

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

To our shareholders:

**ITEMS DISCLOSED ON INTERNET CONCERNING
NOTICE OF THE EXTRAORDINARY GENERAL MEETING
OF SHAREHOLDERS**

November 1, 2019
Misawa Homes Co., Ltd.

Contents

Reference Documents for the General Meeting of Shareholders

- Articles of Incorporation of Toyota Motor Corporation 1
- Contents of Financial Statements, etc. of Toyota Motor Corporation
for the most recent business year 20
- Contents of Financial Statements, etc. of Toyota Housing Corporation
for the most recent business year 69

<p>In accordance with laws and regulations and the Company's Articles of Incorporation, the above items are provided to our shareholders via the internet, and published on the Company's website: <URL> https://www.misawa.co.jp/corporate/irinfo/shareinfo/shareholder.html</p>
--

ARTICLES OF INCORPORATION OF TOYOTA MOTOR CORPORATION

(As amended on June 16, 2015)

CHAPTER I. GENERAL PROVISIONS

Article 1. (Trade Name)

The name of the Corporation shall be "Toyota Jidosha Kabushiki Kaisha" to be expressed in English as "TOYOTA MOTOR CORPORATION".

Article 2. (Purpose)

The purpose of the Corporation shall be to engage in the following businesses:

- (1) 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;
- (2) the manufacture, sale, leasing and repair of industrial machinery and apparatus and other general machinery and apparatus, and parts thereof;
- (3) the manufacture, sale, leasing and repair of electrical machinery and apparatus, and parts thereof;
- (4) the manufacture, sale, leasing and repair of measuring machinery and apparatus, and medical machinery and apparatus, and parts thereof;
- (5) the manufacture and sale of ceramics and products of synthetic resins, and materials thereof;
- (6) the manufacture, sale and repair of construction materials and equipment, furnishings and fixtures for residential buildings;

- (7) the planning, designing, supervision, execution and undertaking of construction works, civil engineering works, land development, urban development and regional development;
- (8) the sale, purchase, leasing, brokerage and management of real estate;
- (9) the service of information processing, information communications and information supply, and the development, sale and leasing of software;
- (10) the design and development of product sales systems that utilize networks such as the Internet; sale, leasing, maintenance of computers included within such systems, and sales of products by utilizing such systems;
- (11) the inland transportation, marine transportation, air transportation, stevedoring, warehousing and tourism businesses;
- (12) the printing, publishing, advertising and publicity, general leasing, security and workers dispatch businesses;
- (13) the credit card operations, purchase and sale of securities, investment consulting, investment trust operation, and other financial services;
- (14) 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;
- (15) the non-life insurance agency business and life insurance agency business;
- (16) the production and processing by using biotechnology of agricultural products including trees, and the sale of such products;
- (17) the sale of goods related to each of the preceding items and mineral oil;
- (18) the conducting of engineering, consulting, invention and research relating to each of the preceding items and the utilization of such invention and research; and
- (19) any businesses incidental to or related to any of the preceding items.

Article 3. (Location of Principal Office)

The principal office of the Corporation shall be located in Toyota City, Aichi Prefecture, Japan.

Article 4. (Public Notices)

Public notices of the Corporation shall be given electronically; provided, however, that in the case that an electronic public notice is impracticable due to an accident or any other unavoidable reason, public notices of the Corporation shall be given in the newspaper "The Nihon Keizai Shimbun".

CHAPTER II. SHARES

Article 5. (Total Number of Authorized Shares, etc.)

The total number of shares which the Corporation is authorized to issue shall be ten billion (10,000,000,000), and the total number of authorized shares in each class of class shares shall be as set forth below; provided, however, that the aggregate number of shares authorized to be issued with respect to First Series Model AA Class Shares through Fifth Series Model AA Class Shares shall not exceed one hundred fifty million (150,000,000).

Common Shares:

ten billion (10,000,000,000) shares

First Series Model AA Class Shares:

fifty million (50,000,000) shares

Second Series Model AA Class Shares:

fifty million (50,000,000) shares

Third Series Model AA Class Shares:

fifty million (50,000,000) shares

Fourth Series Model AA Class Shares:

fifty million (50,000,000) shares

Fifth Series Model AA Class Shares:

fifty million (50,000,000) shares

Article 6. (Number of Shares Constituting One Unit (tangen) and Rights to Shares Constituting Less than One Unit (tangen))

1. The number of shares constituting one unit (tangen) of shares of the Corporation shall be one hundred (100) with respect to Common Shares and each class of Model AA Class Shares.

2. The shareholders of the Corporation are not entitled to exercise any rights to shares constituting less than one unit (tangen) of shares held by the shareholders, other than the following:

(1) the rights provided for in each Item of Article 189, Paragraph 2 of the Companies Act (Kaisha-hou); and

(2) the rights provided for in Article 166, Paragraph 1 of the Companies Act, in respect of the right provided for in Article 18 of the Articles of Incorporation.

Article 7. (Acquisition of Own Shares)

The Corporation may acquire its own shares by a resolution of the Board of Directors in accordance with the provisions of Article 165, Paragraph 2 of the Companies Act.

Article 8. (Absence of seller put options when the Corporation acquires Model AA Class Shares)

If the Corporation decides to acquire some or all of the Model AA Class Shares held by any holder of Model AA Class Shares ("Model AA Class Shareholder") under an agreement with such Model AA Class Shareholder pursuant to a resolution of the general meeting of shareholders, and further decides to notify such Model AA Class Shareholder of matters prescribed in any item of Article 157, Paragraph 1 of the Companies Act, the provisions of Article 160, Paragraphs 2 and 3 of such act shall not apply.

Article 9. (Transfer Agent)

1. The Corporation shall have a transfer agent (*Kabunushimeibo-Kanrinin*).

2. The transfer agent and the location of its office shall be designated by a resolution of the Board of Directors, and public notice thereof shall be given.

The register of shareholders and the register of stock acquisition rights shall be kept at the office of the transfer agent. The entry or recording into the register of shareholders and the register of stock acquisition rights, the purchase of shares constituting less than one unit (tangen) and any other matters related to the shares and stock acquisition rights shall be handled by the transfer agent and not by the Corporation.

Article 10. (Share Handling Regulations)

The procedures for and fees for the entry or recording into the register of shareholders and the register of stock acquisition rights, purchasing shares constituting less than one unit (tangen) and any other matters relating to the handling of shares and stock acquisition rights shall be subject to the Share Handling Regulations established by the Board of Directors.

Article 11. (Record Date)

1. The Corporation shall deem any shareholder entered or recorded in the final register of shareholders as of March 31 in such year to be a shareholder entitled to exercise its rights at the ordinary general meeting of shareholders for that business year.

2. The preceding paragraph shall apply *mutatis mutandis* to class meetings, where the relevant class meeting is to be held on the same date as an ordinary general meeting of shareholders.

3. In addition to the case provided for in the preceding two (2) paragraphs, the Corporation may, after giving prior public notice, fix a date as the record date, where it deems it necessary to do so.

CHAPTER III. MODEL AA CLASS SHARES

Article 12. (AA Dividends)

1. In the event that the Corporation pays dividends from surplus as provided for in Article 46, Paragraph 1 of these Articles, it shall pay in cash year-end dividends from surplus in the amount specified below (“AA Dividends”) to Model AA Class Shareholders or registered pledgees of Model AA Class Shares (“AA Registered Pledgees”) entered or recorded in the final register of shareholders as of the record date for the dividends, in preference to holders of Common Shares (“Common Shareholders”) or registered pledgees of Common Shares (“Common Share Registered Pledgees”), respectively; provided that if AA Interim Dividends, as provided for in Article 13 of these Articles, have been paid during the fiscal year in which the record date falls, the amount of the AA Interim Dividends so paid shall be deducted from such AA Dividends.

First Series Model AA Class Shares through Fifth Series Model AA Class Shares:
An amount per Model AA Class Share calculated by multiplying the amount per relevant Model AA Class Share paid to the Corporation as consideration by a rate to be determined by the Board of Directors prior to the issuance of each Model AA Class Share (subject to a maximum of 5%).

2. If the amount of the dividends from surplus paid in cash to Model AA Class Shareholders or AA Registered Pledgees is less than the prescribed amount of AA Dividends in any fiscal year, the amount of the shortfall per Model AA Class Share (“Cumulative Unpaid Dividends”) shall be carried forward and accumulated in the following fiscal year and thereafter. With respect to the Cumulative Unpaid Dividends, dividends from surplus shall be paid in cash to Model AA Class Shareholders or AA Registered Pledgees until such payment reaches the amount of the Cumulative Unpaid Dividends per Model AA Class Share, in preference to the payment of dividends from surplus as provided in the preceding paragraph or Article 13 of these Articles.

3. No distribution of dividends from surplus shall be made to any Model AA Class Shareholder or AA Registered Pledgee in excess of the amount of AA Dividends, except for a distribution from surplus in the process of a corporate split (*kyushu-bunkatsu*) by the Corporation pursuant to Article 758, Item 8 (ii) or Article 760, Item 7 (ii) of the Companies Act, or a distribution from surplus in the process of a corporate split (*shinsetsu-bunkatsu*) by the Corporation pursuant to Article 763, Paragraph 1, Item 12 (ii) or Article 765 Paragraph 1, Item 8 (ii) of such act, in which case, the distribution from surplus shall be made to all Model AA Class Shareholders or AA Registered Pledgees simultaneously and in the same proportion as that made to any Common Shareholders or Common Share Registered Pledgees.

Article 13. (AA Interim Dividends)

In the event that the Corporation pays dividends from surplus as provided in Article 46, Paragraph 2 of these Articles, the Corporation shall pay an amount equivalent to one-half of the prescribed amount of AA Dividends in cash as interim dividends (“AA Interim Dividends”) per Model AA Class Share to Model AA Class Shareholders or AA Registered Pledgees entered or recorded in the final register of shareholders as of the record date with respect to such AA Interim Dividends, in preference to Common Shareholders or Common Share Registered Pledgees.

Article 14. (Distribution of residual assets)

1. In the event of a distribution by the Corporation of its residual assets, the Corporation shall pay the amount set forth below in cash to Model AA Class Shareholders or AA Registered Pledgees, in preference to Common Shareholders or Common Share Registered Pledgees, respectively.

First Series Model AA Class Shares through Fifth Series Model AA Class Shares:

An amount per Model AA Class Share determined by resolution of the board of directors or an amount calculated under a formula determined by resolution of the board of directors, in either case based on the amount per relevant Model AA Class Share paid to the Corporation as consideration (“Base Price”).

2. No distribution of residual assets shall be made to Model AA Class Shareholders or AA Registered Pledgees other than as provided in the preceding item.

Article 15. (Voting rights)

Model AA Class Shareholders shall have voting rights exercisable at general meetings of shareholders of the Corporation.

Article 16. (Consolidation of shares, stock split or gratis allotment of shares)

1. The Corporation shall effect any consolidation of shares or stock split simultaneously and in the same proportion with respect to Common Shares and Model AA Class Shares.

2. If the Corporation grants its shareholders rights to receive any allotment of shares offered for subscription or stock acquisition rights offered for subscription, the Corporation shall grant Common Shareholders rights to receive Common Shares or stock acquisition rights for Common Shares and shall grant Model AA Class Shareholders rights to receive Model AA Class Shares of the Series held by such shareholders or stock acquisition rights for such Model AA Class Shares, as the case may be, simultaneously and in the same proportion.

3. If the Corporation makes a gratis allotment to its shareholders of shares or stock acquisition rights, the Corporation shall make the gratis allotment to Common

Shareholders of Common Shares or stock acquisition rights for Common Shares, and shall make the gratis allotment to Model AA Class Shareholders of Model AA Class Shares of the Series held by such shareholders or stock acquisition rights for such Model AA Class Shares, as the case may be, simultaneously and in the same proportion.

Article 17. (Shareholder's conversion right into Common Shares)

Model AA Class Shareholders may, at certain times specified therefor in resolutions of the board of directors to be adopted upon issuance of First Series Model AA Class Shares through Fifth Series Model AA Class Shares, demand that the Corporation acquire some or all of the relevant Model AA Class Shares held by such Model AA Class Shareholders in exchange for Common Shares, in numbers determined by formula specified in such resolutions. Any fractions of less than one share among Common Shares to be delivered in exchange for such Model AA Class Shares shall be disregarded, in which case payment of money, as provided in Article 167, Paragraph 3 of the Companies Act, shall not be made.

Article 18. (Shareholder's cash put option)

Model AA Class Shareholders may, at certain times specified as put option periods in resolutions of the board of directors to be adopted upon issuance of First Series Model AA Class Shares through Fifth Series Model AA Class Shares, demand that the Corporation acquire some or all of the relevant Model AA Class Shares in exchange for cash in an amount equivalent to the Base Price. If the demand for acquisition exceeds the amount available for distribution as of the date of demand for such acquisition, as specified in Article 461, Paragraph 2 of the Companies Act, Model AA Class Shares to be acquired by the Corporation shall be determined by resolution of its board of directors, and the cash put option in respect of Model AA Class Shares not so acquired shall be deemed not to have been exercised.

Article 19. (Corporation's cash call option)

After the lapse of the period specified in resolutions of the board of directors to

be adopted upon issuance of First Series Model AA Class Shares through Fifth Series Model AA Class Shares following the issue of the relevant Model AA Class Shares, at an acquisition date separately determined by resolution of the board of directors of the Corporation, the Corporation may acquire all of the relevant Series of Model AA Class Shares in exchange for cash in an amount equivalent to the Base Price.

Article 20. (Priority)

Each Model AA Class Share shall rank *pari passu* with every other Model AA Class Share in respect of the AA Dividends, the AA Interim Dividends, the distributions from surplus provided for in the exceptions to Article 12, Paragraph 3, and the distribution of residual assets.

Article 21. (Restrictions on transfer)

1. Acquisition of Model AA Class Shares by means of transfer will require the approval of the board of directors of the Corporation.

2. In the event that a tender offer as provided in Article 27-2, Paragraph 6 of the Financial Instruments and Exchange Act is commenced for Model AA Class Shares and any Model AA Class Shareholder tenders its Model AA Class Shares, upon the delivery of Model AA Class Shares or other transfer upon settlement, the Board of Directors shall be deemed to have given approval as set forth in the preceding paragraph.

Article 22. (Prescription Period)

The provisions of Article 46, Paragraph 4 and Article 47 of these Articles shall apply *mutatis mutandis* to the payment of AA Dividends and AA Interim Dividends.

CHAPTER IV. GENERAL MEETINGS OF SHAREHOLDERS

Article 23. (Ordinary General Meetings and Extraordinary General Meetings of Shareholders)

1. The ordinary general meeting of shareholders of the Corporation shall be convened in June of each year.

Extraordinary general meetings of shareholders may be called whenever necessary.

2. Each general meeting of shareholders may be convened at the place where the principal office of the Corporation is located, or at a place adjacent thereto, or in Nagoya City.

Article 24. (Resolutions)

1. All resolutions of a general meeting of shareholders shall be adopted by a majority of the votes of the shareholders present at the meeting who are entitled to vote, unless otherwise provided by laws and regulations or these Articles of Incorporation of the Corporation.

2. Special resolutions as specified by Article 309, Paragraph 2 of the Companies Act shall be adopted by not less than two-thirds ($\frac{2}{3}$) of the votes of the shareholders present at the meeting who hold shares representing in aggregate not less than one-third ($\frac{1}{3}$) of the voting rights of all shareholders who are entitled to vote.

Article 25. (Chairman of General Meeting)

1. The Chairman of the Board or the President of the Corporation shall preside as chairman at a general meeting of shareholders.

2. In the event that the positions of both the Chairman of the Board and the President are vacant or that both of them are prevented from so presiding as

chairman, another Director of the Corporation shall preside in their place according to the order of precedence previously established by the Board of Directors.

Article 26. (Exercise of Voting Rights by Proxy)

1. A shareholder may exercise its voting rights by proxy, provided, however, that the proxy shall be a shareholder of the Corporation who is entitled to exercise its own voting rights.

2. In cases where the preceding paragraph applies, the shareholder or its proxy shall file with the Corporation a document establishing the proxy's power of representation for each general meeting of shareholders.

3. The Corporation may refuse a shareholder having two (2) or more proxies attend a general meeting of shareholders.

Article 27. (Deemed Delivery of Reference Documents, etc. for General Meeting of Shareholders)

Upon convening a general meeting of shareholders, the Corporation may deem that the information which is required to be described or indicated in reference documents for the general meeting of shareholders, business reports, financial statements and consolidated financial statements shall be provided to the shareholders, in the event that it is disclosed, pursuant to laws and regulations, through the method by which shareholders may receive such information through an electronic means.

Articles 28. (Resolutions at class meetings)

1. The provisions of Articles 25, 26 and 27 of these Articles shall apply *mutatis mutandis* to class meetings.

2. The provisions of Article 24, Paragraph 1 of these Articles shall apply *mutatis mutandis* to the resolutions of class meetings made pursuant to Article 324, Paragraph 1 of the Companies Act.

3. The provisions of Article 24, Paragraph 2 of these Articles shall apply *mutatis mutandis* to the resolutions of class meetings made pursuant to Article 324, Paragraph 2 of the Companies Act.

4. No resolution of a class meeting of Model AA Class Shareholders shall be required in respect of any act prescribed in any item of Article 322, Paragraph 1 of the Companies Act, unless otherwise specifically provided by law or regulation.

5. No resolution of a class meeting of Model AA Class Shareholders shall be required under the provisions of Article 199, Paragraph 4 or Article 238, Paragraph 4 of the Companies Act.

CHAPTER V. MEMBERS OF THE BOARD OF DIRECTORS AND BOARD OF DIRECTORS

Article 29. (Number of Directors)

The Corporation shall have no more than twenty (20) Directors.

Article 30. (Election of Directors)

1. Directors shall be elected by a resolution of a general meeting of shareholders.
2. A resolution for the election of Directors shall be adopted by a majority vote of the shareholders present at the meeting who hold shares representing in aggregate not less than one-third (1/3) of the voting rights of all the shareholders who are entitled to vote.
3. The election of Directors shall not be made by cumulative voting.

Article 31. (Term of Office of Directors)

1. The term of office of Directors shall expire at the closing of the ordinary general meeting of shareholders to be held for the last business year of the Corporation ending within one (1) year after their election.
2. The term of office of any Director elected in order to increase the number of Directors or to fill a vacancy shall be the balance of the term of office of the other Directors who hold office at the time of his/ her election.

Article 32. (Board of Directors)

1. The Corporation shall have a Board of Directors.
2. Notice of a meeting of the Board of Directors shall be dispatched to each Director and each Audit & Supervisory Board Member at least three (3) days before the date of the meeting. In case of urgency, however, such period may be shortened.

3. With respect to matters to be resolved by the Board of Directors, the Corporation shall deem that such matters were approved by a resolution of the Board of Directors when all the Directors express their agreement in writing or by electronic records. Provided, however, that this provision shall not apply when any Audit & Supervisory Board Member expresses his/her objection to such matters.

4. In addition to the preceding two (2) paragraphs, the management of the Board of Directors shall be subject to the Regulations of the Board of Directors established by the Board of Directors.

Article 33. (Representative Directors and Executive Directors)

1. The Board of Directors shall designate one or more Representative Directors by its resolution.

2. The Board of Directors may appoint one Chairman of the Board, one President and one or more Vice Chairmen of the Board and Executive Vice Presidents by its resolution.

