Annual Financial Report 2022

For the Year Ended March 31, 2022

TOYOTA INDUSTRIES CORPORATION

Financial Summary

Toyota Industries Corporation and its consolidated subsidiaries

< IFRS >

	FY2018	FY2019	FY2020	FY2021	FY2022
Net sales (Millions of yen)	2,003,973	2,214,946	2,171,355	2,118,302	2,705,183
Operating profit (Millions of yen)	147,445	134,684	128,233	118,159	159,066
Profit (Millions of yen)	173,816	159,778	150,187	141,435	185,350
Profit: attributable to owners of the parent (Millions of yen)	168,180	152,748	145,881	136,700	180,306
Comprehensive income (Millions of yen)	361,599	(16,789)	10,474	854,098	751,823
Share of equity attributable to owners of the parent (Millions of yen)	2,553,391	2,479,718	2,438,807	3,236,038	3,928,513
Total assets (Millions of yen)	5,258,500	5,261,174	5,279,653	6,503,986	7,627,120
Equity per share: attributable to owners of the parent (Yen)	8,223.82	7,986.59	7,854.87	10,422.64	12,653.04
Earnings per share－basic (Yen)	541.67	491.97	469.85	440.28	580.73
Earnings per share－diluted (Yen)	541.67	491.97	469.85	440.28	580.73
Ratio of equity attributable to owners of the parent to total assets (%)	48.56	47.13	46.19	49.75	51.51
Return on equity attributable to owners of the parent (%)	7.02	6.07	5.93	4.82	5.03
Price-to-earnings ratio (Times)	11.89	11.28	11.02	22.39	14.58
Net cash provided by operating activities (Millions of yen)	268,567	270,306	313,199	382,386	321,085
Net cash used in investing activities (Millions of yen)	(340,324)	(395,000)	(182,598)	(404,164)	(229,805)
Net cash provided by (used in) financing activities (Millions of yen)	153,303	40,467	(7,094)	(105,477)	(92,114)
Cash and cash equivalents at end of period (Millions of yen)	323,830	239,140	358,144	238,248	247,085
Number of employees [Average number of part-time employees, not included in number of employees above]	61,152 [11,705]	64,641 [12,625]	66,478 [12,788]	66,947 [11,396]	71,784 [12,923]

(Notes) 1. Toyota Industries Corporation and its subsidiaries have adopted International Financial Reporting Standards ("IFRS") for the consolidated financial statements of the annual report.

2. Diluted earnings per share is the same amount with basic earnings per share because there are no dilutive shares.

3. Number of employees is the number of workers (excluding people dispatched from the Group to outside the Group, but including people dispatched from outside the Group to the Group).

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following Management's Discussion and Analysis of Financial Condition and Results of Operations is based on information known to management as of June 2022.

This section contains projections and forward-looking statements that involve risks, uncertainties and assumptions. You should be aware that certain risks and uncertainties could cause the actual results of Toyota Industries Corporation and its consolidated subsidiaries to differ materially from any projections or forward-looking statements. These risks and uncertainties include, but are not limited to, those listed under "Risk Information" and elsewhere in this annual report.

The fiscal year ended March 31, 2022 is referred to as FY2022 and other fiscal years are referred to in a corresponding manner. All references to the "Company" herein are to Toyota Industries Corporation on a stand-alone basis and references to "Toyota Industries" herein are to the Company and its 258 consolidated subsidiaries.

1. Result of Operations

(1) Operating performance

In FY2022 (ended March 31, 2022), economic activities resumed thanks to the progress on COVID 19 vaccinations worldwide, which in turn prompted the global economy to recover, while the spread of COVID 19 infections shows no signs of subsiding. The momentum of the recovery is waning, however, due to semiconductor shortages, shipping delays caused by container shortages and the adverse effects of the Russian invasion of Ukraine that began near the end of FY2022. Meanwhile, the Japanese economy was also on a recovery trend, albeit belatedly, but its pace is likewise slowing down. In this operating environment, Toyota Industries undertook efforts to ensure customer trust through by placeing priorities on quality and to expand sales by responding flexibly to market trends.

