide risks.

TMC’s cybersecurity team is led by the chief officer and reports serious cybersecurity risks or incidents to the Board of Directors and the Audit & Supervisory Committee as they arise.

In addition, the members of the Information Quality Management Meeting, which is held approximately twice a year, receives reports on and oversees the status of cybersecurity risks and incidents at TMC. This body, chaired by the chief officer, is attended by responsible personnel assigned to each security area, such as confidential information management, information systems, and supply chain. Participants report and share information about security risks and the status of incidents.

Of such information, material matters are reported by the chief officer to the Board of Directors and Audit & Supervisory Committee through the CRO, who is responsible for overall risk management.

In addition to the meeting mentioned above, the cybersecurity team coordinates with Audit & Supervisory Committee members, communicating with them when they make inquiries about the state of TMC’s approach to cybersecurity and incident trends in the world.

TMC’s process for identifying, tracking and managing cybersecurity risks on a daily basis is primarily carried out by the cybersecurity team led by the chief officer.

The cybersecurity team consists of professionals with cybersecurity expertise. Among the members, the chief officer has gained experience in the development of in-vehicle software and on-board devices since joining TMC and has insights into information technologies such as software and cloud services. The chief officer also gained experience in the field of cybersecurity since 2016, when he became an officer of Toyota’s Connected Company, and thus has knowledge of and insights into cybersecurity. TMC has a process where cybersecurity incidents at TMC or TMC’s group companies or suppliers is reported to an appropriate cybersecurity team in a timely manner as it occurs and escalated to the chief officer according to the severity of the incident.

In addition, TMC has the Toyota Motor Corporation-Security Incident Response Team (TMC-SIRT), a response team including members of management, and has established a system to take appropriate and prompt action to resolve incidents. The TMC-SIRT does not only respond to cybersecurity incidents at TMC, but also provides support for incidents at TMC's subsidiaries in Japan and overseas and key suppliers in Japan as necessary to bring the situation under control.

The chief officer is responsible for managing the cybersecurity risks and strategic processes described above, as well as overseeing the prevention, mitigation, detection, and remediation of cybersecurity incidents.

PART III

ITEM 17. FINANCIAL STATEMENTS

Not applicable.

ITEM 18. FINANCIAL STATEMENTS

The following financial statements are filed as part of this annual report on Form 20-F.

TOYOTA MOTOR CORPORATION
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All financial statements schedules are omitted because they are not applicable or the required information is shown in the financial statements or the notes thereto.

Financial statements of equity method investees in which the Company holds 50% or less ownership have been omitted because none meet the significance tests specified in Rule 3-09 of Regulation S-X.

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of
Toyota Jidosha Kabushiki Kaisha
("Toyota Motor Corporation")

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated statements of financial position of Toyota Motor Corporation and its subsidiaries (collectively referred to as the "Company") as of March 31, 2026 and 2025, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for each of the three years in the period ended March 31, 2026, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of March 31, 2026, based on criteria established in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2026 and 2025, and the results of its operations and its cash flows for each of the three years in the period ended March 31, 2026 in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2026, based on criteria established in Internal Control—Integrated Framework (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control Over Financial Reporting appearing under Item 15(b). Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to

the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Liabilities for the costs of recalls and other safety measures

As described in Notes 3 and 24 to the consolidated financial statements, the Company accrues for costs of recalls and other safety measures. As of March 31, 2026, estimated liabilities for the costs of recalls and other safety measures totaled ¥1,431,112 million and were included in liabilities for quality assurance in the consolidated statement of financial position. The Company generally measures the liabilities for recalls and other safety measures at the time of vehicle sales comprehensively by aggregate sales of various models in a certain period by geographical regions. However, when circumstances warrant, the Company measures liabilities for costs of a particular recall or other safety measures using an individual model when they are probable and reasonably estimable. Management calculates the liabilities for the costs of recalls and other safety measures that are determined comprehensively based on the accumulated amount of repair cost paid per unit and pattern of actual payment occurrence.

The principal considerations for our determination that performing procedures relating to liabilities for the costs of recalls and other safety measures that are determined comprehensively is a critical audit matter are 1) significant judgment and estimation was required by management when developing the liabilities which in turn led to a high degree of auditor judgment and subjectivity in performing procedures to evaluate management's assumptions; and 2) significant audit effort was necessary relating to testing the accumulated amount of repair cost paid per unit and pattern of actual payment occurrence utilized in developing the estimate. In addition, the audit effort included the involvement of professionals with specialized skill and knowledge to assist in performing these procedures and evaluating the audit evidence obtained.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to liabilities for the costs of recalls and other safety measures, including controls related to the determination of the significant assumptions and data used to calculate the liabilities that are determined comprehensively. These procedures also included, among others: 1) testing management's process for estimating the liabilities, including evaluating the reasonableness of the significant assumptions; and 2) testing of the completeness and accuracy of the data used in the estimate. Professionals with specialized skill and knowledge were used to assist in testing the liabilities by developing an independent range of reasonable estimated loss based on the Company's data and independently developed assumptions.

Allowance for credit losses—Retail finance receivables

As described in Notes 3, 8 and 20 to the consolidated financial statements, the Company measures an allowance for credit losses on its retail finance receivables by estimating the expected credit losses at the reporting date. As of March 31, 2026, ¥382,152 million of the allowance for credit losses corresponding to ¥31,837,922 million of retail finance receivables was recorded in the consolidated statement of financial position. The allowance for credit losses on retail finance receivables is measured based on a systematic, ongoing review and evaluation performed as part of the credit risk evaluation process, historical loss experience, the size and composition of the portfolios, current economic events and conditions, the estimated fair value and adequacy of collateral, forward-looking information including movements of the world economy and other pertinent factors. In calculating the expected credit losses, the Company uses the probability of a default and the loss rate in the event of a default based on past experience and then reflects adjustments based on its forecasts of current and future economic conditions. Retail finance receivables within the United States represent approximately half of the consolidated retail finance receivables as of March 31, 2026.

The principal considerations for our determination that performing procedures relating to the allowance for credit losses on retail finance receivables is a critical audit matter are 1) significant judgment was required by management when determining assumptions of the probability of a default, the loss rate in the event of a default, and adjustments based on the forecasts of current and future economic conditions used in the estimating of the allowance for credit losses, which in turn led to a high degree of auditor judgment and subjectivity in performing procedures to evaluate management's assumptions and adjustments; and 2) there was a high level of complexity in assessing audit evidence related to management's estimate. In addition, the audit effort included the involvement of professionals with specialized skill and knowledge to assist in performing these procedures and evaluating the audit evidence obtained.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the Company's allowance for credit losses on retail finance receivables, including controls over data supporting the assumptions, such as the probability of a default and the loss rate in the event of a default based on past experience, and adjustments used to determine the allowance. These procedures also included, among others, testing management's process for estimating the allowance, including evaluating the reasonableness of the assumptions and adjustments. Professionals with specialized skill and knowledge were used to assist in evaluating the reasonableness of the assumptions and adjustments determined by management.

/s/ PricewaterhouseCoopers Japan LLC
Nagoya, Japan
June 10, 2026

We have served as the Company's auditor since 2006.

TOYOTA MOTOR CORPORATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Yen in millions	
	Notes	March 31, 2025	March 31, 2026
Assets			
Current assets			
Cash and cash equivalents	6	8,982,404	12,659,622
Trade accounts and other receivables	7	3,679,722	3,795,986
Receivables related to financial services	8	11,453,249	13,478,474
Other financial assets	9	6,935,759	3,982,445
Inventories	10	4,598,232	5,134,996
Income tax receivable		216,528	235,425
Other current assets		1,212,783	1,520,330
Subtotal		<u>37,078,676</u>	<u>40,807,277</u>
Assets held for sale	11	—	2,016,804
Total current assets		<u>37,078,676</u>	<u>42,824,081</u>
Non-current assets			
Investments accounted for using the equity method	12	5,798,051	5,342,548
Receivables related to financial services	8	22,171,786	25,488,182
Other financial assets	9	9,882,841	11,135,799
Property, plant and equipment			
Land	13	1,428,122	1,351,625
Buildings	13	6,170,063	6,284,907
Machinery and equipment	13	16,621,243	17,509,377
Vehicles and equipment on operating leases	13	8,051,945	9,705,647
Construction in progress	13	1,596,145	1,719,808
Total property, plant and equipment, at cost	13	<u>33,867,518</u>	<u>36,571,364</u>
Less - Accumulated depreciation and impairment losses	13	<u>(18,533,826)</u>	<u>(19,504,000)</u>
Total property, plant and equipment, net	13	<u>15,333,693</u>	<u>17,067,365</u>
Right of use assets	14	583,068	901,232
Intangible assets	15	1,363,266	1,392,755
Deferred tax assets	16	517,869	555,596
Other non-current assets	23	872,101	814,773
Total non-current assets		<u>56,522,674</u>	<u>62,698,250</u>
Total assets		<u>93,601,350</u>	<u>105,522,331</u>

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

TOYOTA MOTOR CORPORATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION—(Continued)

	Notes	Yen in millions	
		March 31, 2025	March 31, 2026
Liabilities			
Current liabilities			
Trade accounts and other payables	17	5,527,347	5,856,945
Short-term and current portion of long-term debt	18	15,829,516	17,581,104
Accrued expenses		1,827,933	2,112,571
Other financial liabilities	19	1,869,117	2,384,008
Income taxes payable		505,500	711,675
Liabilities for quality assurance	24	1,965,748	2,097,943
Provisions	25	413,352	431,191
Other current liabilities		1,495,707	1,735,034
Subtotal		29,434,220	32,910,472
Liabilities directly associated with assets held for sale	11	—	694,547
Total current liabilities		29,434,220	33,605,019
Non-current liabilities			
Long-term debt	18	22,963,363	25,624,365
Other financial liabilities	19	435,594	1,157,413
Retirement benefit liabilities	23	1,019,568	1,022,483
Deferred tax liabilities	16	1,659,433	1,584,505
Provisions	25	301,103	498,463
Other non-current liabilities		909,156	1,010,015
Total non-current liabilities		27,288,217	30,897,244
Total liabilities		56,722,437	64,502,263
Shareholders' equity			
Common stock	26	397,050	397,050
Additional paid-in capital	26	492,368	456,742
Retained earnings	26	35,841,218	38,709,858
Other components of equity	26	3,610,133	4,544,019
Other comprehensive income associated with assets held for sale	11,26	—	266,596
Treasury stock	26	(4,415,943)	(4,455,410)
Total Toyota Motor Corporation shareholders' equity	26	35,924,826	39,918,854
Non-controlling interests		954,088	1,101,214
Total shareholders' equity		36,878,913	41,020,068
Total liabilities and shareholders' equity		93,601,350	105,522,331

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

TOYOTA MOTOR CORPORATION
CONSOLIDATED STATEMENT OF INCOME

		Yen in millions		
	Notes	For the year ended March 31, 2024	For the year ended March 31, 2025	For the year ended March 31, 2026
Sales revenues				
Sales of products	27	41,648,130	43,598,877	45,865,949
Financial services	27	3,447,195	4,437,827	4,819,003
Total sales revenues	27	45,095,325	48,036,704	50,684,952
Costs and expenses				
Cost of products sold		33,600,612	35,510,157	39,141,418
Cost of financial services		2,126,395	2,948,509	3,079,794
Selling, general and administrative		4,015,383	4,782,452	4,697,524
Total costs and expenses		39,742,390	43,241,118	46,918,736
Operating income		5,352,934	4,795,586	3,766,216
Share of profit (loss) of investments				
accounted for using the equity method	12	763,137	591,219	552,742
Other finance income	29	747,236	556,700	594,243
Other finance costs	29	(103,709)	(190,711)	(86,746)
Foreign exchange gain (loss), net		187,568	705,292	400,780
Other income (loss), net		17,918	(43,497)	(74,239)
Income before income taxes		6,965,085	6,414,590	5,152,996
Income tax expense	16	1,893,665	1,624,835	1,167,234
Net income		5,071,421	4,789,755	3,985,761
Net income attributable to				
Toyota Motor Corporation		4,944,933	4,765,086	3,848,098
Non-controlling interests		126,488	24,670	137,664
Net income		5,071,421	4,789,755	3,985,761
Yen				
Earnings per share attributable to Toyota Motor Corporation				
Basic and Diluted	30	365.94	359.56	295.25

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

TOYOTA MOTOR CORPORATION
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Yen in millions		
		For the year ended March 31, 2024	For the year ended March 31, 2025	For the year ended March 31, 2026
Net income		5,071,421	4,789,755	3,985,761
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	26	557,539	102,129	351,684
Remeasurements of defined benefit plans	26	46,328	(109,598)	101,352
Share of other comprehensive income of equity method investees	12,26	156,118	(63,213)	22,331
Total of items that will not be reclassified to profit (loss)		759,984	(70,682)	475,366
Items that may be reclassified subsequently to profit (loss)				
Exchange differences on translating foreign operations	26	1,178,875	(827,848)	946,309
Net changes in revaluation of financial assets measured at fair value through other comprehensive income	26	12,247	31,158	(53,181)
Share of other comprehensive income of equity method investees	12,26	165,996	121,340	161,450
Total of items that may be reclassified subsequently to profit (loss)		1,357,118	(675,349)	1,054,578
Total other comprehensive income, net of tax	26	2,117,103	(746,031)	1,529,944
Comprehensive income		7,188,523	4,043,724	5,515,705
Comprehensive income for the period attributable to				
Toyota Motor Corporation		6,999,828	4,011,822	5,308,095
Non-controlling interests		188,696	31,903	207,610
Comprehensive income		7,188,523	4,043,724	5,515,705

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

TOYOTA MOTOR CORPORATION
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended March 31, 2024

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, 2023		397,050	498,728	28,343,296	2,836,195	(3,736,562)	28,338,706	925,507	29,264,213
Comprehensive income									
Net income		—	—	4,944,933	—	—	4,944,933	126,488	5,071,421
Other comprehensive income, net of tax	26	—	—	—	2,054,895	—	2,054,895	62,208	2,117,103
Total comprehensive income		—	—	4,944,933	2,054,895	—	6,999,828	188,696	7,188,523
Transactions with owners and other									
Dividends paid	26	—	—	(880,197)	—	—	(880,197)	(90,309)	(970,506)
Repurchase of treasury stock	26	—	—	—	—	(231,069)	(231,069)	—	(231,069)
Reissuance of treasury stock	26	—	263	—	—	649	911	—	911
Equity transactions and other		—	(7,188)	—	—	—	(7,188)	(5,546)	(12,735)
Total transactions with owners and other		—	(6,926)	(880,197)	—	(230,420)	(1,117,543)	(95,856)	(1,213,398)
Reclassification to retained earnings	26	—	—	387,334	(387,334)	—	—	—	—
Balances at March 31, 2024		<u>397,050</u>	<u>491,802</u>	<u>32,795,365</u>	<u>4,503,756</u>	<u>(3,966,982)</u>	<u>34,220,991</u>	<u>1,018,347</u>	<u>35,239,338</u>

For the year ended March 31, 2025

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, 2024		397,050	491,802	32,795,365	4,503,756	(3,966,982)	34,220,991	1,018,347	35,239,338
Comprehensive income									
Net income		—	—	4,765,086	—	—	4,765,086	24,670	4,789,755
Other comprehensive income, net of tax	26	—	—	—	(753,264)	—	(753,264)	7,233	(746,031)
Total comprehensive income		—	—	4,765,086	(753,264)	—	4,011,822	31,903	4,043,724
Transactions with owners and other									
Dividends paid	26	—	—	(1,132,329)	—	—	(1,132,329)	(127,232)	(1,259,560)
Repurchase of treasury stock	26	—	—	—	—	(1,179,043)	(1,179,043)	—	(1,179,043)
Reissuance of treasury stock	26	—	1,356	—	—	866	2,222	—	2,222
Retirement of treasury stock	26	—	(1,953)	(727,264)	—	729,217	—	—	—
Equity transactions and other		—	1,163	—	—	—	1,163	31,069	32,232
Total transactions with owners and other		—	567	(1,859,593)	—	(448,961)	(2,307,987)	(96,162)	(2,404,149)
Reclassification to retained earnings	26	—	—	140,359	(140,359)	—	—	—	—
Balances at March 31, 2025		<u>397,050</u>	<u>492,368</u>	<u>35,841,218</u>	<u>3,610,133</u>	<u>(4,415,943)</u>	<u>35,924,826</u>	<u>954,088</u>	<u>36,878,913</u>

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

TOYOTA MOTOR CORPORATION
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY—(Continued)

For the year ended March 31, 2026

		Yen in millions								
	Notes	Common stock	Additional paid-in capital	Retained earnings	Other components of equity	Other comprehensive income associated with assets held for sale	Treasury stock	Toyota Motor Corporation shareholders' equity	Non- controlling shareholders' interests	Total shareholders' equity
Balances at April 1, 2025		397,050	492,368	35,841,218	3,610,133	—	(4,415,943)	35,924,826	954,088	36,878,913
Comprehensive income										
Net income		—	—	3,848,098	—	—	—	3,848,098	137,664	3,985,761
Other comprehensive income, net of tax	26	—	—	—	1,459,998	—	—	1,459,998	69,946	1,529,944
Total comprehensive income		—	—	3,848,098	1,459,998	—	—	5,308,095	207,610	5,515,705
Transactions with owners and other										
Dividends paid	26	—	—	(1,238,974)	—	—	—	(1,238,974)	(125,416)	(1,364,389)
Repurchase of treasury stock	26	—	—	—	—	—	(39,975)	(39,975)	—	(39,975)
Reissuance of treasury stock	26	—	1,358	—	—	—	508	1,866	—	1,866
Retirement of treasury stock	26	—	—	—	—	—	—	—	—	—
Equity transactions and other		—	(36,984)	—	—	—	—	(36,984)	64,932	27,948
Total transactions with owners and other		—	(35,626)	(1,238,974)	—	—	(39,467)	(1,314,067)	(60,483)	(1,374,550)
Reclassification to retained earnings	26	—	—	259,516	(259,516)	—	—	—	—	—
Transfer to other comprehensive income associated with assets held for sale										
	11 26	—	—	—	(266,596)	266,596	—	—	—	—
Balances at March 31, 2026		<u>397,050</u>	<u>456,742</u>	<u>38,709,858</u>	<u>4,544,019</u>	<u>266,596</u>	<u>(4,455,410)</u>	<u>39,918,854</u>	<u>1,101,214</u>	<u>41,020,068</u>

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

TOYOTA MOTOR CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS

		Yen in millions		
		For the year ended	For the year ended	For the year ended
Notes		March 31, 2024	March 31, 2025	March 31, 2026
Cash flows from operating activities				
	Net income	5,071,421	4,789,755	3,985,761
	Depreciation and amortization	2,087,066	2,251,233	2,392,519
	Interest income and interest costs related to financial services, net	(713,506)	(747,742)	(809,088)
	Share of profit (loss) of investments accounted for using the equity method	(763,137)	(591,219)	(552,742)
	Income tax expense	1,893,665	1,624,835	1,167,234
	Changes in operating assets and liabilities, and other	(3,975,836)	(2,815,549)	(976,558)
	(Increase) decrease in trade accounts and other receivables	(859,239)	55,139	(539,370)
	(Increase) decrease in receivables related to financial services	(3,398,434)	(2,389,665)	(2,017,214)
	(Increase) decrease in inventories	(207,529)	(70,654)	(468,883)
	(Increase) decrease in other current assets	(326,365)	(462,114)	(175,944)
	Increase (decrease) in trade accounts and other payables	560,737	362,924	378,798
	Increase (decrease) in other current liabilities	666,513	659,088	1,477,356
	Increase (decrease) in retirement benefit liabilities	(161)	17,377	153,351
	Other, net	(411,358)	(987,645)	215,348
	Interest received	2,292,156	2,672,724	2,760,711
	Dividends received	587,259	623,295	430,774
	Interest paid	(1,148,392)	(1,609,083)	(1,685,013)
	Income taxes paid, net of refunds	(1,124,322)	(2,501,315)	(1,240,680)
	Net cash provided by (used in) operating activities	4,206,373	3,696,934	5,472,920
Cash flows from investing activities				
	Additions to fixed assets excluding equipment leased to others	(1,846,447)	(1,906,811)	(2,148,192)
	Additions to equipment leased to others	(2,867,660)	(2,996,920)	(2,766,352)
	Proceeds from sales of fixed assets excluding equipment leased to others	154,985	70,821	31,242
	Proceeds from sales of equipment leased to others	2,008,634	1,707,899	1,355,605
	Additions to intangible assets	(334,287)	(354,196)	(378,804)
	Additions to public and corporate bonds and stocks	(2,972,779)	(3,965,550)	(4,290,671)
	Proceeds from sales of public and corporate bonds and stocks	1,201,405	1,035,922	739,503
	Proceeds upon maturity of public and corporate bonds	1,049,963	2,713,649	4,778,059
	Other, net	(1,392,565)	(494,551)	1,159,304
	Net cash provided by (used in) investing activities	(4,998,751)	(4,189,736)	(1,520,307)
Cash flows from financing activities				
	Increase (decrease) in short-term debt	401,740	75,675	(90,691)
	Proceeds from long-term debt	12,057,349	13,381,581	12,880,225
	Payments of long-term debt	(8,752,329)	(10,872,262)	(11,956,541)
	Dividends paid to Toyota Motor Corporation common shareholders	(880,197)	(1,132,329)	(1,238,974)
	Dividends paid to non-controlling interests	(90,309)	(127,232)	(125,416)
	Reissuance (repurchase) of treasury stock	(231,069)	(1,179,043)	(39,975)
	Other, net	(7,627)	50,845	34,712
	Net cash provided by (used in) financing activities	2,497,558	197,236	(536,659)
	Effect of exchange rate changes on cash and cash equivalents	189,914	(134,089)	377,197
	Net increase (decrease) in cash and cash equivalents	1,895,094	(429,656)	3,793,150
	Cash and cash equivalents at beginning of year	7,516,966	9,412,060	8,982,404
	Net increase (decrease) in cash and cash equivalents resulting from transfer to assets held for sale	—	—	(115,932)
	Cash and cash equivalents at end of year	9,412,060	8,982,404	12,659,622

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

TOYOTA MOTOR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Reporting entity

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 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.

2. Basis of preparation

(1) Compliance with IFRS Accounting Standards

Toyota's consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the IASB.

The consolidated financial statements were approved on June 10, 2026 by Kenta Kon, President, Operating Officer, and Yoichi Miyazaki, CFO, member of the Board of Directors.

(2) Basis of measurement

Toyota's 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 indicated in "3. Material accounting policies".

(3) Functional currency and presentation currency

The 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.

(4) Changes in Presentation

(Consolidated statement of financial position)

Provisions, which were included in "Other current liabilities" and "Other non-current liabilities" for the year ended March 31, 2025, have been reclassified and presented as separate line items for the year ended March 31, 2026, due to the increased materiality and for the purpose of providing a clearer presentation of the financial position.

To reflect this change in presentation, amounts for the year ended March 31, 2025 have also been reclassified and presented accordingly.

As a result of this reclassification, ¥413,352 million previously presented in "Other current liabilities" has been reclassified to "Provisions" within current liabilities, and ¥301,103 million previously presented in "Other non-current liabilities" has been reclassified to "Provisions" within non-current liabilities.

TOYOTA MOTOR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

3. Material accounting policies

Basis of consolidation -

(1) Subsidiaries

The consolidated financial statements include the accounts of TMC, its subsidiaries that are controlled by TMC, and those structured entities that are controlled by Toyota. Toyota controls an entity when Toyota is exposed or has rights to variable returns from involvement with the entity, and has the ability to affect those returns by using its power over the entity.

The financial statements of subsidiaries have been adjusted in order to ensure consistency with the accounting policies adopted by Toyota as necessary. All significant intercompany balances and transactions as well as related unrealized profits have been eliminated in consolidation.

Changes in a subsidiary's ownership interests that do not result in a loss of control are accounted for as equity transactions. When control over a subsidiary is lost, any gain or loss on the disposal of the interest sold is recognized in profit or loss.

(2) Associates and joint ventures

Associates are entities over which Toyota has a significant influence over the decisions on financial and operating policies, but does not have control or joint control.

Joint ventures are entities over which two or more parties including Toyota have joint control, based on a contractual arrangement, and financial and business decisions about the relevant activities of which require unanimous consent of the parties that have joint control.