Article 34. (Honorary Chairmen and Senior Advisors)

The Board of Directors may appoint Honorary Chairmen and Senior Advisors by its resolution.

Article 35. (Exemption from Liability of Directors)

In accordance with the provisions of Article 426, Paragraph 1 of the Companies Act, the Corporation may, by a resolution of the Board of Directors, exempt Directors (including former Directors) from liabilities provided for in Article 423, Paragraph 1 of the Companies Act within the limits stipulated by laws and regulations.

Article 36. (Limited Liability Agreement with members of the Board of Directors)

In accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, the Corporation may enter into an agreement with Members of the Board of Directors (excluding Executive Members of the Board of Directors, etc.) limiting liabilities provided for in Article 423, Paragraph 1 of the Companies Act; provided, however, that the limit of the liability under the agreement shall be the minimum amount of liability stipulated by laws and regulations.

CHAPTER VI. AUDIT & SUPERVISORY BOARD MEMBERS AND AUDIT & SUPERVISORY BOARD

Article 37. (Establishment of Audit & Supervisory Board Members and Number of Audit & Supervisory Board Members)

The Corporation shall have no more than seven (7) Audit & Supervisory Board Members.

Article38. (Election of Audit & Supervisory Board Members)

1. Audit & Supervisory Board Members shall be elected by a resolution of a general meeting of shareholders.

2. A resolution for the election of Audit & Supervisory Board Members shall be adopted by a majority vote of the shareholders present at the meeting who hold shares representing in aggregate not less than one-third (1/3) of the voting rights of all the shareholders who are entitled to vote.

Article 39. (Term of Office of Audit & Supervisory Board Members)

1. The term of office of Audit & Supervisory Board Members shall expire at the closing of the ordinary general meeting of shareholders to be held for the last business year of the Corporation ending within four (4) years after their election.

2. The term of office of any Audit & Supervisory Board Member elected to fill a vacancy shall be the balance of the term of office of the Audit & Supervisory Board Member whom he/she succeeds.

Article40. (Audit & Supervisory Board)

1. The Corporation shall have an Audit & Supervisory Board.

2. Notice of a meeting of the Audit & Supervisory Board shall be dispatched to each Audit & Supervisory Board Members at least three (3) days before the date of the meeting. In case of urgency, however, such period may be shortened.

3. In addition to the provisions of the preceding paragraph, the management of the Audit & Supervisory Board shall be subject to the Regulations of the Audit & Supervisory Board established by the Audit & Supervisory Board.

Article 41. (Full-time Audit & Supervisory Board Member)

The Audit & Supervisory Board shall, by its resolution, select one or more full-time Audit & Supervisory Board Members.

Article 42. (Exemption from Liability of Audit & Supervisory Board Members)

In accordance with the provisions of Article 426, Paragraph 1 of the Companies Act, the Corporation may, by a resolution of the Board of Directors, exempt Audit & Supervisory Board Members (including former Audit & Supervisory Board Members) from liabilities provided for in Article 423, Paragraph 1 of the Companies Act within the limits stipulated by laws and regulations.

Article 43. (Limited Liability Agreement with Audit & Supervisory Board Members)

In accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, the Corporation may enter into an agreement with Audit & Supervisory Board Members limiting liabilities provided for in Article 423, Paragraph 1 of the Companies Act; provided, however, that the limit of the liability under the agreement shall be the minimum amount of liability stipulated by laws and regulations.

CHAPTER VII. ACCOUNTING AUDITOR

Article 44. (Accounting Auditor)

The Corporation shall have an Accounting Auditor(*kaikeikansa-nin*).

CHAPTER VIII. ACCOUNTS

Article 45. (Business Year)

The business year of the Corporation shall be one (1) year from April 1 of each

year until March 31 of the following year.

Article 46. (Dividends from Surplus, etc.)

1. Dividends from Surplus of the Corporation shall be paid to the shareholders or registered share pledgees entered or recorded in the final register of shareholders as of March 31 of each year.

2. The Corporation may, by a resolution of the Board of Directors, distribute dividends from surplus as provided for in Article 454, Paragraph 5 of the Companies Act to the shareholders or registered share pledgees entered or recorded in the final register of shareholders as of September 30 of each year.

3. In addition to the preceding two (2) paragraphs, the Corporation may, by a resolution of the Board of Directors, decide on matters provided for in each Item of Article 459, Paragraph 1 of the Companies Act.

4. No interest shall be paid on unpaid dividends from surplus.

Article 47. (Dispensation from Payment of Dividends from Surplus, etc.)

In the case where the dividends from surplus are paid by cash, the Corporation shall not be obliged to pay any dividends from surplus after three (3) years have expired from the date of tender thereof.

1. Outlook of Associated Companies

(1) Progress and Achievement in Operation

General Economic Environment in FY2019

Reviewing the general economic environment for the fiscal year ended March 2019 ("FY2019"), the world economy overall has continued its moderate recovery despite the sluggish growth in some sectors. The Japanese economy has also been on a moderate recovery due to improvements in employment and income conditions.

Automotive markets have remained stable in developed countries, but have slowed down in China, which had been experiencing continued expansion, as well as in some resource-rich countries.

Overview of Operations

In this business environment, the Toyota group has been striving to make "ever-better cars" that exceed customer expectations. We have completely remodeled "RAV4," one of Toyota's core global models, by introducing a new platform and powertrain units based on the TNGA (Toyota New Global Architecture), and were able to achieve responsive driving as well as a powerful and sophisticated design. We also completely redesigned the "Crown," and newly launched the "Corolla Sport," as first-generation connected vehicles that propose a life of new mobility. Furthermore, we redesigned the "Century," a model that has remained a favorite of many users for more than 50 years, with significantly improved ride comfort and cruising stability, while carrying on the tradition of master craftsmanship and high-quality *monozukuri* (all-encompassing manufacturing). In addition, to respond to the rising demand for passenger transportation centered around emerging markets, we have added a new series to the "Hiace" model, for overseas markets. The Lexus brand commenced sales of the "ES" for the first time in Japan, which model has helped establish the brand as its core product in many other countries and regions. It also introduced the "UX," a compact crossover designed for the modern urban explorer, as a new addition to its lineup. We also premiered our all-new "Supra," the first global model of the "GR" series, at the North American International Auto Show, implementing the knowledge we have gained in motorsports activities to our product development.

In this way, we have actively improved the product lineup to further meet customer needs and carried out vigorous sales efforts in collaboration with dealers in each country and region in which we operate. As a result, global vehicle sales for FY2019, including the Daihatsu and Hino brands, increased by 162 thousand units (or 1.5%) from FY2018 to 10,603 thousand units. Furthermore, in February 2019, we reached cumulative global Lexus brand sales of 10 million units. Going forward, we will continue to accelerate local production and development, including in the U.S. and China, in order to contribute to countries and regions around the world.

In non-automotive operations, for our financial services, besides providing sales finance as a tool for promoting automobile sales, we have also worked to enhance our value chain to create added value

in our financial services operations at all stages of the life cycle of our cars from manufacturing to disposal. For our housing business, we are implementing efforts to enhance our TQM (Total Quality Management) activities with a view to realize our customers' ideal lifestyles, and in October 2018, won the Deming Prize, one of the highest awards in quality management in the world.

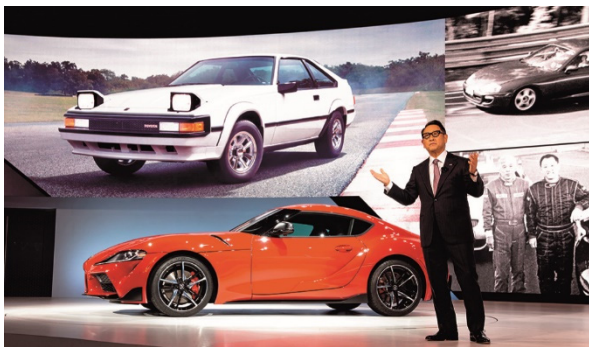
TOYOTA



RAV4



CROWN



World premiere of new "Supra"



Century

LEXUS



LEXUS "UX"

Consolidated Financial Results for FY2019

For FY2019, consolidated net revenues increased by 846.1 billion yen (or 2.9%) to 30,225.6 billion yen compared with FY2018 and consolidated operating income increased by 67.6 billion yen (or 2.8%) to 2,467.5 billion yen compared with FY2018, mainly thanks to profit improvement activities such as cost reduction and marketing efforts. Consolidated net income attributable to Toyota Motor Corporation decreased by 611.1 billion yen (or 24.5%) to 1,882.8 billion yen compared with FY2018.

The breakdown of consolidated net revenues is as follows:

Yen in millions unless otherwise stated

	FY2019 (April 2018 through March 2019)	FY2018 (April 2017 through March 2018)	Increase (Decrease)	Change (%)
Vehicles	23,066,190	22,631,201	434,989	
Parts and components for overseas production	625,483	498,802	126,681	25.4
Parts and components for after service	2,093,437	2,044,104	49,333	2.4
Other	1,249,382	1,173,122	76,260	6.5
Total Automotive	27,034,492	26,347,229	687,263	2.6
Financial Services	2,120,343	1,959,234	161,109	8.2
Other	1,070,846	1,073,047	(2,201)	(0.2)
Total	30,225,681	29,379,510	846,171	2.9

Notes:

1. Consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles.
2. The amounts represent net revenues from external customers.
3. Net revenues do not include consumption taxes, etc.

(2) Funding

Funds necessary for the automotive business are mainly financed with funds from business operations.

Funds necessary for the financial services business are mainly financed through the issuance of bonds and medium-term notes, as well as with borrowings. The balance of debt as of the end of FY2019 was 20,150.1 billion yen.

(3) Capital Expenditures and R&D

As for capital expenditures, the Toyota group has promoted activities to decrease expenditures through effective use of our existing facilities and prioritization of individual projects. At the same time, we made investments in areas such as the remodeling of cars and the improvement of technological capabilities and productivity to strengthen our competitiveness. As a result, consolidated capital expenditures for FY2019 were 1,465.8 billion yen.

As for R&D expenditures, we aspired to reinforce advanced development for the future in new fields such as vehicle electrification and automated driving while also endeavoring to improve development efficiency. As a result, consolidated R&D expenditures for FY2019 were 1,048.8 billion yen.

(4) Consolidated Financial Summary

Yen in millions unless otherwise stated

	FY2016 (April 2015 through March 2016)	FY2017 (April 2016 through March 2017)	FY2018 (April 2017 through March 2018)	FY2019 (April 2018 through March 2019)
Net revenues	28,403,118	27,597,193	29,379,510	30,225,681
Operating income	2,853,971	1,994,372	2,399,862	2,467,545
Net income attributable to Toyota Motor Corporation	2,312,694	1,831,109	2,493,983	1,882,873
Net income attributable to Toyota Motor Corporation per common share - Basic (yen)	741.36	605.47	842.00	650.55
Mezzanine equity and Shareholders' equity	18,088,186	18,668,953	19,922,076	20,565,210
Total assets	47,427,597	48,750,186	50,308,249	51,936,949

(5) Issues to be Addressed

The future automotive market is expected to revert to a gradual expansion in the medium term, due in part to the wider use of cars mainly in emerging countries, despite entering a phase of cyclical changes in the short term. Meanwhile, the automotive industry is entering a once-in-a-century transformational period in response to environmental issues and other social challenges, as well as the rapid progress in technological innovation such as electrification, automated driving, connected vehicles and car-sharing.

In such a business environment, the Toyota group will leverage its collective strength amassed in vehicle quality and in sales and service networks in the real world, as well as its capabilities in responding to technological innovation in the virtual world, to transform itself into a mobility company that provides all kinds of services related to transportation. To this end, we intend to accelerate activities in the following fields to pursue our objective of “challenging for the future” to create new value and “growing steadily each year” to strengthen true competitiveness year by year.

1) Electrification

The electrification of vehicles is imperative to address environmental issues. The Toyota group aims to provide the most suitable vehicles that match customer preferences in light of the energy and infrastructure development situation in each country and region, as well as the characteristics of eco-cars, based on the stance that eco-cars can only truly have a significant positive impact if they are widely used.

For hybrid electric vehicles, which are our main type of electrified vehicles, we will not only further improve the fuel efficiency, cost and driving performance of the conventional Toyota Hybrid System,

but will also develop various types of vehicles including sports models with superior acceleration performance. Furthermore, with the aim of sharing our goals with numerous stakeholders and to cooperatively promote the further use of electrified vehicles, we decided to grant royalty-free licenses on patents we hold for vehicle electrification-related technologies we have cultivated through hybrid electric vehicle development. For battery electric vehicles, we will accelerate their introduction from 2020, starting with the Chinese market, and will expand the lineup to 10 or more models globally by early 2020s. As for fuel cell electric vehicles, in addition to expanding the product lineups for passenger vehicles and commercial vehicles, we will also deploy our fuel cell technology in various sectors in collaboration with a wide range of stakeholders including the Japan Aerospace Exploration Agency (JAXA). Moreover, in the area of automotive batteries, which is the key factor for the popularization of electrified vehicles, we agreed to establish a joint venture with Panasonic Corporation to strengthen and accelerate efforts to achieve competitive batteries.

We will further accelerate technological developments to realize a sustainable low-carbon society, with the aspirational goal of achieving “global annual sales of more than 5.5 million electrified vehicles in 2030.”



C-HR and IZOA battery electric vehicles that are slated to start from 2020 in China

2) Automated driving

Since the 1990s, the Toyota group has continuously engaged in automated driving technology R&D aimed at contributing to the complete elimination of traffic casualties. The development philosophy, “Mobility Teammate Concept” is an approach built on the belief that people and vehicles can work together in the service of safe, convenient, and efficient mobility.

Toyota Research Institute, Inc., which is engaged in the research and development of artificial intelligence as the underpinning technology for automated driving, launched a global program to offer support to promising startups in partnership with a venture capital fund established in 2017. The company also opened a test facility to develop automated vehicle technology in Michigan, U.S. and has since unveiled the “TRI-P4” automated driving test vehicle, accelerating its automated driving system development. Advanced development is now underway on software to enable its commercialization by Toyota Research Institute - Advanced Development, Inc., which has commenced full-fledged operations. Furthermore, to enable customers to use the achievements from our research of automated driving technology widely, we have proceeded with the introduction of a preventive safety package, and in 2018, the number of vehicles equipped with this package around the world topped the 10 million unit mark.

We are working on the development and popularization of automated driving technology with the ultimate aim of providing all people with safe, convenient, and enjoyable mobility.

3) MaaS (Mobility as a Service)

The Toyota group is promoting the MaaS business to offer customers a variety of mobility options. We concluded an agreement with Grab Holdings Inc. to deepen collaboration in the mobility services area, and began offering the Total-care Service developed by Toyota Motor Corporation to vehicles owned by ride-hailing service companies. We also agreed to expand our collaboration aimed at advancing autonomous ride-sharing services with Uber Technologies, Inc. Furthermore, we agreed to form a strategic partnership to facilitate the creation of new mobility services with SoftBank Corp. and established a joint venture company, MONET Technologies Inc.

As society shifts from owning cars to using cars, we started a beloved-car subscription service called “KINTO” to enable customers to more freely enjoy cars. Through a monthly fixed-sum service that packages not only the cost of the vehicle but procedures such as tax and insurance payments as well as vehicle maintenance, we will propose a new user-car relationship.

With respect to initiatives in Japan, we are working to transform our sales network, including making all vehicle models of Toyota brand available through all Toyota sales outlets in Japan, to respond to the various needs of customers together with the sales companies. Through these efforts, we will develop and provide new, locally-rooted mobility services and aim to become an indispensable presence in local communities.



Agreement reached on strategic partnership with SoftBank Corp.

4) Creating friends and allies

The Toyota group’s strategy to create friends and allies has three main pillars.

The first is to strengthen ties with group companies that have the same roots as Toyota. From a “home and away” perspective, this involves the reorganization of businesses within the Toyota group to consolidate duplicated functions into more competitive “home” companies, and the establishment of new companies within the group by bringing together each group company’s strength. At the same time, we have to increase the number of friends and allies, and create de facto standards by actively selling competitive products to companies inside and outside the group. Based on this idea, we are pressing ahead with the drive to consolidate the core electronic component operations of both Toyota Motor Corporation (TMC) and DENSO CORPORATION (DENSO) into DENSO, transfer sales & marketing operations for Africa conducted by TMC to Toyota Tsusho Corporation, and transfer TMC’s van business to Toyota Auto Body Co., Ltd.

The second pillar is strengthening alliances with other automakers. The purpose of these alliances is not to become bigger through investment. The objective is to enhance competitiveness with an aim to make “ever-better cars,” respecting each other’s strengths in technological development, production engineering, and sales networks. In March 2019, we concluded an agreement with SUZUKI MOTOR CORPORATION (SUZUKI) to collaborate in new fields, such as joint collaboration in production and in the widespread popularization of electrified vehicles, bringing together our strength in electrification technologies and SUZUKI’s strength in technologies for compact vehicles.

The third pillar is strengthening alliances with new friends and allies that are providing mobility services. We aim to create new mobility services, openly partnering with various service providers such as SoftBank Corp., Grab Holdings Inc. and Uber Technologies, Inc., via the “Mobility Services Platform,” an information infrastructure for connected vehicles.

5) Cost reduction and Toyota Production System (TPS)

To strengthen our true competitiveness, we are thoroughly honing our TPS and approach to cost reduction, which are components of our corporate DNA that have been passed down from our predecessors as our strengths.

Our “cost reduction” does not simply refer to cutting budgets and costs uniformly. Rather, it stands for cost planning by checking real blueprints, actual products and manufacturing sites, thoroughly eliminating waste, and changing the way we work to improve productivity. We will come up with ideas with the participation of all executives and employees, and work to reduce outlays and waste from all stages of the manufacturing process with passion and a spirit of getting better and better, to develop the human resources we will need to survive in the future and strengthen our corporate structure.

In addition, we are instilling TPS not only at production sites but also in administrative and engineering divisions, and are implementing company-wide awareness-raising and improvement activities. For example, the Accounting Division is working with the TPS Group, which was newly established in January 2018, in reviewing its account settlement operations to identify waste and effect improvements. We will aim for a company-wide application of TPS by continuing to steadily implement similar efforts in each division and sharing best practices across the company.

6) Human resources system

We have continually restructured the organization and reviewed our executive lineups in order to further promote the “development of human resources” and the “innovation of the way we work” which support the activities mentioned above. Due to other industries entering the market and rapid technological innovation, structural changes are taking place in today’s automotive industry at an unprecedented speed and scale.

Under these circumstances, in January 2019, we reduced the number of layers in our executive structure. Executives are now composed of former senior managing officers and people of higher rank, whereas former managing officers, executive general managers, senior managers and others are now classified as “senior professional/senior management.” By appointing the right people to the right positions in a wide range of posts, regardless of their age or length of employment, we will enable them to reach conclusions more swiftly, make prompt decisions, and take immediate action in responding to management issues as they arise. We will also reinforce our efforts to cultivate professionals who combine expertise and "human competencies" in the workplace.