As a result, total consolidated net sales amounted to 2,705.1 billion yen, an increase of 586.8 billion yen, or 28%, from the previous fiscal year.

(2) Operating performance highlights by business segment

Operating results by business segment are as follows.
Net sales for each segment do not include inter-segment transactions.

(Automobile)

The Automobile market recovered moderately overall, with an increase in Asia. Amid such operating conditions, net sales of the Automobile Segment totaled 792.8 billion yen, an increase of 201.2 billion yen, or 34%. Operating profit amounted to 33.0 billion yen, an increase of 28.3 billion yen, or 590%.

Within this segment, net sales of the Vehicle Business amounted to 83.4 billion yen, a decrease of 4.9 billion yen, or 6%, due to decreases in sales of RAV4 both for Japan and abroad.

Net sales of the Engine Business totaled 267.6 billion yen, an increase of 127.7 billion yen, or 91%, resulting mainly from an increase in sales of GD diesel engines.

Net sales of the Car Air-Conditioning Compressor Business totaled 356.1 billion yen, an increase of 54.5 billion yen, or 18%, due mainly to an increase in sales in North America.

Net sales of Electronics Parts and Others Business totaled 85.5 billion yen, an increase of 23.9 billion yen, or 39%, attributable primarily to an increase in sales of DC-AC inverters.

(Materials Handling Equipment)

The Materials Handling Equipment market was strong overall, with the expansion in North America and Europe. Amid this operating climate, net sales of the Materials Handling Equipment Segment totaled 1,789.4 billion yen, an increase of 358.0 billion yen, or 25%. Sales of lift trucks, a mainstay product of this segment, increased primarily in Europe. Operating profit amounted to 113.6 billion yen, an increase of 3.7 billion yen, or 3%, from the previous fiscal year.

(Textile Machinery)

The textile machinery market remained steady in Asia, including the mainstay China. Net sales of the Textile Machinery Segment totaled 69.2 billion yen, an increase of 28.4 billion yen, or 69%, due mainly to an increase in sales of weaving machinery and yarn quality measurement instruments. Operating profit amounted to 5.5 billion yen (operating loss of 1.1 billion yen in the previous fiscal year).

(3) Operating profit

Operating profit for FY2022 was 159.0 billion yen, an increase of 40.9 billion yen, or 35%, from the previous fiscal year. This was mainly owing to an increase in sales, despite increases in raw material prices and labor costs.

(4) Profit before income taxes

Profit before income taxes amounted to 246.1 billion yen, an increase of 62.1 billion yen, or 34%, from the previous fiscal year.

(5) Profit attributable to owners of the parent

Profit attributable to owners of the parent totaled 180.3 billion yen, an increase of 43.6 billion yen, or 32%, from the previous fiscal year.

Earnings per share－basic was 580.73 yen compared with 440.28 yen in the previous fiscal year.

2. Consolidated Financial Condition

Assets amounted to 7,627.1 billion yen, an increase of 1,123.2 billion yen from the end of the previous fiscal year, due mainly to an increase in fair value of investment securities. Liabilities amounted to 3,605.1 billion yen, an increase of 423.7 billion yen from the end of the previous fiscal year. This was primarily because of an increase in deferred tax liabilities. Equity amounted to 4,021.9 billion yen, an increase of 699.4 billion yen from the end of the previous fiscal year.

3. Liquidity and Capital Resources

(1) Capital needs and returning profits to shareholders

Toyota Industries' primary capital needs are twofold, specifically, long-term capital needs for research and development, capital investment, M&A and others as well as working capital needs for purchasing raw materials and parts for manufacturing the Toyota Industries' products and for manufacturing costs and selling, general and administrative expenses.

In addition to prioritizing fund allocation in research and development and capital investment, it is Toyota Industries' policy to invest funds in M&A and others when deemed necessary for business expansion and sustainable growth.

As for returning profits to shareholders, it is determined to pay dividends at the consolidated dividend payout ratio of around 30%. In regard to dividend policy, refer to "7. Dividend Policy".