Investments in associates and joint ventures are accounted for using the equity method. The financial statements of associates and joint ventures have been adjusted in order to ensure consistency with the accounting policies adopted by Toyota as necessary.

When the use of the equity method is discontinued from the date when the investees are determined to be no longer associates or joint ventures, any gain or loss on such disposal of the investment is recognized in profit or loss.

Foreign currency translation -

(1) Foreign currency transactions

Foreign currency transactions are translated into the respective functional currencies of Toyota at the exchange rates prevailing when such transactions occur. All foreign currency receivables and payables are translated into the respective functional currencies at the applicable exchange rates at the end of the reporting period. Non-monetary assets and liabilities in foreign currencies that are measured at fair value are translated into the functional currency using the exchange rate on the date when the fair value was measured. Gains or losses on exchange differences arising from settlement of foreign currency receivables and payables or on their translations at the end of the reporting date are recognized in profit or loss. Furthermore, exchange differences arising from equity financial assets measured at fair value through other comprehensive income are recognized as other comprehensive income.

TOYOTA MOTOR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(2) Foreign operations

All assets and liabilities of foreign subsidiaries, associates and joint ventures (collectively, “foreign operations”) that use a functional currency other than Japanese yen are translated into Japanese yen at the exchange rates at the end of the reporting period. All revenues and expenses of foreign operations are translated into Japanese yen at the average exchange rate for the period unless the exchange rate fluctuates widely. Exchange differences arising from such translations are recognized in other comprehensive income and accumulated in other components of equity in the consolidated statement of financial position. When a foreign operation is disposed of and control, significant influence or joint control over the foreign operation is lost, the cumulative amount of exchange differences relating to the foreign operation is reclassified from equity to profit or loss.

Cash and cash equivalents -

Cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments that are readily convertible to cash and are subject to insignificant risk of changes in value with three months or less maturities from the acquisition date.

Financial instruments -

(1) Financial assets

(i) Initial recognition and measurement

Toyota initially recognizes financial assets when it becomes a party to a contract and, except for derivatives, classifies financial assets into “financial assets measured at amortized cost”, “debt and equity financial assets measured at fair value through other comprehensive income”, or “financial assets measured at fair value through profit or loss”. Sales and purchases of financial assets in the normal course of business are recognized and derecognized at the trade date.

Financial assets classified as measured at fair value through profit or loss are measured at fair value, while other financial assets are initially recognized at fair value plus transaction costs directly attributable to their acquisition. Trade receivables that do not contain significant financing components are measured at the transaction price.

(a) Financial assets measured at amortized cost

Toyota classifies a financial asset as measured at amortized cost if both of the following conditions are met:

The asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) Debt financial assets measured at fair value through other comprehensive income

Debt financial assets are measured at fair value through other comprehensive income only if it meets both of the following conditions:

The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

TOYOTA MOTOR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(c) Equity financial assets measured at fair value through other comprehensive income

Equity financial assets such as shares held mainly for the purpose of maintaining or enhancing business relationships with investees are irrevocably designated at initial recognition as financial assets measured at fair value through other comprehensive income.

(d) Financial assets measured at fair value through profit or loss

Financial assets other than (a) to (c) are classified as financial assets measured at fair value through profit or loss.

(ii) Subsequent measurement

After initial recognition, financial assets are measured based on the following classification.

(a) Financial assets measured at amortized cost

Financial assets measured at amortized cost are measured at amortized cost using the effective interest method.

(b) Debt financial assets measured at fair value through other comprehensive income

Subsequent changes in fair value of the financial assets are recognized as other comprehensive income. Impairment gains or losses, interest income and foreign exchange gains and losses are recognized in profit or loss. When the financial assets are derecognized, the cumulative gain or loss recognized in other comprehensive income is reclassified from other components of equity to profit or loss.

(c) Equity financial assets measured at fair value through other comprehensive income

Subsequent changes in fair value of the financial assets are recognized as other comprehensive income. When the financial assets are derecognized, the cumulative gain or loss recognized through other comprehensive income is reclassified from other components of equity to retained earnings. Dividends from equity financial assets are recognized in profit or loss.

(d) Financial assets measured at fair value through profit or loss

Subsequent changes in the fair value of the financial assets are recognized in profit or loss.

(iii) Impairment of financial assets

An allowance for credit losses is provided for expected credit losses on financial assets that are measured at amortized cost as well as debt financial assets measured at fair value through other comprehensive income. An allowance for credit losses is also provided for expected credit losses on loan commitments or financial guarantee agreements that are off-balance sheet credit exposures.

TOYOTA MOTOR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

At the end of the reporting period, Toyota assesses whether the credit risk on financial assets has significantly increased since initial recognition. At the end of the reporting period, if Toyota identifies a significant increase in credit risk, allowances for credit losses are measured as being equal to the amount of expected credit losses that would result from default events that are possible over the expected life of a financial asset. At the end of the reporting period, if the credit risk for a financial instrument has not increased significantly since its initial recognition, allowances for credit losses are measured as being equal to the amount of the expected credit losses caused by default events that may occur within 12 months from the end of the reporting period.

For accounts receivable that are included in “Trade accounts and other receivables” and receivables regarding finance lease, the allowance is continuously measured at amounts equal to expected credit losses over the expected life of financial assets and presented as “Allowance for doubtful accounts” in each note. Also, please see Note 3 “Allowance for credit losses on finance receivables” about the allowance for credit losses on finance receivables.

The amount of expected credit losses is measured as the present value of all cash short-falls resulting from the difference between the cash flows due to Toyota in accordance with the contract and cash flows that Toyota expects to receive, and such amount is recognized in profit or loss. A reversal of the allowance for credit losses resulting from a reduction in the amount of expected credit losses is recognized in profit or loss.

If there is objective evidence of impairment such as significant financial difficulty of a borrower, or a default or delinquency by a borrower, interest income is measured applying the effective interest method to the net carrying amount of the financial asset (after deducting the allowance for credit loss). Financial assets are written off either partially or fully when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

(iv) Derecognition of financial assets

Toyota derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when Toyota transfers the contractual right to receive cash flows from financial assets in transactions in which substantially all the risks and rewards of ownership of the asset are transferred to another entity. When Toyota maintains control over a transferred financial asset in a situation in which it has neither transferred nor retained substantially all of its risk and economic value, Toyota recognizes the retained interest on such financial asset and the relevant liabilities that might possibly be paid in association therewith.

(2) Financial liabilities

(i) Initial recognition and measurement

Toyota initially measures financial liabilities other than derivatives at fair value less transaction costs directly attributable to the issuance of financial liabilities.

(ii) Subsequent measurement

Toyota subsequently measures financial liabilities at amortized cost using the effective interest method. Amortization under the effective interest method and gains or losses on derecognition are recognized as finance income or costs in profit or loss.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(iii) Derecognition of financial liabilities

Toyota derecognizes financial liabilities when the financial liabilities expire; that is, when the liability identified in the contract expires due to performance, discharges, cancels, or matures.

(3) Derivative financial instruments

Toyota employs derivative financial instruments, including forward foreign exchange contracts, foreign currency options, interest rate swaps, interest rate currency swap agreements and interest rate options, to manage mainly its exposure to fluctuations in interest rates and foreign currency exchange rates. Toyota is unable to or has elected not to apply hedge accounting. All derivative transactions are measured at fair value as assets or liabilities.

Toyota does not use derivative financial instruments for speculative or trading purposes.

Finance receivables -

Finance receivables recorded on Toyota's consolidated statement of financial position are net of any unearned financial income and deferred origination costs and the allowance for credit losses. Deferred origination costs are amortized so as to approximate a level rate of return over the term of the related contracts.

The determination of finance receivable portfolios is based primarily on qualitative considerations of the nature of Toyota's business operations and finance receivables. The three portfolios within finance receivables are as follows:

(1) Retail receivables portfolio

The retail receivables portfolio consists of retail installment sales contracts acquired mainly from dealers ("auto loans") including credit card loans. These acquired contracts must first meet specified credit standards, and thereafter Toyota retains responsibility for contract collection and administration.

The contract periods of auto loans primarily range from 2 to 7 years. Toyota acquires security interests in the vehicles financed and has the right to repossess vehicles if customers fail to meet their contractual obligations. Almost all auto loans are non-recourse, which relieves the dealers from financial responsibility in the event of repossession.

Toyota manages the retail receivables portfolio as one portfolio based on common risk characteristics associated with the underlying finance receivables, the similarity of the credit risks, and quantitative materiality.

(2) Finance lease receivables portfolio

Finance lease receivables are related to new vehicle lease contracts. The contract periods of these primarily range from 2 to 5 years. Lease contracts acquired must first meet specified credit standards after which Toyota assumes ownership of the leased vehicle. Toyota is responsible for contract collection and administration during the lease period.

Toyota is generally permitted to take possession of the vehicle upon a default by the lessee. The residual value is estimated at the time the vehicle is first leased. Vehicles returned to Toyota at the end of their leases are sold by auction.

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Toyota manages the finance lease receivables portfolio as one portfolio based on common risk characteristics associated with the underlying finance receivables and the similarity of the credit risks.

(3) Wholesale and other dealer loan receivables portfolio

Toyota provides wholesale financing to qualified dealers to finance inventories. Toyota acquires security interests in vehicles financed at wholesale. In cases where additional security interests would be required, Toyota takes dealership assets and/or personal assets, as additional security. If a dealer defaults, Toyota has the right to liquidate any assets acquired.

Toyota also makes term loans to dealers for business acquisitions, facilities refurbishment, real estate purchases and working capital requirements. These loans are typically secured with liens on real estate, other dealership assets and/or personal assets of the dealers.

Toyota manages the wholesale and other dealer loan receivables portfolio as one portfolio based on the risk characteristics associated with the underlying finance receivables.

Allowance for credit losses on finance receivables -

The allowance for credit losses on finance receivables is measured at the portfolio level, based on a systematic, ongoing review and evaluation performed as part of the credit risk evaluation process, historical loss experience, the size and composition of the portfolios, current economic events and conditions, the estimated fair value and adequacy of collateral, forward-looking information including movements of the world economy and other pertinent factors. Furthermore, portfolios are grouped based on similarities of risk characteristics, such as product and collateral classes, when calculating expected credit losses in the aggregate.

(1) Retail receivables portfolio

With respect to retail receivables, Toyota reviews whether the credit risk on finance receivables has increased significantly. To evaluate this risk, Toyota considers the changes for the possibility of a credit loss occurring or days in arrears as an index. Toyota assesses the significant increases in credit risk when contractual payments are more than 30 days past due. When the credit risk on finance receivables has not increased significantly since initial recognition, Toyota measures the loss allowance for those finance receivables at an amount equal to 12-month expected credit losses at the reporting date.

Meanwhile, Toyota measures the loss allowance for finance receivables at an amount equal to the lifetime expected credit losses if the credit risk on those finance receivables has increased significantly since initial recognition at the reporting date. Toyota calculates the loss allowance for finance receivables at an amount equal to the lifetime expected credit losses by considering historical credit loss experience and future collectability, when there is evidence that finance receivables are credit-impaired such as a breach of contract due to default or delayed contractual payments.

In calculating expected credit losses, Toyota uses the probability of a default and the loss rate in the event of a default based on past experience and then incorporates its forecasts of current and future economic conditions.

Suspension of payment over a certain period of time and/or situations where contractual obligations are not being met are considered as being in default in accordance with internal management rules.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(2) Finance lease receivables portfolio

With respect to the finance lease receivables portfolio, Toyota always measures loss allowance at an amount equal to lifetime expected credit losses. Suspension of payment over a certain period of time and/or situations where contractual obligations are not being met are considered as being in default in accordance with internal management rules.

(3) Wholesale and other dealer loan receivables portfolio

With respect to the wholesale and other dealer loan receivables portfolio, receivables are segmented primarily by credit qualities based on internal risk assessments. Toyota reviews the change of the segment as an indicator whether the credit risk on finance receivables has increased significantly since initial recognition to assess these receivables for credit risk. Toyota assesses the significant increases in credit risk when contractual payments are more than 30 days past due. If the credit risk on finance receivables has not increased significantly since initial recognition, Toyota measures the loss allowance for those finance receivables at an amount equal to 12-month expected credit losses at the reporting date.

Meanwhile, Toyota measures the loss allowance for finance receivables at an amount equal to the lifetime expected credit losses if the credit risk on those finance receivables has increased significantly since initial recognition at the reporting date. Toyota calculates the loss allowance for finance receivables at an amount equal to the lifetime expected credit losses by considering historical credit loss experience and future collectability, when there is evidence that finance receivables are credit-impaired such as a debtor's worsened financial condition, breach of contract due to default or delayed contractual payments.

In calculating expected credit losses, Toyota uses the probability of a default and the loss rate in the event of a default based on past experience and then reflects its forecasts of current and future economic conditions.

Suspension of payment over a certain period of time and/or situations where contractual obligations are not being met are considered as defaults in accordance with internal management rules.

Although Toyota considers the allowance for credit losses on finance receivables to be adequate based on information currently available, additional provisions may be necessary due to (i) changes in management estimates and assumptions about asset impairments, (ii) information that indicates changes in expected future cash flows, or (iii) changes in economic and other events and conditions. Future changes in the economy that impact consumer confidence such as increasing interest rates and a rise in the unemployment rate as well as higher debt balances, coupled with deterioration in actual and expected used vehicle values, could negatively affect future operating results of financial services operations.

Inventories -

Inventories are valued at cost, not in excess of net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated original cost and estimated selling expense to product completion. The cost of inventories includes purchase costs, conversion costs and other costs incurred in bringing the inventories to their present location and condition. The cost is determined principally by using the weighted-average method.

Non-current assets held for sale -

Toyota classifies a non-current asset or asset group that will be recovered principally through a sales transaction rather than through continuing use as held for sale if the asset or disposal group sale is highly

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

probable within one year, it is available for immediate sale in its present condition, and the appropriate level of management of Toyota is committed to a plan to sell the asset or disposal group.

The non-current asset held for sale is not depreciated or amortized, and is measured at the lower of its carrying amount and the fair value less costs to sell.

Property, plant and equipment -

Property, plant and equipment is measured based on the cost model and carried at its cost less accumulated depreciation and impairment losses. Expenditures relating to major renewals and improvements are capitalized; minor replacements, maintenance and repairs are charged to current operations as incurred. Depreciation of property, plant and equipment, except for land that is not subject to depreciation, is calculated on the straight-line method over the estimated useful life of the respective assets according to general class, type of structure and use. The estimated useful lives range from 2 to 65 years for buildings and from 2 to 20 years for machinery and equipment.

The depreciation method, useful lives and residual values of property, plant and equipment are reviewed annually at each fiscal year end, and changes are adopted prospectively, if applicable.

Vehicles and equipment on operating leases to third parties are originated by dealers and acquired by certain consolidated subsidiaries. Such subsidiaries are also the lessors of certain property that they acquire directly. Right of use assets that are held as rental assets are included within “Vehicles and equipment on operating leases, net.” “Vehicles and equipment on operating leases” are depreciated on a straight-line method over the lease term, generally from 2 to 5 years, to the estimated residual value. Incremental direct costs incurred in connection with the acquisition of lease contracts are capitalized and amortized on a straight-line method over the lease term.

Toyota is exposed to risk of loss on the disposition of off-lease vehicles to the extent that sales proceeds are not sufficient to cover the carrying value of the leased asset at lease termination. At the end of each reporting period, Toyota evaluates the estimated residual value to cover probable estimated losses related to unguaranteed residual values on its owned portfolio. The estimate is calculated considering projected vehicle return rates and projected loss severity. Factors considered in the determination of projected return rates and loss severity include historical and market information on used vehicle sales, trends in lease returns and new car markets, and general economic conditions. Toyota evaluates the foregoing factors, develops several potential loss scenarios, and evaluates the estimated residual value to determine whether it is considered adequate to cover the probable range of losses.

By evaluating estimated residual value, Toyota reflects in depreciation the amount it considers to be appropriate in relation to the estimated losses on its owned portfolio.

Intangible assets -

Intangible assets are measured based on the cost model and carried at their cost less accumulated amortization and impairment losses.

The estimated useful lives and the amortization method of intangible assets are reviewed annually at each fiscal year end, and changes are adopted prospectively, if appropriate.

(1) Capitalized development cost

Development expenditure for a product is capitalized only when there is technical and commercial feasibility of completing the development, Toyota has the intention, ability and sufficient resources to use the outcome of the development, it is probable that the outcome will generate a future economic benefit, and the cost can be measured reliably.

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Capitalized development cost is amortized using the straight-line method over the expected product life cycle of the developed product ranging mainly from 5 to 10 years.

(2) Other intangible assets

Other intangible assets mainly consist of software for internal use and are amortized using the straight-line method over their estimated useful lives, mainly 5 years. Goodwill is not material to Toyota's consolidated statement of financial position.

Impairment of non-financial assets -

At the end of the reporting period, the carrying amounts of non-financial assets, other than inventories and deferred tax assets, are assessed to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset or cash-generating unit is estimated. An impairment loss is recognized when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. The impairment loss is measured as the amount by which the carrying amount exceeds the recoverable amount.

Leases -

At the inception of a contract, Toyota assesses whether the contract is, or contains, a lease.

(1) Lessee

Toyota recognizes a right of use asset and a lease liability at the lease commencement date. The cost of the right of use asset is measured as the initial amount of the lease liability, adjusted for any lease payments made at or before the commencement date. The lease liability is initially measured at the present value of the lease payments that have not been paid as of the commencement date.

After the commencement date, Toyota applies a cost model and subsequently depreciates the right of use asset using a straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The lease liability is measured at amortized cost using the effective interest method. In the consolidated statement of financial position, the lease liability is included in short-term and long-term debt. Interest on the lease liability is recognized in profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease liability.

Many lease contracts relating to land and buildings entered into by Toyota include extension options exercisable by Toyota as lessee for various purposes, such as to ensure business flexibility. Toyota assesses whether it is reasonably certain to exercise an extension option, and if it is reasonably certain to do so, the extension option is included in the lease term.

Toyota recognizes lease payments for leases with a lease term of 12 months or less as an expense on a straight-line basis over the lease term.

(2) Lessor

With respect to lessor lease transactions, Toyota determines at the commencement date whether each lease is a finance lease or operating lease.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

A lease is classified as a finance lease if it transfers substantially all of the risks and rewards incidental to ownership of an underlying asset. Otherwise, leases are classified as operating leases.

Toyota recognizes operating lease payments in profit or loss on a straight-line basis over the lease term.

Employee benefit obligations -

Toyota has both defined benefit and defined contribution plans for employees' retirement benefits.

(1) Defined benefit plan

The present value of defined benefit obligations and service cost are principally determined for each plan using the projected unit credit method. The net defined benefit liability (asset) is the present value of the defined benefit obligations less the fair value of plan assets. If the fair value of plan assets is in excess of the present value of defined benefit obligations, the amount of any asset to be recognized is limited to the present value of any economic benefits available in the form of refunds from the plan and reductions in future contributions to the plan. Current service cost and net interest on the net defined benefit liability (asset) are recognized as net income (loss) on the statement of net income.

Past service cost is recognized in profit or loss upon occurrence.

Toyota recognizes the difference arising from remeasurement of the net defined benefit liability (asset) including actuarial gains and losses in other comprehensive income when it is incurred and reclassifies it immediately to retained earnings.

(2) Defined contribution plan

For defined contribution plans, when employees render services, contribution payables are recognized in profit or loss.

Liabilities for quality assurance -

Toyota generally warrants its products against certain manufacturing and other defects. Provisions for product warranties are provided for specific periods of time and/or usage of the product and vary depending upon the nature of the product, the geographic location of the sale and other factors. Accrued warranty costs represent management's best estimate at the time of sale of the total costs that Toyota will incur to repair or replace product parts that fail while still under warranty. The amount of accrued estimated warranty costs is primarily based on historical experience of product failures as well as current information on repair costs. An estimate of warranty claims accrued for each fiscal year is calculated based on the estimate of warranty claims per unit. The estimate of warranty claims per unit is calculated comprehensively by dividing the actual amounts of warranty claims by the number of sales units for the fiscal year.

Toyota accrues for costs of recalls and other safety measures, as well as product warranty cost described above. Toyota generally measures such "liabilities for recalls and other safety measures" at the time of vehicle sales comprehensively by aggregate sales of various models in a certain period by geographical regions. However, when circumstances warrant, Toyota measures "liabilities for a particular recall or other safety measures" using an individual model when they are probable and reasonably estimable.

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A portion of “liabilities for recalls and other safety measures” recorded in the consolidated statement of financial position is calculated comprehensively based on the “expected liability for the cost of recalls and other safety measures” in consideration of the “accumulated amount of repair cost paid”. As such, this liability is evaluated every period based on new data and is adjusted as appropriate. Toyota calculates these liabilities for units sold in the current period and each of the past 10 fiscal years, and aggregates such liabilities in determining the final liability amount.

The “expected liability for the cost of recalls and other safety measures” is calculated by multiplying the “sales unit” by the “expected average repair cost per unit”. The “expected average repair cost per unit” is calculated based on dividing the “accumulated amount of repair cost paid per unit” by the “pattern of payment occurrences”. The “pattern of payment occurrence” represents a ratio that shows the measure of payment occurrence over 10 years based on actual payments with regard to units sold within 10 years.

Factors that may cause a difference between the amount accrued comprehensively at the time of vehicle sale and actual payment on individual recalls and other safety measures mainly include actual cost of recalls and safety measures during the period being significantly different from the accumulated amount of repair cost paid per unit (generally comprised of parts and labor) and the actual pattern of payment occurrence during the period being significantly different from the pattern of the payment occurrence in the past. Such differences are considered as part of our estimation process for future recalls and other safety measures.

Liabilities for product warranties and liabilities for recalls and other safety measures have been combined into “Liabilities for quality assurance” in the consolidated statement of financial position. Product warranty costs and costs of recalls and other safety measures are included in cost of products sold in the consolidated statement of income.

The foregoing evaluations are inherently uncertain, as they require material estimates as described above. Consequently, actual warranty costs may differ from the estimated amounts and could require additional warranty provisions. If these factors require a significant increase in Toyota’s accrued estimated warranty costs, it would negatively affect future operating results of automotive operations.

Provisions -

Provisions are recognized when present legal or constructive obligations exist as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations, and a reliable estimate can be made of the amount of the obligations.

Revenue recognition -

In automotive operations, performance obligations are satisfied when completed vehicles and parts are delivered to locations agreed upon with dealers. For parts used in production, revenue is recognized when they are loaded onto a ship or delivered to manufacturing entities. We do not have any significant payment terms, as payment is received at or shortly after the point of sale.

Toyota’s sales incentive programs principally consist of cash payments to dealers calculated based on total vehicle volumes or unit sales of certain models during a specified period. Toyota accrues these incentives as reductions of revenue upon the sale of the related vehicles, based on the amount determined under the respective incentive programs using the most likely amount method.

Certain vehicle sales include a contractual right that entitles customers to complimentary vehicle maintenance. Toyota uses an observable price to determine the stand-alone selling price for separate performance

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

obligations, or applies a cost-plus margin approach when an observable price is not available. Revenues from such maintenance contracts are deferred and recognized over the contract period based on the expected costs of satisfying the performance obligations.

Revenues from vehicle sales that include a guarantee of the minimum resale value are recognized on a straight-line basis from the date of sale to the first date on which the guarantee can be exercised, in accordance with IFRS 16. The underlying vehicles are recorded as assets and depreciated in accordance with Toyota's depreciation policy.

Interest income from financial services is recognized using the effective interest method. Revenues from operating leases are recognized on a straight-line basis over the lease term.

If the period between satisfaction of the performance obligation and receipt of consideration is one year or less, as a practical expedient, Toyota does not adjust the promised amount of consideration for the effects of a significant financing component.

Revenue is recognized net of taxes collected from customers and subsequently remitted to governmental authorities.

Income taxes -

Income tax expenses are presented as the aggregate amount of current taxes and deferred taxes.

Deferred tax assets and deferred tax liabilities are recognized for future tax consequences attributable to temporary differences between the carrying amount of assets or liabilities in the consolidated statement of financial position and the tax base of the assets or liabilities and carryforwards of unused tax losses and tax credits.

Deferred tax assets are recognized for all future deductible amounts, to the extent that it is probable that we will have sufficient profit to utilize the benefit of future deductible amounts.