To advance these initiatives, at Toyota group, we will stay true to our founding spirit of “contributing to society by Monozukuri, manufacturing,” and will move forward through the united efforts of our executives and employees with humility, gratitude and passion, placing top priority on quality and safety. We sincerely hope that our shareholders will continue to extend their patronage and support to us.

(6) Policy on Distribution of Surplus by Resolution of the Board of Directors

TMC deems the benefit of its shareholders as one of its priority management policies, and it continues to work to improve its corporate structure to realize sustainable growth in order to enhance its corporate value.

TMC will strive for the stable and continuous payment of dividends considering a consolidated payout ratio of 30% to shareholders of common stock as an indication. In addition, TMC will pay a prescribed amount of dividends to shareholders of First Series Model AA Class Shares.

With regard to the repurchase of shares of our common stock, TMC will flexibly repurchase its common stock while comprehensively considering factors such as its cash reserves and the price level of its common stock in order to promote capital efficiency.

In order to survive tough competition, TMC will utilize its internal funds mainly for the early commercialization of technologies for next-generation environment and safety, giving priority to customer safety and security.

(7) Main Business

The Toyota group's business segments are automotive operations, financial services operations and all other operations.

Business	Main products and services
Automotive Operations	Vehicles (passenger vehicles, trucks and buses, and mini-vehicles), Parts & components for overseas production, Parts, etc.
Financial Services Operations	Auto sales financing, Leasing, etc.
Other Operations	Housing, Information Technology, etc.

(8) Main Sites

<TMC>

Name	Location
Head Office	Aichi Prefecture
Tokyo Head Office	Tokyo
Nagoya Office	Aichi Prefecture
Honsha Plant	Aichi Prefecture
Motomachi Plant	Aichi Prefecture
Kamigo Plant	Aichi Prefecture
Takaoka Plant	Aichi Prefecture
Miyoshi Plant	Aichi Prefecture
Tsutsumi Plant	Aichi Prefecture
Myochi Plant	Aichi Prefecture
Shimoyama Plant	Aichi Prefecture
Kinu-ura Plant	Aichi Prefecture
Tahara Plant	Aichi Prefecture
Teiho Plant	Aichi Prefecture
Hirose Plant	Aichi Prefecture
Higashi-Fuji Technical Center	Shizuoka Prefecture

<Domestic and overseas subsidiaries>

Please see section "(10) Status of Principal Subsidiaries."

(9) Employees

Number of employees	Increase (Decrease) from end of FY2018
370,870	+ 1,746

(10) Status of Principal Subsidiaries

	Company name	Location	Capital/ Subscription	Percentage ownership interest	Main business
Japan	Toyota Financial Services Corporation	Aichi Prefecture	million yen 78,525	100.00	Management of domestic and overseas financial companies, etc.
	Hino Motors, Ltd.	Tokyo	72,717	50.21*	Manufacture and sales of automobiles
	Toyota Motor Kyushu, Inc.	Fukuoka Prefecture	45,000	100.00	Manufacture and sales of automobiles
	Daihatsu Motor Co., Ltd.	Osaka Prefecture	28,404	100.00	Manufacture and sales of automobiles
	Toyota Finance Corporation	Aichi Prefecture	16,500	100.00*	Finance of automobile sales, Card business
	Misawa Homes Co., Ltd.	Tokyo	11,892	51.00*	Manufacture and sales of housing
	Toyota Auto Body Co., Ltd.	Aichi Prefecture	10,371	100.00	Manufacture and sales of automobiles
	Toyota Motor East Japan, Inc.	Miyagi Prefecture	6,850	100.00	Manufacture and sales of automobiles
	Daihatsu Motor Kyushu Co., Ltd.	Oita Prefecture	6,000	100.00*	Manufacture and sales of automobiles
North America	Toyota Motor Engineering & Manufacturing North America, Inc.	U.S.A.	in thousands USD 1,958,949	100.00*	Management of manufacturing companies in North America
	Toyota Motor Manufacturing, Kentucky, Inc.	U.S.A.	USD 1,180,000	100.00*	Manufacture and sales of automobiles
	Toyota Motor North America, Inc.	U.S.A.	USD 1,005,400	100.00*	Management of all North American affiliates
	Toyota Motor Credit Corporation	U.S.A.	USD 915,000	100.00*	Finance of automobile sales
	Toyota Motor Manufacturing, Indiana, Inc.	U.S.A.	USD 620,000	100.00*	Manufacture and sales of automobiles
	Toyota Motor Manufacturing, Texas, Inc.	U.S.A.	USD 510,000	100.00*	Manufacture and sales of automobiles
	Toyota Motor Sales, U.S.A., Inc.	U.S.A.	USD 365,000	100.00*	Sales of automobiles
	Toyota Motor Manufacturing de Baja California S .de R.L.de C.V.	Mexico	USD 239,949	100.00*	Manufacture and sales of automobiles
	Toyota Motor Manufacturing Canada Inc.	Canada	CAD 680,000	100.00	Manufacture and sales of automobiles
	Toyota Credit Canada Inc.	Canada	CAD 60,000	100.00*	Finance of automobile sales
	Toyota Canada Inc.	Canada	CAD 10,000	51.00	Sales of automobiles
Europe	Toyota Motor Europe NV/SA	Belgium	in thousands EUR 2,524,346	100.00	Management of all European affiliates
	Toyota Motor Manufacturing France S.A.S.	France	EUR 71,078	100.00*	Manufacture and sales of automobiles
	Toyota Kreditbank GmbH	Germany	EUR 30,000	100.00*	Finance of automobile sales
	Toyota Motor Finance (Netherlands) B.V.	Netherlands	EUR 908	100.00*	Loans to overseas Toyota related companies
	Toyota Motor Manufacturing (UK) Ltd.	U.K.	GBP 300,000	100.00*	Manufacture and sales of automobiles
	Toyota Financial Services (UK) PLC	U.K.	GBP 119,800	100.00*	Finance of automobile sales
	Toyota Motor Manufacturing Turkey Inc.	Turkey	TRY 150,165	90.00*	Manufacture and sales of automobiles
	OOO "TOYOTA MOTOR"	Russia	RUB 4,875,189	100.00*	Manufacture and sales of automobiles

	Company name	Location	Capital/ Subscription	Percentage ownership interest	Main business
Asia	Toyota Motor (China) Investment Co., Ltd.	China	in thousands USD 118,740	100.00	Sales of automobiles
	Toyota Motor Finance (China) Co., Ltd.	China	CNY 3,100,000	100.00*	Finance of automobile sales
	Toyota Kirloskar Motor Private Ltd.	India	INR 7,000,000	89.00	Manufacture and sales of automobiles
	P.T. Astra Daihatsu Motor	Indonesia	IDR 894,370,000	61.75*	Manufacture and sales of automobiles
	PT. Toyota Motor Manufacturing Indonesia	Indonesia	IDR 19,523,503	95.00	Manufacture and sales of automobiles
	Toyota Motor Asia Pacific Pte Ltd.	Singapore	SGD 6,000	100.00	Sales of automobiles
	Toyota Leasing (Thailand) Co., Ltd.	Thailand	THB 15,100,000	86.84*	Finance of automobile sales
	Toyota Motor Thailand Co., Ltd.	Thailand	THB 7,520,000	86.43	Manufacture and sales of automobiles
	Toyota Daihatsu Engineering & Manufacturing Co., Ltd.	Thailand	THB 1,300,000	100.00*	Production support for entities in Asia
Other	Toyota Motor Corporation Australia Ltd.	Australia	in thousands AUD 481,100	100.00	Sales of automobiles
	Toyota Finance Australia Ltd.	Australia	AUD 120,000	100.00*	Finance of automobile sales
	Toyota Argentina S.A.	Argentina	ARS 260,000	100.00*	Manufacture and sales of automobiles
	Toyota do Brasil Ltda.	Brazil	BRL 709,980	100.00	Manufacture and sales of automobiles
	Toyota South Africa Motors (Pty) Ltd.	South Africa	ZAR 50	100.00*	Manufacture and sales of automobiles

Notes:

1. * Indicates that the ownership interest includes such ratio of the subsidiaries.
2. The ownership interests are calculated based on the total number of shares issued at the end of the fiscal year.

2. Status of Shares

(1) Total Number of Shares Authorized 10,000,000,000 shares

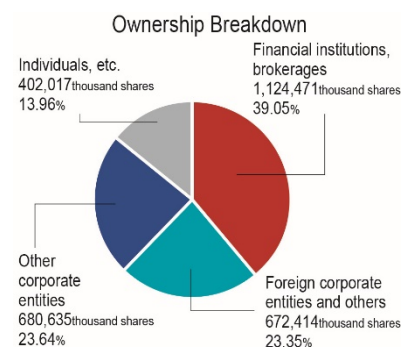
(2) Total Number of Shares Issued

Common shares 3,262,997,492 shares

First Series Model AA Class Shares 47,100,000 shares

(3) Number of Shareholders

623,599



(Note) The ratio is calculated after deducting the number of shares of treasury stock (430,558 thousand shares) from the total number of shares issued.

(4) Major Shareholders

Name of Shareholders	Number of shares (1,000 shares)			Percentage of shareholding (%)
	Common shares	First series Model AA class shares	Total	
Japan Trustee Services Bank, Ltd.	376,258	180	376,438	13.07
Toyota Industries Corporation	238,466	—	238,466	8.28
The Master Trust Bank of Japan, Ltd.	182,663	—	182,663	6.34
Nippon Life Insurance Company	110,813	560	111,373	3.87
JPMorgan Chase Bank, N.A. (standing proxy: Settlement & Clearing Services Division, Mizuho Bank, Ltd.)	100,932	—	100,932	3.51
DENSO CORPORATION	89,915	—	89,915	3.12
State Street Bank and Trust Company (standing proxy: Settlement & Clearing Services Division, Mizuho Bank, Ltd.)	86,044	—	86,044	2.99
Trust & Custody Services Bank, Ltd.	57,685	—	57,685	2.00
Mitsui Sumitomo Insurance Company, Limited	56,811	—	56,811	1.97
Tokio Marine & Nichido Fire Insurance Co., Ltd.	51,045	—	51,045	1.77

Note: The percentage of shareholding is calculated after deducting the number of shares of treasury stock (430,558 thousand shares) from the total number of shares issued.

3. Status of Members of the Board of Directors and Audit & Supervisory Board Members

(1) Members of the Board of Directors and Audit & Supervisory Board Members

Name	Position	Areas of responsibility	Important concurrent duties
Takeshi Uchiyamada	* Chairman of the Board of Directors		- Audit & Supervisory Board Member of TOKAI RIKI CO., LTD. - Audit & Supervisory Board Member of Toyoda Gosei Co., Ltd. - Director of JTEKT Corporation
Shigeru Hayakawa	* Vice Chairman of the Board of Directors		- Representative Director of Institute for International Economic Studies
Akio Toyoda	* President, Member of the Board of Directors	- Chief Executive Officer - Chief Branding Officer	- Chairman and CEO of Toyota Motor North America, Inc. - Chairman of TOWA REAL ESTATE Co., Ltd. - Chairman of Japan Automobile Manufacturers Association, Inc.
Koji Kobayashi	* Member of the Board of Directors	- Chief Financial Officer - Chief Risk Officer	- Chairman and Executive Director of TOYOTA Mobility Tokyo Inc.
Didier Leroy	Member of the Board of Directors	- Chief Competitive Officer	- Chairman of Toyota Motor Europe NV/SA - Vice Chairman of Toyota Motor North America, Inc. - Member of the Board of Toyota Tsusho Corporation
Shigeki Terashi	Member of the Board of Directors	- Chief Technology Officer	- Director of Hino Motors, Ltd. - President, Representative Director of EV C.A. Spirit Corporation
Ikuro Sugawara	Member of the Board of Directors		
Sir Philip Craven	Member of the Board of Directors		
Teiko Kudo	Member of the Board of Directors		- Managing Executive Officer of Sumitomo Mitsui Banking Corporation

Name	Position	Areas of responsibility	Important concurrent duties
Masahide Yasuda	Full-time Audit & Supervisory Board Member		
Masahiro Kato	Full-time Audit & Supervisory Board Member		
Yoshiyuki Kagawa	Full-time Audit & Supervisory Board Member		
Yoko Wake	Audit & Supervisory Board Member		- Professor Emeritus of Keio University
Hiroshi Ozu	Audit & Supervisory Board Member		- Attorney - Outside Audit & Supervisory Board Member of MITSUI & CO., LTD. - Audit & Supervisory Board Member (External) of Shiseido Company, Limited
Nobuyuki Hirano	Audit & Supervisory Board Member		- Director, President of Mitsubishi UFJ Financial Group, Inc. - Chairman of the Board of Directors (Representative Director) of MUFG Bank, Ltd. - Director of Morgan Stanley

Notes:

1. * Representative Director
2. Mr. Akio Toyoda, who is President, Member of the Board of Directors, concurrently serves as Operating Officer (President).
3. Mr. Koji Kobayashi, Mr. Didier Leroy and Mr. Shigeki Terashi, all of whom are Members of the Board of Directors, concurrently serve as Operating Officers (Executive Vice Presidents).
4. Mr. Ikuro Sugawara, Sir Philip Craven and Ms. Teiko Kudo, all of whom are Members of the Board of Directors, are Outside Members of the Board of Directors. They are also Independent Directors as provided by the rules of the Japanese stock exchanges on which TMC is listed.
5. Ms. Yoko Wake, Mr. Hiroshi Ozu and Mr. Nobuyuki Hirano, all of whom are Audit & Supervisory Board Members, are Outside Audit & Supervisory Board Members. They are also Independent Audit & Supervisory Board Members as provided by the rules of the Japanese stock exchanges on which TMC is listed.
6. The "Important concurrent duties" are listed chronologically, in principle, based on the dates the executives assumed their present positions.
7. TOYOTA Mobility Tokyo Inc. was formerly called TOYOTA Tokyo Sales Holdings Inc. before it was renamed on April 1, 2019.

(2) Amount of Compensation to Members of the Board of Directors and Audit & Supervisory Board Members for FY2019

Category	Members of the Board of Directors (incl. Outside Members of the Board of Directors)		Audit & Supervisory Board Members (incl. Outside Audit & Supervisory Board Members)		Total	
	No. of persons	Amount (million yen)	No. of persons	Amount (million yen)	No. of persons	Amount (million yen)
Compensation to Members of the Board of Directors and Audit & Supervisory Board Members	13 (6)	688 (97)	8 (4)	204 (54)	21	892
Executive bonus	6	1,257			6	1,257
Total		1,945 (97)		204 (54)		2,149

Notes:

1. The number of persons includes those eligible to receive compensation in FY2019.
2. The amount of compensation payable to Members of the Board of Directors has been set at a maximum total of 4.0 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), including monthly compensation and bonuses, by the resolution of the 113th Ordinary General Shareholders' Meeting held on June 14, 2017. The amount of compensation payable to Audit & Supervisory Board Members has been set at a maximum total of 30 million yen per month by the resolution of the 104th Ordinary General Shareholders' Meeting held on June 24, 2008.
3. The amount of executive bonuses above were resolved at the Board of Directors meeting held on May 8, 2019.

(3) Status of Outside Members of the Board of Directors and Outside Audit & Supervisory Board Members

1) Major activities for FY2019

Category	Name	Attendance of Board of Directors meetings (total attended/total held)	Attendance of Audit & Supervisory Board meetings (total attended/total held)
Member of the Board of Directors	Ikuro Sugawara	13/13	—
Member of the Board of Directors	Sir Philip Craven	13/13	—
Member of the Board of Directors	Teiko Kudo	13/13	—
Audit & Supervisory Board Member	Yoko Wake	16/16	16/16
Audit & Supervisory Board Member	Hiroshi Ozu	16/16	16/16
Audit & Supervisory Board Member	Nobuyuki Hirano	13/13	13/13

Note: The total number of meetings held varies due to the difference in the dates of assumption of office.

Each Outside Member of the Board of Directors and Outside Audit & Supervisory Board Member contributed by giving opinions based on his or her experience and insight.

2) Details of Limited Liability Agreements

Agreements between the Outside Members of the Board of Directors or Outside Audit & Supervisory Board Members and TMC to limit liability as stipulated in Article 423, Paragraph 1 of the Companies Act, with the liability limited to the amount stipulated in Article 425, Paragraph 1 of the Companies Act.

4. Status of Accounting Auditor

(1) Name of Accounting Auditor

PricewaterhouseCoopers Aarata LLC

(2) Compensation to Accounting Auditor for FY2019

- 1) Total compensation and other amounts paid by TMC for the services provided in Article 2, Paragraph 1 of the Certified Public Accountants Act of Japan

600 million yen

- 2) Total amount of cash and other property benefits paid by Toyota

1,726 million yen

Notes:

1. The Audit & Supervisory Board examined whether the content of the Accounting Auditor's audit plan, its execution of duties, basis for calculating the estimated compensation and others were appropriate, and thereupon agreed on the amount of compensation to the Accounting Auditor.
2. The amount in 1) above includes compensation for audits performed in compliance with the Financial Instruments and Exchange Law.
3. The amount in 2) above includes compensation for advice and consultation concerning accounting matters and information disclosure that are not included in the services provided in Article 2, Paragraph 1 of the Certified Public Accountants Act of Japan.
4. Among principal subsidiaries of TMC, Misawa Homes Co., Ltd. and overseas subsidiaries are audited by certified public accountants or audit firms other than PricewaterhouseCoopers Aarata LLC.

(3) Policy regarding decisions on the dismissal or non-reappointment of the Accounting Auditor

If an Accounting Auditor falls under any of the items of Article 340, Paragraph 1 of the Companies Act and the Accounting Auditor's dismissal is accordingly deemed to be appropriate, the Audit & Supervisory Board shall dismiss the Accounting Auditor with the unanimous consent of the Audit & Supervisory Board Members.

If any event or situation that hinders an Accounting Auditor from appropriately executing its duties is deemed to have occurred, the Audit & Supervisory Board shall determine the content of a proposal for the dismissal or non-reappointment of the Accounting Auditor to be submitted to the General Shareholders' Meeting.

5. System to Ensure the Appropriateness of Business Operations and Outline of Implementation Status of Such Systems

Basic understanding of system to ensure appropriateness of business operations

TMC, together with its subsidiaries, has created and maintained a sound corporate climate based on the “Guiding Principles at Toyota” and the “Toyota Code of Conduct.” TMC integrates the principles of problem identification and continuous improvement into its business operation process and makes continuous efforts to train employees who will put these principles into practice.

System to ensure the appropriateness of business operations and outline of implementation status of such systems

TMC has endeavored to establish a system for ensuring the appropriateness of business operations as a corporate group and the proper implementation of that system in accordance with the “Basic Policies on Establishing Internal Controls.” Each business year, TMC inspects the establishment and implementation of internal controls to confirm that the organizational units responsible for implementing internal controls are functioning autonomously and are enhancing internal controls as necessary, and findings from the inspection are reviewed at Sustainability Meetings and the Board of Directors’ meetings.

(1) System to ensure that Members of the Board of Directors execute their responsibilities in compliance with relevant laws and regulations and the Articles of Incorporation

[System]

- 1) TMC will ensure that Members of the Board of Directors act in compliance with relevant laws and regulations and the Articles of Incorporation, based on the Code of Ethics and other explanatory documents that include necessary legal information, presented on occasions such as trainings for new Members of the Board of Directors.
- 2) TMC will make decisions regarding business operations after comprehensive discussions at the Board of Directors’ meeting and other meetings of various cross-sectional decision-making bodies. Matters to be decided are properly submitted and discussed at the meetings of those decision-making bodies in accordance with the relevant rules.
- 3) TMC will appropriately discuss significant matters and measures relating to issues such as corporate ethics, compliance and risk management at the Sustainability Meetings and other meetings.

