

**PART I**

**ITEM1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS**

Not applicable.

**ITEM2. OFFER STATISTICS AND EXPECTED TIMETABLE**

Not applicable.

**ITEM3. 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 and results of operations. 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.

Reviewing the world economy for fiscal 2024, it remained steady mainly in the U.S., where employment stayed strong, despite the effects of high inflation and interest rates and a stagnant real estate market in China. The automotive market grew significantly from the previous year, thanks to a surge of pent-up demand as semiconductor supply constraints eased. Changes in demand for automobiles are continuing, and it is unclear

how this situation will transition in the future. Toyota's financial condition and results of operations may be adversely affected if the changes in demand for automobiles continues or progresses further beyond Toyota's expectations. Demand may also 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 and results of operations.

***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 and results of operations.

***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 and results of operations.

***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 its 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 may not be able to ensure that it or its suppliers do so in all cases. For instance, at the consolidated subsidiary level, Hino Motors, Ltd. ("Hino") and Daihatsu Motor Co., Ltd. ("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 MLIT on May 31, 2024. See “Item 4. Information on the Company – 4.B Business Overview – Selected Initiatives” 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 and results of operations.

***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.

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 and results of operations.

***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 and results of operations.

***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 and results of operations. 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, regulatory and political 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 and tornadoes, as well as longer-term weather patterns and related effects, such as sustained higher temperatures, sea level rise, drought and increased wildfires. Despite Toyota's contingency planning, 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 and results of operations. For a further discussion of risks associated with climate change, see "Item 4. Information on the Company – 4B. Business Overview – Climate Change-related Disclosures."

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 annual 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 annual report, could adversely impact its reputation, financial condition and results of operations.

***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 and cashflow 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 and results of operations. 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 – Operating Results – 5.A Operating Results – Overview – Currency Fluctuations," "Item 11. Quantitative and Qualitative Disclosures About Market Risk," and notes 19 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 and results of operations may be adversely affected.

#### **Regulatory, Legal, Political and Other Risks**

##### ***The automotive industry is subject to various governmental regulations and actions.***

The worldwide automotive industry is subject to various laws and governmental regulations including those 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 of laws and governmental 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 governmental 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. Similarly, many governments also impose tariffs and other trade barriers, taxes and levies, or enact price or exchange controls. Furthermore, 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. Toyota has incurred significant costs in response to governmental regulations and actions, including costs relating to changes in global trade dynamics and policies, 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 implementing safety measures or responding to laws, regulations and governmental actions, Toyota's financial condition and results of operations may be adversely affected.

##### ***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 governmental regulations and 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 and results of operations. For a further discussion of governmental regulations, see "Item 4. Information on the Company – 4B. Business Overview – Governmental Regulation, Environmental and Safety Standards" and for legal proceedings, please see "Item 4. Information on the Company – 4B. 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.