Deferred tax liabilities for taxable temporary differences arising from investments in subsidiaries, associates, and interest in joint ventures are recognized in principle. However, they are not recognized when Toyota is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply in the period when the assets are realized or the liabilities are settled, based on the tax rates and tax laws enacted or substantively enacted at the end of the reporting period. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which Toyota expects, at the end of reporting period, to recover or settle the carrying amount of its assets and liabilities.

Earnings per share attributable to Toyota Motor Corporation -

Basic earnings per share attributable to Toyota Motor Corporation is calculated by dividing net income attributable to Toyota Motor Corporation by the weighted-average number of common shares outstanding with adjustment for treasury stock during the reporting period. Diluted earnings per share attributable to Toyota Motor Corporation is calculated by dividing net income attributable to Toyota Motor Corporation by the weighted-average number of common shares outstanding taking into consideration the effect of dilutive securities.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Share-based payment -

Toyota has introduced a share-based compensation plan utilizing a stock-granting ESOP trust, and compensation determined under the plan is measured at the fair value of the Company’s common shares on the grant date and recognized as an expense over the vesting period from the grant date until vesting.

New accounting standards and interpretations not yet adopted -

The impact will arise in connection with customer financing within the financial services segment. Toyota is currently evaluating the impact of the adoption of these standards and interpretations on Toyota’s consolidated financial statements.

Standards	Standards names	Mandatory adoption (from fiscal years beginning on or after)	Reporting periods in which Toyota is scheduled to adopt the standards	Overview of new or amended standards and interpretations
IFRS 18	Presentation and disclosure in financial statements	January 1, 2027	Fiscal year ending March 31, 2028	Improved comparability in the statement of profit or loss (income statement) Enhanced transparency of management-defined performance measures More useful grouping of information in the financial statements

4. Significant accounting judgments and estimates

The preparation of the consolidated financial statements in conformity with IFRS Accounting Standards requires management to make judgments, estimates, and assumptions that affect the application of accounting policies, the reported amounts of assets, liabilities, revenues 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 are revised and in any future periods affected.

Information about important estimation and judgments that have significant effects on the amounts recognized in the consolidated financial statements is as follows:

Scope of subsidiaries, associates, and joint ventures (Note 3 “Basis of consolidation”)

Intangible assets incurred by research and development (Note 3 “Intangible assets”)

Information about accounting estimates and assumption that affect the application of accounting policies and the reported amounts of assets and liabilities, and financial statements based on IFRS Accounting Standards is as follows:

Liabilities for quality assurance (Note 3 “Liabilities for quality assurance” and Note 24)

Allowance for credit losses on finance receivables (Note 3 “Allowance for credit losses on finance receivables” and Note 20 (2))

Impairment of non-financial assets (Note 3 “Impairment of non-financial assets” and Note 13)

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Employee benefit obligations (Note 3 “Employee benefit obligations” and Note 23)

Fair value measurements (Note 21)

Recoverability of deferred tax assets (Note 3 “Income taxes” and Note 16)

Provisions (Note 3 “Provisions” and Note 25)

5. 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 information

As of and for the year ended March 31, 2024

	Yen in millions				Consolidated
	<u>Automotive</u>	<u>Financial services</u>	<u>All other</u>	<u>Inter-segment Elimination/ Unallocated Amount</u>	
Sales revenues					
Revenues from external customers	41,080,731	3,447,195	567,399	—	45,095,325
Inter-segment revenues and transfers . . .	185,473	37,003	800,766	(1,023,242)	—
Total	<u>41,266,204</u>	<u>3,484,198</u>	<u>1,368,164</u>	<u>(1,023,242)</u>	<u>45,095,325</u>
Operating expenses	<u>36,644,729</u>	<u>2,914,175</u>	<u>1,192,923</u>	<u>(1,009,437)</u>	<u>39,742,390</u>
Operating income	<u>4,621,475</u>	<u>570,023</u>	<u>175,241</u>	<u>(13,805)</u>	<u>5,352,934</u>
Total assets	29,351,344	43,834,183	3,011,363	13,917,406	90,114,296
Investments accounted for using the equity method	5,114,364	110,308	282,888	202,546	5,710,106
Depreciation and amortization	1,268,479	784,013	34,574	—	2,087,066
Capital expenditures	2,011,361	2,763,931	103,242	(30,492)	4,848,042

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

As of and for the year ended March 31, 2025

	Yen in millions				
	Automotive	Financial services	All other	Inter-segment Elimination/ Unallocated Amount	Consolidated
Sales revenues					
Revenues from external customers	42,996,299	4,437,827	602,578	—	48,036,704
Inter-segment revenues and transfers . . .	203,566	43,353	844,536	(1,091,455)	—
Total	43,199,865	4,481,180	1,447,114	(1,091,455)	48,036,704
Operating expenses	39,259,587	3,797,661	1,265,920	(1,082,050)	43,241,118
Operating income	3,940,278	683,519	181,194	(9,405)	4,795,586
Total assets	30,117,987	46,770,786	2,884,421	13,828,157	93,601,350
Investments accounted for using the equity method	5,201,784	112,640	309,121	174,505	5,798,051
Depreciation and amortization	1,378,107	838,167	34,958	—	2,251,233
Capital expenditures	2,193,872	3,687,890	100,941	8,565	5,991,268

As of and for the year ended March 31, 2026

	Yen in millions				
	Automotive	Financial services	All other	Inter-segment Elimination/ Unallocated Amount	Consolidated
Sales revenues					
Revenues from external customers . . .	45,201,924	4,819,003	664,026	—	50,684,952
Inter-segment revenues and transfers	215,779	38,112	987,387	(1,241,278)	—
Total	45,417,703	4,857,115	1,651,412	(1,241,278)	50,684,952
Operating expenses	42,640,654	4,005,394	1,519,333	(1,246,644)	46,918,736
Operating income	2,777,049	851,722	132,079	5,366	3,766,216
Total assets	33,182,372	53,741,709	4,066,133	14,532,118	105,522,331
Investments accounted for using the equity method	4,763,577	124,393	304,242	150,336	5,342,548
Depreciation and amortization	1,417,242	920,432	54,846	—	2,392,519
Capital expenditures	2,453,641	3,511,937	64,749	29,452	6,059,779

Accounting policies applied by each segment are in conformity with those of Toyota's consolidated financial statements. Transfers between industry segments are made at individually negotiated prices.

Unallocated amounts included in assets represent assets held for corporate purposes, which mainly consist of cash and cash equivalents and financial assets measured at fair value through other comprehensive income, and balances as of March 31, 2024, 2025 and 2026 are ¥15,790,074 million, ¥15,643,613 million and ¥16,571,156 million, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(3) Geographic information

Revenues from external customers and non-current assets attributable to each country, including the entity's country of domicile and foreign countries, for the years ended March 31, 2024, 2025 and 2026 are as follows:

Revenues from external customers

	Yen in millions		
	For the years ended March 31,		
	2024	2025	2026
Japan	10,193,556	10,719,120	10,985,614
United States	15,784,361	16,981,710	18,493,969
Other	19,117,407	20,335,874	21,205,369
Total	<u>45,095,325</u>	<u>48,036,704</u>	<u>50,684,952</u>

Non-current assets

	Yen in millions		
	March 31,		
	2024	2025	2026
Japan	5,827,404	6,246,879	6,525,712
United States	6,679,478	7,242,318	8,388,696
Other	3,979,378	4,214,833	4,874,091
Total	<u>16,486,260</u>	<u>17,704,029</u>	<u>19,788,499</u>

6. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	Yen in millions	
	March 31,	
	2025	2026
Cash and deposits	6,344,691	9,077,428
Negotiable certificate of deposit and other	2,637,713	3,582,193
Total	<u>8,982,404</u>	<u>12,659,622</u>

7. Trade accounts and other receivables

Trade accounts and other receivables consist of the following:

	Yen in millions	
	March 31,	
	2025	2026
Accounts and notes receivables	2,480,370	2,082,717
Other receivables	1,236,794	1,744,175
Allowance for doubtful accounts	(37,442)	(30,906)
Total	<u>3,679,722</u>	<u>3,795,986</u>

TOYOTA MOTOR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Trade accounts and other receivables which are unconditional rights to consideration are classified as financial assets measured at amortized cost. Receivables from contracts with customers correspond to “Accounts and notes receivables” and the balance as of April 1, 2024 is ¥2,672,434 million.

Changes in the allowance for doubtful accounts consist of the following:

	Yen in millions	
	For the years ended March 31,	
	2025	2026
Allowance for doubtful accounts at beginning of year	122,105	127,296
Provision for doubtful accounts, net of reversal	9,835	8,060
Write-offs	(3,128)	(9,646)
Other	(1,516)	(7,850)
Allowance for doubtful accounts at end of year	<u>127,296</u>	<u>117,860</u>

“Other” includes currency translation adjustments and transfers to assets held for sale.

A portion of the allowance for doubtful accounts is attributed to certain non-current receivable balances which are reported as other financial assets under non-current assets.

8. Finance receivables

Finance receivables consist of the following:

	Yen in millions	
	March 31,	
	2025	2026
Retail	27,638,021	31,837,922
Finance leases	3,437,970	4,154,650
Wholesale and other dealer loans	4,902,537	5,821,931
Total	<u>35,978,528</u>	<u>41,814,504</u>
Deferred origination costs	446,538	475,032
Less - Unearned income	(2,349,215)	(2,820,138)
Less - Allowance for credit losses		
Retail	(356,304)	(382,152)
Finance leases	(56,721)	(67,560)
Wholesale and other dealer loans	(37,791)	(53,031)
Total finance receivables, net	<u>33,625,035</u>	<u>38,966,655</u>
Current assets	11,453,249	13,478,474
Non-current assets	22,171,786	25,488,182
Total finance receivables, net	<u>33,625,035</u>	<u>38,966,655</u>

TOYOTA MOTOR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Finance receivables were geographically distributed as follows:

	March 31,	
	2025	2026
North America	53.9%	52.2%
Europe	15.0	15.4
Asia	11.7	11.4
Japan	8.9	10.0
Other	10.5	11.0

Finance receivables are classified as financial assets measured at amortized cost.

The contractual maturity of retail receivables, future lease payments to be received for finance leases, and wholesale receivables and other dealer loans are as follows:

	Yen in millions		
	March 31, 2025		
	Retail	Finance leases	Wholesale and other dealer loans
Within 1 year	7,518,918	1,041,282	3,617,276
Between 1 and 2 years	6,317,972	745,842	367,663
Between 2 and 3 years	5,500,349	576,552	231,623
Between 3 and 4 years	4,265,070	320,721	162,658
Between 4 and 5 years	2,623,094	101,389	119,871
Later than 5 years	1,412,619	28,371	403,444
Total	<u>27,638,021</u>	<u>2,814,157</u>	<u>4,902,537</u>

	Yen in millions		
	March 31, 2026		
	Retail	Finance leases	Wholesale and other dealer loans
Within 1 year	8,659,405	1,248,720	4,481,525
Between 1 and 2 years	7,365,657	904,612	452,366
Between 2 and 3 years	6,372,603	681,364	233,452
Between 3 and 4 years	4,916,999	338,381	168,333
Between 4 and 5 years	2,841,501	126,279	134,005
Later than 5 years	1,681,757	31,306	352,251
Total	<u>31,837,922</u>	<u>3,330,663</u>	<u>5,821,931</u>

TOYOTA MOTOR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Finance leases receivables consist of the following:

	Yen in millions	
	March 31,	
	2025	2026
Lease payments	2,814,157	3,330,663
Estimated unguaranteed residual values	623,812	823,988
Total	<u>3,437,970</u>	<u>4,154,650</u>
Deferred origination costs	25,342	32,556
Less - Unearned income	(372,987)	(435,157)
Less - Allowance for credit losses	(56,721)	(67,560)
Finance leases receivables, net	<u>3,033,603</u>	<u>3,684,489</u>

9. Other financial assets

Other financial assets consist of the following:

	Yen in millions	
	March 31,	
	2025	2026
Financial assets measured at amortized cost		
Time deposits	2,264,841	988,027
Other	837,954	752,598
Financial assets measured at fair value through profit or loss		
Public and corporate bonds	231,713	267,623
Stocks	46,215	884,667
Investment trusts	618,228	648,189
Derivatives	483,378	479,447
Financial assets measured at fair value through other comprehensive income		
Public and corporate bonds	9,078,437	7,533,460
Stocks	3,246,885	3,554,379
Other	10,947	9,855
Total	<u>16,818,600</u>	<u>15,118,244</u>
Current assets	6,935,759	3,982,445
Non-current assets	9,882,841	11,135,799
Total	<u>16,818,600</u>	<u>15,118,244</u>

Toyota has certain financial instruments, including financial assets and liabilities which arose in the normal course of business. These financial instruments are executed with creditworthy financial institutions and other appropriate issuers, and virtually all foreign currency contracts are denominated in U.S. dollars, euros and other currencies of major developed countries. Financial instruments involve, to varying degrees, market risk as instruments are subject to price fluctuations, and elements of credit risk in the event a counterparty should default. In the unlikely event the counterparties fail to meet the contractual terms of a foreign currency or an interest rate instrument, Toyota's risk is limited to the fair value of the instrument. Although Toyota may be exposed to losses in the event of non-performance by counterparties on financial instruments, it does not

TOYOTA MOTOR CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

anticipate significant losses due to the nature of its counterparties. Counterparties to Toyota's financial instruments represent, in general, international financial institutions and other appropriate issuers. Additionally, Toyota does not have significant exposure to any individual counterparty. Toyota believes that the overall credit risk related to its financial instruments is not significant.

Public and corporate bonds included in financial assets measured at fair value through other comprehensive income include securities loaned of ¥623,223 million and ¥2,594,946 million as of March 31, 2025 and 2026, respectively.

Major securities included in stocks measured at fair value through other comprehensive income as of March 31, 2025 and 2026 are as follows:

Issue	Yen in millions	
	March 31,	
	2025	2026
KDDI CORPORATION	959,347	989,627
NTT, Inc.	292,242	317,487
MS&AD Insurance Group Holdings, Inc.	340,482	283,836
Mitsubishi UFJ Financial Group, Inc.	206,749	267,304
SUZUKI MOTOR CORPORATION	173,760	180,048

To facilitate the efficient and effective utilization of assets, Toyota derecognizes stocks measured at fair value through other comprehensive income by way of sale. Fair value and total accumulated other comprehensive income at derecognition are as follows:

	Yen in millions	
	For the years ended March 31,	
	2025	2026
Total fair value	681,271	277,319
Accumulated other comprehensive income, net	512,976	217,516

10. Inventories

Inventories consist of the following:

	Yen in millions	
	March 31,	
	2025	2026
Products	2,875,405	3,208,980
Work in process	486,552	626,422
Raw materials	1,013,621	1,050,559
Supplies and other	222,654	249,034
Total	4,598,232	5,134,996

TOYOTA MOTOR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

11. Assets held for sale

(1) The business integration of Mitsubishi Fuso Truck and Bus Corporation and Hino Motors, Ltd.

As of the effective date of the business integration between Mitsubishi Fuso Truck and Bus Corporation (“MFTBC”) and Hino Motors, Ltd. (“Hino”) (automotive segment) (April 1, 2026), Hino is no longer a consolidated subsidiary of Toyota.

The assets, liabilities, and related other comprehensive income of Hino and its consolidated subsidiaries have been reclassified as held for sale, and are presented at the end of the year ended March 31, 2026 as assets held for sale, liabilities directly associated with assets held for sale, and other comprehensive income associated with assets held for sale. However, assets and liabilities related to Hino’s Hamura plant are not classified as held for sale because that plant will become a consolidated subsidiary of Toyota before the business integration in the year ending March 31, 2027 as Toyota Motor Hamura, Inc.

Among the disposal group classified as held for sale, some land parcels had a fair value less costs to sell that was below their carrying amount. Accordingly, these assets were measured at fair value less costs to sell. A loss of ¥2,995 million recognized as a result was recorded under “Selling, General and Administrative Expenses” on the consolidated statement of income. The fair value measurement is classified as Level 3 in the fair value hierarchy.

(2) Review of capital relationship with Toyota Industries Corporation

On March 24, 2026, Toyota Fudosan Co., Ltd. completed a tender offer for the shares of Toyota Industries Corporation (“Toyota Industries”) (automotive segment). Because a squeeze-out procedure and the planned sale of the Toyota Industries shares held by Toyota are expected to be completed in the year ending March 31, 2027, Toyota has reclassified its holdings of Toyota Industries shares and related other comprehensive income as held for sale. Accordingly, at the end of the year ended March 31, 2026, investments accounted for using the equity method totaling ¥788,898 million were included in assets held for sale, and related other comprehensive income of ¥264,035 million (Net changes in revaluation of financial assets measured at fair value through other comprehensive income of ¥155,804 million and exchange differences on translating foreign operations of ¥108,231 million) was included in other comprehensive income related to assets held for sale.

Because the fair value less costs to sell (the expected sale price) in this share transfer exceeds the carrying amount, the disposal group classified as held for sale is measured at its carrying amount. The fair value measurement is classified as Level 3 in the fair value hierarchy.

TOYOTA MOTOR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The breakdown of assets held for sale at the end of the year ended March 31, 2026, together with the related liabilities and other comprehensive income, is as follows:

	<u>Yen in millions</u>	
	<u>March 31,</u>	
	<u>2025</u>	<u>2026</u>
Assets held for sale		
Cash and cash equivalents	—	115,932
Trade accounts and other receivables	—	229,138
Inventories	—	230,229
Investments accounted for using the equity method	—	800,635
Property, plant and equipment		
Land	—	165,526
Buildings	—	428,406
Machinery and equipment	—	698,884
Other property, plant and equipment	—	16,154
Total property, plant and equipment, at cost	—	1,308,970
Less - Accumulated depreciation and impairment losses	—	(826,852)
Total property, plant and equipment, net	—	482,118
Other assets	—	158,752
Total	—	2,016,804
Liabilities directly associated with assets held for sale		
Trade accounts and other payables	—	227,966
Short-term and current portion of long-term debt	—	142,256
Accrued expenses	—	86,007
Liabilities for quality assurance	—	104,227
Long-term debt	—	21,317
Other liabilities	—	112,774
Total	—	694,547
Other comprehensive income associated with assets held for sale		
Other components of equity		
Net changes in revaluation of financial assets measured at fair value through other comprehensive income	—	148,535
Exchange differences on translating foreign operations	—	118,061
Total	—	266,596

TOYOTA MOTOR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

12. Investments accounted for using the equity method

Equity in associates and joint ventures is as follows:

	Yen in millions	
	March 31,	
	2025	2026
Associates	4,887,674	4,218,009
Joint ventures	910,377	1,124,539
Total	<u>5,798,051</u>	<u>5,342,548</u>

The combined information of investments accounted for using the equity method (total value of TMC's interests) is as follows:

	Yen in millions		
	For the years ended March 31,		
	2024	2025	2026
Net income			
Associates	478,405	466,473	404,437
Joint ventures	284,732	124,747	148,305
Total	<u>763,137</u>	<u>591,219</u>	<u>552,742</u>
Other comprehensive income, net of tax			
Associates	269,753	55,415	109,968
Joint ventures	52,361	2,712	73,812
Total	<u>322,114</u>	<u>58,127</u>	<u>183,780</u>
Comprehensive income			
Associates	748,158	521,888	514,405
Joint ventures	337,093	127,459	222,117
Total	<u>1,085,251</u>	<u>649,347</u>	<u>736,522</u>

TOYOTA MOTOR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

13. Property, plant and equipment

The changes in cost and accumulated depreciation and impairment losses are as follows:

(Cost)

	Yen in millions					
	Land	Buildings	Machinery and equipment	Vehicles and equipment on operating leases	Construction in progress	Total
Balance as of April 1, 2024	1,441,811	5,884,749	16,469,032	7,523,911	1,040,188	32,359,692
Additions	7,622	74,469	295,719	3,866,922	1,501,327	5,746,060
Sales or disposal	(22,255)	(60,228)	(561,258)	(3,185,673)	(22,473)	(3,851,888)
Reclassification from construction in progress	15,842	292,601	572,844	187	(881,473)	—
Foreign currency translation adjustments	41	(47,461)	(154,892)	(94,981)	(19,444)	(316,737)
Other	(14,940)	25,932	(202)	(58,420)	(21,979)	(69,609)
Balance as of March 31, 2025	1,428,122	6,170,063	16,621,243	8,051,945	1,596,145	33,867,518
Additions	5,806	122,961	468,039	3,657,892	1,503,710	5,758,408
Sales or disposal	(2,901)	(69,841)	(615,221)	(2,620,534)	(44,327)	(3,352,824)
Reclassification from construction in progress	57,729	312,901	882,157	55	(1,252,842)	—
Foreign currency translation adjustments	27,751	184,418	865,647	677,356	89,663	1,844,836
Transfer to assets held for sale	(165,526)	(428,406)	(698,884)	(652)	(15,502)	(1,308,970)
Other	644	(7,190)	(13,603)	(60,414)	(157,040)	(237,603)
Balance as of March 31, 2026	1,351,625	6,284,907	17,509,377	9,705,647	1,719,808	36,571,364

TOYOTA MOTOR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Accumulated depreciation and impairment losses)

	Yen in millions					
	Land	Buildings	Machinery and equipment	Vehicles and equipment on operating leases	Construction in progress	Total
Balance as of April 1, 2024	(6,985)	(3,753,786)	(12,719,614)	(1,619,009)	(2,510)	(18,101,905)
Depreciation	—	(169,778)	(1,039,696)	(896,127)	—	(2,105,601)
Impairment losses	—	—	—	—	—	—
Sales or disposal	1,244	52,062	516,767	983,818	—	1,553,891
Foreign currency translation adjustments	(94)	30,142	109,227	15,759	55	155,090
Other	(1,091)	(25,678)	(24,281)	16,972	(1,223)	(35,301)
Balance as of March 31, 2025	<u>(6,927)</u>	<u>(3,867,037)</u>	<u>(13,157,598)</u>	<u>(1,498,586)</u>	<u>(3,678)</u>	<u>(18,533,826)</u>
Depreciation	—	(219,752)	(1,015,844)	(980,258)	—	(2,215,854)
Impairment losses	—	(3,981)	(4,844)	—	—	(8,825)
Sales or disposal	494	59,041	540,537	745,050	—	1,345,122
Foreign currency translation adjustments	(262)	(110,778)	(671,336)	(117,577)	(63)	(900,016)
Transfer to assets held for sale . .	424	260,039	566,214	4	172	826,852
Other	(794)	(2,135)	(16,190)	1,273	393	(17,453)
Balance as of March 31, 2026	<u>(7,065)</u>	<u>(3,884,604)</u>	<u>(13,759,061)</u>	<u>(1,850,094)</u>	<u>(3,175)</u>	<u>(19,504,000)</u>

Depreciation on “Property, plant and equipment” is included in “Cost of products sold” and “Selling, general and administrative” in the consolidated statement of income.

Vehicles and equipment on operating leases consist of the following:

	Yen in millions	
	March 31,	
	2025	2026
Vehicles	7,996,894	9,644,572
Equipment	55,051	61,076
	8,051,945	9,705,647
Less - Accumulated depreciation	<u>(1,498,586)</u>	<u>(1,850,094)</u>
Vehicles and equipment on operating leases, net	<u>6,553,359</u>	<u>7,855,554</u>

TOYOTA MOTOR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following table presents future lease payments to be received for vehicles and equipment on operating leases:

	Yen in millions	
	March 31,	
	2025	2026
Within 1 year	1,200,378	1,403,807
Between 1 and 2 years	837,956	923,554
Between 2 and 3 years	374,459	407,306
Between 3 and 4 years	93,396	105,642
Between 4 and 5 years	35,953	40,106
Later than 5 years	17,235	20,762
Total future rentals	2,559,377	2,901,178

The future lease payments to be received as shown above should not be considered indicative of future cash collections.

Right of use assets that are held as rental assets included within “Vehicles and equipment on operating leases, net” are ¥4,664,376 million and ¥5,546,865 million, as of March 31, 2025 and 2026, respectively. Furthermore, these right of use assets were fully paid in cash at the time of acquisition, and since the increase in these right of use assets is equal to the cash outflow, no lease liabilities relating to these right of use assets are recognized. The additions and total cash outflows for these right of use assets for the years ended March 31, 2025 and 2026, were ¥2,909,058 million and ¥2,654,403 million, respectively. Depreciation expenses for these right of use assets for the years ended March 31, 2024, 2025 and 2026, were ¥612,569 million, ¥617,495 million and ¥658,046 million, respectively. Depreciation on these right of use assets is included in “Cost of financing services” in the consolidated statement of income. Revenue from subleasing these right of use assets was ¥947,058 million, ¥1,008,634 million and ¥1,101,911 million for the years ended March 31, 2024, 2025 and 2026, respectively. Please see Note 14 about the status of lessee leases other than “Vehicles and equipment on operating leases, net”.