[Implementation status]

- 1) TMC has stipulated the fundamental provisions to be observed by Members of the Board of Directors and other executives in the “Guiding Principles at Toyota,” the “Toyota Code of Conduct,” the “Code of Ethics,” etc., and all executives have been familiarized with these provisions. The relevant laws and regulations and the Articles of Incorporation that executives are to observe are listed in manuals distributed to all executives. Newly appointed executives undergo compliance education using these manuals when they assume office.

- 2) In executing business operations, matters to be discussed are properly presented to the Board of Directors and cross-sectional decision-making bodies in accordance with regulations that identify the matters to be discussed with decision-making bodies. Matters are then comprehensively examined before decisions are made. The following matters require a resolution of the Board of Directors: (1) matters stipulated in the Companies Act and other laws and ordinances, (2) matters stipulated in the Articles of Incorporation, (3) matters delegated for resolution at the General Shareholders' Meeting, and (4) other material business matters. The following matters are required to be reported to the Board of Directors: (1) status of execution of business operations and other matters stipulated in the Companies Act and other laws and ordinances and (2) other matters deemed necessary by the Board of Directors.
- 3) With the aim of establishing a governance structure that can deliver sustainable growth over the medium- to long-term in accordance with the "Guiding Principles at Toyota," "Toyota Global Vision," etc., TMC deliberates on important topics pertaining to corporate ethics, compliance and risk management as well as responses thereto at Sustainability Meetings chaired by Chief Risk Officer (CRO).

(2) System to retain and manage information relating to the execution of the duties of Members of the Board of Directors

[System]

Information relating to exercising duties by Members of the Board of Directors shall be appropriately retained and managed by each division in charge pursuant to the relevant internal rules and laws and regulations.

[Implementation status]

In accordance with the relevant internal rules as well as laws and regulations, all organizational units are required to properly retain and manage materials used by decision-making bodies, minutes of meetings, and other information needed for the execution of duties by Members of the Board of Directors. TMC has established global systems and mechanisms for addressing full range of information security issues, including the management of confidential information, and regularly conducts inspections of progress being made in this regard by TMC and its subsidiaries.

(3) Rules and systems related to the management of risk of loss

[System]

- 1) TMC will properly manage the capital fund through its budgeting system and other forms of control, conduct business operations, and manage the budget, based on the authorities and responsibilities in accordance with the "Ringi" system (effective consensus-building and approval system) and other systems. Significant matters will be properly submitted and discussed at the Board of Directors' meeting and other meetings of various bodies in accordance with the standards stipulated in the relevant rules.

- 2) TMC will ensure accurate financial reporting by issuing documentation on the financial flow and the control system, etc., and by properly and promptly disclosing information through the Disclosure Committee.
- 3) TMC will manage various risks relating to safety, quality, the environment, etc. and compliance by establishing coordinated systems with all regions, establishing rules or preparing and delivering manuals and by other means, as necessary through each relevant division.
- 4) As a precaution against events such as natural disasters, TMC will prepare manuals, conduct emergency drills, arrange risk diversification and insurance, etc. as needed.

[Implementation status]

- 1) Budget is allocated to each organizational unit assigned to administer each expense item, general expenses, research and development expenses, capital expenditures, etc. and is managed in accordance with the earnings plan. Significant matters are properly submitted for discussion in accordance with standards in the rules stipulating the matters to be discussed at the Board of Directors and other decision-making bodies.
- 2) To ensure accurate financial reporting, commentaries are prepared on financial information collected to prepare consolidated financial reports, and these are distributed to subsidiaries as necessary. To ensure the timely and proper disclosure of information, information is collected through the Disclosure Committee, where decisions on the need for disclosure are made.
Processes of TMC and its key subsidiaries are being documented as required by law, and the effectiveness of internal control systems with respect to financial reporting is evaluated. The effectiveness of the disclosure process is also evaluated.
- 3) Regional CROs have been appointed to develop and oversee risk management systems for their respective regions under the supervision of CRO, who is responsible for global risk management of safety, quality, environmental and other risks. In addition, at the internal head offices, TMC has appointed the chief officer for each group and the risk officer for each department and division to be in charge of risk management for each function, and at each in-house company, TMC has appointed the president and the risk officer to be in charge of risk management for each product. Through this, TMC has established systems that enable collaboration and support with each regional headquarters, and these systems are reviewed and reinforced as necessary. In the area of quality, the Honsha Global-CQO (Chief Quality Officer) is in charge of each Regional-CQO, and is promoting the improvement of products and services sincerely reflecting customer feedback, manufacturing of cars that are in compliance with laws and regulations and quality improvement activities across the entire company globally. TMC is also monitoring market developments and establishes and enhances management structure that responds to quality risks.
- 4) To prepare against disaster, Group/Region and all divisions have formulated business continuity plans (BCPs) for resuming production and restoring systems, among others, and they are continuing to improve these BCPs by conducting regular training (initial responses and restoration efforts) each year. TMC has also adopted a three-pronged approach to business continuity

management (BCM) entailing concerted efforts by employees and their families, Toyota Group companies and their suppliers, and TMC.

(4) System to ensure that Members of the Board of Directors exercise their duties efficiently

[System]

- 1) TMC will manage consistent policies by specifying the policies at each level of the organization based on the medium- to long-term management policies and the Company's policies for each fiscal term.
- 2) Members of the Board of Directors will promptly determine the management policies based on precise on-the-spot information and, in accordance with Toyota's advantageous "field-oriented" approach, appoint and delegate a high level of authority to officers who take responsibility for business operations in each in-house company, region, function, and process. The responsible officers will proactively compose relevant business plans under their leadership and execute them in a swift and timely manner in order to carry out Toyota's management policies. Members of the Board of Directors will supervise the execution of duties by the responsible officers.
- 3) TMC, from time to time, will make opportunities to listen to the opinions of various stakeholders, including external experts in each region, and reflect those opinions in TMC's management and corporate activities.

[Implementation status]

- 1) TMC has formulated a medium-term management plan for each region, as well as in-house company management plans that reflect its customers' long-term values, technological trends, and so on. In addition, TMC formulates a "Policy Guideline" establishing the general direction in which TMC should proceed that year. Furthermore, policies are managed consistently with such guideline by putting them into practice at each level of TMC's organization.
- 2) TMC has established product-based in-house companies, and adopted a field-oriented Group-wide organization in which each region, function and process is regarded as a "Group/Region" within which the "in-house companies" and individual divisions of the Group/Region play key roles in executing operations. The president and vice presidents who are also Operating Officers make decisions efficiently at the Board of Directors' Meetings by accurately providing the company's situation that are in conformity with the field. The in-house company presidents and responsible officers responsible for business execution are independently formulating and implementing policies for each organizational unit, and vice presidents and higher management are supervising these efforts.
- 3) TMC has created opportunities to hear opinions from various stakeholders such as external experts in each region to obtain advice and information from an outside perspective, and utilizes them in the consideration of approaches to management and corporate activities.

(5) System to ensure that employees conduct business in compliance with relevant laws and regulations and the Articles of Incorporation

[System]

- 1) TMC will clarify the responsibilities of each organization unit and maintain a basis to ensure continuous improvements in the system.
- 2) TMC will continuously review the legal compliance and risk management framework to ensure effectiveness. For this purpose, each organization unit shall confirm the effectiveness by conducting self-checks, among others, and report the result to the Sustainability Meetings and other meetings.
- 3) TMC will promptly obtain information regarding legal compliance and corporate ethics and respond to problems and questions related to compliance through its Compliance Hotline that TMC established outside the company, as well as through other channels.

[Implementation status]

- 1) TMC has worked to “visualize” operations by clarifying the responsibilities of each organizational unit. TMC is also providing training relating to problem-solving abilities in education programs for new recruits as well as in personnel-grade-specific education programs. TMC is fostering a workplace culture for quickly discovering and resolving problems by genchi genbutsu and making “kaizen” (improvements) to prevent recurrences.
- 2) TMC has been providing education to a wide range of employees including newly hired employees to ensure that all employees acquire basic knowledge about compliance so as to improve compliance awareness throughout the Company.
Each organizational unit inspects its compliance framework in its key risk areas and undertakes efforts to make improvements. The outcome of these efforts is reported at Sustainability Meetings.
- 3) TMC has established a Compliance Hotline to enable employees to consult with outside attorneys about problems and questions concerning compliance. TMC (secretariats and relevant organizational units) conducts investigations of the facts and takes necessary measures once attorneys inform TMC of an issue. The details of these consultations and outcomes of the measures subsequently taken are reported to the relevant executives at TMC.

(6) System to ensure the appropriateness of business operations of the corporation and the business group consisting of the parent company and subsidiaries

[System]

To share Toyota’s management principles, TMC will expand the “Guiding Principles at Toyota” and the “Toyota Code of Conduct” to its subsidiaries, and develop and maintain a sound environment of internal controls for the business group by also promoting its management principles through exchanges of personnel.

In addition, TMC will manage its subsidiaries in a comprehensive manner appropriate to their positioning by clarifying the roles of the division responsible for the subsidiaries’ financing and

management and the roles of the division responsible for the subsidiaries' business activities. Those divisions will confirm the appropriateness and legality of the operations of the subsidiaries by exchanging information with those subsidiaries, periodically and as needed.

1. System concerning a report to the corporation on matters relating to the execution of the duties of Members of the Board of Directors, etc. of subsidiaries

TMC will require prior consent of TMC or a report to TMC on important managerial matters of subsidiaries based on the internal rules agreed between TMC and its subsidiaries. The important managerial matters of subsidiaries will be discussed at TMC's Board of Directors' meeting and other meetings in accordance with the standards stipulated in the relevant rules relating to submission of matters to such meetings.

2. Rules and systems related to the management of risk of loss at subsidiaries

TMC will require its subsidiaries to establish a system to implement initiatives related to the management of risk, such as finance, safety, quality, environment, and natural disasters, and require them to immediately report to TMC on significant risks. TMC will discuss significant matters and measures at the Sustainability Meetings and other meetings in accordance with the standards stipulated in the relevant rules relating to submission of matters to such meetings.

3. System to ensure that Members of the Board of Directors, etc. of subsidiaries exercise their duties efficiently

TMC will require Members of the Board of Directors of its subsidiaries to promptly determine the management policies based on precise on-the-ground information, determine responsibilities, implement appropriate delegation of authority based on the responsibilities, and efficiently conduct business.

4. System to ensure that Members of the Board of Directors, etc. and employees of subsidiaries conduct business in compliance with relevant laws and regulations and the Articles of Incorporation

TMC will require its subsidiaries to establish a system concerning compliance. TMC will periodically confirm its status and report the result to TMC's Sustainability Meetings and other meetings.

TMC will promptly obtain information regarding legal compliance and corporate ethics of its subsidiaries and respond to problems and questions related to compliance of its subsidiaries through the whistleblower offices established by its subsidiaries and through the whistleblower office that TMC has established outside the company and cover its subsidiaries in Japan and other channels.

[Implementation status]

TMC has extended the "Guiding Principles at Toyota" and the "Toyota Code of Conduct" to its subsidiaries. Through that as well as propagating the corporate philosophy through personnel exchanges, TMC is providing direction to ensure that these principles are suitably incorporated into the management philosophies and behavioral guidelines of its subsidiaries.

TMC clarified roles and tasks relating to subsidiary management and each department is managing the subsidiaries in a comprehensive manner appropriate to their positioning. Furthermore, each fiscal year TMC conducts inspections of subsidiary management by each department, the results of which are confirmed at the Sustainability Meetings.

1. TMC is providing direction to ensure that on important managerial matters at its subsidiaries, prior consent is sought from TMC or reports are submitted to TMC in accordance with internal rules agreed upon between TMC and its subsidiaries. Of such important managerial matters, those that have implications for Group operations are discussed at TMC's Board of Directors' meetings in accordance with TMC's standards stipulating matters to be discussed at the Board of Directors.
2. TMC is requiring its subsidiaries to establish a system to implement initiatives related to the management of risk, such as finance, safety, quality, environment, and natural disasters, and require them to immediately report to TMC on significant risks through regular communication with the subsidiaries. Significant matters and measures related thereto are discussed at Sustainability Meetings or at the Board of Directors' meetings in accordance with the standards relating to submission of matters.
3. TMC confirms that the organizational structure is reviewed at its subsidiaries to ensure efficient execution of operations, that responsibilities are being determined appropriately, and that authority is being appropriately delegated, and requires improvements to be made as necessary.
4. TMC examines significant risk areas to ensure that each subsidiary's systems for compliance are adequate and undertakes activities to improve these systems and reports the outcomes of these activities at its Sustainability Meetings.

TMC has extended to its subsidiaries the financial compliance rules that should be instituted at the subsidiaries. TMC also provides subsidiaries with direction on carrying out regular voluntary inspections to ensure that these rules are permeated into the day-to-day operations of its subsidiaries. Furthermore, TMC conducts special audits as needed, as well as direct audits according to the subsidiary-accounting-audit-plan that is formulated every year, and the outcomes of these audits are reported to the relevant executives at TMC. In addition, to ensure that the duties performed by directors etc. of subsidiaries are in compliance with laws and regulations, TMC is working to raise awareness among those directors etc. of the laws and regulations that they need to comply with, key points for ensuring such compliance, and so on.

TMC is made aware of problems and questions related to compliance at its subsidiaries through the whistleblower offices established by its subsidiaries and through the whistleblower office that TMC has established outside the company to cover its subsidiaries in Japan. Factual investigations are conducted by subsidiaries and relevant divisions of TMC, and necessary measures are taken. Matters consulted with the whistleblower offices are also reported to the relevant executives at TMC.

(7) System concerning employees who assist the Audit & Supervisory Board Members when required; System concerning independence of the said employees from Members of the Board of Directors; and System to ensure the effectiveness of instructions from the Audit & Supervisory Board Members to the said employees

[System]

TMC has established the Audit & Supervisory Board Office and has assigned a number of full-time staff to support this function. The said employees must follow the directions and orders from the Audit & Supervisory Board Members, and any changes in its personnel will require prior consent of the Audit & Supervisory Board or a full-time Audit & Supervisory Board Member selected by the Audit & Supervisory Board.

[Implementation status]

TMC has established the Audit & Supervisory Board Office and has assigned a number of full-time staff to support this function. Prior consent of Audit & Supervisory Board Member selected by the Audit & Supervisory Board is obtained for organizational changes to and personnel of the Audit & Supervisory Board Office.

(8) System concerning a report to Audit & Supervisory Board Members and System to ensure that a person who has made the said report does not receive unfair treatment due to the making of said report

[System]

- 1) Members of the Board of Directors, from time to time, will properly report to the Audit & Supervisory Board Members any major business operations through the divisions in charge. If any fact that may cause significant damage to TMC and its subsidiaries is discovered, they will report the matter to the Audit & Supervisory Board Members immediately.
- 2) Members of the Board of Directors, Operating Officers, and employees will report on the business upon requests by the Audit & Supervisory Board Members periodically and as needed, and Members of the Board of Directors, etc. of subsidiaries will report as necessary. In addition, Members of the Board of Directors, Operating Officers, and employees will report to Audit & Supervisory Board Members on the significant matters that have been reported to the whistleblower offices established by TMC or its subsidiaries.
- 3) TMC maintains internal rules stipulating that a person who has made a report to the Audit & Supervisory Board Members will not receive unfair treatment due to the making of said report.

[Implementation status]

- 1) Members of the Board of Directors, Operating Officers, employees, and TMC's subsidiaries are required to properly submit business reports to Audit & Supervisory Board Members, to report as necessary at meetings of the Audit & Supervisory Board, and to immediately report to Audit & Supervisory Board Members any fact discovered that may cause significant damage to TMC or its subsidiaries.

- 2) TMC regularly reports to the Audit & Supervisory Board Members on the matters reported to or consulted with the Compliance Hotline, the whistleblower office that TMC has established outside the company to cover its subsidiaries in Japan, and the whistleblower offices established by its subsidiaries.
- 3) TMC has established and disseminated provisions in its rules on whistleblowing to ensure that a person who has made a report to the Audit & Supervisory Board Members will not receive unfair treatment due to the making of said report.

(9) Policies on prepaid expenses for the execution of the duties of the Audit & Supervisory Board Members, on expenses for procedures for repayment and the execution of other relevant duties, or on debt processing

[System]

Regarding the expenses necessary for the Audit & Supervisory Board Members to execute their duties, TMC will take appropriate budgetary steps to secure the amount that the Audit & Supervisory Board Members deem necessary. TMC will also pay for expenses that become necessary as a result of circumstances that were not expected at the time of the taking of budgetary steps.

[Implementation status]

TMC has taken appropriate budgetary steps at the beginning of the fiscal year as part of ordinary corporate procedures for expenses deemed necessary by the Audit & Supervisory Board Members for them to execute their duties. TMC also pays for expenses that become necessary as a result of circumstances that were not expected when the budgetary steps were taken.

(10) Other systems to ensure that the Audit & Supervisory Board Members conducted audits effectively

[System]

TMC will ensure that the Audit & Supervisory Board Members attend major Executives' Meetings, inspect important Company documents, and make opportunities to exchange information between the Audit & Supervisory Board Members and Accounting Auditor periodically and as needed, as well as appoint external experts.

[Implementation status]

In addition to establishing a system whereby Audit & Supervisory Board Members can attend meetings of executive bodies that deliberate and decide on important projects, TMC ensures that important Company documents requested by Audit & Supervisory Board Members are made available to them. TMC also arranges for opportunities for the Audit & Supervisory Board Members and Accounting Auditor to exchange information at Audit & Supervisory Board meetings and other meetings convened as necessary.

Consolidated Financial Statements

CONSOLIDATED BALANCE SHEETS

(Amounts are rounded to the nearest million yen)

	FY2019 (As of March 31, 2019)	FY2018 (Reference) (As of March 31, 2018)		FY2019 (As of March 31, 2019)	FY2018 (Reference) (As of March 31, 2018)
Assets			Liabilities		
Current assets	18,879,237	18,152,656	Current liabilities	18,226,938	17,796,891
Cash and cash equivalents	3,574,704	3,052,269	Short-term borrowings	5,344,973	5,154,913
Time deposits	1,126,352	901,244	Current portion of long-term debt	4,254,260	4,186,277
Marketable securities	1,127,160	1,768,360	Accounts payable	2,645,984	2,586,657
Trade accounts and notes receivable, less allowance for doubtful accounts	2,372,734	2,219,562	Other payables	1,102,802	1,048,216
Finance receivables, net	6,647,771	6,348,306	Accrued expenses	3,222,446	3,104,260
Other receivables	568,156	489,338	Income taxes payable	320,998	462,327
Inventories	2,656,396	2,539,789	Other current liabilities	1,335,475	1,254,241
Prepaid expenses and other current assets	805,964	833,788	Long-term liabilities	13,144,801	12,589,282
Noncurrent finance receivables, net	10,281,118	9,481,618	Long-term debt	10,550,945	10,006,374
Investments and other assets	12,091,100	12,406,302	Accrued pension and severance costs	963,406	931,182
Marketable securities and other securities investments	7,479,926	7,999,323	Deferred income taxes	1,014,851	1,118,165
Affiliated companies	3,313,723	3,162,917	Other long-term liabilities	615,599	533,561
Employees receivables	21,683	22,562	Total liabilities	31,371,739	30,386,173
Other	1,275,768	1,221,500	Mezzanine equity	498,073	491,974
Property, plant and equipment	10,685,494	10,267,673	Shareholders' equity		
Land	1,386,308	1,404,611	Toyota Motor Corporation shareholders' equity	19,348,152	18,735,982
Buildings	4,802,175	4,659,753	Common stock, no par value	397,050	397,050
Machinery and equipment	11,857,425	11,535,381	Additional paid-in capital	487,162	487,502
Vehicles and equipment on operating leases	6,139,163	5,934,393	Retained earnings	21,987,515	19,473,464
Construction in progress	651,713	509,851	Accumulated other comprehensive income (loss)	(916,650)	435,699
Less - Accumulated depreciation	(14,151,290)	(13,776,316)	Treasury stock, at cost	(2,606,925)	(2,057,733)
			Noncontrolling interests	718,985	694,120
			Total shareholders' equity	20,067,137	19,430,102
Total assets	51,936,949	50,308,249	Total liabilities, mezzanine equity and shareholders' equity	51,936,949	50,308,249

CONSOLIDATED STATEMENTS OF INCOME

(Amounts are rounded to the nearest million yen)

	FY2019 (April 1, 2018 through March 31, 2019)	FY2018 (Reference) (April 1, 2017 through March 31, 2018)
Net revenues	30,225,681	29,379,510
Sales of products	28,105,338	27,420,276
Financing operations	2,120,343	1,959,234
Costs and expenses	27,758,136	26,979,648
Cost of products sold	23,389,495	22,600,474
Cost of financing operations	1,392,290	1,288,679
Selling, general and administrative	2,976,351	3,090,495
Operating income	2,467,545	2,399,862
Other income (expense)	(182,080)	220,567
Interest and dividend income	225,495	179,541
Interest expense	(28,078)	(27,586)
Foreign exchange gain, net	12,400	22,664
Unrealized gains (losses) on equity securities	(341,054)	–
Other income (loss), net	(50,843)	45,948
Income before income taxes and equity in earnings of affiliated companies	2,285,465	2,620,429
Provision for income taxes	659,944	504,406
Equity in earnings of affiliated companies	360,066	470,083
Net income	1,985,587	2,586,106
Less - Net income attributable to noncontrolling interests	(102,714)	(92,123)
Net income attributable to Toyota Motor Corporation	1,882,873	2,493,983

Note: Net income attributable to common shareholders for the fiscal year ended March 31, 2019 and 2018 is 1,868,085 million yen and 2,481,692 million yen, respectively, which is derived by deducting dividend and accretion to Model AA Class Shares of 14,788 million yen and 12,291 million yen, respectively, from Net income attributable to Toyota Motor Corporation.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

FY2019

(April 1, 2018 through March 31, 2019)

(Amounts are rounded to the nearest million yen)

	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock, at cost	Total Toyota Motor Corporation shareholders' equity	Noncontrolling interests	Total shareholders' equity
Balances at March 31, 2018	397,050	487,502	19,473,464	435,699	(2,057,733)	18,735,982	694,120	19,430,102
Cumulative effect of accounting changes			1,282,082	(1,309,620)		(27,538)		(27,538)
Equity transaction with noncontrolling interests and other		105				105	(2,226)	(2,121)
Comprehensive income								
Net income			1,882,873			1,882,873	102,714	1,985,587
Other comprehensive income (loss)								
Foreign currency translation adjustments				29,448		29,448	(2,432)	27,016
Unrealized gains (losses) on securities				(21,111)		(21,111)	(54)	(21,165)
Pension liability adjustments				(51,066)		(51,066)	(3,770)	(54,836)
Total comprehensive income						1,840,144	96,458	1,936,602
Accretion to Mezzanine equity			(4,850)			(4,850)		(4,850)
Dividends to Toyota Motor Corporation class shareholders			(9,938)			(9,938)		(9,938)
Dividends paid to Toyota Motor Corporation common shareholders			(636,116)			(636,116)		(636,116)
Dividends paid to noncontrolling interests							(69,367)	(69,367)
Repurchase of treasury stock					(550,107)	(550,107)		(550,107)
Reissuance of treasury stock		(445)			915	470		470
Balances at March 31, 2019	397,050	487,162	21,987,515	(916,650)	(2,606,925)	19,348,152	718,985	20,067,137

FY2018 (Reference)
(April 1, 2017 through March 31, 2018)

(Amounts are rounded to the nearest million yen)

	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock, at cost	Total Toyota Motor Corporation shareholders' equity	Noncontrolling interests	Total shareholders' equity
Balances at March 31, 2017	397,050	484,013	17,601,070	640,922	(1,608,243)	17,514,812	668,264	18,183,076
Equity transaction with noncontrolling interests and other		1,817	11,400	(11,400)		1,817	(3,476)	(1,659)
Comprehensive income								
Net income			2,493,983			2,493,983	92,123	2,586,106
Other comprehensive income (loss)								
Foreign currency translation adjustments				(118,977)		(118,977)	(1,629)	(120,606)
Unrealized gains (losses) on securities				(96,581)		(96,581)	2,022	(94,559)
Pension liability adjustments				21,735		21,735	580	22,315
Total comprehensive income						2,300,160	93,096	2,393,256
Accretion to Mezzanine equity			(4,849)			(4,849)		(4,849)
Dividends to Toyota Motor Corporation class shareholders			(7,442)			(7,442)		(7,442)
Dividends paid to Toyota Motor Corporation common shareholders			(620,698)			(620,698)		(620,698)
Dividends paid to noncontrolling interests							(63,764)	(63,764)
Repurchase of treasury stock					(500,177)	(500,177)		(500,177)
Reissuance of treasury stock		1,672			50,687	52,359		52,359
Balances at March 31, 2018	397,050	487,502	19,473,464	435,699	(2,057,733)	18,735,982	694,120	19,430,102

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*Amounts are rounded to the nearest million yen unless otherwise stated.

[Significant matters pertaining to the preparation of consolidated financial statements]

1. Number of consolidated subsidiaries and affiliated companies accounted for by the equity method:
TMC has 608 consolidated subsidiaries (including variable interest entities) and 63 affiliated companies accounted for by the equity method.
2. Basis of consolidated financial statements:
TMC's consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP), pursuant to the provision of Article 120-3, Paragraph 1 of the Ordinance on Accounting of Companies. Also, pursuant to the provision of the latter part of Article 120, Paragraph 1 of the Ordinance on Accounting of Companies, which applies mutatis mutandis pursuant to Article 120-3, Paragraph 3 of the Ordinance on Accounting of Companies, certain disclosures and notes to the consolidated financial statements required under U.S. GAAP are omitted.
3. Standards and methods of valuation of securities:
Securities are stated at fair value. Toyota measures equity securities without readily determinable fair values at cost minus impairment, if any, plus or minus changes resulting from observable price changes. The acquisition cost of the securities is determined on the average cost method.
4. Standards and methods of valuation of inventories:
Inventories are valued at cost, not in excess of market, cost being determined on the "average-cost" basis, except for the cost of finished products carried by certain subsidiary companies which is determined on the "specific identification" basis or "last-in, first-out" basis.
5. Depreciation of property, plant and equipment and amortization of intangible assets:
Depreciation of property, plant and equipment is mainly computed on the declining-balance method for TMC and Japanese subsidiaries and on the straight-line method for foreign subsidiaries. Intangible assets with a definite life are amortized on the straight-line method.
6. Standards of accounting for reserves:
Allowance for doubtful accounts and allowance for credit losses are based primarily on the frequency of occurrence and loss severity. Accrued pension and severance costs are recognized based on the retirement benefit obligations measured by actuarial calculations less fair value of the plan assets.

[Accounting changes]

On April 1, 2018, Toyota adopted new guidance for financial instruments which requires entities to measure equity investments at fair value and recognize any changes in fair value in net income. In accordance with the guidance, Toyota recognized a cumulative-effect adjustment to retained earnings of 1,309,725 million yen as of April 1, 2018 for after-tax unrealized gains (losses) on equity securities previously recognized in accumulated other comprehensive income. Unrealized gains (losses) on equity securities, which is mainly included in "Unrealized gains (losses) on equity securities" and "Equity in earnings of affiliated companies" of Toyota's consolidated statements of income, for FY2019 was losses of 419,429 million yen.

[Other information]

On April 1, 2018, Toyota changed the exchange rate used to translate foreign currency-denominated transactions as well as foreign currency-denominated monetary receivables and payables from the Telegraphic Transfer Buying Rate and Telegraphic Transfer Selling Rate to the Telegraphic Transfer Middle Rate. As a result, for FY2019, net revenues and operating income increased by 56,127 million yen and 136,272 million yen, respectively, other income (expense) decreased by 103,300 million yen and income before income taxes and equity in earnings of affiliated companies increased by 32,972 million yen.

[Consolidated Balance Sheet]

1. Allowance for doubtful accounts	90,373 million yen
Allowance for credit losses	196,399 million yen
2. Components of accumulated other comprehensive income (loss)	
Foreign currency translation adjustments	(649,532) million yen
Unrealized gains (losses) on securities	(1,252) million yen
Pension liability adjustments	(265,866) million yen
3. Assets pledged as collateral	2,578,145 million yen
4. Guarantees	3,078,955 million yen
5. Number of Model AA Class Shares issued and outstanding as of March 31, 2019	47,100,000 shares
Model AA Class Shares are recorded under mezzanine equity.	

[Consolidated Statement of Shareholders' Equity]

Number of common shares issued and outstanding as of March 31, 2019	3,262,997,492 shares
---	----------------------

[Financial instruments]

1. Matters pertaining to the status of financial instruments

Toyota has certain financial instruments, which arose in the normal course of business, such as marketable securities and finance receivables. Toyota employs derivative financial instruments to manage its exposure to fluctuations in interest rates and foreign currency exchange rates.

2. Matters pertaining to the fair value of financial instruments

Asset (Liability)	Carrying amount (million yen)	Estimated fair value (million yen)
Cash and cash equivalents	3,574,704	3,574,704
Marketable securities and other securities investments	8,294,987	8,294,987
Finance receivables	15,450,745	15,668,542
Short-term borrowings and long-term debt	(20,131,157)	(19,965,137)
Derivative financial instruments	(31,582)	(31,582)

Note: Cash and cash equivalents, and marketable securities and other securities investments are mostly measured by market price.

Finance receivables, short-term borrowings and long-term debt are estimated based on the discounted amounts of future cash flows.

Derivative financial instruments are mostly measured based on market data.

[Per share amounts] (Amounts are rounded to the nearest hundredth digit yen)

1. Toyota Motor Corporation shareholders' equity per share 6,830.92 yen
2. Net income attributable to Toyota Motor Corporation per common share
 - Basic 650.55 yen
 - Diluted 645.11 yen

Unconsolidated Financial Statements

UNCONSOLIDATED BALANCE SHEETS

(As of March 31, 2019)

(Million yen; amounts less than one million yen are omitted)

	FY2019	FY2018 (Reference)		FY2019	FY2018 (Reference)
(Assets)			(Liabilities)		
Current assets	7,078,259	6,466,223	Current liabilities	4,311,774	4,381,709
Cash and deposits	1,532,026	1,126,284	Trade notes payable	37	42
Trade accounts receivable	1,169,395	1,089,012	Electronically recorded obligations-operating	309,929	281,173
Marketable securities	2,067,947	2,257,697	Trade accounts payable	905,859	869,102
Finished goods	187,526	186,424	Short-term borrowings	20,000	20,000
Work in process	86,559	83,896	Current portion of bonds	70,000	80,000
Raw materials and supplies	155,428	145,284	Other payables	445,550	452,054
Short-term loans	1,089,951	807,742	Income taxes payable	140,322	249,842
Others	790,425	777,181	Accrued expenses	1,508,655	1,478,377
Less: allowance for doubtful accounts	(1,000)	(7,300)	Deposits received	872,006	915,224
Fixed assets	10,638,734	10,743,212	Others	39,413	35,891
Property, plant and equipment	1,422,686	1,379,645	Long-term liabilities	954,944	786,779
Buildings, net	390,701	357,554	Bonds	441,980	290,000
Structures, net	43,450	43,924	Allowance for retirement benefits	348,540	340,706
Machinery and equipment, net	308,483	296,593	Others	164,423	156,072
Vehicle and delivery equipment, net	21,101	21,911	Total liabilities	5,266,718	5,168,488
Tools, furniture and fixtures, net	88,878	92,118	(Net assets)		
Land	412,736	416,569	Shareholders' equity	11,348,759	10,646,223
Construction in progress	157,334	150,973	Common stock	635,401	635,401
Investments and other assets	9,216,047	9,363,566	Capital surplus	657,217	657,530
Investments in securities	6,181,091	6,489,523	Capital reserve	655,322	655,322
Investments in subsidiaries and affiliates	2,317,559	2,354,955	Other capital surplus	1,894	2,207
Long-term loans	219,445	190,889	Retained earnings	12,668,370	11,416,352
Deferred tax assets	344,728	216,269	Legal reserve	99,454	99,454
Others	197,823	156,328	Other retained earnings	12,568,916	11,316,898
Less: allowance for doubtful accounts	(44,600)	(44,400)	Reserve for special depreciation	401	676
			Reserve for reduction of acquisition cost of fixed assets	9,356	11,097
			General reserve	6,340,926	6,340,926
			Retained earnings carried forward	6,218,231	4,964,198
			Less: treasury stock	(2,612,230)	(2,063,061)
			Valuation and translation adjustments	1,101,515	1,394,518
			Net unrealized gains on other securities	1,101,515	1,394,518
			Stock acquisition rights	—	205
			Total net assets	12,450,274	12,040,947
Total	17,716,993	17,209,436	Total	17,716,993	17,209,436

UNCONSOLIDATED STATEMENTS OF INCOME

(April 1, 2018 through March 31, 2019)

(Million yen; amounts less than one million yen are omitted)

	FY2019	FY2018 (Reference)
Net revenues	12,634,439	12,201,443
Cost of sales	9,991,345	9,599,363
Gross profit	2,643,093	2,602,080
Selling, general and administrative expenses	1,316,956	1,344,536
Operating income	1,326,137	1,257,543
Non-operating income	1,046,041	1,019,456
Interest income	97,595	61,375
Dividend income	796,372	802,702
Others	152,073	155,378
Non-operating expenses	49,056	38,859
Interest expenses	9,320	5,884
Others	39,735	32,974
Ordinary income	2,323,121	2,238,140
Income before income taxes	2,323,121	2,238,140
Income taxes – current	444,000	404,900
Income taxes – deferred	(17,702)	(26,072)
Net income	1,896,824	1,859,312

UNCONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

FY2019

(April 1, 2018 through March 31, 2019)

(Million yen; amounts less than one million yen are omitted)

(million yen, amounts less than one million yen are omitted)

	Shareholders' equity									
	Common stock	Capital surplus			Retained earnings					
		Capital reserve	Other capital surplus	Total capital surplus	Legal reserve	Other retained earnings				Total retained earnings
						Reserve for special depreciation	Reserve for reduction of acquisition cost of fixed assets	General reserve	Retained earnings carried forward	
Balance at the beginning of current period	635,401	655,322	2,207	657,530	99,454	676	11,097	6,340,926	4,964,198	11,416,352
Changes of items during the period										
Appropriation to reserve for special depreciation						12			(12)	—
Reversal of reserve for special depreciation						(287)			287	—
Reversal of reserve for reduction of acquisition cost of fixed assets							(1,741)		1,741	—
Dividends paid									(644,806)	(644,806)
Net income									1,896,824	1,896,824
Repurchase of treasury stock										
Reissuance of treasury stock			(312)	(312)						
Net changes of items other than shareholders' equity										
Total changes of items during the period	—	—	(312)	(312)	—	(274)	(1,741)	—	1,254,033	1,252,017
Balance at the end of current period	635,401	655,322	1,894	657,217	99,454	401	9,356	6,340,926	6,218,231	12,668,370

(Million yen; amounts less than one million yen are omitted)

	Shareholders' equity		Valuation and translation adjustments		Stock acquisition rights	Total net assets
	Treasury stock	Total shareholders' equity	Net unrealized gains on other securities	Total valuation and translation adjustments		
Balance at the beginning of current period	(2,063,061)	10,646,223	1,394,518	1,394,518	205	12,040,947
Changes of items during the period						
Appropriation to reserve for special depreciation		–				–
Reversal of reserve for special depreciation		–				–
Reversal of reserve for reduction of acquisition cost of fixed assets		–				–
Dividends paid		(644,806)				(644,806)
Net income		1,896,824				1,896,824
Repurchase of treasury stock	(550,083)	(550,083)				(550,083)
Reissuance of treasury stock	914	601				601
Net changes of items other than shareholders' equity			(293,003)	(293,003)	(205)	(293,208)
Total changes of items during the period	(549,168)	702,535	(293,003)	(293,003)	(205)	409,327
Balance at the end of current period	(2,612,230)	11,348,759	1,101,515	1,101,515	–	12,450,274

FY2018 (Reference)
(April 1, 2017 through March 31, 2018)

(Million yen; amounts less than one million yen are omitted)

(million yen, amounts less than one million yen are omitted)

	Shareholders' equity									
	Common stock	Capital surplus			Retained earnings					
		Capital reserve	Other capital surplus	Total capital surplus	Legal reserve	Other retained earnings				Total retained earnings
						Reserve for special depreciation	Reserve for reduction of acquisition cost of fixed assets	General reserve	Retained earnings carried forward	
Balance at the beginning of current period	635,401	655,322	–	655,322	99,454	741	11,202	6,340,926	3,731,606	10,183,931
Changes of items during the period										
Appropriation to reserve for special depreciation						194			(194)	–
Reversal of reserve for special depreciation						(259)			259	–
Appropriation to reserve for reduction of acquisition cost of fixed assets							1		(1)	–
Reversal of reserve for reduction of acquisition cost of fixed assets							(106)		106	–
Dividends paid									(626,891)	(626,891)
Net income									1,859,312	1,859,312
Repurchase of treasury stock										
Reissuance of treasury stock			2,207	2,207						
Net changes of items other than shareholders' equity										
Total changes of items during the period	–	–	2,207	2,207	–	(65)	(105)	–	1,232,591	1,232,421
Balance at the end of current period	635,401	655,322	2,207	657,530	99,454	676	11,097	6,340,926	4,964,198	11,416,352

(Million yen; amounts less than one million yen are omitted)

	Shareholders' equity		Valuation and translation adjustments		Stock acquisition rights	Total net assets
	Treasury stock	Total shareholders' equity	Net unrealized gains on other securities	Total valuation and translation adjustments		
Balance at the beginning of current period	(1,613,590)	9,861,065	1,503,811	1,503,811	906	11,365,784
Changes of items during the period						
Appropriation to reserve for special depreciation		—				—
Reversal of reserve for special depreciation		—				—
Appropriation to reserve for reduction of acquisition cost of fixed assets		—				—
Reversal of reserve for reduction of acquisition cost of fixed assets		—				—
Dividends paid		(626,891)				(626,891)
Net income		1,859,312				1,859,312
Repurchase of treasury stock	(500,157)	(500,157)				(500,157)
Reissuance of treasury stock	50,686	52,894				52,894
Net changes of items other than shareholders' equity			(109,293)	(109,293)	(701)	(109,994)
Total changes of items during the period	(449,470)	785,158	(109,293)	(109,293)	(701)	675,163
Balance at the end of current period	(2,063,061)	10,646,223	1,394,518	1,394,518	205	12,040,947

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

*Amounts less than one million yen are in principle omitted.