14. Right of use assets and lease liabilities

The breakdown of right of use assets is as follows:

	Yen in millions	
	March 31,	
	2025	2026
Types of original assets		
Land	73,694	73,425
Buildings	355,489	460,788
Other	153,885	367,019
Total	583,068	901,232

The increase in the right of use assets for the years ended March 31, 2025 and 2026 were ¥164,348 million and ¥549,798 million, respectively.

TOYOTA MOTOR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The breakdown of main gains and losses on lessee's leases is as follows:

	Yen in millions		
	March 31,		
	2024	2025	2026
Depreciation of right of use assets			
Land	9,699	5,094	7,796
Buildings	69,962	52,178	55,911
Other	42,038	43,566	158,164
Total	<u>121,698</u>	<u>100,838</u>	<u>221,871</u>
Interest expense on lease liabilities	6,152	4,331	5,023
Short-term leases	103,544	117,834	124,636
	<u>231,394</u>	<u>223,003</u>	<u>351,531</u>

For the years ended March 31, 2025 and 2026, total cash outflows for lessee leases were ¥208,414 million and ¥484,931 million, respectively.

The following is the maturity analysis of the total future lease payments and the adjustment to present value:

	Yen in millions	
	March 31,	
	2025	2026
Within 1 year	102,412	194,791
Between 1 and 5 years	253,854	289,591
Later than 5 years	273,747	361,683
Future lease payment, total	630,013	846,065
Less - Interest expense	(96,662)	(135,052)
Present value of lease payment, total	<u>533,351</u>	<u>711,013</u>
Current liabilities	92,147	163,435
Non-current liabilities	441,204	547,578
Present value of lease payment, total	<u>533,351</u>	<u>711,013</u>

15. Intangible assets

The carrying value of intangible assets is as follows:

	Yen in millions	
	March 31,	
	2025	2026
Capitalized development costs	582,606	523,437
Software and other	780,660	869,318
Total	<u>1,363,266</u>	<u>1,392,755</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Changes in cost and accumulated amortization of intangible assets are as follows:

(Cost)

	Yen in millions		
	Capitalized development costs	Software and other	Total
Balance as of April 1, 2024	1,058,334	1,139,895	2,198,228
Additions	—	60,914	60,914
Internally developed	111,546	189,229	300,775
Sales or disposal	(98,495)	(158,523)	(257,018)
Foreign currency translation adjustments	(564)	(4,850)	(5,414)
Other	(3,839)	(23,210)	(27,050)
Balance as of March 31, 2025	1,066,981	1,203,454	2,270,435
Additions	—	102,039	102,039
Internally developed	106,751	216,060	322,812
Sales or disposal	(149,833)	(148,545)	(298,378)
Foreign currency translation adjustments	3,093	32,538	35,631
Other	(40,490)	(19,240)	(59,730)
Balance as of March 31, 2026	986,503	1,386,306	2,372,808

(Accumulated amortization)

	Yen in millions		
	Capitalized development costs	Software and other	Total
Balance as of April 1, 2024	(419,997)	(422,905)	(842,902)
Amortization	(162,068)	(145,632)	(307,700)
Sales or disposal	98,495	144,423	242,919
Foreign currency translation adjustments	—	2,577	2,577
Other	805	(1,257)	(2,062)
Balance as of March 31, 2025	(484,375)	(422,794)	(907,169)
Amortization	(151,780)	(177,862)	(329,643)
Sales or disposal	149,833	99,267	249,100
Foreign currency translation adjustments	—	(17,198)	(17,198)
Other	23,257	1,600	24,857
Balance as of March 31, 2026	(463,066)	(516,987)	(980,053)

Amortization of intangible assets is included in “Cost of products sold” and “Selling, general and administrative” in the consolidated statement of income. “Other” includes transfers to assets held for sale. There are no material internally generated intangible assets except for capitalized development costs.

TOYOTA MOTOR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

16. Income taxes

(1) Deferred tax assets and liabilities

Significant components of deferred tax assets and liabilities are as follows:

	<u>Yen in millions</u>	
	<u>March 31,</u>	
	<u>2025</u>	<u>2026</u>
Deferred tax assets		
Defined benefit plan liabilities	156,650	177,494
Accrued expenses and liabilities for quality assurance	821,680	886,672
Other accrued employees' compensation	146,548	160,993
Operating loss carryforwards for tax purposes	44,324	357,926
Allowance for doubtful accounts and credit losses	115,209	130,858
Property, plant and equipment and other assets	340,410	339,623
Other	504,892	853,359
Total deferred tax assets	<u>2,129,712</u>	<u>2,906,926</u>
Deferred tax liabilities		
Changes in fair value of financial instruments measured in other comprehensive income	(727,581)	(751,808)
Undistributed earnings of foreign subsidiaries	(63,179)	(48,979)
Undistributed earnings of associates and joint ventures	(1,223,489)	(1,289,418)
Basis difference of acquired assets	(71,386)	(90,855)
Capitalized development costs	(181,775)	(171,315)
Lease transactions	(860,487)	(1,337,570)
Other	(143,379)	(245,890)
Total deferred tax liabilities	<u>(3,271,276)</u>	<u>(3,935,835)</u>
Net deferred tax assets and liabilities	<u>(1,141,564)</u>	<u>(1,028,909)</u>

The "Other" category of deferred tax assets primarily comprises adjustments related to unrecognized tax benefits adjustments (¥402,889 million in the year ended March 31, 2026).

TOYOTA MOTOR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Of the changes in deferred tax assets and deferred tax liabilities for the years ended March 31, 2024, 2025 and 2026, the amount recognized as income tax expense in the consolidated statement of income is as follows:

	Yen in millions		
	For the years ended March 31,		
	2024	2025	2026
Defined benefit plan liabilities	(4,333)	3,093	45,291
Accrued expenses and liabilities for quality assurance	40,626	108,554	29,633
Other accrued employees' compensation	6,925	8,930	11,769
Operating loss carryforwards for tax purposes	(133,776)	(5,609)	291,709
Allowance for doubtful accounts and credit losses	(551)	11,776	5,347
Property, plant and equipment and other assets	11,518	49,177	1,070
Undistributed earnings of foreign subsidiaries	(2,869)	(20,814)	14,200
Undistributed earnings of associates and joint ventures	(43,526)	(54,492)	(30,316)
Basis difference of acquired assets	1,152	10,991	(15,541)
Capitalized development costs	12,824	7,815	10,460
Lease transactions	186,196	18,780	(398,554)
Other	88,582	(25,114)	340,621
Total	162,768	113,087	305,691

The "Other" category primarily comprises adjustments related to unrecognized tax benefits adjustments (¥279,486 million in the year ended March 31, 2026).

Deductible temporary differences, unused tax losses, and unused tax credits for which no deferred tax asset are recognized in the statement of financial position:

	Yen in millions	
	March 31,	
	2025	2026
Deductible temporary difference	1,944,948	1,598,404
Carryforwards of tax losses	841,136	978,821
Carryforwards of tax credit	61,687	86,395
Total	2,847,770	2,663,620

The expected expiration date of the carryforwards of tax losses for which deferred tax assets are not recognized are as follows:

	Yen in millions	
	March 31,	
	2025	2026
Within 5 years	4,323	53,099
Between 5 and 10 years	319,631	313,330
Later than 10 years	517,182	612,392
Total	841,136	978,821

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The expected expiration date of the carryforwards of tax credit for which deferred tax assets are not recognized are as follows:

	Yen in millions	
	March 31,	
	2025	2026
Within 5 years	3,778	6,202
Between 5 and 10 years	3,878	8,293
Later than 10 years	54,031	71,900
Total	61,687	86,395

Of the temporary differences in investments in foreign subsidiaries, because management intends to reinvest undistributed earnings of foreign subsidiaries in the foreseeable future, no deferred tax liability is recognized. As of March 31, 2025 and 2026, temporary differences totaled ¥5,667,006 million and ¥5,237,041 million, respectively, and Toyota estimates an additional deferred tax liability of ¥245,292 million and ¥328,627 million would be required, respectively, if the full amount of those undistributed earnings were remitted.

(2) Income tax expenses

Income tax expense for the years ended March 31, 2024, 2025 and 2026 consists of the following:

	Yen in millions		
	For the years ended March 31,		
	2024	2025	2026
Current income tax expense:			
TMC and domestic subsidiaries	1,432,299	965,512	1,053,788
Foreign subsidiaries	624,134	772,410	419,137
Total current	2,056,433	1,737,922	1,472,925
Deferred income tax expense (benefit):			
TMC and domestic subsidiaries	(42,906)	(131,329)	(376,104)
Foreign subsidiaries	(119,862)	18,242	70,413
Total deferred	(162,768)	(113,087)	(305,691)
Total income tax expense	1,893,665	1,624,835	1,167,234

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Toyota is subject to a number of different income taxes which, in the aggregate, indicate a statutory rate in Japan of approximately 30.9% for the years ended March 31, 2024, 2025 and 2026. The statutory tax rates in effect for the year in which the temporary differences are expected to reverse are used to calculate the tax effects of temporary differences which are expected to reverse in future years. Reconciliation of the differences between the statutory tax rate and the average effective tax rate is as follows:

	For the years ended March 31,		
	2024	2025	2026
Statutory tax rate	30.9%	30.9%	30.9%
Increase (reduction) in taxes resulting from:			
Non-deductible expenses	0.3	0.8	0.8
Tax-exempt income	(0.2)	(0.6)	(0.3)
Deferred tax liabilities on undistributed earnings of foreign subsidiaries	0.6	1.0	1.0
Effects of investments accounted for using the equity method	(3.4)	(2.8)	(3.3)
Deferred tax liabilities on undistributed earnings of associates and joint ventures	2.1	1.9	2.1
Change in unrecognized deferred tax assets	0.4	2.1	3.8
Tax credits	(2.1)	(4.2)	(4.6)
The difference between the statutory tax rate in Japan and that of foreign subsidiaries	(2.0)	(3.1)	(3.1)
Unrecognized tax benefits adjustments	—	(1.1)	(5.4)
Revision to deferred tax assets and liabilities at the fiscal year-end due to changes in tax rates	—	0.4	—
Other	0.6	0.0	0.7
Average effective tax rate	<u>27.2%</u>	<u>25.3%</u>	<u>22.7%</u>

(3) Global Minimum Taxation

The Organization for Economic Co-operation and Development (OECD) has issued model rules for global minimum taxation, commonly referred to as Pillar Two, which aim to ensure that multinational enterprises are subject to a minimum corporate income tax rate of 15%.

Toyota operates in jurisdictions where legislation based on these model rules, including the Qualified Domestic Minimum Top-up Tax (QDMTT), has been enacted or substantively enacted. Based on an assessment of the financial information of the constituent entities subject to the regime, Toyota has evaluated the potential impact of corporate income taxes arising from global minimum taxation and concluded that there is no material impact.

Furthermore, Toyota applies the temporary exception under IAS 12 “Income Taxes” regarding the recognition and disclosure of deferred tax assets and liabilities related to global minimum taxation. As a result, Toyota does not recognize any deferred tax assets or deferred tax liabilities arising from global minimum taxation, nor does it provide related disclosures.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

17. Trade accounts and other payables

Trade accounts and other payables consist of the following:

	Yen in millions	
	March 31,	
	2025	2026
Accounts and notes payables	4,034,920	4,302,013
Other payables	1,492,427	1,554,932
Total	5,527,347	5,856,945

Trade accounts and other payables are classified as financial liabilities measured at amortized cost.

18. Financial liabilities

(1) Financial liabilities

Financial liabilities consist of the following:

	Yen in millions							As of March 31, 2025
	As of April 1, 2024	Cash flow	Non-cash changes				Other	
			Acquisitions	Reclassification	Changes in foreign currency exchange rates	Changes in fair value		
Current liabilities								
Short-term debt	5,487,959	75,675	—	—	(99,165)	—	0	5,464,469
Current portion of long-term debt	9,844,870	(10,786,012)	—	11,336,112	(141,748)	—	19,679	10,272,900
Current portion of long-term lease liabilities	73,456	(86,249)	—	104,271	(599)	—	1,268	92,147
Current liabilities	15,406,284	(10,796,586)	—	11,440,383	(241,512)	—	20,947	15,829,516
Non-current liabilities								
Long-term debt	20,766,384	13,381,581	—	(11,336,112)	(290,753)	—	1,059	22,522,158
Long-term lease liabilities	389,112	—	164,348	(104,271)	(3,280)	—	(4,705)	441,204
Non-current liabilities	21,155,496	13,381,581	164,348	(11,440,383)	(294,033)	—	(3,646)	22,963,363
Total	36,561,780	2,584,995	164,348	—	(535,545)	—	17,301	38,792,879
Derivatives	(40,578)	(5,189)	—	—	(478)	84,074	—	37,829

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

	Yen in millions							
	As of April 1, 2025	Cash flow	Acquisitions	Reclassification	Non-cash changes			As of March 31, 2026
					Changes in foreign currency exchange rates	Changes in fair value	Other	
Current liabilities								
Short-term debt	5,464,469	(90,691)	—	—	455,722	—	(130,417)	5,699,083
Current portion of long-term debt	10,272,900	(11,601,270)	—	12,179,370	850,496	—	17,089	11,718,586
Current portion of long-term lease liabilities	92,147	(355,271)	—	439,532	2,991	—	(15,964)	163,435
Current liabilities	<u>15,829,516</u>	<u>(12,047,232)</u>	<u>—</u>	<u>12,618,903</u>	<u>1,309,209</u>	<u>—</u>	<u>(129,292)</u>	<u>17,581,104</u>
Non-current liabilities								
Long-term debt	22,522,158	12,880,225	—	(12,179,370)	1,856,234	—	(2,460)	25,076,787
Long-term lease liabilities	441,204	—	549,798	(439,532)	17,791	—	(21,683)	547,578
Non-current liabilities	<u>22,963,363</u>	<u>12,880,225</u>	<u>549,798</u>	<u>(12,618,903)</u>	<u>1,874,025</u>	<u>—</u>	<u>(24,143)</u>	<u>25,624,365</u>
Total	<u>38,792,879</u>	<u>832,992</u>	<u>549,798</u>	<u>—</u>	<u>3,183,234</u>	<u>—</u>	<u>(153,435)</u>	<u>43,205,469</u>
Derivatives	37,829	(40,982)	—	—	(1,917)	(24,507)	—	(29,578)

Short-term and long-term debt are classified as financial liabilities measured at amortized cost.

“Other” for the year ended March 31, 2026 includes amounts reclassified to liabilities directly associated with assets held for sale.

(2) Short-term debt

The breakdown of “Short-term debt” is as follows:

	Yen in millions	
	March 31,	
	2025	2026
Short-term debt (Principally from bank)		
[Weighted average interest rate		
2025 2.26%		
2026 2.51%]	1,552,166	1,339,878
Commercial paper		
[Weighted average interest rate		
2025 3.82%		
2026 3.15%]	3,912,303	4,359,205
	<u>5,464,469</u>	<u>5,699,083</u>

TOYOTA MOTOR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(3) Long-term debt

The breakdown of “Long-term debt” is as follows:

	<u>Yen in millions</u>	
	<u>March 31,</u>	
	<u>2025</u>	<u>2026</u>
Unsecured loans		
(Principally from bank)		
[2025		
Weighted average interest 3.56%		
Due 2025 to 2042		
2026		
Weighted average interest 3.50%		
Due 2026 to 2042]	7,360,937	8,854,912
Secured loans		
(Principally financial receivables securitization)		
[2025		
Weighted average interest 4.23%		
Due 2025 to 2034		
2026		
Weighted average interest 3.91%		
Due 2026 to 2034]	7,556,089	8,737,773
Unsecured bonds of the parent		
[2025		
Weighted average interest 1.93%		
Due 2026 to 2037		
2026		
Weighted average interest 2.91%		
Due 2026 to 2037]	1,108,080	1,099,460
Unsecured bonds and medium-term notes of consolidated subsidiaries		
[2025		
Weighted average interest 3.61%		
Due 2025 to 2048		
2026		
Weighted average interest 3.62%		
Due 2026 to 2048]	16,683,919	17,989,699
Secured bonds of consolidated subsidiaries		
[2025		
Weighted average interest 8.12%		
Due 2025 to 2029		
2026		
Weighted average interest 7.86%		
Due 2026 to 2029]	86,033	113,529
	<u>32,795,058</u>	<u>36,795,373</u>
Less - Current portion due within one year	<u>(10,272,900)</u>	<u>(11,718,586)</u>
	<u><u>22,522,158</u></u>	<u><u>25,076,787</u></u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

As of March 31, 2025 and 2026, the currencies of long-term debt are 50% and 47% in US dollars, 12% and 12% in Japanese yen, 14% and 14% in Euros, 5% and 5% in Australian dollars, 4% and 4% in Canadian dollars, 15% and 18% in other currencies, respectively.

(4) Assets pledged as collateral

The breakdown of assets pledged as collateral mainly for loans of consolidated subsidiaries is as follows:

	Yen in millions	
	March 31,	
	2025	2026
Property, plant and equipment	1,616,300	1,926,713
Other assets	7,936,375	9,072,756
Total	9,552,674	10,999,469

Other assets principally consist of securitized finance receivables.

Standard agreements with certain banks include provisions that collateral (including sums on deposit with such banks) or guarantees will be furnished upon the banks' request and that any collateral furnished, pursuant to such agreements or otherwise, will be applicable to all present or future indebtedness to such banks.

(5) Interest expenses

Interest expenses for the years ended March 31, 2025 and 2026 are ¥1,654,702 million and ¥1,696,845 million, respectively. Interest expenses related to the financial business is included in "cost of financial services" in the consolidated statement of income.

19. Other financial liabilities

Other financial liabilities consist of the following:

	Yen in millions	
	March 31,	
	2025	2026
Financial liabilities measured at amortized cost		
Deposits received	1,501,078	2,584,248
Other	483,751	599,218
Financial liabilities measured at fair value through profit or loss		
Derivatives	319,881	357,955
Total	2,304,711	3,541,421
Current liabilities	1,869,117	2,384,008
Non-current liabilities	435,594	1,157,413
Total	2,304,711	3,541,421

20. Financial risks

(1) Financial risk management policy

Toyota is exposed to various risks such as credit risk, liquidity risk and, market risk (foreign currency risk, interest rate risk, commodity price fluctuation risk and stock price fluctuation risk). To hedge market risk, Toyota

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

also uses derivative financial instruments including foreign exchange forward contracts, foreign currency options, interest rate swaps, interest rate currency swap agreements, and interest rate options. With respect to the execution and management of derivative transactions, Toyota follows company regulations that set out transaction authority, and it is a policy not to conduct speculative transactions using derivative financial instruments.

In addition, Toyota procures necessary funds (mainly bank borrowings and issuing corporate bonds) based on capital expenditure plans, and temporary surplus funds are managed with highly safe financial assets and short-term working capital is procured through bank borrowings and commercial paper. As for liquidity risk concerning fund procurement, each company manages it by preparing a monthly cash flow plan, etc.

(2) Credit risk

Receivables related to financial services are exposed to credit risk. The risk arises from the failure of customers or dealers to meet the terms of their contracts with Toyota or otherwise fail to perform as agreed. Toyota manages its credit risk by defining risk management methods and management systems for specific risks in accordance with the regulations on risk management. Based on such regulations, Toyota mitigates credit risk through periodic monitoring of customers' credit status and undertaking the maturity control and account balance control, while detecting promptly any doubtful accounts caused by deterioration in the financial conditions.

Please see Note 3 "Allowance for credit losses on finance receivables" about the measuring method of the expected credit losses on receivables related to financial services.

The carrying amount after impairment of financial assets presented in the consolidated financial statements, as well as guarantee obligations and loan commitments that are set forth in the notes to the consolidated financial statements, are the maximum exposure to the credit risk of Toyota's financial assets that do not take into account the value of the acquired collateral. The allowance for credit exposures of loan commitments and financial agreements is measured in the same way that the allowance for retail receivables is measured.

Retail receivables and financial lease receivables are secured by vehicles as collateral. Wholesale receivables and other dealer loans are secured by placing appropriate property as collateral. During the reporting period, there was no change in the policy regarding collateral.

Net changes in the allowance for credit losses relating to retail receivables are as follows:

	Yen in millions			
	For the year ended March 31, 2025			
	Expected credit loss for 12 months	Lifetime expected credit loss		Total
Financial receivable not credit-impaired		Credit-impaired financial receivable		
Allowance for credit loss at beginning of year	111,044	147,790	77,318	336,152
Provision for credit loss, net of reversal	9,648	1,827	195,494	206,968
Charge-offs	—	—	(189,044)	(189,044)
Other	(2,860)	1,269	3,818	2,228
Allowance for credit loss at end of year	<u>117,832</u>	<u>150,885</u>	<u>87,587</u>	<u>356,304</u>

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	Yen in millions			
	For the year ended March 31, 2026			
	Expected credit loss for 12 months	Lifetime expected credit loss		Total
Financial receivable not credit-impaired		Credit-impaired financial receivable		
Allowance for credit loss at beginning of year . . .	117,832	150,885	87,587	356,304
Provision for credit loss, net of reversal	1,888	(6,575)	194,754	190,067
Charge-offs	—	—	(197,813)	(197,813)
Other	8,019	13,582	11,991	33,593
Allowance for credit loss at end of year	<u>127,739</u>	<u>157,892</u>	<u>96,520</u>	<u>382,152</u>

“Other” primarily includes currency translation adjustments.

The table below shows retail receivables segregated into aging categories based on the numbers of days outstanding:

	Yen in millions			
	March 31, 2025			
	Expected credit loss for 12 months	Lifetime expected credit loss		Total
Financial receivable not credit-impaired		Credit-impaired financial receivable		
Current	25,114,478	1,335,387	12,067	26,461,932
Past due less than 90 days	306,022	658,638	20,028	984,689
Past due 90 days or more	—	16	191,385	191,401
Total	<u>25,420,500</u>	<u>1,994,041</u>	<u>223,481</u>	<u>27,638,021</u>

	Yen in millions			
	March 31, 2026			
	Expected credit loss for 12 months	Lifetime expected credit loss		Total
Financial receivable not credit-impaired		Credit-impaired financial receivable		
Current	29,357,833	1,211,218	13,898	30,582,949
Past due less than 90 days	325,527	717,109	22,634	1,065,270
Past due 90 days or more	—	2,944	186,760	189,703
Total	<u>29,683,360</u>	<u>1,931,271</u>	<u>223,291</u>	<u>31,837,922</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Net changes in the allowance for credit losses relating to the finance lease receivables are as follows:

	Yen in millions	
	For the years ended March 31,	
	2025	2026
Allowance for credit loss at beginning of year	46,909	56,721
Provision for credit loss, net of reversal	21,140	19,169
Charge-offs	(10,311)	(12,017)
Other	(1,017)	3,688
Allowance for credit loss at end of year	<u>56,721</u>	<u>67,560</u>

“Other” primarily includes currency translation adjustments.

The table below shows the finance lease receivables segregated into aging categories based on the numbers of the days outstanding:

	Yen in millions	
	March 31,	
	2025	2026
Current	3,340,414	4,033,662
Past due less than 90 days	67,627	86,346
Past due 90 days or more	29,928	34,643
Total	<u>3,437,970</u>	<u>4,154,650</u>

The table below shows the net movement of the allowance for credit losses on wholesale receivables and other dealer loans.