[Significant accounting policies]

1. Standards and methods of valuation of assets

(1) Standards and methods of valuation of securities

Equity securities of subsidiaries and affiliates are stated at cost determined on the moving-average method.

Other securities:

Other securities with fair value are stated at fair value based on the market prices, etc. at the end of each fiscal year. (Differences in valuation are included directly in net assets; costs of securities are determined on the moving-average method.)

Other securities not practicable to determine their fair value are stated at cost determined on the moving-average method.

(2) Standards and methods of valuation of inventories

Standards:

Cost method (the amounts presented in the balance sheet are written down to the lower of cost or market value)

Methods:

Generally, average method

2. Depreciation of property, plant and equipment is computed on the declining balance method.

3. Standards of accounting for reserves

(1) Allowance for doubtful accounts:

To prepare for losses from bad debt, allowance for doubtful accounts is provided in an amount which is determined by considering the historical loss experience and the collectibility of the receivables.

(2) Allowance for retirement benefits:

To provide for the retirement benefits for employees, including those already retired, allowance for retirement benefits is stated based on estimated retirement benefit obligations and estimated pension assets at the end of the fiscal year.

4. Other significant matters pertaining to the preparation of unconsolidated financial statements

(1) Consumption taxes, etc. are computed based on the net-of-tax method.

(2) The consolidated taxation system is applied.

[Changes in presentation]

TMC has applied the “Ministerial Order for Partially Amending the Regulation for Enforcement of the Companies Act and the Regulation on Corporate Accounting” (Ministry of Justice Order No. 5 of March 26, 2018) in line with the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28 of February 16, 2018) from the fiscal year ended March 31, 2019. Accordingly, presentation has been changed to indicate deferred tax assets under investments and other assets, and deferred tax liabilities under long-term liabilities.

As a result, figures for the fiscal year ended March 31, 2018 of 529,136 million yen of deferred tax assets under current assets and 312,866 million yen of deferred tax liabilities under long-term liabilities have been included in 216,269 million yen of deferred tax assets under investments and other assets.

[Other information]

On April 1, 2018, Toyota changed the exchange rate used to translate foreign currency-denominated transactions as well as foreign currency-denominated monetary receivables and payables from the Telegraphic Transfer Buying Rate and Telegraphic Transfer Selling Rate to the Telegraphic Transfer Middle Rate. As a result, for the fiscal year ended March 31, 2019, net revenues and operating income increased by 121,046 million yen and 136,272 million yen, respectively, non-operating income decreased by 99,817 million yen, non-operating expenses increased by 220 million yen, and income before income taxes increased by 36,235 million yen.

[Unconsolidated balance sheet]

- | | |
|--|-----------------------|
| 1. Accumulated depreciation of property, plant and equipment | 3,801,083 million yen |
| 2. Receivables from and payables to subsidiaries and affiliates | |
| Short-term receivables | 2,421,528 million yen |
| Long-term receivables | 238,728 million yen |
| Short-term payables | 1,959,360 million yen |
| Long-term payables | 151,880 million yen |
| 3. The retirement benefit trust is established to appropriate the retirement benefits of the corporate pension plan. No portion of the trust offsets the severance indemnity plan. | |

[Unconsolidated statement of income]

Transactions with subsidiaries and affiliates	
Net sales	8,247,639 million yen
Purchases	5,697,892 million yen
Non-operating transactions	882,957 million yen

[Unconsolidated statement of changes in net assets]

1. Type and number of treasury stock at the end of FY2019

Common stock

430,558,325 shares

2. Dividends from surplus

(1) Cash dividends

Resolutions	Type of shares	Total cash dividends	Dividends per share	Record date	Effective date
Directors' Meeting held on May 9, 2018	Common stock	349,190 million yen	120.0 yen	March 31, 2018	May 25, 2018
Directors' Meeting held on May 9, 2018	First Series Model AA Class Shares	3,720 million yen	79.0 yen	March 31, 2018	May 25, 2018
Directors' Meeting held on November 6, 2018	Common stock	286,926 million yen	100.0 yen	September 30, 2018	November 27, 2018
Directors' Meeting held on November 6, 2018	First Series Model AA Class Shares	4,969 million yen	105.5 yen	September 30, 2018	November 27, 2018

(2) Dividends of which record date falls in FY2019 and effective date falls in FY2020

Resolutions	Type of shares	Total cash dividends	Dividends per share	Record date	Effective date
Directors' Meeting held on May 8, 2019	Common stock	339,892 million yen	120.0 yen	March 31, 2019	May 24, 2019
Directors' Meeting held on May 8, 2019	First Series Model AA Class Shares	4,969 million yen	105.5 yen	March 31, 2019	May 24, 2019

[Tax effect accounting]

Deferred tax assets mainly relate to accrued expenses, impairment losses on securities, and allowance for retirement benefits, and are netted with valuation allowance. Deferred tax liabilities mainly relate to net unrealized gains on other securities.

[Related-party transactions]

Category	Name	Voting Interests	Description of Relationship	Transaction	Transaction amounts (million yen)	Account name	Balances as of the end of the fiscal year (million yen)
Subsidiary	Toyota Motor Sales, U.S.A., Inc.	Equity Indirect 100.00%	Sales of TMC products	Mainly vehicle sales (Note.1)	2,288,784 (Note.2)	Trade accounts receivable	218,667 (Note.2)
				Loan of funds (Note.3)	242,863 (Note.3)	Loans	458,381
Subsidiary	Toyota Motor Europe NV/SA	Equity Direct 100.00%	Sales of TMC products Concurrent posting of directors	Loan of funds (Note.3)	119,398 (Note.3)	Loans	248,208
Subsidiary	Toyota Auto Body Co., Ltd.	Equity Direct 100.00%	Purchase of Toyota Auto Body products	Supply of vehicle parts, etc. (Note.1)	1,081,494 (Note.2)	Other receivables	110,034 (Note.2)
				Purchase of auto bodies, etc. (Note.1)	1,680,181 (Note.2)	Trade accounts payable	71,216 (Note.2)
Subsidiary	Daihatsu Motor Co., Ltd.	Equity Direct 100.00%	Purchase of Daihatsu Motor products	Deposit of funds (Note.3)	316,795 (Note.3)	Deposits received	315,662
Subsidiary	Toyota Financial Services Corporation	Equity Direct 100.00%	Deposit of Toyota Financial Services funds Concurrent posting of directors	Deposit of funds (Note.3)	312,181 (Note.3)	Deposits received	228,480

Note. 1: Terms of transactions, including price terms, are determined through negotiations.

Note. 2: The transaction amounts and the balances of trade accounts receivable do not include consumption taxes, etc.

The balances of trade accounts payable and other receivables include consumption taxes, etc.

Note. 3: The interest rates of loan of funds and deposit of funds are determined based on the market interest rate. The transaction amount represents average balance during the fiscal year.

[Per share information]

(Amounts are rounded to the nearest hundredth digit yen)

- | | |
|--------------------------------|--------------|
| 1. Net assets per common share | 4,225.55 yen |
| 2. Net income per common share | 657.10 yen |

Independent Auditor's Report (Certified Copy)
(English Translation*)

May 2, 2019

To the Board of Directors of
Toyota Motor Corporation

PricewaterhouseCoopers Aarata LLC

Yasuhiro Nakajima
Certified Public Accountant
Designated Limited Liability Partner
Engagement Partner

Kenji Tezuka
Certified Public Accountant
Designated Limited Liability Partner
Engagement Partner

Takeshi Yamaguchi
Certified Public Accountant
Designated Limited Liability Partner
Engagement Partner

Satoko Nakatani
Certified Public Accountant
Designated Limited Liability Partner
Engagement Partner

We have audited, pursuant to Article 444 (4) of the Companies Act of Japan, the consolidated financial statements, which consist of the consolidated balance sheets, the consolidated statements of income, the consolidated statements of shareholders' equity, and the notes to the consolidated financial statements of Toyota Motor Corporation (hereinafter referred to as the "Company") for the fiscal year from April 1, 2018 to March 31, 2019.

Management's Responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the provisions of the latter part of Article 120 (1) of the Ordinance on Accounting of Companies as applied mutatis mutandis pursuant to Article 120-3 (3) of said Rules that allow the partial omission of the disclosure items required by U.S. generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the consolidated financial statements, whether due to fraud or error. In making the risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the purpose of the financial statements audit is not to express an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as examining the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion:

In our opinion, the above consolidated financial statements prepared by partially omitting the disclosure items required by U.S. generally accepted accounting principles in accordance with the provisions of the latter part of Article 120 (1) of the Ordinance on Accounting of Companies as applied mutatis mutandis pursuant to Article 120-3 (3) of said Rules present fairly, in all material respects, the financial position and the results of operations of the corporate group which consists of the Company and its consolidated subsidiaries for the period covered by the consolidated financial statements.

Conflict of interest:

We have no interest in or relationship with the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

* The original audit report is in Japanese. This English translation is for reader's convenience and reading this translation is not a substitute for reading the original audit report in Japanese.

Independent Auditor's Report (Certified Copy)
(English Translation*)

May 2, 2019

To the Board of Directors of
Toyota Motor Corporation

PricewaterhouseCoopers Aarata LLC

Yasuhiro Nakajima
Certified Public Accountant
Designated Limited Liability Partner
Engagement Partner

Kenji Tezuka
Certified Public Accountant
Designated Limited Liability Partner
Engagement Partner

Takeshi Yamaguchi
Certified Public Accountant
Designated Limited Liability Partner
Engagement Partner

Satoko Nakatani
Certified Public Accountant
Designated Limited Liability Partner
Engagement Partner

We have audited, pursuant to Article 436 (2) (i) of the Companies Act of Japan, the unconsolidated financial statements, which consist of the unconsolidated balance sheets, the unconsolidated statements of income, the unconsolidated statements of changes in net assets and the notes to the unconsolidated financial statements, and the supplementary schedules of Toyota Motor Corporation (hereinafter referred to as the "Company") for the 115th fiscal year from April 1, 2018 to March 31, 2019.

Management's Responsibility for the unconsolidated financial statements and the supplementary schedules: Management is responsible for the preparation and fair presentation of the unconsolidated financial statements, and the supplementary schedules in accordance with Japanese generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of the unconsolidated financial statements, and the supplementary schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

Our responsibility is to express an opinion on these unconsolidated financial statements and the supplementary schedules based on our audit. We conducted our audit in accordance with generally accepted auditing standards in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the unconsolidated financial statements and the supplementary schedules are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the unconsolidated financial statements and the supplementary schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the unconsolidated financial statements and the supplementary schedules, whether due to fraud or error. In making the risk assessment, the auditor considers internal control relevant to the entity's preparation and fair presentation of the unconsolidated financial statements and the supplementary schedules in order to design audit procedures that are appropriate in the circumstances, while the purpose of the financial statements audit is not to express an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as examining the

overall presentation of the unconsolidated financial statements and the supplementary schedules.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion:

In our opinion, the unconsolidated financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period covered by the unconsolidated financial statements and the supplementary schedules in conformity with Japanese generally accepted accounting principles.

Conflict of interest:

We have no interest in or relationship with the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

*The original audit report is in Japanese. This English translation is for readers' convenience and reading this translation is not a substitute for reading the original audit report in Japanese.

Audit & Supervisory Board's Report (Certified Copy)

Audit Report

The Audit & Supervisory Board has discussed and prepared this Audit Report based on the audit reports prepared by each of the Audit & Supervisory Board Members pertaining to the conduct of duties by Members of the Board of Directors of Toyota Motor Corporation during FY2019 extending from April 1, 2018 through March 31, 2019, and reports as follows.

1. Methods and contents of Audit by the Audit & Supervisory Board Members and the Audit & Supervisory Board

(1) Auditing method of the Audit & Supervisory Board

The Audit & Supervisory Board determined the audit policies and audit plan, received a report from each Audit & Supervisory Board Member on the audit and its results, and received reports from Members of the Board of Directors and senior executives and Accounting Auditor on the execution of their duties.

(2) Methods and contents of Audit by the Audit & Supervisory Board Members

1) Based on the audit policies and audit plan adopted by the Audit & Supervisory Board, each Audit & Supervisory Board Member communicated with Members of the Board of Directors and senior executives and other Audit & Supervisory Board Members, collected information, developed an auditing environment, attended the Board of Directors' meetings and other important meetings, and received reports from Members of the Board of Directors and senior executives on the execution of their duties. The Audit & Supervisory Board Members also reviewed important documents and surveyed operations and assets at the company head office, production facilities, and business offices. The Audit & Supervisory Board Members exchanged opinions and information with Members of the Board of Directors and senior executives and Audit & Supervisory Board Members of the subsidiaries, and received reports on business from them, as needed.

2) Concerning the unconsolidated financial statements (unconsolidated balance sheets, unconsolidated statements of income, unconsolidated statements of changes in net assets, and notes to the unconsolidated financial statements) and supplementary schedules and consolidated financial statements (consolidated balance sheets, consolidated statements of income, consolidated statements of shareholders' equity, and notes to the consolidated financial statements), each Audit & Supervisory Board Member received reports from Members of the Board of Directors and senior executives and received reports from the Accounting Auditor on its audit and the results. The Audit & Supervisory Board Members also received notice from the Accounting Auditor confirming that the "systems to ensure the appropriate execution of duties by the Accounting Auditor" (as described in each of the items of Article 131 of the Ordinance on Accounting of Companies) has been properly developed.

2. Results of Audit

(1) Audit results concerning the business report and others

1) The business report and supplementary schedules accurately represent the company's situation as required by laws and regulations and the Articles of Incorporation.

2) No irregularity or violation of applicable laws or regulations or the Articles of Incorporation was found with respect to the execution of duties by Members of the Board of Directors.

3) Resolutions of the Board of Directors concerning the internal control system (as stipulated in Article 362, Paragraph 4, Item 6 of the Companies Act of Japan and Article 100, Paragraphs 1 and 3 of the Enforcement Regulations of the Companies Act) are appropriate. We have nothing to point out concerning the execution of duties by Members of the Board of Directors with respect to the internal control system.

(2) Audit results concerning unconsolidated financial statements and supplementary schedules

The auditing method of PricewaterhouseCoopers Aarata LLC, the Accounting Auditor, and the results of the audit, are appropriate.

(3) Audit results of consolidated financial statements

The auditing method of PricewaterhouseCoopers Aarata LLC, the Accounting Auditor, and the results of the audit, are appropriate.

May 7, 2019

Audit & Supervisory Board of Toyota Motor Corporation

Full-time Audit & Supervisory Board Member

Masahide Yasuda

Full-time Audit & Supervisory Board Member

Masahiro Kato

Full-time Audit & Supervisory Board Member

Yoshiyuki Kagawa

Outside Audit & Supervisory Board Member

Yoko Wake

Outside Audit & Supervisory Board Member

Hiroshi Ozu

Outside Audit & Supervisory Board Member

Nobuyuki Hirano

Business Report (from April 1, 2018, to March 31, 2019)

1. Status of the corporate group

(1) Progress and results of operations

(i) Business status

During the fiscal year under review, the economy in Japan stayed on a moderate recovery track, supported by steady private consumption on the back of consistent improvements in employment and income situation.

In the housing market, while overall new housing starts remained almost unchanged from the previous fiscal year at 952,936 units, up 0.7% year-on-year, on the back of government-backed measures to support housing purchases and continued low mortgage rates, new starts of detached houses recovered to 432,615 units, up 3.0% from the previous fiscal year, driven by strong private consumption.

Amid these circumstances, under its brand vision “Sincerely for You, Together for Life,” the Group has worked to expand sales of detached houses and diversify its business, with a focus on three pillars: “peace of mind during construction,” “peace of mind after construction” and “peace of mind through support.”

(Single-family home business)

As for product lineup, the Company launched “SINCÉ i-rashiku,” a new brand that is adaptable to various shape and size of lot with newly adopted “Wise Joint S” technology, to more flexibly accommodate customers’ planning needs. The Company also refreshed the exterior design of the three-story brand “SINCÉ VIETROIS” for the first time in three years to make it more geared toward urban living, by adding new features with improved functionality and sophistication of design, such as the “inner balcony.” “ESPACIO” series has won Good Design Award for three straight years; the use of a wider variety of balcony types in “ESPACIO LS” has been highly praised for realizing a space that is open to the outside while ensuring privacy and security. Also, the Company launched and started selling “MOKUA,” a wooden house brand using TOYOTA WOODYOU HOME’s 2x4 panels, in the Tokyo metropolitan, Tokai and Kinki areas.

The Company also worked on IoT and AI-based initiatives, and as a new technology utilizing “Home Energy Management System (HeMS),” launched a service to control home appliances with voice-input using Amazon Alexa.

In the housing sales business, “Hoshi to Toki no Village,” a land for sale of 240 lots in Shiroy City, Chiba Prefecture, won Good Design Award 2018 for “improving safety by development of a promenade-type public park prompting separation of pedestrians and vehicles.” “ASUMU TERRACE Toyota Hiratobashi,” a land for sale of 122 lots in Toyota City, Aichi Prefecture, developed using the townscaping know-how (awarded Good Design Award 2015) nurtured through business in the metropolitan area, sold well. In addition, “Hosen Windsor Court,” a land for sale of 23 lots in Minami-ku, Okayama City was awarded Okayama Prefecture’s *Keikan Machizukuri* (Scenic Urban Development) Award for its “well-coordinated townscape.”

To promote sales, we made thorough efforts to impress our potential customers with the “60-year warranty” service through sequential TV commercials and a series of campaigns themed on “family bonds.” In addition to the long-term warranty for building structures, the breadth and quality of the equipment warranty (“10-year equipment warranty”) were highly regarded by customers. The Company worked hard to instill in the minds of dealers not only “TSS (TOYOTA HOME “Sincerely for You” Sales),” a sales method built on fully systematized sales negotiation processes, but also “TSS-M,” a management method aimed at keeping the sales method firmly in place; and also focused on improving sales efficiency by introducing tablet terminals to dealers so that they can garner customer loyalty earlier. Moreover, in order

to emphasize that customers can continue living in homes even in times of natural disaster, the Company launched the concept of delivering “homes most resilient to natural disasters” by introducing new technologies, such as “V2H,” a system for feeding energy stored in a vehicle into a home, as well as water tanks to supply drinking water in case of emergency.

(Other businesses)

In the home renovation business, the Company ran a marketing campaign to offer home renovation loans at a low interest rate, encouraged Toyota Home owners to renovate their homes by taking advantage of regular inspections, and launched renovation products to enhance insulation performance.