	Yen in millions			
	For the year ended March 31, 2025			
	Expected credit loss for 12 months	Lifetime expected credit loss		Total
		Financial receivable not credit-impaired	Credit-impaired financial receivable	
Allowance for credit loss at beginning of year . . .	17,481	5,931	7,801	31,213
Provision for credit loss, net of reversal	7,009	1,226	(980)	7,256
Charge-offs	—	—	(698)	(698)
Other	206	(139)	(48)	20
Allowance for credit loss at end of year	<u>24,697</u>	<u>7,018</u>	<u>6,076</u>	<u>37,791</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

	Yen in millions			
	For the year ended March 31, 2026			
	Expected credit loss for 12 months	Lifetime expected credit loss		Total
Financial receivable not credit-impaired		Credit-impaired financial receivable		
Allowance for credit loss at beginning of year	24,697	7,018	6,076	37,791
Provision for credit loss, net of reversal	2,930	2,204	5,900	11,033
Charge-offs	—	—	(482)	(482)
Other	2,869	996	824	4,688
Allowance for credit loss at end of year	<u>30,495</u>	<u>10,219</u>	<u>12,317</u>	<u>53,031</u>

“Other” primarily includes currency translation adjustments.

Toyota charges off the credit - impaired finance receivables when Toyota considers that all or part of it will not be collected. The amount of receivables related to financial services which have been charged off but are subject to ongoing collection activity was not significant for the years ended March 31, 2025 and 2026.

The balances of wholesale receivables and other dealer loan receivables portfolios by credit status, as well as loan commitments and financial guarantee contracts, as of March 31, 2025 and 2026 are as follows.

The wholesale and other dealer loan receivables portfolio segment is segregated into the following credit qualities below based on internal risk assessments by dealers.

Performing: Account not classified as either Credit Watch, At Risk or Default

Credit Watch: Account designated for elevated attention

At Risk: Account where there is an increased likelihood that default may exist based on qualitative and quantitative factors

Default: Account is not currently meeting contractual obligations, or we have temporarily waived certain contractual requirements

	Yen in millions			
	March 31, 2025			
	Expected credit loss for 12 months	Lifetime expected credit loss		Total
Financial receivable not credit-impaired		Credit-impaired financial receivable		
Wholesale and other dealer loans				
Performing	4,478,021	—	—	4,478,021
Credit Watch	213,400	143,979	—	357,379
At Risk	—	54,774	2,003	56,776
Default	—	—	10,360	10,360
Loan commitments	10,288,422	188,448	1,024	10,477,894
Financial guarantee contracts	2,234,393	24,001	—	2,258,393
Total	<u>17,214,236</u>	<u>411,202</u>	<u>13,387</u>	<u>17,638,825</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

	Yen in millions			
	March 31, 2026			
	Expected credit loss for 12 months	Lifetime expected credit loss		Total
Financial receivable not credit-impaired		Credit-impaired financial receivable		
Wholesale and other dealer loans				
Performing	5,369,936	—	—	5,369,936
Credit Watch	132,379	228,403	—	360,782
At Risk	—	43,883	3,086	46,970
Default	—	—	44,244	44,244
Loan commitments	9,731,868	187,037	1,989	9,920,894
Financial guarantee contracts	1,464,251	14,008	—	1,478,259
Total	<u>16,698,434</u>	<u>473,331</u>	<u>49,319</u>	<u>17,221,084</u>

For the years ended March 31, 2025 and 2026, the amount of finance receivables where the terms were modified due to deterioration in credit conditions was not significant for any portfolio of finance receivables, and the amount of payment defaults on finance receivables so modified were not significant for any portfolio of such receivables.

(3) Liquidity risk

To secure cash on hand necessary for carrying out operations, Toyota appropriately borrows from financial institutions and issues corporate bonds and medium-term notes or commercial paper, and there is a risk of failing to execute the payment on the due date because of deterioration of the fund procurement environment etc.

Toyota manages liquidity risk by monitoring the fund demand of each group company as appropriate, preparing a monthly-based funding plan, and comparing it with daily cash flow. In addition to holding sufficient cash and cash equivalents in order to secure liquidity and stability of funds, to prepare for emergency situations such as sudden fund demand and market liquidity deterioration, a commitment line has been set up.

The amounts of non-derivative financial liabilities and derivative financial liabilities by remaining contract maturity period are as follows. Note that, with respect to loan commitments and financial guarantee contracts, the maximum exposure could be demanded to be guaranteed or executed within one year. Please see Note 20 “(2) Credit risk” about the maximum exposure.

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As of March 31, 2025

	Yen in millions					
	Book value	Contractual cash flows	Maturities			
			Within 1 year	Between 1 and 3 years	Between 3 and 5 years	Later than 5 years
Non-derivative financial liabilities						
Short-term debt	1,552,166	(1,565,387)	(1,565,387)	—	—	—
Commercial paper	3,912,303	(4,012,371)	(4,012,371)	—	—	—
Long-term debt	32,795,058	(35,293,975)	(11,209,068)	(15,485,265)	(6,190,498)	(2,409,143)
Lease liabilities	533,351	(630,013)	(102,412)	(159,500)	(94,354)	(273,747)
Total	<u>38,792,879</u>	<u>(41,501,746)</u>	<u>(16,889,239)</u>	<u>(15,644,764)</u>	<u>(6,284,852)</u>	<u>(2,682,891)</u>
Derivative financial liabilities						
Interest derivatives	196,389	(220,341)	(83,505)	(108,063)	(22,712)	(6,061)
Currency derivatives						
In	—	1,047,528	73,959	759,648	66,990	146,931
Out	123,493	(1,196,751)	(130,116)	(840,065)	(74,389)	(152,181)
Total	<u>319,881</u>	<u>(369,564)</u>	<u>(139,663)</u>	<u>(188,480)</u>	<u>(30,111)</u>	<u>(11,311)</u>
Total	<u><u>39,112,760</u></u>	<u><u>(41,871,310)</u></u>	<u><u>(17,028,902)</u></u>	<u><u>(15,833,244)</u></u>	<u><u>(6,314,963)</u></u>	<u><u>(2,694,201)</u></u>

As of March 31, 2026

	Yen in millions					
	Book value	Contractual cash flows	Maturities			
			Within 1 year	Between 1 and 3 years	Between 3 and 5 years	Later than 5 years
Non-derivative financial liabilities						
Short-term debt	1,339,878	(1,353,907)	(1,353,907)	—	—	—
Commercial paper	4,359,205	(4,453,267)	(4,453,267)	—	—	—
Long-term debt	36,795,373	(39,522,887)	(12,768,209)	(17,094,270)	(7,489,266)	(2,171,143)
Lease liabilities	711,013	(846,065)	(194,791)	(181,928)	(107,664)	(361,683)
Total	<u>43,205,469</u>	<u>(46,176,126)</u>	<u>(18,770,173)</u>	<u>(17,276,198)</u>	<u>(7,596,929)</u>	<u>(2,532,826)</u>
Derivative financial liabilities						
Interest derivatives	255,068	(339,292)	(138,388)	(148,377)	(40,179)	(12,348)
Currency derivatives						
In	—	836,049	240,393	391,484	43,039	161,134
Out	102,887	(949,605)	(323,462)	(414,493)	(47,022)	(164,627)
Total	<u>357,955</u>	<u>(452,848)</u>	<u>(221,457)</u>	<u>(171,386)</u>	<u>(44,163)</u>	<u>(15,842)</u>
Total	<u><u>43,563,423</u></u>	<u><u>(46,628,974)</u></u>	<u><u>(18,991,630)</u></u>	<u><u>(17,447,584)</u></u>	<u><u>(7,641,092)</u></u>	<u><u>(2,548,667)</u></u>

As described above, Toyota raises funds through the issuance of corporate bonds and medium-term notes, and commercial paper. These funding mechanisms comply with the regulations of each respective country, and Toyota qualifies as an eligible issuer. Depending on the individual debt registration statement, this allows us to issue medium-term notes without a predetermined issuance limit, or to raise funds within a specified issuance limit.

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The unused amount of funding with established issuance limits is as follows:

	Yen in millions	
	March 31,	
	2025	2026
Corporate bonds and medium-term notes	6,011,789	7,333,858
Commercial paper	1,241,283	1,328,779
Total	7,253,072	8,662,638

As of March 31, 2025 and 2026, Toyota has unused amounts of commitment lines from financial institutions of ¥5,485,781 million and ¥6,753,849 million, respectively. These amounts do not include the amounts of overdraft contracts.

As of March 31, 2025 and 2026, the balance of credit limits other than commitment lines from financial institutions is ¥53,000 million and ¥88,500 million, respectively.

(4) Foreign exchange risk

Toyota is subject to foreign currency exposure through transactions in foreign currencies related to purchases, sales and financing activities associated with conducting business worldwide. Toyota is exposed to fluctuation risks related to future profitability or assets and liabilities regarding operating cash flows denominated in foreign currencies and various financial instruments. The most significant foreign currency exposure is primarily caused by the U.S. dollar and the euro.

Toyota uses derivative financial instruments including foreign exchange forward contracts, foreign currency options, interest rate currency swap agreements, and others, to manage the exposure to foreign currency exchange rate fluctuations.

Toyota uses Value-at-risk analysis measurement (“VaR”) to assess the risk of exchange rate fluctuation. Potential impact of pre-tax cash flows on VaR-integrated foreign currency positions (including derivatives) for the years ended March 31, 2025 and 2026 is as follows:

	Yen in millions			
	VaR			
	Year-end	Average	Maximum	Minimum
For the year ended March 31, 2025	465,300	441,800	465,300	408,500
For the year ended March 31, 2026	497,100	486,275	505,100	462,700

The Monte Carlo simulation method is used for Toyota’s VaR measurement, and measurement is based on a 95% confidence interval and a ten-day holding period.

(5) Interest rate risk

In the course of conducting business activities, Toyota is exposed to interest rate risk due to fluctuation in market interest rates as it procures and invests funds necessary for working capital and capital investment. To maintain a desirable level of exposure related to interest rate fluctuation risk and minimize interest expense, Toyota conducts various financial instruments transactions.

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Sensitivity analysis of Toyota's interest rate risk associated with holding financial instruments if the interest rate increases by 1% is as follows. In this analysis, all other variables are assumed to be constant.

	Yen in millions	
	For the years ended March 31,	
	2025	2026
Impact on income before income taxes	(104,706)	(109,880)
Impact on other comprehensive income, before tax effect	(235,959)	(225,875)

(6) Market price fluctuation risk

Toyota is exposed to risks arising from increased costs due to commodity price fluctuations, such as iron and steel, precious metals and non-ferrous alloys used in the manufacturing of automobiles. Toyota controls price risk associated with the purchase of those commodities by maintaining inventory at the minimum level.

Toyota is exposed to stock price fluctuation risk because it owns shares of companies that have business relationships mainly for promoting smooth business activities. Toyota periodically reviews the fair values and financial situations of the business partner companies and, taking into consideration the relationship with them, continually reviews the holding status. The impact on other comprehensive income, before tax effect, when the declared price of equity financial assets (shares) in active markets changes by 10% for the years ended March 31, 2025, and 2026 is ¥305,475 million and ¥331,161 million, respectively.

21. Fair value measurements

(1) Definition of fair value hierarchy

In accordance with IFRS Accounting Standards, 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 significant 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:

(i) 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.

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(ii) 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.

(iii) Receivables related to financial services -

The fair value of receivables related to financial services is 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 is classified as Level 3.

(iv) 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 32% and 68% (as of March 31, 2025) and 41% and 59% (as of March 31, 2026) of public and corporate bonds, respectively. Toyota primarily uses quoted market prices for identical assets or valuation techniques using observable input to measure the fair value of these securities.

(Stocks)

Listed stocks on the Japanese stock markets represent 79% (as of March 31, 2025) and 78% (as of March 31, 2026) of stocks that Toyota holds. Toyota primarily uses 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 classified as Level 3.

Price book-value ratios ("PBR") of comparable companies, discount ratios of the 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 the fair value of stocks if the unobservable inputs were to be replaced by other reasonable alternative assumptions is 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, fair value may be materially impacted.

Shares classified as Level 3 are measured 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.

(Investment trusts)

Marketable investment trusts are measured using market prices. Therefore, marketable investment trusts are classified as Level 1. Other investment trusts are calculated based on the quoted price obtained from the financial institutions with which Toyota transact. Therefore, other investment trusts are classified as Level 2.

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(v) 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 primarily to manage its exposures 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.

(vi) Short-term and long-term debt -

The fair values of short-term and long-term debt including the current portion, except for certain secured loans provided by securitization transactions using special-purpose entities ("Loans Based on Securitization"), 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 is classified as Level 2.

The fair values of certain Loans Based on Securitization are primarily 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. In cases where these valuations utilize unobservable inputs, fair value of Loans Based on Securitization is classified as Level 3.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(3) Financial instruments 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 fair value are recognized at the date of the event or change in circumstances that caused the transfer:

	Yen in millions			
	March 31, 2025			
	Level 1	Level 2	Level 3	Total
Other financial assets:				
Financial assets measured at fair value through profit or loss				
Public and corporate bonds	110,516	110,488	10,710	231,713
Stocks	—	—	46,215	46,215
Investment trusts	286,799	331,429	—	618,228
Interest rate and currency swap	—	395,588	—	395,588
Foreign exchange forward, option and other contracts	—	62,991	24,800	87,790
Total	<u>397,315</u>	<u>900,495</u>	<u>81,724</u>	<u>1,379,534</u>
Financial assets measured at fair value through other comprehensive income				
Public and corporate bonds	4,487,174	4,571,862	19,401	9,078,437
Stocks	3,054,754	—	192,131	3,246,885
Other	10,947	—	—	10,947
Total	<u>7,552,875</u>	<u>4,571,862</u>	<u>211,532</u>	<u>12,336,269</u>
Other financial liabilities:				
Financial liabilities measured at fair value through profit or loss				
Interest rate and currency swap	—	(303,670)	—	(303,670)
Foreign exchange forward, option and other contracts	—	(16,211)	—	(16,211)
Total	<u>—</u>	<u>(319,881)</u>	<u>—</u>	<u>(319,881)</u>

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	Yen in millions			
	March 31, 2026			
	Level 1	Level 2	Level 3	Total
Other financial assets:				
Financial assets measured at fair value through profit or loss				
Public and corporate bonds	123,344	132,079	12,200	267,623
Stocks	—	—	884,667	884,667
Investment trusts	352,452	295,737	—	648,189
Interest rate and currency swap	—	414,706	—	414,706
Foreign exchange forward, option and other contracts	—	12,947	51,795	64,741
Total	475,796	855,468	948,661	2,279,925
Financial assets measured at fair value through other comprehensive income				
Public and corporate bonds (Note 1)	4,449,366	3,084,093	19,447	7,552,906
Stocks (Note 2)	3,311,613	—	263,565	3,575,178
Other	9,855	—	—	9,855
Total	7,770,835	3,084,093	283,011	11,137,940
Other financial liabilities:				
Financial liabilities measured at fair value through profit or loss				
Interest rate and currency swap	—	(300,486)	—	(300,486)
Foreign exchange forward, option and other contracts	—	(57,469)	—	(57,469)
Total	—	(357,955)	—	(357,955)

(Note 1) Includes 19,447 million yen of “Assets held for sale” recorded on the consolidated statement of financial position.

(Note 2) Includes 20,799 million yen of “Assets held for sale” recorded on the consolidated statement of financial position.

The gain (loss) on derivative transactions as of March 2024, 2025 and 2026 were ¥(267,190) million, ¥(80,831) million and ¥37,445 million, respectively. The amounts are included in cost of financial services, foreign exchange gain (loss), net, other finance income and other finance costs.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(4) Changes in financial instruments classified as Level 3 and measured at fair value on a recurring basis

The following table summarizes the changes in Level 3 assets and liabilities measured at fair value on a recurring basis for the years ended March 31, 2025 and 2026:

	Yen in millions			
	For the year ended March 31, 2025			
	Public and corporate bonds	Stocks	Foreign exchange forward, option and other contracts	Total
Balance at beginning of year	31,170	401,089	—	432,259
Total gains (losses)				
Net income (loss)	(8)	(87,665)	24,800	(62,873)
Other comprehensive income (loss)	—	(40,717)	—	(40,717)
Purchases and issuances	9,572	36,330	—	45,902
Sales and settlements	(9,210)	(1,035)	—	(10,245)
Transfer to (from) Level 3	(3,125)	(77,884)	—	(81,009)
Others	1,711	8,228	—	9,939
Balance at end of year	30,111	238,346	24,800	293,257
Unrealized gains or losses included in profit or loss on assets held at March 31	(76)	(87,665)	—	(87,741)
Total	(76)	(87,665)	—	(87,741)

	Yen in millions			
	For the year ended March 31, 2026			
	Public and corporate bonds	Stocks	Foreign exchange forward, option and other contracts	Total
Balance at beginning of year	30,111	238,346	24,800	293,257
Total gains (losses)				
Net income (loss)	35	8,074	25,277	33,386
Other comprehensive income (loss)	—	17,978	—	17,978
Purchases and issuances	9,692	857,263	—	866,955
Sales and settlements	(7,399)	(4,801)	—	(12,200)
Transfer to (from) Level 3	(1,452)	—	—	(1,452)
Others	659	31,371	1,718	33,749
Balance at end of year (Note)	31,646	1,148,232	51,795	1,231,673
Unrealized gains or losses included in profit or loss on assets held at March 31	25	8,074	25,277	33,376
Total	25	8,074	25,277	33,376

(Note) Includes 21,322 million yen of “Assets held for sale” recorded on the consolidated statement of financial position.

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22. Offsetting Financial Assets and Liabilities

The following table summarizes the amounts of financial assets and financial liabilities that are subject to an enforceable master netting agreement or similar agreement but not set off because they do not meet some or all of the offsetting criteria for financial assets and financial liabilities. With respect to financial instruments that may be offset in the future based on set-off rights associated with master netting agreements or similar agreements, as well as the associated collateral, the set-off will be enforceable only when certain circumstances, such as when the counterparty cannot perform on its obligations due to bankruptcy or other reasons, arise.

Yen in millions				
March 31, 2025				
	Gross amounts of recognized financial assets and financial liabilities	Amounts not offset		Net amount
		Financial instruments	Collateral of financial instruments	
Other financial assets Derivatives	483,378	(131,836)	(67,495)	284,046
Other financial liabilities Derivatives	319,881	(131,836)	(73,689)	114,356
Yen in millions				
March 31, 2026				
	Gross amounts of recognized financial assets and financial liabilities	Amounts not offset		Net amount
		Financial instruments	Collateral of financial instruments	
Other financial assets Derivatives	479,447	(138,762)	(63,177)	277,508
Other financial liabilities Derivatives	357,955	(138,762)	(23,138)	196,055

The amounts offset, as presented in the consolidated statement of financial position, in accordance with the criteria for offsetting financial assets and financial liabilities were immaterial.

23. Employee benefits

(1) Overview of post-employment benefit Plans

Upon terminations of employment, employees of TMC and subsidiaries in Japan are entitled, under the retirement plans of each company, to lump-sum indemnities or pension payments, based on current rates of pay and length of service or the number of “points” mainly determined by those. Under normal circumstances, the minimum payment prior to retirement age is an amount based on voluntary retirement. In cases of involuntary termination, including retirement upon reaching the mandatory retirement age, employees are granted an additional allowance.

Effective October 1, 2004, TMC amended its retirement plan to introduce a “point” based retirement benefit plan. Under the new plan, employees are entitled to lump-sum or pension payments determined based on accumulated “points” vested in each year of service.

There are three types of “points” that vest in each year of service consisting of “service period points” which are attributed to the length of service, “job title points” which are attributed to the job title of each employee, and “performance points” which are attributed to the annual performance evaluation of each employee. Under normal

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circumstances, the minimum payment prior to retirement age is an amount reflecting an adjustment rate applied to represent voluntary retirement. Employees receive additional benefits upon involuntary retirement, including retirement at the age limit.

Effective October 1, 2005, TMC partly amended its retirement plan and introduced the quasi cash-balance plan under which benefits are determined based on the variable-interest crediting rate rather than the fixed-interest crediting rate as was in the pre-amended plan.

TMC and most subsidiaries in Japan have contributory funded defined benefit pension plans, which are pursuant to the Corporate Defined Benefit Pension Plan Law (CDBPPL). Contributions to the plans are funded with several financial institutions in accordance with the applicable laws and regulations. These pension plan assets consist principally of common stocks, government bonds and insurance contracts.

Most foreign subsidiaries have pension plans or severance indemnity plans covering substantially all of their employees under which the cost of benefits is currently invested or accrued. The benefits for these plans are based primarily on lengths of service and current rates of pay.

These post-employment benefit plans are exposed to general investment risk, interest rate risk and inflation risk.

Pension costs and defined benefit obligations are dependent on assumptions used in calculating such amounts. These assumptions include discount rates, retirement rate, salary increase rate, mortality rates and other factors. While management believes that the assumptions used are appropriate, differences in actual experience or changes in assumptions may affect Toyota's pension costs and obligations.

The most critical assumption impacting the calculation of pension costs and defined benefit obligations is the discount rates. Toyota determines discount rates mainly based on the rates of high quality fixed income bonds currently available and expected to be available during the period to maturity of the defined benefit pension plans.

Toyota uses a March 31 measurement date for its post-employment benefit plans.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(2) Defined benefit obligations and plan assets

Changes in present value of defined benefit obligations and fair value of plan assets are as follows:

	Yen in millions			
	For the years ended March 31,			
	2025		2026	
	Japanese plans	Foreign plans	Japanese plans	Foreign plans
Present value of defined benefit obligations:				
Benefit obligations at beginning of year	1,898,339	1,651,016	1,729,554	1,622,053
Current service cost	76,758	49,225	62,259	50,747
Interest cost	26,290	81,411	37,798	81,582
Remeasurements:				
Changes in demographic assumptions	(3,635)	68	(2,153)	1,944
Changes in financial assumptions	(181,128)	(48,712)	(181,466)	(33,796)
Other	(385)	(15,579)	4,347	44,858
Past service cost	(184)	(3,027)	(409)	(591)
Plan participants' contributions	1,065	4,355	1,027	4,657
Benefits paid	(86,871)	(76,204)	(86,522)	(84,889)
Effect of changes in exchange rates and other . . .	(696)	(20,499)	(86,937)	114,563
Benefit obligations at end of year	<u>1,729,554</u>	<u>1,622,053</u>	<u>1,477,496</u>	<u>1,801,130</u>
Fair value of plan assets:				
Plan assets at beginning of year	2,128,476	1,284,918	2,081,009	1,271,236
Interest income	29,462	57,149	48,763	63,712
Remeasurement				
Actual return on plan assets, excluding				
interest income	(66,135)	(33,874)	106,715	892
Employer contributions	35,669	19,016	48,385	19,099
Plan participants' contributions	1,065	4,355	1,027	4,657
Benefits paid	(47,528)	(42,023)	(46,738)	(47,090)
Effect of changes in exchange rates and other . . .	—	(18,305)	(286,583)	97,536
Plan assets at end of year	<u>2,081,009</u>	<u>1,271,236</u>	<u>1,952,578</u>	<u>1,410,042</u>
The impact of minimum funding requirement and				
asset ceiling	572,107	—	718,851	—
Net defined benefit liability (asset)	<u>220,652</u>	<u>350,817</u>	<u>243,769</u>	<u>391,088</u>

“Effect of changes in exchange rates and other” for the year ended March 31, 2026 includes a partial return from retirement benefit trusts and amounts reclassified to assets held for sale and liabilities directly associated with assets held for sale.

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The funded defined benefit obligations and the unfunded defined benefit obligations are as follows:

	Yen in millions			
	March 31,			
	2025		2026	
	Japanese plans	Foreign plans	Japanese plans	Foreign plans
Funded defined benefit obligations	1,265,948	1,225,195	1,076,271	1,342,118
Plan assets	(2,081,009)	(1,271,236)	(1,952,578)	(1,410,042)
The impact of minimum funding requirement and asset ceiling	572,107	—	718,851	—
Subtotal	(242,954)	(46,040)	(157,457)	(67,924)
Unfunded defined benefit obligations	463,606	396,857	401,226	459,012
Total	220,652	350,817	243,769	391,088

The net defined benefit liability (asset) recognized in the consolidated statement of financial position are comprised of the following:

	Yen in millions			
	March 31,			
	2025		2026	
	Japanese plans	Foreign plans	Japanese plans	Foreign plans
Retirement benefit liabilities	562,375	457,193	505,624	516,859
Other non-current assets (Retirement benefit assets)	(341,723)	(106,376)	(261,855)	(125,771)
Net amount recognized	220,652	350,817	243,769	391,088

The weighted average duration of defined benefit obligations are as follows:

	March 31,			
	2025		2026	
	Japanese plans	Foreign plans	Japanese plans	Foreign plans
Weighted average duration of defined benefit obligations	16.9 years	13.1 years	16.8 years	12.0 years

(3) The major items of actuarial assumption

The weighted-average discount rates used to determine the present value of defined benefit obligations are as follows:

	March 31,			
	2025		2026	
	Japanese plans	Foreign plans	Japanese plans	Foreign plans
Discount rate	2.2%	5.4%	3.1%	5.5%

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(4) Fair value of plan assets

Toyota's policy and objective for plan asset management is to maximize returns on plan assets to meet future benefit payment requirements under risks which Toyota considers permissible. Asset allocations under the plan asset management are determined based on plan asset management policies of each plan which are established to achieve the optimized asset compositions in terms of long-term overall plan asset management. When actual allocations are not in line with target allocations, Toyota rebalances its investments in accordance with the policies. Prior to making individual investments, Toyota performs in-depth assessments of corresponding factors including category of products, industry type, currencies and liquidity of each potential investment under consideration to mitigate concentrations of risks such as market risk and foreign currency exchange rate risk. To assess performance of the investments, Toyota establishes benchmark return rates for each individual investment, combines these individual benchmark rates based on the asset composition ratios within each asset category, and compares the combined rates with the corresponding actual return rates on each asset category.

The following table summarizes the fair value of classes of plan assets.

	Yen in millions					
	March 31, 2025					
	Japanese plans			Foreign plans		
	Quoted prices in active markets			Quoted prices in active markets		
	Available	Not available	Total	Available	Not available	Total
Stocks	375,443	—	375,443	128,908	—	128,908
Government bonds	239,849	—	239,849	301,955	—	301,955
Bonds (other)	2,177	77,768	79,944	—	246,851	246,851
Commingled funds	—	500,917	500,917	—	398,380	398,380
Insurance contracts	—	224,694	224,694	—	—	—
Other	400,852	259,310	660,162	44,066	151,076	195,142
Total	<u>1,018,321</u>	<u>1,062,688</u>	<u>2,081,009</u>	<u>474,929</u>	<u>796,306</u>	<u>1,271,236</u>

	Yen in millions					
	March 31, 2026					
	Japanese plans			Foreign plans		
	Quoted prices in active markets			Quoted prices in active markets		
	Available	Not available	Total	Available	Not available	Total
Stocks	357,318	—	357,318	161,268	—	161,268
Government bonds	391,927	—	391,927	307,740	29,380	337,120
Bonds (other)	314	76,390	76,705	—	261,867	261,867
Commingled funds	—	522,785	522,785	—	470,609	470,609
Insurance contracts	—	154,224	154,224	—	—	—
Other	219,996	229,623	449,619	36,022	143,157	179,179
Total	<u>969,555</u>	<u>983,023</u>	<u>1,952,578</u>	<u>505,029</u>	<u>905,013</u>	<u>1,410,042</u>

“Other” consists of cash equivalents, other private placement investment funds and other assets.

TOYOTA MOTOR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(5) The impact of minimum funding requirements and asset ceilings

The impact of minimum funding requirements and asset ceilings is as follows:

	Yen in millions			
	For the years ended March 31,			
	2025		2026	
	Japanese plans	Foreign plans	Japanese plans	Foreign plans
Beginning balance of the fiscal year	268,228	—	572,107	—
Interest income	4,694	—	13,542	—
Remeasurements:				
Change in asset ceiling excluding interest income	299,185	—	133,201	—
Translation adjustments	—	—	—	—
Ending balance of the fiscal year	<u>572,107</u>	<u>—</u>	<u>718,851</u>	<u>—</u>

(6) The sensitivity analysis

The following table illustrates the effects on defined benefit obligations of the change in weighted-average discount rates, assuming all other assumptions are consistent.

	Yen in millions			
	March 31,			
	2025		2026	
	Japanese plans	Foreign plans	Japanese plans	Foreign plans
0.5% decrease	119,138	113,268	88,346	120,176
0.5% increase	(103,296)	(110,060)	(80,862)	(118,461)

(7) Impact on future cash flow

Contributions to plan assets by TMC and some of its consolidated subsidiaries are determined by various factors such as employee salary levels and years of service, funded status of plan assets, and actuarial calculations. In addition, according to the rules of the defined benefit corporate pension law, the corporate pension fund system recalculates the amount of the balance every five years with the end date of the reporting period as the base date so that financial balance can be maintained in the future. TMC and some of its consolidated subsidiaries may make a necessary contribution if the reserve amount is below the minimum reserve amount.

In the following year (the year ending March 31, 2027), Toyota expects to contribute ¥34,336 million for Japanese plans and ¥18,488 million for foreign plans to the post-employment benefit plans.

(8) Benefit obligations for non-retirement pension for retirees and benefit obligations for absentee

Toyota's U.S. subsidiaries provide certain health care and life insurance benefits to eligible retired employees. In addition, Toyota provides benefits to certain former or inactive employees after employment, but before retirement. These benefits are provided through various insurance companies, health care providers and others. The costs of these benefits are recognized over the period the employee provides credited service to Toyota. Toyota's obligations under these arrangements are not material.

TOYOTA MOTOR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(9) Payroll expenses

Payroll expenses included in “Cost of products sold” and “Selling, general and administrative” in the consolidated statement of income (including expenses for post-employment benefit plans) for the years ended March 31, 2024, 2025 and 2026 are ¥4,385,112 million, ¥4,794,497 million and ¥5,081,959 million, respectively.

24. Liabilities for quality assurance

Toyota provides product warranties for certain defects mainly resulting from manufacturing based on warranty contracts with its customers at the time of sale of products. Toyota accrues estimated warranty costs to be incurred in the future in accordance with the warranty contracts. In addition to product warranties, Toyota initiates recalls and other safety measures to repair or to replace parts which might be expected to fail from products safety perspectives or customer satisfaction standpoints. Toyota accrues for costs of recalls and other safety measures based on the amount estimated from historical experience.

Liabilities for product warranties and liabilities for recalls and other safety measures have been combined into “Liabilities for quality assurance” in the consolidated statement of financial position due to the fact that both are liabilities for costs to repair or replace defects of vehicles and the amounts incurred for recalls and other safety measures may affect the amounts incurred for product warranties and vice versa.

The net change in liabilities for quality assurance for the year ended March 31, 2026 consists of the following:

	Yen in millions
	For the year ended
	March 31,
	2026
Liabilities for quality assurance at beginning of year	1,965,748
Additional provisions	1,008,635
Utilization	(782,028)
Reversals	(84,448)
Unwinding of discount and effect of change in discount rate	38,722
Other	(48,686)
Liabilities for quality assurance at end of year	2,097,943

“Other” primarily includes the impact of currency translation adjustments, the impact of consolidation and deconsolidation of certain entities due to changes in ownership interest, and the impact of reclassifications to liabilities directly associated with assets held for sale.

TOYOTA MOTOR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The table below shows the net changes in liabilities for recalls and other safety measures which are included in liabilities for quality assurance above for the year ended March 31, 2026.

	<u>Yen in millions</u>
	<u>For the year ended</u>
	<u>March 31,</u>
	<u>2026</u>
Liabilities for recalls and other safety measures at beginning of year	1,236,465
Additional provisions	844,899
Utilization	(611,331)
Reversals	(8,562)
Unwinding of discount and effect of change in discount rate	38,722
Other	(69,081)
Liabilities for recalls and other safety measures at end of year	<u>1,431,112</u>

25. Provisions

The net change in provisions for the year ended March 31, 2026 consists of the following:

	<u>Yen in millions</u>
	<u>For the year ended</u>
	<u>March 31,</u>
	<u>2026</u>
Provisions at beginning of year	714,455
Additional provisions	337,665
Utilization	(131,548)
Reversals	(2,082)
Other	11,165
Provisions at end of year	<u>929,654</u>

“Other” primarily includes the impact of currency translation adjustments, consolidation and deconsolidation of certain entities due to changes in ownership interests, and reclassifications to liabilities directly associated with assets held for sale.

Provisions consist of the following:

	<u>Yen in millions</u>	
	<u>For the years ended</u>	
	<u>March 31,</u>	
	<u>2025</u>	<u>2026</u>
Current liabilities	413,352	431,191
Non-current liabilities	301,103	498,463
Total	<u>714,455</u>	<u>929,654</u>

Provisions include those related to compensation obligations arising from long-term contracts with suppliers when purchases of parts do not meet fixed or minimum quantities, as well as provisions related to the logistics and dismantling of end-of-life batteries and other provisions. See Note 32 for contractual commitments and contingent liabilities.

TOYOTA MOTOR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

26. Equity and other equity items

(1) Equity management

Toyota will invest efficiently in the maintenance and replacement of conventional manufacturing facilities and the introduction of new products, while focusing its capital investments and research and development on areas that contribute to strengthening competitiveness and future growth. Through these activities, Toyota aims to improve corporate value and maintain sustainable growth to realize a new mobility society. These activities are generally financed by Toyota Motor Corporation's shareholders' equity, supplemented by short-term and long-term debt as necessary.

The amounts of Toyota Motor Corporation shareholders' equity and short-term and long-term debt are as follows:

	Yen in millions	
	March 31,	
	2025	2026
Toyota Motor Corporation Shareholders' equity	35,924,826	39,918,854
Short-term and long-term debt	38,792,879	43,205,469

(2) Number of shares

As of March 31, 2024, 2025 and 2026, the total number of authorized shares of TMC's common stock was 50,000,000,000.

Changes in the shares of common stock issued are as follows:

	For the years ended March 31,		
	2024	2025	2026
Common stock issued:			
Balance at beginning of year	16,314,987,460	16,314,987,460	15,794,987,460
Changes during the year	—	(520,000,000)	—
Balance at end of year	16,314,987,460	15,794,987,460	15,794,987,460

The common stock issued by TMC is no-par value stock with no restrictions on shareholder rights, and is fully paid.

The total number of treasury stock (including the common stock issued by TMC held by the stock grant ESOP) was 2,840,815,433, 2,746,057,686 and 2,761,602,986 as of March 31, 2024, 2025 and 2026, respectively.

(3) Capital surplus and retained earnings

Capital surplus consists of capital reserves and other capital surplus. Retained earnings consist of a retained earnings reserve and other retained earnings. The Companies Act of Japan provides that an amount equal to 10% of distributions from surplus paid by TMC and its Japanese subsidiaries be appropriated to a capital reserve or a retained earnings reserve. No further appropriations are required when the total amount of the capital reserves and the retained earnings reserve reaches 25% of capital stock. The Companies Act provides that the retained earnings reserve of TMC and its Japanese subsidiaries is restricted and cannot be used for dividend payments, and is excluded from the calculation of profits available for dividends.

TOYOTA MOTOR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The amounts of statutory retained earnings of TMC available for dividend payments to shareholders were ¥18,333,862 million and ¥20,449,105 million as of March 31, 2025 and 2026, respectively. In accordance with customary practice in Japan, the distributions from surplus are not accrued in the financial statements for the corresponding period, but are recorded in the subsequent accounting period after shareholders' approval has been obtained.

Retained earnings at March 31, 2026 includes ¥3,898,125 million relating to equity in undistributed earnings of associates and joint ventures.

(4) Treasury stock

The repurchase, reissuance and retirement of treasury stock are as follows:

For the year ended March 31, 2024

Repurchase of treasury stock

1) Repurchasing of treasury stock resolved at the Board of Directors meeting held on May 10, 2023

Reason for repurchasing treasury stock -

The repurchase was made to promote capital efficiency through more flexible measures than before while comprehensively considering factors such as the price level of its common stock.

Details of matters relating to repurchase -

Number of common shares repurchased	64,590,700 shares
Total purchase price for repurchase of shares	¥150,000 million

2) Repurchasing of treasury stock resolved at the Board of Directors meeting held on November 1, 2023

Reason for repurchasing treasury stock -

The repurchase was made to promote capital efficiency through more flexible measures than before while comprehensively considering factors such as the price level of its common stock.

Details of matters relating to repurchase -

Number of common shares repurchased	26,880,600 shares
Total purchase price for repurchase of shares	¥81,037 million

For the year ended March 31, 2025

Repurchase of treasury stock

1) Repurchasing of treasury stock resolved at the Board of Directors meeting held on November 1, 2023

Reason for repurchasing treasury stock -

The repurchase was made to promote capital efficiency through more flexible measures than before while comprehensively considering factors such as the price level of its common stock.

TOYOTA MOTOR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Details of matters relating to repurchase -

Number of common shares repurchased	5,216,600 shares
Total purchase price for repurchase of shares	¥18,962 million

2) Repurchasing of treasury stock resolved at the Board of Directors meeting held on May 8, 2024 and September 24, 2024

Reason for repurchasing treasury stock -

The repurchase was made to promote capital efficiency through more flexible measures than before while comprehensively considering factors such as the price level of its common stock.

Details of matters relating to repurchase -

Number of common shares repurchased	420,633,175 shares
Total purchase price for repurchase of shares	¥1,160,051 million

Retirement of treasury stock

Retiring of treasury stock resolved at the Board of Directors meeting held on May 8, 2024

Reason for retiring treasury stock -

The retirement was made to relieve concerns regarding the dilution of TMC's share value due to disposition of treasury stock in the future.

Details of matters relating to retirement -

Number of common shares retired	520,000,000 shares
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For the year ended March 31, 2026

Repurchase of treasury stock

Repurchasing of treasury stock resolved at the Board of Directors meeting held on May 8, 2024 and September 24, 2024

Reason for repurchasing treasury stock -

The repurchase was made to promote capital efficiency through more flexible measures than before while comprehensively considering factors such as the price level of its common stock.

Details of matters relating to repurchase -

Number of common shares repurchased	16,226,100 shares
Total purchase price for repurchase of shares	¥39,949 million

TOYOTA MOTOR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(5) Other components of equity

Other components of equity are as follows:

	Yen in millions			
	Net changes in revaluation of financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Exchange differences on translating foreign operations	Total
Balance at April 1, 2023	933,702	—	1,902,493	2,836,195
Other comprehensive income, net of tax	716,048	56,434	1,344,621	2,117,103
Reclassification to retained earnings . . .	(341,709)	(45,625)	—	(387,334)
Other comprehensive income for the period attributable to non-controlling interests	(7,186)	(10,809)	(44,213)	(62,208)
Balance at March 31, 2024	1,300,855	—	3,202,901	4,503,756
Other comprehensive income, net of tax	44,731	(85,084)	(705,678)	(746,031)
Reclassification to retained earnings . . .	(234,994)	94,635	—	(140,359)
Other comprehensive income for the period attributable to non-controlling interests	(1,153)	(9,551)	3,470	(7,233)
Balance at March 31, 2025	1,109,439	—	2,500,693	3,610,133
Other comprehensive income, net of tax	334,394	91,099	1,104,451	1,529,944
Reclassification to retained earnings . . .	(180,113)	(79,403)	—	(259,516)
Other comprehensive income for the period attributable to non-controlling interests	(6,178)	(11,696)	(52,073)	(69,946)
Transfer to other comprehensive income associated with assets held for sale . . .	(148,535)	—	(118,061)	(266,596)
Balance at March 31, 2026	1,109,007	—	3,435,012	4,544,019

TOYOTA MOTOR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(6) Other comprehensive income

The breakdown of other comprehensive income and the corresponding tax benefits (including non-controlling interests) are as follows:

	Yen in millions		
	For the year ended March 31, 2024		
	Before tax	Tax effect	After 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			
Amount incurred during the year	806,365	(248,826)	557,539
Net changes	806,365	(248,826)	557,539
Remeasurements of defined benefit plans			
Amount incurred during the year	57,616	(11,289)	46,328
Net changes	57,616	(11,289)	46,328
Shares of other comprehensive income of equity method investees			
Amount incurred during the year	156,118	—	156,118
Net changes	156,118	—	156,118
Items that may be reclassified subsequently to profit (loss)			
Exchange differences on translating foreign operations			
Amount incurred during the year	1,178,875	—	1,178,875
Reclassification to profit (loss)	—	—	—
Net changes	1,178,875	—	1,178,875
Net changes in revaluation of financial assets measured at fair value through other comprehensive income			
Amount incurred during the year	33,256	(10,459)	22,797
Reclassification to profit (loss)	(15,267)	4,717	(10,550)
Net changes	17,989	(5,742)	12,247
Shares of other comprehensive income of equity method investees			
Amount incurred during the year	182,576	—	182,576
Reclassification to profit (loss)	(16,579)	—	(16,579)
Net changes	165,996	—	165,996
Total other comprehensive income	2,382,959	(265,856)	2,117,103

TOYOTA MOTOR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

	Yen in millions		
	For the year ended March 31, 2025		
	Before tax	Tax effect	After 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			
Amount incurred during the year	153,164	(51,035)	102,129
Net changes	<u>153,164</u>	<u>(51,035)</u>	<u>102,129</u>
Remeasurements of defined benefit plans			
Amount incurred during the year	(154,517)	44,919	(109,598)
Net changes	<u>(154,517)</u>	<u>44,919</u>	<u>(109,598)</u>
Shares of other comprehensive income of equity method investees			
Amount incurred during the year	(63,213)	—	(63,213)
Net changes	<u>(63,213)</u>	<u>—</u>	<u>(63,213)</u>
Items that may be reclassified subsequently to profit (loss)			
Exchange differences on translating foreign operations			
Amount incurred during the year	(40,479)	—	(40,479)
Reclassification to profit (loss)	(787,369)	—	(787,369)
Net changes	<u>(827,848)</u>	<u>—</u>	<u>(827,848)</u>
Net changes in revaluation of financial assets measured at fair value through other comprehensive income			
Amount incurred during the year	40,503	(9,485)	31,018
Reclassification to profit (loss)	189	(49)	140
Net changes	<u>40,693</u>	<u>(9,534)</u>	<u>31,158</u>
Shares of other comprehensive income of equity method investees			
Amount incurred during the year	127,022	—	127,022
Reclassification to profit (loss)	(5,682)	—	(5,682)
Net changes	<u>121,340</u>	<u>—</u>	<u>121,340</u>
Total other comprehensive income	<u>(730,381)</u>	<u>(15,650)</u>	<u>(746,031)</u>

The gain on the disposal of certain consolidated subsidiaries was reclassified from “Exchange differences on translating foreign operations” to “Foreign exchange gain (loss), net” in the consolidated statement of income for fiscal 2025.

TOYOTA MOTOR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

	Yen in millions		
	For the year ended		
	March 31, 2026		
	Before tax	Tax effect	After 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			
Amount incurred during the year	513,231	(161,547)	351,684
Net changes	<u>513,231</u>	<u>(161,547)</u>	<u>351,684</u>
Remeasurements of defined benefit plans			
Amount incurred during the year	127,129	(25,777)	101,352
Net changes	<u>127,129</u>	<u>(25,777)</u>	<u>101,352</u>
Shares of other comprehensive income of equity method investees			
Amount incurred during the year	22,331	—	22,331
Net changes	<u>22,331</u>	<u>—</u>	<u>22,331</u>
Items that may be reclassified subsequently to profit (loss)			
Exchange differences on translating foreign operations			
Amount incurred during the year	946,309	—	946,309
Reclassification to profit (loss)	—	—	—
Net changes	<u>946,309</u>	<u>—</u>	<u>946,309</u>
Net changes in revaluation of financial assets measured at fair value through other comprehensive income			
Amount incurred during the year	(78,919)	25,603	(53,316)
Reclassification to profit (loss)	185	(51)	135
Net changes	<u>(78,733)</u>	<u>25,552</u>	<u>(53,181)</u>
Shares of other comprehensive income of equity method investees			
Amount incurred during the year	173,617	—	173,617
Reclassification to profit (loss)	(12,167)	—	(12,167)
Net changes	<u>161,450</u>	<u>—</u>	<u>161,450</u>
Total other comprehensive income	<u><u>1,691,717</u></u>	<u><u>(161,773)</u></u>	<u><u>1,529,944</u></u>

TOYOTA MOTOR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(7) Dividends

Paid dividend amounts are as follows:

For the year ended March 31, 2024

<u>Resolution</u>	<u>Type of shares</u>	<u>Total amount of dividends (yen in millions)</u>	<u>Dividend per share (yen)</u>	<u>Record date</u>	<u>Effective date</u>
The Board of Directors Meeting on May 10, 2023	Common shares	474,781	35.00	March 31, 2023	May 26, 2023
The Board of Directors Meeting on November 1, 2023	Common shares	405,416	30.00	September 30, 2023	November 22, 2023

For the year ended March 31, 2025

<u>Resolution</u>	<u>Type of shares</u>	<u>Total amount of dividends (yen in millions)</u>	<u>Dividend per share (yen)</u>	<u>Record date</u>	<u>Effective date</u>
The Board of Directors Meeting on May 8, 2024	Common shares	606,338	45.00	March 31, 2024	May 24, 2024
The Board of Directors Meeting on November 6, 2024	Common shares	525,991	40.00	September 30, 2024	November 26, 2024

For the year ended March 31, 2026

<u>Resolution</u>	<u>Type of shares</u>	<u>Total amount of dividends (yen in millions)</u>	<u>Dividend per share (yen)</u>	<u>Record date</u>	<u>Effective date</u>
The Board of Directors Meeting on May 8, 2025	Common shares	652,446	50.00	March 31, 2025	May 26, 2025
The Board of Directors Meeting on November 5, 2025	Common shares	586,527	45.00	September 30, 2025	November 26, 2025

TOYOTA MOTOR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Dividends with a record date within the year ended March 31, but with an effective date after the end of that year are as follows:

For the year ended March 31, 2026

Resolution	Type of shares	Total amount of dividends (yen in millions)	Dividend per share (yen)	Record date	Effective date
The Board of Directors Meeting on May 8, 2026	Common shares	651,697	50.00	March 31, 2026	May 26, 2026

27. Sales revenues

(1) Summary by business segments and products

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

	Yen in millions		
	For the years ended March 31,		
	2024	2025	2026
Sales of products			
Automotive			
Vehicles	35,249,865	36,892,232	38,847,899
Parts and components for production	1,596,111	1,606,173	1,509,449
Parts and components for after service	3,166,586	3,423,389	3,608,666
Other	1,068,169	1,074,505	1,235,909
Total automotive	41,080,731	42,996,299	45,201,924
All other	567,399	602,578	664,026
Total sales of products	41,648,130	43,598,877	45,865,949
Financial services	3,447,195	4,437,827	4,819,003
Total sales revenues	45,095,325	48,036,704	50,684,952

The majority of sales of products are recognized as revenue from contracts with customers under IFRS 15 "Revenue from Contracts with Customers" ("IFRS 15"), and receivables related to such revenue are recognized as "Trade accounts and other receivables".

The breakdown of income from leases included in financial service revenues is as follows:

	Yen in millions		
	For the years ended March 31,		
	2024	2025	2026
Finance leases			
Financial income related to net lease investment	208,257	258,835	288,732
Operating leases	1,207,719	1,350,051	1,518,824
Total	1,415,975	1,608,886	1,807,556

TOYOTA MOTOR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Financial service revenues other than income from leases mainly consist of interest income recognized using the effective interest method. The amount of such interest income is not significant.

For the years ended March 31, 2024, 2025 and 2026, ¥187,035 million, ¥207,154 million and ¥216,456 million of financial service revenues were accounted for under IFRS 15.

(2) Contract liabilities

Contract liabilities consist of the following:

	Yen in millions		
	April 1, 2024	March 31,	
		2025	2026
Contract liabilities	1,392,390	1,417,919	1,664,633

Contract liabilities are primarily related to advances received from customers. Contract liabilities are included in “Other current liabilities” and “Other non-current liabilities” in the consolidated statement of financial position. For the years ended March 31, 2025 and 2026, the amounts transferred from contract liabilities at the beginning of the fiscal year to sales revenue were ¥748,193 million and ¥729,698 million, respectively.

(3) Performance obligations

The aggregate amounts of transaction prices allocated to unsatisfied performance obligations related to contracts that have original expected durations in excess of one year were ¥1,156,410 million and ¥1,350,018 million as of March 31, 2025 and 2026, respectively. The main types of unsatisfied performance obligations are insurance revenues and maintenance revenues.

For insurance revenues, Toyota receives payments as agreed in the contract at the inception of the contract, and revenue is recognized over the term of the contract, which ranges from three to 120 months. As of March 31, 2025, the unsatisfied performance obligations related to insurance revenues were ¥463,707 million, and Toyota expects to recognize as revenue ¥135,282 million in fiscal 2026, and ¥328,425 million thereafter. As of March 31, 2026, the unsatisfied performance obligations related to insurance revenues were ¥542,409 million, and Toyota expects to recognize as revenue ¥156,443 million in fiscal 2027, and ¥385,966 million thereafter.