In the condominiums business, “ANESIA TOKYO OKU” in Kita-ku, Tokyo (a total of 78 units) and “ANESIA TSUKIJI STATION RESIDENCE” in Chuo-ku, Tokyo (100 units), both joint projects with MISAWA HOMES, have sold out. “ANESIA IKUTA TSUKIMIDAI” in Tama-ku, Kawasaki City (57 units), “ANESIA TOKYO OKU II” in Arakawa-ku, Tokyo (51 units), and “ANESIA MOTOYAMA THE GRAND RESIDENCE” in Chikusa-ku, Nagoya City (39 units) also went on sale.

In the asset utilization business, the Company realized both living comfort and lower utilities costs for rental condominiums to keep up with the growing trend towards net zero-energy condominium buildings.

In the commercial building business, the Company developed a structural skeleton meeting the needs of convenience store operators that demand larger buildings. This structural skeleton was also used for branches of financial institutions.

In the overseas business (Indonesia), a residential land for sale in Bekasi, West Java sold quite well, while the Company made preparations for a second land sale project, jointly with a major local real estate company in Karawang, West Java. The Company plans to start the sale of about 550 units, equivalent to a total floor area of 64,500 square meters, at the end of FY2019.

Furthermore, roughly four years of efforts on TQM (Total Quality Management) garnered recognition, and the Company was awarded the Deming Prize for the first time as a pure-play housing maker, for being dedicated to policy management and human resources development in order to create values for customers, under the management objective of “delivering peace of mind in three forms” and “making customers’ dream life come true.”

As a result, during the fiscal year under review, the Company recorded a total sales volume of 15,133 units sold (down 6.7% year on year) including 10,824 detached houses (down 6.4% year on year), net sales of ¥564,145 million (up 2.0% year on year), operating profit of ¥10,587 million (up 0.8% year on year), ordinary profit of ¥9,832 million (down 2.4% year on year), and profit attributable to owners of parent of ¥4,002 million (down 14.9% year on year) all on a consolidated basis

(ii) Capital investment and financing

During the fiscal year under review, consolidated capital investment totaled ¥15,048 million, which consisted primarily of the amount used for acquiring real estate properties for rent, introducing a range of systems, refurbishing production facilities, and investments in sales locations including model houses.

During the fiscal year under review, the Company raised funds primarily through loans from TOYOTA MOTOR CORPORATION and financial institutions. As a result, the loans outstanding as of the end of the fiscal year under review stood at ¥169,258 million.

(iii) Issues to be addressed

While the Japanese economy will likely remain on a moderate recovery path supported by continued improvement in the employment and income situations, the consumption tax hike scheduled for October 2019 is expected to have a certain impact on private consumption. The outlook for the housing market is also uncertain as it is undeniable that the planned

consumption tax hike will affect the market, though a range of government-backed measures might alleviate the effect.

Amid these circumstances, the Company resolved at the board meeting held on May 9, 2019 that the businesses of the Company, MISAWA HOMES CO., LTD., Panasonic Homes Co., Ltd., Panasonic Construction Engineering Co., Ltd. and Matsumura-gumi Corporation would be integrated under a 50:50 joint venture between TOYOTA MOTOR CORPORATION and Panasonic Corporation, with an effective date of January 7, 2020.

We look forward to the continued support and guidance of our shareholders.

(2) Changes in assets and profit and loss over the last three fiscal years

(in millions of yen)

Item	FY 2015 (13th term)	FY 2016 (14th term)	FY 2017 (15th term)	FY 2018 (current term)
Net sales	167,151	177,554	552,907	564,145
Operating profit	3,339	4,898	10,493	10,587
Ordinary profit	3,944	6,106	10,079	9,832
Profit attributable to owners of parent	4,969	1,077	4,707	4,002
Basic earnings per share (yen)	14,734.63	3,084.82	12,257.20	10,421.76
Total assets	156,956	391,413	409,353	452,132
Net assets	77,036	111,507	118,742	126,293

Note: The Company made MISAWA HOMES CO., LTD. a subsidiary on January 5, 2017. On the consolidated financial statements, MISAWA HOMES CO., LTD. is treated as follows:

FY 2015 (13th term)

Equity method affiliate

FY 2016 (14th term)

Consolidated subsidiary
(however, on the statement of income, share of loss (profit) of entities accounted for using equity method was recognized)

FY 2017 (15th term)

Consolidated subsidiary

(3) Status of the parent company and major subsidiaries (as of March 31, 2019)

(i) Status of the parent company

The parent of the Company is TOYOTA MOTOR CORPORATION, which holds 342,799 shares, or 89.2%, of the Company's outstanding shares.

(ii) Status of major subsidiaries

Company name	Location	Capital stock	Shareholding ratio of the Company (%)	Major businesses
Toyota Housing Tohoku Co., Ltd.	Miyagi Prefecture	¥200 million	98.3	Sales, construction, after-sales service of houses under the Toyota Home brand
Toyota Housing Kitakanto Co., Ltd.	Tochigi Prefecture	¥490 million	100.0	Sales, construction, after-sales service of houses under the Toyota Home brand
Toyota Housing Chiba Co., Ltd.	Chiba Prefecture	¥250 million	100.0	Sales, construction, after-sales service of houses under the Toyota Home brand
Toyota Housing Tokyo Co., Ltd.	Tokyo	¥490 million	99.9	Sales, construction, after-sales service of houses under the Toyota Home brand
Fuji Shonan Toyota Housing Co., Ltd.	Shizuoka Prefecture	¥100 million	80.0	Sales, construction, after-sales service of houses under the Toyota Home brand
Toyota Housing Kinki Co., Ltd.	Osaka Prefecture	¥450 million	99.8	Sales, construction, after-sales service of houses under the Toyota Home brand
Toyota Housing Kyushu Co., Ltd.	Fukuoka Prefecture	¥150 million	97.7	Sales, construction, after-sales service of houses under the Toyota Home brand
Toyota Woodyou Home Co., Ltd.	Tochigi Prefecture	¥6,350 million	100.0	Development, production, sales, construction, after-sales service of houses using 2×4 construction method
Toyota Smile Life Inc.	Aichi Prefecture	¥1,000 million	51.0	Sale of Toyota Home houses and condominiums, management of dormitories/corporate housing, temporary staffing, etc.
Living Support Co., Ltd.	Aichi Prefecture	¥50 million	100.0	Mortgage guarantee and other businesses
Toyota Housing Reform Co., Ltd.	Aichi Prefecture	¥50 million	*100.0	Renovation
PT. Toyota Housing Indonesia	Indonesia	IDR 235.0 billion	99.9	Sales, construction, after-sales service of houses
MISAWA HOMES CO., LTD.	Tokyo	¥11,892 million	51.0	Manufacture, sale, construction of houses under the MISAWA HOME brand
WithGarden Co., Ltd.	Tokyo	¥100 million	*100.0	Planning, construction, management of exterior and landscape projects

Notes:

- Shareholding ratio with an asterisk (*) is calculated including indirectly-held shares.
- As of April 1, 2018, Toyota Housing Tsukushi Co., Ltd. took over the business operated by the Company's Kumamoto subsidiary through an absorption-type company split. As a result, the Company's stake in Toyota Housing Tsukushi Co., Ltd. rose to 97.7%. Toyota Housing Tsukushi Co., Ltd. was renamed "Toyota Housing Kyushu Co., Ltd." on the same date.
- As of January 22, 2019, PT. Toyota Housing Indonesia increased its capital (by IDR200 billion).
- As of March 28, 2019, WithGarden Co., Ltd. reduced its capital (by ¥71 million).

(iii) Matters concerning transactions with the parent company

The Company has borrowed funds from its parent, and the interest rate on the loan is reasonably determined in consideration of market rates.

(4) Major businesses (as of March 31, 2019)

- (i) Design, manufacture, sale and repair of construction materials and housing equipment
- (ii) Planning, design, supervision, construction, and contract work in relation to land development, urban development and community development
- (iii) Sale and purchase, rental, brokerage and management of real estates
- (iv) Design, construction, contract work and supervision for building work and civil engineering work

(5) Major branches (as of March 31, 2019)

Head office	Aichi Prefecture
Tokyo Branch Office	Tokyo
Osaka Office	Osaka Prefecture
Kasugai Housing Works	Aichi Prefecture
Yamanashi Housing Works	Yamanashi Prefecture
Tochigi Housing Works	Tochigi Prefecture
Chugoku Branch	Hiroshima Prefecture

Notes:

- Subsidiaries are listed in (3) (ii) Status of major subsidiaries.
- Kumamoto Branch was taken over by Toyota Housing Tsukushi Co., Ltd. through an absorption-type company split as of April 1, 2018. Accordingly, Kumamoto Branch was dissolved and Toyota Housing Tsukushi Co., Ltd. was renamed "Toyota Housing Kyushu Co., Ltd." on the same date.

(6) Employees (as of March 31, 2019)**(i) Employees of the Group**

Number of employees	Year-on-year change
12,253	Increased by 112

(ii) Employees of the Company

Number of employees	Year-on-year change
784	Decreased by 9

Note: The number of employees presented above excludes those seconded from the Company to other companies (63 persons) and temporary employees (118) but includes those seconded to the Company from other companies (260 persons).

(7) Major lenders and borrowing amount (as of March 31, 2019)

(in millions of yen)

Lender	Loan balance
TOYOTA MOTOR CORPORATION	62,998
MUFG Bank, Ltd.	33,429
Sumitomo Mitsui Banking Corporation	22,374

2. Shares of the Company (as of March 31, 2019)

(1) Total number of authorized shares	1,300,000 shares
(2) Total number of issued shares	384,089 shares
(3) Shares with voting rights	384,089 shares
(4) Number of shareholders	12
(5) Top 10 shareholders	

Shareholder name	Number of shares	Shareholding ratio (%)
TOYOTA MOTOR CORPORATION	342,799 shares	89.2
TOYOTA INDUSTRIES CORPORATION	7,440 shares	1.9
AISIN SEIKI CO., LTD.	7,440 shares	1.9
DENSO CORPORATION	7,440 shares	1.9
JTEKT CORPORATION	3,720 shares	1.0
TOYOTA TSUSHO CORPORATION	3,720 shares	1.0
TOYOTA BOSHOKU CORPORATION	3,720 shares	1.0
TOYODA GOSEI CO., LTD.	3,720 shares	1.0
TOYOTA AUTO BODY CO., LTD.	1,860 shares	0.5
TOYOTA MOTOR EAST JAPAN, INC.	1,860 shares	0.5

3. Officers (as of March 31, 2019)

(1) Directors and Auditors

Name	Position and area of responsibility in the Company	Significant concurrent positions outside the Company
Tadashi Yamashina	President (Representative Director)	Member of the Board, Misawa Homes Co., Ltd.
Toshitsugu Hirata	Senior Managing Director (Head of Technology Development Center, in charge of Design & Construction Planning Div.)	Representative Director and President, Misawa Homes Institute of Research and Development Co., Ltd.
Yuji Goto	Managing Director (Head of Sales & Marketing Center, in charge of Sales Operation Div.)	Member of the Board, Misawa Homes Co., Ltd.
Kengo Uemura	Managing Director (Head of Real Estate Solution Business Office, in charge of Real Estate Development Div., Stock Business Promotion Office, and Corporate Sales Div.)	
Norio Kunishima	Director (General Manager of Production Control Div., in charge of TQM Promotion Office and Manufacturing Div.)	
Seiichiro Shimakawa	Director (Head of External Affairs Office, in charge of Urban Development Div., Head of Tokyo Branch Office)	
Yoshinobu Hibino	Director (General Manager of Customer Relation & Quality Assurance Div., in charge of Construction Planning Div. and Purchasing Div.)	
Naoki Teramoto	Director (General Manager of Management Control Div., in charge of Corporate Administration Div.)	Member of the Board, Misawa Homes Co., Ltd.
Takeshi Uchiyamada	Director	Chairman of TOYOTA MOTOR CORPORATION
Hirohiko Fukatsu	Auditor	Audit & Supervisory Board Member, Misawa Homes Co., Ltd.
Kazusei Miwa	Auditor	Affiliated Companies Finance Dept. (general manager), Profit Management & Affiliated Companies Finance Div., TOYOTA MOTOR CORPORATION

(2) Amount of remuneration for Directors and Auditors

Classification	Number of recipients	Amount of remuneration, etc. (millions of yen)
Director	8	146
Auditor	1	19
Total	9	166

Notes:

- Number of recipients represent those who received remuneration during the fiscal year under review. The numbers therefore do not reflect those serving these positions without remuneration.
- The amount of remuneration, etc. includes the following amounts:
 - Amount of bonuses for officers pertaining to the fiscal year under review, to be approved at the Annual General Meeting of Shareholders (¥26 million for Directors and ¥4 million for Auditors)
 - Amount of provision for officers' retirement benefits pertaining to the fiscal year under review (¥35 million for Directors and ¥3 million for Auditors)
- The amount of remuneration, etc. for Director does not include remuneration as employee for Directors who concurrently serve as employees, which is ¥57 million.

4. Accounting Auditor (as of March 31, 2019)

- (1) Name: PricewaterhouseCoopers Aarata LLC
- (2) Amount of remuneration, etc. for Accounting Auditor for the current fiscal year
 - (i) Amount of remuneration, etc. relating to the services provided for under Article 2, paragraph (1) of the Certified Public Accountants Act
¥ 29 million
 - (ii) Total amount of cash and other financial benefits payable by the Company and its subsidiaries to the Accounting Auditor
¥ 47 million

5. Outline of system for ensuring appropriateness of operations and operating status of the system

The system put in place to ensure appropriateness of operations of the Company is as outlined below.

- (1) System to ensure that Directors and employees execute their duties in compliance with laws and regulations and the Articles of Incorporation

The Company shall establish employees action guidelines and other rules, ensure full compliance thereof, and provide necessary training in order to put in place a robust compliance framework. It shall also establish the Regulations of the Board of Directors and the Standards for Matters to be Referred to a Meeting of the Board of Directors, and comply with them.

- (2) System for storage and management of information related to Directors' execution of duties

The Company shall establish internal regulations on management of the minutes of board meetings, requests for approval and other documents and information associated with Directors' execution of duties; and appropriately manage these documents and information in accordance with the regulations.

- (3) Rules and systems to manage risk of loss

The Company shall deliberate on and implement a set of necessary regulations, an education and training system, a whistle-blowing system, a disaster prevention program and others; appoint officers responsible for management of hazardous materials; and subscribe to damage insurance, as needed, to ultimately minimize risks.

- (4) System to ensure efficient execution of duties by Directors

A system shall be established to allow for each Director to efficiently execute duties in accordance with the chart for division of duties and the organizational chart, and the Company shall revise said division of duties and organizational structure as needed. Also, it shall manage progress of the Management Plan and Profit Plan, and develop and implement appropriate measures as needed.

- (5) System to ensure appropriateness of operations by the corporate group

Relationship with parent

- (i) Concerning important management matters, the Company shall obtain prior approval from the parent or report such important matters to the parent, in accordance with rules agreed upon with the parent.
- (ii) The Company shall immediately conduct investigations and make responses in the event of an inquiry from an Auditor of the parent.

Relationship with subsidiaries

The Company shall share basic principles and action guidelines with subsidiaries and instill management philosophy in subsidiaries through human interaction, thereby nurturing a sound internal control environment. In addition, it shall ensure the appropriateness and legality of operations by subsidiaries, by taking necessary measures such as appointing qualified Director or employee of the Company as Director of a subsidiary, or by exchanging information on a periodic or ad hoc basis.

- (i) System for subsidiaries to report to the Company on matters concerning execution of duties by

Directors of the subsidiaries

Concerning important management matters of a subsidiary, the subsidiary is required to obtain prior approval from the Company or report such important matters to the Company, in accordance with rules agreed upon between the Company and said subsidiary.

(ii) Rules and other systems to manage risk of loss by subsidiaries

The Company shall request subsidiaries to thoroughly manage risks and immediately report material risks to the Company.

(iii) System to ensure efficient execution of duties by Directors of subsidiaries

A subsidiary is required to establish a system to allow for each Director to efficiently execute duties in accordance with the chart for division of duties and the organizational chart.

(iv) System to ensure that Directors and employees of subsidiaries execute their duties in compliance with laws and regulations and the Articles of Incorporation

Subsidiaries are required to establish systems related to compliance, and the Company shall periodically investigate the status of operation of such system and request improvement when necessary.

(6) System for reporting to Auditors and system to ensure effective conduct of audit by Auditors

(i) Directors of the Company shall report to Auditors about the execution of their main duties directly or through the divisions they are in charge of, and also report any matters that may potentially cause severe damage to the Company or its subsidiaries upon discovery such matters. Any important reports made through the whistle-blowing system of the Company or its subsidiaries shall also be reported to the Auditors.

(ii) Directors and employees of the Company shall report business-related matters at the request of Auditors. Directors of subsidiaries shall also report such matters to Auditors of the Company when necessary.

(iii) The Company shall ensure that those who made reports to Auditors are not treated unfairly because of such reports.

(iv) The Company shall have Auditors attend major executive meetings, secure Auditors' access to important documents, and ensure periodic and ad-hoc opportunities for Auditors to exchange information with the Accounting Auditor.

(v) The Company shall earmark an appropriate cost budget required for Auditors to execute their duties.

Operating status of the system to ensure the appropriateness of operations is as summarized below.

(1) Operating status of the system for the Company

(i) A handbook detailing the laws and regulations that Directors must abide by and Code of Ethics for Officers are distributed and disseminated to each Director, and a training concerning the laws and regulations is provided to newly appointed Directors. Matters related to business execution are brought to the Board of Directors Meeting and resolved appropriately in accordance with the Regulations of the Board of Directors and the Standards for Matters to be Referred to a Meeting of the Board of Directors. Action guidelines and basic knowledge about compliance are disseminated to employees through job grade training programs.

(ii) The minutes of board meetings, requests for approval and other documents and information related to Directors' execution of duties are stored appropriately.

(iii) Confidential information is handled with extreme care. Security measures, such as password management and virus protection, are put in place. Business Continuity Plan, aimed at quick recovery of production and other facilities, has been developed to protect against disasters and other obstacles.

(iv) Division of duties and organizational structures are reviewed as needed to ensure that each

Director efficiently executes duties.

(2) Operating status of the system for the corporate group

- (i) The Company files an application for prior approval with or report to the parent concerning its important management matters in accordance with the rules agreed upon with the parent.
- (ii) The Company has instructed subsidiaries to seek a prior approval from and report to the Company concerning their important management matters in accordance with the rules agreed upon between the Company and the subsidiaries. The Company has made certain that subsidiaries perform periodic self-inspection of their compliance status, and also audits the accounting practices of subsidiaries based on an auditing plan. The Company has periodically held function-based meetings to share information and raise awareness about compliance, risk management and other issues.