For maintenance revenues, Toyota receives payments as agreed in the contract at the inception of the contract, and revenue is recognized over the term of the contract, which ranges from 18 to 84 months.

Unsatisfied performance obligations related to sales of products for contracts that have an original expected duration of one year or less have been excluded from this disclosure.

TOYOTA MOTOR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

28. Research and development cost

Research and development costs consist of the following:

	Yen in millions		
	For the years ended March 31,		
	2024	2025	2026
Research and development expenditures incurred during the year . . .	1,202,373	1,326,496	1,522,881
Amount capitalized	(124,788)	(111,546)	(106,751)
Amortization of capitalized development costs	160,686	162,068	151,780
Total	1,238,271	1,377,018	1,567,910

29. Other finance income and costs

Other finance income and costs consist of the following:

	Yen in millions		
	For the years ended March 31,		
	2024	2025	2026
Other finance income			
Interest income			
Financial assets measured at amortized cost	289,035	256,034	203,976
Financial assets measured at fair value through other comprehensive income	165,653	108,594	107,543
Dividend income			
Financial assets measured at fair value through other comprehensive income	127,178	120,435	126,085
Other	165,370	71,637	156,639
Total	747,236	556,700	594,243
Other finance costs			
Interest expense			
Financial liabilities measured at amortized cost	(64,733)	(84,106)	(60,293)
Other	(38,975)	(106,605)	(26,453)
Total	(103,709)	(190,711)	(86,746)

“Other finance income—Other” primarily includes profit on sales of securities.

“Other finance costs—Other” primarily includes losses on sales of securities.

TOYOTA MOTOR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

30. 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
For the year ended March 31, 2024			
Net income attributable to Toyota Motor Corporation	4,944,933		
Basic and Diluted earnings per share attributable to Toyota Motor Corporation	4,944,933	13,512,848	365.94
For the year ended March 31, 2025			
Net income attributable to Toyota Motor Corporation	4,765,086		
Basic and Diluted earnings per share attributable to Toyota Motor Corporation	4,765,086	13,252,456	359.56
For the year ended March 31, 2026			
Net income attributable to Toyota Motor Corporation	3,848,098		
Basic and Diluted earnings per share attributable to Toyota Motor Corporation	3,848,098	13,033,274	295.25

The following table shows Toyota Motor Corporation shareholders' equity per share. Shareholders' equity per share is calculated by dividing Toyota Motor Corporation shareholders' equity in the consolidated statement of financial position by the number of common shares issued and outstanding at the end of the year (excluding treasury stock).

	Yen in millions	Thousands of shares	Yen
	Toyota Motor Corporation shareholders' equity	Common shares issued and outstanding at the end of the year (excluding treasury stock)	Toyota Motor Corporation shareholders' equity per share
As of March 31, 2025	35,924,826	13,048,930	2,753.09
As of March 31, 2026	39,918,854	13,033,384	3,062.82

“Diluted earnings per share attributable to Toyota Motor Corporation” are the same as “Basic earnings per share attributable to Toyota Motor Corporation” for the years ended March 31, 2024, 2025 and 2026.

For the year ended March 31, 2026, in calculating basic and diluted earnings per share attributable to Toyota Motor Corporation, shares of Toyota Motor Corporation held by the stock grant ESOP trust have been excluded from the weighted-average common shares.

TOYOTA MOTOR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

31. Stock-based compensation

(1) Restricted stock plan

(i) Overview of the system

To encourage initiatives that enhance corporate value over the medium to long term, and to foster a stronger sense of responsibility in each director as a manager while promoting management aligned with shareholders' interests, TMC has adopted a restricted share-based compensation plan. TMC has established an annual stock-based compensation limit of up to ¥4 billion for its members of the Board of Directors (excluding outside members of the Board of Directors and those who are Audit & Supervisory Committee members), and the total number of restricted shares that may be allocated is limited to 4 million shares per year.

This is a plan in which, in order to grant the restricted shares, TMC provides monetary claims as compensation to the recipients, the recipients then contribute the full amount of those claims as payment in kind, and TMC issues or transfers common shares to the recipients. TMC enters into a restricted share allocation agreement (the "Allocation Agreement") with each recipient. Under the Allocation Agreement, the recipient's allocated common shares are subject to transfer restrictions (prohibiting transfer, creation of security interests, and other dispositions) for a period pre-determined by TMC's Board of Directors to be between three and fifty years from the allocation date (the "Restriction Period"). The transfer restrictions are lifted upon expiration of the Restriction Period; however, they are also lifted if the director leaves office due to expiration of term, death, or other justifiable reasons. In addition, if the director engages in conduct that violates laws or meets other conditions specified by TMC's Board of Directors during the Restriction Period, TMC may acquire all allocated shares without compensation.

(ii) Number of shares granted during the period and their fair value

	For the years ended March 31,		
	2024	2025	2026
Grant date	June 30, 2023	June 28, 2024	June 30, 2025
Number of shares granted (shares)	475,600	617,500	689,400
Fair value per share on the grant date (Yen)	1,916.5	3,599	2,706

(Note 1) The fair value on the grant date is calculated based on the market price of TMC's shares.

(Note 2) Expected dividends are not incorporated into the measurement of fair value.

(2) Restricted stock unit plan

(i) Overview of the system

If a relevant director ("Relevant Director") or any other covered person who is eligible to receive an allocation of restricted shares is a non-resident of Japan at the time of allocation, TMC may, for the purpose of complying with laws and avoiding tax disadvantages in the person's country of residence, apply restricted stock units (RSUs) in place of the restricted shares described above. Except for (i) delivering common shares upon the expiration of the period equivalent to the transfer restriction period and (ii) paying cash to the heirs of the Relevant Director or other covered person in the event of their death instead of delivering common shares, the terms and conditions will be the same as those of our restricted share awards. TMC's restricted share awards and restricted stock units will be administered together within the overall stock-based compensation pool.

TOYOTA MOTOR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

In addition, stock-based awards to Relevant Directors or other covered persons who are retiring may be granted without transfer restrictions. TMC may also pay retiring Relevant Directors or other covered persons, or Relevant Directors or other covered persons who are non-residents of Japan, in cash.

(ii) Number of shares granted during the period and fair value

The per-share fair value of this plan on the grant date was ¥3,599 for the year ended March 31, 2025 and ¥2,706 for the year ended March 31, 2026. With respect to the number of shares, TMC will deliver the predetermined number of its common shares after the rights calculation period ends.

(Note 1) The fair value on the grant date is calculated based on the market price of TMC’s shares.

(Note 2) Expected dividends are not incorporated into the measurement of fair value.

(3) ESOP trust

(i) Overview of the system

Amid a once-in-a-century transformation in the automotive industry, TMC is undertaking a transformation into a mobility company. TMC expects senior leaders who lead on-site execution to drive future-facing initiatives with the mission of “mass-producing happiness”. To accelerate these efforts and contribute to medium- to long-term increases in corporate value by working together with management, TMC has introduced a share-based compensation plan (the “Plan”) starting with the year ended March 31, 2026, for certain executives who meet specified requirements (hereinafter, the “Eligible Employees”).

The Plan uses an equity-settled stock grant ESOP (Employee Stock Ownership Plan) trust. Under the share delivery rules established in advance, Eligible Employees will, in principle after retirement, receive deliveries and payments consisting of TMC shares, cash equivalent to the proceeds from disposing of TMC shares, and dividends from TMC shares.

(ii) Number of points granted during the period and the fair value per point

The fair value of TMC’s shares granted during the period was calculated based on the following assumptions.

	For the years ended March 31,		
	2024	2025	2026
Number of points granted during the period	—	—	220,100
Fair value per share on the grant date (Yen) (Note 1)	—	—	2,940
Vesting conditions	—	—	(Note 2)

(Note 1) With respect to the granting of points, their fair value is measured based on observable market prices. Expected dividends are not incorporated into the fair value measurement.

(Note 2) As a rule, continuous employment through the vesting date is a vesting condition.

(4) Expenses related to stock-based compensation

Expenses related to stock-based compensation amounted to ¥971 million in the year ended March 31, 2024, ¥2,833 million in the year ended March 31, 2025 and ¥2,578 million in the year ended March 31, 2026, and are included in “Selling, General and Administrative Expenses” on the consolidated statement of income.

TOYOTA MOTOR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(5) Liabilities arising from stock-based compensation

Liabilities arising from stock-based compensation amounted to ¥142 million in the year ended March 31, 2025 and ¥195 million in the year ended March 31, 2026, and are included in “Accrued Expenses” in the consolidated statement of financial position.

32. Contractual commitments and contingent liabilities

(1) Contractual commitments

Contractual commitments relating to the purchase of property, plant and equipment, other assets, and services were ¥3,807,743 million and ¥2,570,912 million as of March 31, 2025 and 2026.

In the normal course of business, Toyota enters into long-term arrangements with suppliers for purchases of certain raw materials, components and services. These arrangements may contain fixed or minimum quantity purchase requirements. If the purchase quantity does not meet the fixed or minimum quantity purchase requirements, Toyota may be obligated to compensate the supplier for the shortfall in the amount determined by the contract. Toyota enters into such arrangements to facilitate an adequate supply of these materials and services.

(2) 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, when requested by Toyota dealers. Guarantee periods are set to match the maturities of installment payments, and as of March 31, 2026, range from 1 month to 8 years; however, they are generally shorter than the useful lives of products sold. Toyota is required to fulfill its guarantee primarily when customers are unable to make the required payment.

The maximum potential amounts of future payments are ¥2,314,927 million and ¥1,553,327 million as of March 31, 2025 and 2026, respectively. Liabilities for guarantees totaling ¥8,917 million and ¥5,390 million have been provided as of March 31, 2025 and 2026. Under these guarantee contracts, Toyota is entitled to recover the amounts paid by the customers whose original obligations Toyota has guaranteed.

(3) Market treatment such as recalls, damages and lawsuits

Toyota and other automakers have been named in various class actions relating to Takata airbag issues. Cases against Toyota in Brazil and Argentina are currently being litigated.

Toyota is named as a defendant in an economic loss class action lawsuit in Australia in which damages are claimed on the basis that diesel particulate filters in certain vehicle models are defective. Toyota received unfavorable judgments at first instance on April 7, 2022, on appeal on March 27, 2023, and by the High Court on November 6, 2024. The judgments included a finding that there was a perceived reduction in vehicle value of certain vehicle models. The High Court ordered that the case be remitted to the court of first instance for a re-assessment of reduction in vehicle value damages. Other claims of economic loss in this class action lawsuit continue to be litigated at the court of first instance. In estimating the provision Toyota should record in the consolidated financial statements as a result of the aforementioned judgments, Toyota has considered various factors including the legal and factual circumstances of the case, the contents of the judgments of the court of first instance, the Federal Court of Australia, and the High Court of Australia, and the advice of legal counsel. The currently estimated probable outflow of resources related to the class action is immaterial to Toyota’s consolidated financial position, results of operations and cash flows. At this stage, however, the final outcome and the ultimate financial liability for Toyota relating to this matter cannot be reasonably estimated.

TOYOTA MOTOR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

In April 2020, Toyota reported possible anti-bribery violations related to a Thai subsidiary to the SEC and the Department of Justice (“DOJ”) and has cooperated with these investigations. In June 2025, the DOJ and the SEC informed Toyota that each agency has closed its investigation into the matter.

Toyota also has various other pending legal actions and claims, including personal injury and wrongful death lawsuits and claims in the United States, as well as intellectual property litigation, 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 the discovery stage, (ii) significant factual issues need to be resolved, (iii) the legal theories 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, for 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.

TMC has a concentration of employees working under collective bargaining agreements, and a substantial portion of these employees are covered by agreements that will expire on August 31, 2027.

33. Details of company organization

(1) Major subsidiaries

Toyota primarily conducts business in the automotive industry. Toyota also conducts business in finance and other industries.

Toyota’s major subsidiaries are as follows:

Automobiles are mainly manufactured by TMC, Hino Motors Ltd. and Daihatsu Motor Co., Ltd., but some of them are outsourced in Japan. Toyota Motor Manufacturing Kentucky, Inc. and others manufacture overseas.

Auto parts are manufactured by TMC and others. These products are sold through dealers such as TOYOTA Mobility Tokyo Inc. in Japan, and through dealers such as Toyota Motor Sales, U.S.A., Inc. overseas.

In the financing business, Toyota Finance Corporation and others provide sales finance services in Japan and Toyota Motor Credit Corporation and others overseas.

Other business consists of information technology-related businesses and other businesses.

(2) Structured entities

(i) Consolidated structured entities

Toyota periodically securitizes receivables related to financial services and vehicles on leases for liquidity and funding purposes and transfers them to special purpose entities. Toyota is deemed to have the power to direct the activities of these entities that most significantly impact the entities’ economic performances. Therefore, Toyota has consolidated them.

TOYOTA MOTOR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The creditors of these entities do not have recourse to Toyota’s general credit with the exception of debts guaranteed by Toyota. Risks to which Toyota is exposed including credit, interest rate, and/or prepayment risks are not incremental compared with the situation before Toyota enters into securitization transactions.

Toyota has equity in investment trusts and other special purpose entities. With respect to some of the investment trusts, Toyota has both the obligation to absorb losses of or the right to receive benefits from the investment trusts that could potentially be significant to the investment trusts and the power to direct the activities of the investment trusts that most significantly impact the investment trusts’ economic performance through the asset manager. Therefore, Toyota has consolidated them.

Related to securitization transactions, ¥7,280,835 million and ¥8,267,069 million receivables related to financial services, ¥7,486,241 million and ¥8,664,183 million secured debt were included in Toyota’s consolidated financial statements as of March 31, 2025 and 2026, respectively.

(ii) Unconsolidated structured entities

With regards to other investment trusts and other special purpose entities, those that are structured based on contractual arrangements and are designed so that voting or similar rights are not the dominant factor in deciding who controls the entities are classified as structured entities. However, Toyota lacks the power to direct the activities of such structured entities, and therefore, Toyota does not consolidate the investment trusts and the special purpose entities. Investments in the investment trusts and the special purpose entities that qualify as structured entities are held at fair value and are included in “Other financial assets” in the consolidated statement of financial position. The maximum exposure to loss is limited to the carrying value of its investment. The carrying value of the trusts totaled ¥167,038 million and ¥113,204 million as of March 31, 2025 and 2026, respectively. The carrying value of the special purpose entities totaled ¥2,517,967 million and ¥1,049,995 million as of March 31, 2025 and 2026, respectively. Toyota does not provide support that is not contractually required to the investments.

34. Related party transactions

(1) Transactions with associates and joint ventures

The balances and turnover of receivables and payables with associates and joint ventures accounted for under the equity method are as follows:

	Yen in millions	
	March 31,	
	2025	2026
Trade accounts and other receivables		
Associates	466,420	599,558
Joint ventures	79,251	106,776
Total	545,671	706,334
Trade accounts and other payables		
Associates	1,576,129	1,844,886
Joint ventures	8,573	20,180
Total	1,584,702	1,865,066

TOYOTA MOTOR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

	Yen in millions		
	For the years ended March 31,		
	2024	2025	2026
Sales revenues			
Associates	3,137,067	3,420,576	2,933,464
Joint ventures	662,202	622,056	1,161,865
Total	<u>3,799,268</u>	<u>4,042,632</u>	<u>4,095,328</u>
Cost of products sold (purchases)			
Associates	12,426,770	12,889,776	14,090,055
Joint ventures	75,042	82,963	149,488
Total	<u>12,501,811</u>	<u>12,972,740</u>	<u>14,239,543</u>

Dividends from associates and joint ventures accounted for under the equity method are ¥502,793 million and ¥304,211 million for the years ended March 31, 2025 and 2026, respectively. In addition, Toyota does not engage in transactions with associates and joint ventures outside of the normal course of business.

(2) Compensation of key management personnel

The compensation of key management personnel of TMC is as follows:

	Yen in millions		
	For the years ended March 31,		
	2024	2025	2026
Base compensation	1,107	1,425	1,206
Bonus	1,054	1,607	1,206
Share compensation	1,862	1,940	1,993
Total	<u>4,024</u>	<u>4,972</u>	<u>4,405</u>

35. Supplemental cash flow information

“Other, net” in cash flows from investing activities includes a net increase in time deposits of ¥666,401 million and a net decrease in time deposits of ¥1,292,045 million for the year ended March 31, 2025 and 2026, respectively.

36. Significant subsequent events

Consolidation of shares and Delisting of Toyota Industries -

As part of the transactions implemented to take Toyota Industries Corporation (“Toyota Industries”) private by Toyota Asset Preparatory Company, Ltd., which was established by Toyota Fudosan Co., Ltd. (“Toyota Fudosan”), an equity-method affiliated company of TMC, a share consolidation of the common stock of Toyota Industries (the “Toyota Industries Shares”) at a ratio of 74,100,604 shares to one share (the “Share Consolidation”) was approved at the extraordinary general meeting of shareholders of Toyota Industries held on May 12, 2026. As a result, the Toyota Industries Shares were delisted on June 1, 2026, and the Share Consolidation became effective on June 3, 2026. Following the effectiveness of the Share Consolidation, TMC holds one share of Toyota Industries.

TOYOTA MOTOR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The business integration of MFTBC and Hino -

On June 10, 2025, TMC, Daimler Truck AG, MFTBC and Hino concluded a definitive agreement for the business integration of MFTBC and Hino.

Hino is no longer a consolidated subsidiary of TMC as of the effective date of this business integration (April 1, 2026). Immediately prior to the business integration that became effective during the year ending March 31, 2027, Hino's Hamura Plant became a consolidated subsidiary of TMC as Toyota Motor Hamura, Inc.

Management is currently evaluating the impact of this business integration on Toyota's consolidated financial statements.

Discontinuation of Development of LF-ZC -

TMC has decided in late May 2026, in light of the surrounding environment, to discontinue the development of LF-ZC, which had been planned for production in Japan and for sale in North America, Europe, and Japan. The know-how and technologies acquired through the development of this vehicle will be actively utilized and applied to other vehicle development projects. There will be no changes to the development of other key BEVs.

With respect to the impact on Toyota's financial position and results of operations for the fiscal year ending March 31, 2027, and subsequent periods, it is not possible at this time to reasonably estimate such impact. While Toyota will utilize the results of development to date to the maximum extent possible, the amount, including potential costs such as compensation to business partners, will be determined through ongoing investigations and discussions with business partners.

ITEM 19. EXHIBITS

Index to Exhibit

- 1.1 Amended and Restated Articles of Incorporation of the Registrant (English translation) (incorporated by reference to Exhibit 1.1 to Toyota’s Annual Report on Form 20-F for the fiscal year ended March 31, 2025, filed with the SEC on June 18, 2025 (file no. 001-14948))
- 1.2 Amended and Restated Regulations of the Board of Directors of the Registrant (English translation) (incorporated by reference to Exhibit 1.2 to Toyota’s Annual Report on Form 20-F for the fiscal year ended March 31, 2025, filed with the SEC on June 18, 2025 (file no. 001-14948))
- 2.1 Amended and Restated Share Handling Regulations of the Registrant (English translation) (incorporated by reference to Exhibit 2.1 to Toyota’s Annual Report on Form 20-F for the fiscal year ended March 31, 2021, filed with the SEC on June 24, 2021 (file no. 001-14948))
- 2.2 Form of Amended and Restated Deposit Agreement among the Registrant, The Bank of New York Mellon, as depositary, and all owners and holders from time to time of American Depositary Shares issued thereunder, including the form of American Depositary Receipt (incorporated by reference to Exhibit 1 to Toyota’s Registration Statement on Form F-6, filed with the SEC on September 21, 2021 (file no. 333-259683))
- 2.3 Form of American Depositary Receipt (included in Exhibit 2.2)
- 2.4 Description of Toyota’s Common Stock (incorporated by reference to “Item 10.B. Memorandum and Articles of Incorporation” of this annual report)
- 2.5 Description of Toyota’s American Depositary Shares (incorporated by reference to Exhibit 2.5 to Toyota’s Annual Report on Form 20-F for the fiscal year ended March 31, 2022, filed with the SEC on June 23, 2022 (file no. 001-14948))
- 8.1 List of Principal Subsidiaries (See “Organizational Structure” in “Item 4. Information on the Company”)
- 11.1 Code of Ethics of the Registrant applicable to its members of the Board of Directors and operating officers, including its principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions (English translation)
- 12.1 Certifications of the Registrant’s Chief Executive Officer and Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act
- 13.1 Certifications of the Registrant’s Chief Executive Officer and Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act
- 15.1 Consent of Independent Registered Public Accounting Firm
- 19.1 Insider Trading Policy of the Registrant
- 97.1 Clawback Policy of the Registrant (incorporated by reference to Exhibit 97.1 to Toyota’s Annual Report on Form 20-F for the fiscal year ended March 31, 2024, filed with the SEC on June 25, 2024 (file no. 001-14948))
- 101.INS Inline XBRL Instance Document — the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
- 101.SCH Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents
- 104 The cover page for the registrant’s Annual Report on Form 20-F for the year ended March 31, 2026, has been formatted in Inline XBRL

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

TOYOTA MOTOR CORPORATION

By: /s/ Takanori Azuma
Name: Takanori Azuma
Title: Chief Officer, Accounting Group

Date: June 10, 2026

The Code of Ethics for Directors and Operating Officers

Article 1. (Purpose)

This document comprises a code of ethics (the “Code”) for members of the board of Directors and Operating Officers (including the Presidents, Executive Vice Presidents, and Fellows appointed in accordance with Article 2 of the Regulations concerning Operating Officers) (the “Officers”) of Toyota Motor Corporation (the “Company”) that sets forth the basic rules that, in addition to those outlined in “Guiding Principles at Toyota,” “Toyota Code of Conduct” and other guidelines and internal regulations of the Company, each Officer shall comply with in the performance of their professional management duties.

Article 2. (Objective)

This Code seeks to ensure honest and ethical conduct by all Officers, as well as their compliance with applicable laws and regulations.

Article 3. (Scope of Application)

This Code shall be applicable to all Officers.

Article 4. (Disclosure of this Code of Ethics)

This Code shall be appropriately disclosed in accordance with applicable laws and regulations.

Article 5. (Honest and Ethical Conduct)

1. Each Officer shall act honestly and ethically in the course of any business activity of the Company.
2. No Officer may engage in or otherwise enter into any act or transaction that gives rise to an actual or potential conflict of interest between such Officer and the Company without first reporting such matter to the Board of Directors and obtaining prior approval therefrom in accordance with the applicable provisions of the Companies Act of Japan and the internal regulations of the Company. Such Officer may not participate in the determination of the Board of Directors resolution relating to the granting of such approval.

Article 6. (Ensuring Fairness and Accuracy of Financial Disclosure; Appropriate Disclosure)

1. The chairman of the board of directors, president, member of the board of directors, accounting and financial officers and persons performing similar functions shall be responsible for ensuring that documents submitted to applicable governmental authorities and other information made public by the Company with respect to the Company’s financial position and financial statements are fair and readily comprehensible in content and the method of presentation, and that such documents and information are timely disclosed.
2. The chairman of the board of directors, president, member of the board of directors, accounting and financial officers and persons performing similar functions shall be responsible for establishing and maintaining disclosure controls and internal controls for documents and information specified in the previous paragraph.
3. In connection with the preparation of the Company’s financial statements, an Officer may not act in a way that may cause a material misunderstanding to or otherwise materially mislead any employee or independent public accountant involved in the preparation of such financial statements.

Article 7. (Compliance with Laws and Regulations)

The Officers shall comply with all applicable laws, rules and regulations, including those related to the prohibition of insider trading, in each of the countries and regions in which the Company operates.

Article 8. (Reporting of Unlawful Acts and Unethical Conduct)

1. Each Officer shall promptly report to the Board of Directors, Representative Director, Disclosure Committee, Sustainability Meeting, or other responsible division or person appointed by these committees, in the event that such Officer or other Officers have acted in violation of the applicable laws or ethics.
2. Officers may contact the “SPEAK-UP” set up by the Company at an outside law firm with any legal or ethical inquiries or to report any breach of applicable laws or ethics. Upon receiving such report or other such inquiry, the designated law firm shall conduct necessary investigations and provide a report or recommendation to the Company while ensuring the anonymity of the person making such a contact. The Company shall then take appropriate measures based on such report or recommendation.

Article 9. (Accountability for Adherence to the Code)

1. Each Officer recognizes that legal compliance and ethical conduct form the basis for all corporate activities, and is obligated to comply with this Code.
2. The Company shall take appropriate disciplinary action in accordance with applicable laws and internal regulations of the Company against any Officer who acts in violation of the Code.
3. Officers who are subject to disciplinary action pursuant to the previous paragraph may not participate in any meeting, relating to the determination of such disciplinary action, of the Board of Directors, Disclosure Committee, Sustainability Meeting, or other investigative committees appointed thereby.

Article 10. (Exemption)

An exemption from the Code shall only be granted pursuant to a resolution of the Board of Directors, and any such exemption shall be appropriately disclosed in accordance with applicable laws.

Article 11. (Amendment Procedure)

1. Any amendments to this Code shall be made pursuant to the Rules on the Management of Regulations.
2. The department in charge of this Code shall periodically review the appropriateness of this Code, and may present amendments of the Code to the Board of Directors as required.

Supplementary Provision

Article 1. (Effective Date)

This Code shall become effective on November 1, 2025.

CERTIFICATIONS

I, Kenta Kon, certify that:

1. I have reviewed this annual report on Form 20-F of Toyota Motor Corporation (the “Company”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements and other financial information included in this report fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Company’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Company’s internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting; and
5. The Company’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company’s auditors and the Audit & Supervisory Committee of the Company’s Board of Directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company’s internal control over financial reporting.

Date: June 10, 2026

/s/ Kenta Kon

Kenta Kon
Chief Executive Officer
Toyota Motor Corporation

CERTIFICATIONS

I, Yoichi Miyazaki, certify that:

1. I have reviewed this annual report on Form 20-F of Toyota Motor Corporation (the “Company”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements and other financial information included in this report fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Company’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Company’s internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting; and
5. The Company’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company’s auditors and the Audit & Supervisory Committee of the Company’s Board of Directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company’s internal control over financial reporting.

Date: June 10, 2026

/s/ Yoichi Miyazaki

Yoichi Miyazaki
Chief Financial Officer, Member of the Board of Directors
Toyota Motor Corporation

CERTIFICATION

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned officers of Toyota Motor Corporation, a Japanese corporation (the “*Company*”), does hereby certify that, to such officer’s knowledge:

1. The accompanying Annual Report of the Company on Form 20-F for the period ended March 31, 2026 (the “*Report*”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. Information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: _____ /s/ Kenta Kon

Name: Kenta Kon
Title: Chief Executive Officer

Date: June 10, 2026

By: _____ /s/ Yoichi Miyazaki

Name: Yoichi Miyazaki
Title: Chief Financial Officer, Member of the Board of Directors

Date: June 10, 2026

(A signed original of this written statement required by Section 906 has been provided to Toyota Motor Corporation and will be retained by Toyota Motor Corporation and furnished to the U.S. Securities and Exchange Commission or its staff upon request.)

Exhibit 15.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form F-3 (No. 333-288168) of Toyota Motor Corporation of our report dated June 10, 2026 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 20-F.

/s/ PricewaterhouseCoopers Japan LLC
Nagoya, Japan
June 10, 2026

Internal Rules Relating to Insider Trading Regulations

<< Please keep the following points in mind when purchasing or selling shares or other securities >>

- (1) Please consult with the Secretarial Division before purchasing or selling shares or other securities of Toyota Motor Corporation (the “Company”) or its listed subsidiaries.
- (2) Please inform the securities company where you purchase or sell shares or other securities that you are an “officer of Toyota Motor Corporation.”

Amended January 2026

Secretarial Division
Disclosure Committee

Introduction – Background to Insider Trading Regulations

- **Insider trading** is the act of a company insider or any other related party to **trade shares or other securities** using knowledge of non-public material facts etc. known only to company insiders (i.e., facts that are likely to have an impact on the stock price of the company if the facts are made public), that is, by **taking advantage of the information gap between the company insider and general investors** (for the definitions and description related to insider trading, see the following pages and beyond).
- The 2013 amendments to the Financial Instruments and Exchange Act (the “FIEA”), which took effect in April 2014, introduced new regulations that prohibit any company insider from disclosing non-public material facts etc. of the company (communicating information) or recommending the purchase and sale of shares and other securities of the company (recommending trades) to a third party for such purposes as having the third party gain profits, even if the company insiders themselves do not engage in insider trading, as those acts would encourage insider trading.
- Insider trading is strictly regulated by law in many countries around the world as an extremely malicious act (i.e., crime) (and of course in Japan, the U.S. and the United Kingdom, where Toyota’s stock is listed). Moreover, insider trading **results in not only criminal and administrative penalties for the trader and the company to which the trader belongs, but also various social and moral sanctions** (the name of the company may be spoken of for years in a disgraceful manner, as in the “Company XX case”). Similarly, even a mere “suspicion” of insider trading can cause significant damage to the trader and the company to which the trader belongs.
- The primary reason for prohibiting insider trading is to **“ensure transparency and fairness in the securities markets.”** Since the securities market is a place to collect funds widely from the public and conduct open and fair transactions, transparency and fairness are strongly required. In order to ensure market transparency, fairness, and confidence in the market, it is essential to strictly regulate insider trading, which is an act of deception against general investors.
- Therefore, we ask that you read these “Internal Rules” carefully, understand the purpose and outline of the insider trading regulations accurately, and when trading shares or other securities, comply with laws and regulations and follow appropriate procedures.

1. Insider Trading

Insider trading is the act of a “company insider etc.” to “purchase or sell etc.” “shares or other securities” of a listed company etc. with knowledge of “material facts etc.” relating to the listed company etc.’s business etc. before such material facts etc. are “made public” (insider trading is prohibited because if a company insider uses “material facts etc.,” the company insider may do so at advantage over general investors, which is unfair and inequitable).

2. Company Insiders etc.

Under the FIEA, insider trading regulations apply if a person who falls under the category of “company insiders etc.” becomes aware of prescribed “material facts etc.” in relation to his or her duties. In other words, only the persons who have a certain relationship with the company are subject to insider trading regulations.

For “company insiders etc.,” please see the table below.

Company insider	①	An officer or employee of a listed company (including its parent and subsidiaries; hereinafter the same)
	②	A shareholder or similar right holder owning 3% or more of the issued shares of a listed company
	③	A person who has statutory authority over a listed company (e.g., public official who has authority to grant licenses and approvals to the listed company)
	④	A person who has concluded, or is in negotiations to conclude, a contract with a listed company (including an officer or employee of such a person, if such a person is a corporation)
	⑤	[If ② or ④ is a corporation] Another officer or employee who belongs to the same corporation
Former company insider	A person who has ceased to be a company insider within one year (only with respect to the information that the person came to know while the person was a company insider)	
Information recipient	A person who has received information directly from a company insider or a former company insider [If the information recipient has received information in the course of his or her duty and belongs to a corporation] Another officer or employee who belongs to the same corporation	

Furthermore, the following persons are also subject to the insider trading regulations.

- ① A person who is affiliated with a tender offeror etc. (including officers and employees of the target company and a person who was affiliated with a tender offeror etc. (i.e., who has ceased to be a person who is affiliated with a tender offeror etc. within the past six months)
- ② An officer or employee of a listed investment corporation (J-REIT) that has issued investment securities and its asset management company and an investor investing in those investment securities and a person who has ceased to be such officer, employee or investor within the past year
- ③ A person who has received information from a person set forth in ① and ② above

3. Material Facts etc.

Under the FIEA, the act of purchasing or selling etc. shares or other securities with knowledge of non-public ‘material facts’ or ‘facts of a tender offer etc.’ (collectively, “material facts etc.”) constitutes a violation of the insider trading regulations. “Material facts” include the following (note that the following is not an exhaustive list; see also the “Criteria for information that should be treated as a material fact by the Disclosure Committee” established by the Disclosure Committee).

Item	Numeric criterion
(1) Damage resulting from disasters or business operations	<ul style="list-style-type: none"> • If the amount of damage is expected to account for 3% or more of net assets as of the end of the most recent fiscal year
(2) Business alliance (or dissolution of business alliance)	<p>(e.g., establishing a new joint venture)</p> <ol style="list-style-type: none"> ① If, within three years, the Company’s sales are expected to increase by 10% or more per year from the most recently ended fiscal year ② If, within three years, the new joint venture’s sales multiplied by the Company’s investment ratio are expected to account for 10% or more of the Company’s sales for the most recently ended fiscal year ③ If, within three years, the new joint venture’s total assets multiplied by the Company’s investment ratio are expected to account for 30% or more of the Company’s net assets as of the end of the most recently ended fiscal year

Item	Numeric criterion
(3) Issuance of shares, stock acquisition rights, and bonds with stock acquisition rights	<ul style="list-style-type: none"> • If the total issue amount is expected to be 100 million yen or more
(4) Information on financial results (earnings forecasts)	<p>(e.g., compared to the most recently disclosed earnings forecast)</p> <ul style="list-style-type: none"> (a) Sales: increase or decrease by 10% or more (b) Ordinary income: increase or decrease by 30% or more with an increase or decrease in net assets as of the end of the previous period by 5% or more (c) Net income: increase or decrease by 30% or more with an increase or decrease in net assets as of the end of the previous period by 2.5% or more
(5) Increase or decrease of dividends	<ul style="list-style-type: none"> • The amount of the dividend increases or decreases by 20% or more from the previous period (both full year and interim).
(6) Merger, company split, and transfer/ acquisition of business	<ul style="list-style-type: none"> ① If sales for the current or following fiscal year are expected to increase or decrease by 10% or more from the most recently ended fiscal year ② If total assets are expected to increase or decrease by 30% or more of net assets as of the end of the most recently ended fiscal year (excluding mergers with a wholly owned subsidiary and acquisitions of a business from a wholly owned subsidiary)
(7) Share split	<ul style="list-style-type: none"> • If the increase in the number of shares resulting from a stock split is 10% or more
(8) Dissolution of a subsidiary	<ul style="list-style-type: none"> ① If total assets presented in the consolidated financial statements are expected to decrease by 30% or more of net assets as of the end of the most recently ended fiscal year ② If sales presented in the consolidated financial statements for the current and following fiscal years are expected to decrease by 10% or more from the most recently ended fiscal year

* Please note that, in addition to the facts listed above and in the Appendix, the material facts concerning the operations, business, or assets of the listed company, and which would naturally encourage or discourage an ordinary investor to purchase or sell shares or other securities of the company if the ordinary investor becomes aware of such facts, are widely considered to be “material facts” (the so-called basket clause).

(Note) The Company will in principle determine whether a fact constitutes or does not constitute a “material facts etc.” in accordance with the FIEA as described above. However, under U.S. and UK law, there are no clear criteria for this, and determination is made on a case-by-case basis according to the abstract criteria of whether the fact has a material impact on investors’ investment decisions or whether the fact has a material impact on the price of the company’s securities in the market.

* It also constitutes insider trading if a person who is affiliated with a tender offeror etc. (including a person who was formerly affiliated with a tender offeror etc. and an information recipient) purchases or sells shares of a (listed) target company with knowledge of ① the fact that the target company will be subject to a tender offer and/or ② the fact that a tender offer to purchase the shares of that listed target company which are equivalent to 5% or more of the total voting rights of that company will be made (① and ② are collectively referred to as the “fact of a tender offer etc.”) before the publication of such facts.

4. Publication

The Company deems “material facts etc.” to have been made public when 24 hours* have elapsed from any of the following times.

- ① When a representative director or a person who has been delegated by a representative director (e.g., general manager of the Public Affairs Division) officially announces material facts etc. to at least two media outlets (e.g., general newspaper publishers and Japan Broadcasting Corporation (NHK))
- ② When the Company notifies material facts etc. to the financial instruments exchanges on which it is listed (e.g., Tokyo Stock Exchange (“TSE”)), and the material facts are made public on the websites of the financial instruments exchanges via TDnet (timely disclosure network system operated by TSE)
- ③ When annual securities reports, semiannual securities reports, extraordinary reports and other similar reports containing the matters related to material facts etc. are submitted to the Prime Minister and made public on EDINET (electronic corporate disclosure system operated by the Financial Services Agency).

* As the Company’s stock is also listed on the stock exchanges in New York and London, we place importance on ensuring that material information is fully disseminated in the overseas markets, and in consideration of the time difference between the Japan market and the London and New York markets, the time of lifting the trading restrictions is set at “24 hours after each publication/announcement,” which is stricter than the rules under the FIEA*.

However, when either the London Stock Exchange or the New York Stock Exchange is closed for business (e.g., holiday or trading halt), we may ask you to refrain from trading even after 24 hours have elapsed.

* <Reference>

Under the FIEA, information is deemed to have been made public at any of the following times.

- ① When the period of 12 hours, which is for the disclosed material facts to be made known, has elapsed since a representative director or another officer or a person who has been delegated by a representative director or another officer officially announced material facts to at least two media outlets (e.g., general newspaper publishers and Japan Broadcasting Corporation (NHK))
- ② When the Company notifies material facts to the financial instruments exchanges on which it is listed (e.g., Tokyo Stock Exchange (“TSE”)), and subsequently the material facts are made public by the financial instruments exchanges using electronic or magnetic means (e.g., via TDnet) pursuant to the provisions of the Cabinet Office Order
- ③ When annual securities reports, semiannual securities reports, extraordinary reports and other similar reports containing the matters related to material facts are made available for public inspection (including via EDINET)

5. Shares and Other Securities

“Shares and other securities” mainly include the following securities.

- a. Shares, stock acquisition rights, bonds with stock acquisition rights, and other similar securities listed in Japan
- b. Bonds with stock acquisition rights and other similar securities issued overseas by companies listed in Japan

- c. Unlisted stock options, bonds, and other similar securities issued by companies listed in Japan
- d. Shares, ADSs*, bonds with stock acquisition rights, and other similar securities listed overseas

* ADSs, or American depository shares, are a type of shares traded primarily on the U.S. securities market. In Toyota's case, one ADS is equivalent to 10 shares of common stock of the Company, and a purchaser of ADSs is issued ADRs, or American depository receipts (indicating that they are the beneficial owner of shares).

The securities subject to insider trading regulations also include depository receipts (DRs) that represent rights in listed shares and other securities, securities that represent options on listed shares and other securities (covered warrants), exchangeable bonds with an option to exchange the bonds for the stock of a listed company other than the issuer (EB bonds), beneficiary certificates of investment trusts that invest only in shares and other securities, and investment securities of investment corporations.

6. Purchase and Sale etc.

“Purchase and sale etc.” mean a purchase, sale, or other transfer or acquisition for value (whether in or out of a financial instruments exchange market). “Purchase and sale etc.” include not only a purchase and sale but also transactions such as exchange, payment in lieu, and contribution in kind, as long as ownership is transferred for value. In addition, securities index futures, securities options, foreign market securities futures, and securities over-the-counter derivatives transactions are also subject to insider trading regulations.

7. Acts of Communicating Information and Recommending Trades to Third Parties

The following acts are prohibited as the acts of communicating information and recommending trades to a third party, which encourage insider trading.

- ① A “company insider etc.”
- ② who is in possession of non-public “material facts etc.” of a listed company,
- ③ for purposes of having a third party gain profits or avoid losses,
- ④ provides “material facts etc.” (communicating information) or recommends purchase or sale of securities to a third party (recommending trades).

* Any acts that are conducted for legitimate business purposes are basically exempt from insider trading regulations as they are typically not conducted for the purpose of having a third party gain profits or avoid losses. Such exempted acts include information exchange and sharing within the company that is necessary in the course of business, investor relations (IR) activities for investors to provide information on the company's operating and financial condition, and general recommendations to invest in the company as part of such IR activities.

Note that even if information is communicated in the course of legitimate business and the act is not subject to insider trading regulations, you should act carefully by, for instance, limiting the scope of communicating and sharing material facts etc. and the scope of information recipients to the minimum necessary.

< Internal Rules Applicable to Officers >

- ▼ These rules apply to the Company's directors, operating officers, executive fellows, senior fellows, and those who are equivalent to these members ("officers").

(1) Black-out period

You must not conduct "purchase and sale etc." of any "shares or other securities" of the Company during the period between the end of each annual/quarterly accounting period of the Company and the "publication" of the financial results (approximately five weeks from the 1st of April, July, October and January of each year, respectively).

(2) Prior consultation with the Secretarial Division

If you intend to "purchase or sell etc." "shares or other securities" of the Company or its (listed) subsidiary during the period other than the period set out in (1) above, you must consult with the Secretarial Division in advance and obtain confirmation that there are no problems before conducting such "purchase or sale etc." (The Secretarial Division that has received such consultation will ask the Disclosure Committee Secretariat whether there are "material facts etc.", and the Disclosure Committee Secretariat will record the history of such inquiry and maintain record for five years from the response to such inquiry.)

If there are "material facts etc." of the Company, even officers who are not in the possession of the "material facts etc." must refrain from the "purchase and sale etc." of "shares and other securities" of the Company. (However, with respect to "material facts etc." concerning information on daily purchases during the share repurchase period, such policy of refraining from trading will not apply to the officers other than the CFO and the officer in charge of accounting.)

* Please also consult with the Secretarial Division if there are any concerns with respect to the "purchase or sale etc." of "shares or other securities" of a group company, affiliated company, business partner, or any other relevant company (e.g., you have come to know material information about such company).

(3) Duty to report trading (directors only)

If you have "purchased or sold etc." "shares or other securities" of the Company, you must submit a report on such purchase or sale to the Prime Minister by the 15th day of the following month. If such "purchase or sale etc." is conducted through a securities company, you will submit the report through such securities company.

* Even if you conducted trading outside of Japan (e.g., you purchased ADSs of the Company in the U.S.), you must report it to the Prime Minister.

(4) Policy of refraining from short-term purchases and sales

You will refrain from selling "shares or other securities" of the Company within six months after purchasing them or from purchasing such "shares or other securities" within six months after selling them, as you may be subject to a claim for return of profits by the Company or shareholders.

(5) Prohibition of insider trading of "shares and other securities" of another company

If you have come to know a "material facts etc." about another (listed) company, you must not "purchase or sell etc." "shares or other securities" of that company until the "material facts etc." is made public.

(6) Prohibition of insider trading by co-habiting family members

If you have come to know a “material facts etc.” about the Company, its subsidiary, or another (listed) company, you must not allow your co-habiting family members to “purchase or sell etc.” “shares or other securities” of that company until the “material facts etc.” is “made public.”

(7) Rules for double hatting

If you also serve as an officer of another (listed) company and intend to “purchase or sell etc.” “shares or other securities” of that company, you will do so in accordance with the rules of that company.

(8) Trading after resignation as officer

If you have resigned as officer of the Company (or another (listed) company), you must not “purchase or sell etc.” “shares or other securities” of that company until the “material facts etc.” of that company that you came to know during your term of office is “made public”; provided, however, that this will not apply if one year has elapsed since your resignation.

(9) Registration as insider

If you have come to know a “material facts etc.” that needs to be “made public,” you will be informed that you fall under the category of insiders and the date and time of the information to be made public at the responsibility of the department in charge. You will also be registered as an insider^{*1} handling such “material facts etc.”^{*2}.

The insider list will list your title, name, and registration date by type of “material facts etc.” The insider list must be retained by the Disclosure Committee Secretariat for at least five years from the date on which it was prepared or last updated and must be submitted promptly upon request by the relevant UK authority.

*1 Officers and employees of the Company and its subsidiaries who obtains the material fact in the course of their duties, as well as those who provide services under an employment or other contract with the Company and have obtained material internal information.

*2 §2 of the Disclosure Rules and Transparency Rules (hereinafter in this Note 2, the “Rules”) of the Financial Conduct Authority (the “FCA”) requires the companies whose shares are listed on a stock exchange in the U.K. (the Company is listed on the London Stock Exchange) to prepare, retain, submit, and otherwise maintain the insider list.

[Overview of the requirements]

- ① An issuer must ensure that it prepares a list of insiders containing the identity of each person having access to inside information (including service providers), the reason why such person is on the insider list, and the date on which the insider list was created and updated. (Rules § 2.8.1 R and Rules § 2.8.3 R)
- ② An insider list must be promptly updated when there is a change in the reason why a person is already on the list, and when any person who falls under the category of insiders is added to, registered in or deleted from the insider list. (Rules § 2.8.4 R)
- ③ An issuer must keep the insider list (for at least five years from the date on which it is drawn up or updated, whichever is the latest). (Rules § 2.8.5 R)

④ If so requested, an issuer must provide to the FCA as soon as possible an insider list. (Rules § 2.8.2 R)

⑤ An issuer must take the necessary measures to ensure that its employees with access to inside information and any persons who fall under the category of insiders acknowledge the legal and regulatory duties entailed and are aware of the sanctions attaching to the misuse or improper circulation of such information. (Rules § 2.8.9 R and Rules § 2.8.10 R)

* Penalties: Knowingly committed violations may be subject to sanctions or publication of the violation. (Rules § 1.5.3)

(Note) The above rules will not apply to the acquisition of shares through the exercise of stock acquisition rights under a **stock option** agreement; provided, however, that the above rules will apply to the sale of shares actually acquired through the exercise of stock acquisition rights.

< Internal Rules Applicable to Employees etc. >

- ▼ Employees and other workers of the Company and its subsidiaries (meaning those who are engaged in the business of the Company and its subsidiaries, regardless of whether they have any employment or contractual relationship with the Company or its subsidiaries, or regardless of their position or title. Therefore, these terms include part time employees, temporary employees, secondees and loaned employees, in addition to employees. These employees and other workers are hereinafter referred to as “employees etc.”) are also subject to insider trading regulations. Therefore, the Company has established rules for employees etc. concerning the following matters and ensures that they are fully aware of them. Please note that if a supervisor/manager who is aware of a subordinate engaging in insider trading fails to take appropriate action, the supervisor/manager may be subject to the same penalties as the violator under U.S. law.
- ▼ The Company has also required its overseas affiliated entities to have similar internal rules in accordance with the laws of the countries where they are located.

- (1) If you have come to know a “material facts etc.” about the Company, its subsidiary or another (listed company), you must not “purchase or sell etc.” “shares or other securities” of that company until such “material facts etc.” are “made public.”
- (2) If you have come to know a “material facts etc.” about the Company, its subsidiary or another (listed company), you must not share it with third parties unless that is necessary in the course of business.
- (3) If a department is to handle a “material facts etc.” of the Company, its subsidiary or another (listed company), the head (general manager) of the department will register the persons handling the “material facts etc.*” and submit an insider list to the Disclosure Committee Secretariat and will also ensure information management and the matters set out in (1) and (2) above.

* Persons handling a material fact etc.: officers and employees etc. of the Company or its subsidiaries (companies stated as belonging to the corporate group of the Company in the most recent annual securities report etc. of the Company) (meaning those who are engaged in the business of the Company or its subsidiaries, regardless of whether they have any employment or contractual relationship with the Company or its subsidiaries, or regardless of their position or title. Therefore, these terms include part time employees, temporary employees, secondees and loaned employees, in addition to employees.) who have come to know a material facts etc. in the course of their duties, as well as the persons who have concluded, or are in negotiations to conclude, a contract with the Company, and who have come to know a material facts etc. in the course of concluding or negotiating the contract (e.g., business partners, business alliance partners, attorneys, certified public accountants, certified public tax accountants, and consultants)

(Note) Please be aware that if an employee etc. who is subject to the Company's Rules of Employment violates (1) or (2) above, it also constitutes a violation of the Company's Rules of Employment.

★ Rules of Employment § 11, item (xx) (Matters to Comply with)

"You must not use a secret learned in the course of business to purchase or sell shares or other securities directly or indirectly during your employment or after leaving the Company, before the secret is made public."

★ Rules of Employment § 75, item (xvi) (Disciplinary Dismissal)

"If you use a secret learned in the course of business to purchase or sell shares or other securities directly or indirectly before the secret is made public."

(Note) The Company's Confidentiality Management Regulation also contain a provision prohibiting insider trading.

★ Confidentiality Management Regulation § 28 (2) Prohibition of Insider Trading Set Forth in the Financial Instruments and Exchange Act

"Employees etc. who have come to know a confidential matter must not engage in insider trading set forth in the Financial Instruments and Exchange Act. The information quality control manager in the departments involved in the material facts set forth in the Financial Instruments and Exchange Act which have not been made public must take measures such as registering and managing those involved in such material fact."