Non-consolidated Balance Sheet (as of March 31, 2019)

(Units: Millions of yen)

Item	Amount	Item	Amount
<i>Assets</i>		<i>Liabilities</i>	
Current assets	67,937	Current liabilities	25,920
Cash and deposits	524	Accounts payable - trade	4,252
Deposits paid	1,400	Short-term loans payable	14,409
Accounts receivable - trade	21,882	Accounts payable - other	3,218
Merchandise and finished goods	12,158	Accrued expenses	1,268
Work in process	22,491	Income taxes payable	480
Raw materials and supplies	407	Advances received	261
Advance payments - trade	2,387	Deposits received	937
Short-term loans receivable	5,296	Provision for product warranties	832
Other	1,389	Provision for directors' bonuses	31
		Other	228
Non-current assets	58,191	Non-current liabilities	34,984
Property, plant and equipment	25,199	Long-term loans payable	32,972
Buildings	10,495	Long-term deposits received	1,284
Structures	766	Provision for retirement benefits	429
Machinery and equipment	2,148	Provision for directors' retirement benefits	166
Vehicles	22	Asset retirement obligations	126
Tools, furniture and fixtures	449	Other	4
Land	11,284	Total liabilities	60,904
Construction in progress	32		
Intangible assets	1,836	<i>Net assets</i>	
Software	1,441	Shareholders' equity	65,213
Intangible assets in progress	387	Capital stock	12,902
Other	7	Capital surplus	40,128
Investments and other assets	31,155	Legal capital surplus	12,902
Investment securities	415	Other capital surplus	27,226
Shares of subsidiaries and associates	24,760	Retained earnings	12,181
Long-term loans receivable	3,838	Other retained earnings	12,181
Long-term prepaid expenses	627	General reserve	5,200
Deferred tax assets	1,190	Retained earnings brought forward	6,981
Other	323	Valuation and translation adjustments	11
		Valuation difference on available-for-sale securities	11
Total assets	126,129	Total net assets	65,224
		Total liabilities and net assets	126,129

Non-consolidated Statement of Income (From April 1, 2018 to March 31, 2019)

(Units: Millions of yen)

Item	Amount	
Net sales		82,702
Cost of sales		67,253
Gross profit		15,449
Selling, general and administrative expenses		14,331
Operating profit		1,117
Non-operating income		
Interest income	181	
Dividend income	1,043	
Other	93	1,318
Non-operating expenses		
Interest expenses	100	
Other	117	218
Ordinary profit		2,218
Extraordinary income		
Reversal of allowance for doubtful accounts for subsidiaries and associates	400	400
Extraordinary losses		
Loss on valuation of shares of subsidiaries and associates	310	310
Profit before income taxes		2,307
Income taxes - current	503	
Income taxes - deferred	(141)	361
Profit		1,946

Non-consolidated Statements of Changes in Net Assets (From April 1, 2018 to March 31, 2019)

(Units: Millions of yen)

(Units: millions of yen)

	Shareholders' equity								Valuation and translation adjustments	Total net assets
	Capital stock	Capital surplus			Retained earnings			Total shareholders' equity	Valuation difference on available-for-sale securities	
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings		Total retained earnings			
					General reserve	Retained earnings brought forward				
Balance as of April 1, 2018	12,902	12,902	27,226	40,128	5,200	5,720	10,920	63,952	11	63,963
Changes in items during period										
Dividends of surplus						(684)	(684)	(684)		(684)
Profit						1,946	1,946	1,946		1,946
Net changes in items other than shareholders' equity									0	0
Total changes in items during period	—	—	—	—	—	1,261	1,261	1,261	0	1,260
Balance as of March 31, 2019	12,902	12,902	27,226	40,128	5,200	6,981	12,181	65,213	11	65,224

Notes to the Non-consolidated Financial Statements

* Amounts are rounded down to the nearest million yen, unless otherwise noted.

Notes on Significant Accounting Policies

(1) Valuation standard and methods for securities

Held-to-maturity debt securities

Stated at amortized cost (on a straight-line basis)

Shares of subsidiaries and affiliates

Stated at cost using the moving-average method

Other securities

Securities with market value:

Stated at fair value based on the quoted market price as of the end of the fiscal year (the valuation difference is accounted for by using the direct net asset adjustment method, and the cost of securities sold is determined by the moving-average method)

Securities without market value:

Stated at cost using the moving-average method

(2) Valuation standard and methods for inventories

Merchandise, finished goods and work-in-process

Stated at cost using the specific identification method

Raw materials and supplies

Stated at cost using the gross average method

(after deducting any write-downs as a result of the decline in profitability)

(3) Depreciation method for non-current assets

Property, plant and equipment

The declining-balance method

However, the straight-line method is used for buildings (excluding facilities attached to buildings) acquired on and after April 1, 1998, and for facilities attached to buildings and structures acquired on and after April 1, 2016.

Intangible assets

The straight-line method

(4) Standards for recognition of allowances

Allowance for doubtful accounts

To provide for possible bad debt expenses for trade and other receivables, allowance for doubtful accounts is recognized based on individual examinations of recoverability with respect to specific receivables for which there is some concern regarding collectability.

Provision for directors' bonuses

The amount estimated for payment of bonuses to directors as of the end of the fiscal year under review is recognized as provision for directors' bonuses.

Provision for retirement benefits

The amount estimated for payment of retirement allowance to employees as of the end of the fiscal year under review is recognized as provision for retirement benefits.

Provision for directors' retirement benefits

The amount estimated for payment of retirement benefits to directors as of the end of the fiscal

year under review is recognized as provision for directors' retirement benefits based on the Company's internal rules.

Provision for product warranties

To provide for possible expenditures for free-of-charge repair and exchange of products within a warranty period, provision for product warranties is recorded based on past performance and individual estimates.

(5) Accounting method of consumption taxes

Consumption tax and other related taxes are excluded from revenue and purchases of the Company.

Notes on Changes in Presentation

The Company has adopted "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) since the beginning of the fiscal year under review. Accordingly, deferred tax assets is presented under investments and other assets.

Notes to the Balance Sheet

1. Accumulated depreciation of property, plant and equipment ¥38,480 million

2. Guarantee obligation

Guarantee	Guarantee obligation	Description of obligations guaranteed
14 customers	¥327 million	Mortgage bridge financing

3. Monetary claims against and monetary liabilities for subsidiaries and associates

Short-term monetary claims	¥17,410 million
Long-term monetary claims	¥3,845 million
Short-term monetary liabilities	¥15,628 million
Long-term monetary liabilities	¥32,973 million

4. Government bonds, etc. carried at ¥196 million, which are pledged as guarantee deposit pursuant to the Act on Assurance of Performance of Specified Housing Defect Warranty (enforced on October 1, 2009), are presented under "investments and other assets."

5. Short-term loans payable

Short-term loans payable include the current portion of long-term loans payable of ¥9,790 million.

Notes to the Statement of Income

1. Transactions with subsidiaries and affiliates

Operating transactions

Net sales	¥27,444 million
Selling, general and administrative expenses	¥3,107 million

Non-operating transactions	¥1,287 million
----------------------------	----------------

2. For land held for sale, the difference of ¥44 million between the carrying amount and the amount after write-down is recognized as valuation loss on inventories and included in cost of sales.

Notes on Tax Effect Accounting

Major components of the deferred tax assets are valuation loss on inventories held for sale, accrued bonuses and provision for product warranties. Valuation allowance has been deducted.

Notes on Transactions with Related Parties

1. Parent company

(units: millions of yen)

Category	Name	Percentage of voting rights held	Relationship with related parties	Description of transaction	Transaction value	Account item	Balance at end of fiscal year
Parent	TOYOTA MOTOR CORPORATION	Voting rights held Direct 89.2%	Officers holding concurrent positions in the Company Borrowing of funds	Borrowing of funds	98,565	Loans payable	47,382
				Interest paid	99	—	—
				Depositing of funds	29,031	Deposits paid	1,400
				Interest received	0	—	—

Transaction terms and policy on determination of transaction terms

- Interest rates on funds borrowed or deposited are reasonably determined in consideration of prevailing market rates.

2. Subsidiary

(units: millions of yen)

Category	Name	Ownership percentage of voting rights	Relationship with related parties	Description of transaction	Transaction value	Account item	Balance at end of fiscal year
Subsidiary	Toyota Housing Kitakanto Co., Ltd.	Holding Direct 100%	Sale of housing materials Officers holding concurrent positions in the Company Lending of funds	Sale of materials	1,750	Accounts receivable - trade	551
				Lending of funds	4,882	Loans receivable	492
				Interest income received	0	—	—
Subsidiary	Toyota Housing Chiba Co., Ltd.	Holding Direct 100%	Sale of housing materials Lending of funds	Sale of materials	3,008	Accounts receivable - trade	1,236
				Lending of funds	9,493	Loans receivable	827
				Interest income received	3	—	—
Subsidiary	Toyota Housing Tokyo Co., Ltd.	Holding Direct 99.9%	Sale of housing materials Officers holding concurrent positions in the Company Lending of funds	Sale of materials	8,604	Accounts receivable - trade	3,604
				Lending of funds	22,114	Loans receivable	2,243
				Interest income received	12	—	—

(units: millions of yen)

Category	Name	Ownership percentage of voting rights	Relationship with related parties	Description of transaction	Transaction value	Account item	Balance at end of fiscal year
Subsidiary	Fuji Shonan Toyota Housing Co., Ltd.	Holding Direct 80.0%	Sale of housing materials Lending of funds	Sale of materials	1,026	Accounts receivable - trade	450
				Lending of funds	6,790	Loans receivable	1,046
				Interest income received	4	—	—
Subsidiary	Toyota Housing Kinki Co., Ltd.	Holding Direct 99.8%	Sale of housing materials Officers holding concurrent positions in the Company Lending of funds	Sale of materials	2,931	Accounts receivable - trade	1,047
				Lending of funds	10,721	Loans receivable	3,149
				Interest income received	8	—	—
Subsidiary	Toyota Housing Kyushu Co., Ltd.	Holding Direct 97.7%	Sale of housing materials Officers holding concurrent positions in the Company Lending of funds	Sale of materials	2,018	Accounts receivable - trade	725
				Lending of funds	2,252	Loans receivable	213
				Interest income received	1	—	—
Subsidiary	Toyota Smile Life Inc.	Holding Direct 51.0%	Sale of housing materials Officers holding concurrent positions in the Company	Sale of materials	5,399	Accounts receivable - trade	2,135
Subsidiary	PT. Toyota Housing Indonesia	Holding Direct 99.9%	Officers holding concurrent positions in the Company Lending of funds	Lending of funds	5,946	Loans receivable	—
				Interest income received	48	—	—
				Underwriting of capital increase	1,592	—	—

Transaction terms and policy on determination of transaction terms

- Selling prices for housing materials are estimated using the same estimation system shared across all dealers.
- Transaction amount does not include consumption taxes. The balance at the end of the fiscal year includes consumption taxes.
- Interest rates on loans are reasonably determined in consideration of prevailing market rates.

3. Affiliates

(units: millions of yen)

Category	Name	Ownership percentage of voting rights	Relationship with related parties	Description of transactions	Transaction amount	Account item	Balance at end of fiscal year
Affiliate	Toyota T&S Construction Co., Ltd.	Holding Direct 20.0%	Placement of orders for construction Officers holding concurrent positions in the Company	Placement of orders for construction	1,282	Construction in progress	13

Transaction terms and policy on determination of transaction terms

- Orders are priced under the same terms and conditions as those with other partner companies.

4. Officers

(units: millions of yen)

Category	Name	Ownership percentage of voting rights	Relationship with related parties	Description of transactions	Transaction amount	Account item	Balance at end of fiscal year
Officer	Tadashi Yamashina	None	President of the Company	Sale of one unit of a condominium.	118	—	—

Transaction terms and policy on determination of transaction terms

- Orders are priced under the same terms and conditions as those for ordinary customers.
- Transaction amount does not include consumption taxes.

Notes on Per Share Information

1. Net assets per share ¥169,815.88
2. Basic earnings per share ¥5,066.59

Notes on Significant Subsequent Events

Regarding business integration with Panasonic Homes Co., Ltd. and other companies

The Company resolved at the board meeting held on May 9, 2019 that the businesses of the Company, MISAWA HOMES CO., LTD. (hereinafter “MISAWA HOMES”), Panasonic Homes Co., Ltd. (hereinafter “Panasonic Homes”), Panasonic Construction Engineering Co., Ltd. (hereinafter “Panasonic Construction Engineering”) and Matsumura-gumi Corporation (hereinafter “Matsumura-gumi”) would be integrated under a 50:50 joint venture between TOYOTA MOTOR CORPORATION (hereinafter “TOYOTA MOTOR”) and Panasonic Corporation.

In addition, for the purpose of this business integration, the Company resolved to 1) make TOYOTA MOTOR the wholly-owning parent through share buyback and other measures, 2) make MISAWA HOMES a wholly-owned subsidiary through share exchange whereby 0.155 TOYOTA MOTOR shares will be allotted and delivered for each MISAWA HOMES share, 3) establish a holding company through a joint share transfer with Panasonic Homes Co., Ltd., Panasonic Construction Engineering Co., Ltd. and Matsumura-gumi Corporation, and 4) make MISAWA HOMES a sister company by distributing all MISAWA HOMES shares as dividends in kind.

Other Notes

As the net asset value of shares of the following two subsidiaries and affiliates declined substantially, the fair values of these shares were calculated with the difference from the carrying amount recognized as valuation loss and presented in extraordinary loss.

(units: millions of yen)

Company Name	Carrying amount before revaluation	Carrying amount after revaluation	Valuation loss
Fuji Shonan Toyota Housing Co., Ltd.	108	1	106
Toyota Housing Kinki Co., Ltd.	214	10	203
Total	322	12	310

Independent Auditor's Report

May 21, 2019

To the Board of Directors
Toyota Housing Corporation

PricewaterhouseCoopers Aarata LLC
Tomohiro Nishimura
Certified Public Accountant
Designated Limited Liability Partner
Engagement Partner

We have audited, pursuant to Article 436 (2) (i) of the Companies Act of Japan, the unconsolidated financial statements, which consist of the unconsolidated balance sheets, the unconsolidated statements of income, the unconsolidated statements of changes in net assets and the notes to the unconsolidated financial statements, and the supplementary schedules of Toyota Housing Corporation (hereinafter referred to as the "Company") for the 16th fiscal year from April 1, 2018 to March 31, 2019.

Management's Responsibility for the unconsolidated financial statements and the supplementary schedules: Management is responsible for the preparation and fair presentation of the unconsolidated financial statements, and the supplementary schedules in accordance with Japanese generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of the unconsolidated financial statements, and the supplementary schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

Our responsibility is to express an opinion on these unconsolidated financial statements and the supplementary schedules based on our audit. We conducted our audit in accordance with generally accepted auditing standards in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the unconsolidated financial statements and the supplementary schedules are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the unconsolidated financial statements and the supplementary schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the unconsolidated financial statements and the supplementary schedules, whether due to fraud or error. In making the risk assessment, the auditor considers internal control relevant to the entity's preparation and fair presentation of the unconsolidated financial statements and the supplementary schedules in order to design audit procedures that are appropriate in the circumstances, while the purpose of the financial statements audit is not to express an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, and examining the overall presentation of the unconsolidated financial statements and the supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion:

In our opinion, the unconsolidated financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period covered by the unconsolidated financial statements and the supplementary schedules in conformity with Japanese generally accepted accounting principles.

Emphasis of Matter:

As stated in "Important Subsequent Events," at the meeting of the Board of Directors held on May 9, 2019, the Company decided to perform a business integration of Misawa Homes Co., Ltd. (hereinafter, Misawa Homes), Panasonic Homes Co., Ltd. (hereinafter, Panasonic Homes), Panasonic Construction Engineering Co., Ltd. (hereinafter, Panasonic Construction Engineering) and Matsumura-gumi Corporation (hereinafter, Matsumura-gumi) under the joint venture through equal investment by Toyota Motor Corporation (hereinafter, "Toyota Motor") and Panasonic Corporation, with an effective date of January 7, 2020.

In addition, for this business integration, resolutions were passed stipulating: 1) Toyota Motors will become the wholly owning parent company through acquisition of treasury shares; 2) Misawa Homes will become a wholly owned subsidiary through a share exchange with Toyota Motors (exchange rate of 1:0.155); 3) Panasonic Homes, Panasonic Construction Engineering and Matsumura-gumi will establish a holding company through joint share transfer; and 4) Misawa Homes will become a subsidiary of the parent company through distribution of a dividend in kind of all shares of Misawa Homes. Our opinion is not qualified in respect of these matters.

Conflict of interest:

We have no interest in or relationship with the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Audit Report

The Audit & Supervisory Board has prepared this Audit Report pertaining to the conduct of duties by Members of the Board of Directors during the 16th fiscal year from April 1, 2018 through March 31, 2019, and reports as follows.

1. Methods and contents of Audit

Based on the Auditor auditing standards established after deliberation with all Auditors, and in accordance with the audit policies and audit plan, each Auditor endeavored to facilitate mutual understanding with the Members of the Board of Directors and senior executives, endeavored to collect information and maintain and improve the audit environment, and conducted audits in the following ways.

- (i) The Auditors attended the meetings of the Board of Directors and other important meetings of the Company, received reports from Members of the Board of Directors and senior executives on the status and results of the execution of their duties and asked them for explanations as necessary, reviewed important documents and surveyed operations and assets at the company head office and at major business offices. The Auditors exchanged opinions and information with Members of the Board of Directors and senior executives of the subsidiaries, and received reports on business from them, as needed.
- (ii) We also periodically received reports from Members of the Board of Directors and senior executives, requested explanations as necessary, and expressed opinion, regarding the development and operation of internal control systems that were organized based on decisions by the Board of Directors in relation to the development of a system to ensure that the execution of duties by Members of the Board of Directors and other operations of the corporate group consisting of the Company and its subsidiaries as described in the business reports were in conformity with applicable laws and regulations and the Articles of Incorporation, and a system stipulated in Article 100 of the Regulation for Enforcement of the Companies Act.
- (iii) We monitored and verified that the Accounting Auditor remained independent and performed audits appropriately, received reports on the execution of its duties from the Accounting Auditor and requested explanations as necessary. We were also notified by the Accounting Auditor that a “systems to ensure the appropriate execution of duties” (as described in each of the items of Article 131 of the Regulation on Corporate Accounting) was organized in accordance with “Quality Control Standards for Auditing” (October 28, 2005, Business Accounting Council), and requested explanations as necessary.

Based on the above method, the Audit & Supervisory Board has examined the business report, the unconsolidated financial statements (unconsolidated balance sheets, unconsolidated statements of income, unconsolidated statements of changes in net assets, and notes to the unconsolidated financial statements) and supplementary schedules, and consolidated financial statements (consolidated balance sheets, consolidated statements of income, consolidated statements of shareholders' equity and notes to the consolidated financial statements) for the fiscal year under review.

2. Results of Audit

(1) Audit results concerning the business report and others

- (i) The business report accurately represents the company's situation as required by laws and regulations and the Articles of Incorporation.
- (ii) No irregularity or violation of applicable laws or regulations or the Articles of Incorporation was found with respect to the execution of duties by Members of the Board of Directors.
- (iii) The resolutions of the Board of Directors concerning the internal control system are appropriate. We have no matters to be pointed out, neither concerning content provided in the business report, nor concerning the execution of duties by Members of the Board of Directors, with respect to the internal control system.
- (iv) We have no matters to be pointed out with respect to transactions with the parent company described in the business report.

- (2) Audit results concerning unconsolidated financial statements and supplementary schedules
The auditing method of PricewaterhouseCoopers Aarata LLC, the Accounting Auditor, and the results of the audit, are appropriate.
- (3) Audit results of consolidated financial statements
The auditing method of PricewaterhouseCoopers Aarata LLC, the Accounting Auditor, and the results of the audit, are appropriate.

May 24, 2019

Toyota Housing Corporation

Auditor, Hirohiko Fukatsu

Auditor, Kazusei Miwa