(2) Financial policy

Toyota Industries' financial policy is to ensure sufficient financing for its business activities and to maintain sufficient liquidity and strong consolidated financial position. Toyota Industries continues to maintain its solid financial condition. Through the use of such current assets as cash and cash equivalents and short-term investments, as well as cash flows from operating activities, issuance of corporate bonds and loans from financial institutions, Toyota Industries believes that it will be able to provide sufficient funds for the working capital necessary to expand existing businesses and develop new projects.

Toyota Industries receives credit ratings from S&P Global Ratings Japan Inc., Moody's Japan K.K. and Rating & Investment Information, Inc. and strives to maintain and improve its ratings to procure funds at favorable terms.

Regarding fund management, the Company undertakes integrated fund management of its subsidiaries in Japan, while Toyota Industries North America, Inc. (TINA) and Toyota Industries Finance International AB (TIFI) centrally manage the funds of subsidiaries in North America and Europe, respectively. Through close cooperation among the Company, TINA and TIFI, we strive to improve efficiency of funds operations.

4. Cash Flows

Net cash provided by operating activities was 321.0 billion yen in FY2022, due to posting profit before income taxes of 246.1 billion yen. Net cash provided by operating activities decreased by 61.3 billion yen compared to that of 382.3 billion yen in the previous fiscal year.

Net cash used in investing activities was 229.8 billion yen in FY2022, attributable primarily to payments for purchases of property, plant and equipment of 237.3 billion yen. Net cash used in investing activities increased by 174.3 billion yen compared to that of 404.1 billion yen in the previous fiscal year.

Net cash used in financing activities was 92.1 billion yen in FY2022, due mainly to repayments of corporate bonds of 184.0 billion yen. Net cash used in financing activities increased by 13.3 billion yen compared to that of 105.4 billion yen in the previous fiscal year.

After adding translation adjustments and cash and cash equivalents at beginning of period, cash and cash equivalents as of March 31, 2022 stood at 247.0 billion yen, an increase of 8.8 billion yen, or 4%, from the end of the previous fiscal year.

5. Investment in Property, Plant and Equipment

During FY2022, Toyota Industries made a total investment of 279,608 million yen in property, plant and equipment (including materials handling equipment for operating lease) in order to launch new products, streamline and upgrade production equipment.

The breakdown in the operating segments is as follows.

In the Automobile Segment, investments in property, plant, and equipment was 99,223 million yen. This is primarily attributable to the Company for 78,454 million yen and Toyota Industries Engine India Pvt Ltd. for 6,250 million yen. In the Materials Handling Equipment Segment, investments in property, plant, and equipment was 175,276 million yen. This is primarily attributable to the Company for 5,249 million yen, Toyota Material Handling Europe AB Group for 57,950 million yen, Raymond Group for 32,587 million yen, Toyota Industries Commercial Finance, Inc. for 22,956 million yen, Vanderlande Group for 13,821 million yen and Toyota Material Handling Australia Pty Limited for 10,717 million yen. In the Textile Machinery Segment, investment in property, plant, and equipment was 790 million yen. In the Others Segment, investment in property, plant, and equipment was 4,317 million yen.

The fund is allocated from the Company's own resources, loans and corporate bonds.

6. Strategies and Outlook

There are many uncertainties on the outlook of the global economy. The spread of COVID-19 infections shows no signs of subsiding. There are also long-term concerns on effects caused by semiconductor shortages that have continued since FY2022, shipping delays due to container shortages, soaring commodity prices, and supply constraints arising from heightened geopolitical tensions. In addition, in the political, economic and technological areas, changes are occurring at an increasing pace such as accelerated global efforts to realize a carbon neutral society and advances in digitalization. In the markets for Automobile and Materials Handling Equipment, which constitute core businesses of Toyota Industries, competition among companies is intensifying, triggered by advancements in the fields of electrification and autonomous driving, new entries that leverage digital technologies and the transformation of the industrial structure.

Under these circumstances, Toyota Industries has made investments and promoted initiatives in growth fields while continuing manufacturing by swiftly responding to changes in the surrounding environment and risks. Looking ahead, we intend to focus on the following three actions in order to further strengthen the management platform and enhance corporate value.

1) Thoroughly adhere to the basics

Adhere to such basics as safety, health, quality and compliance, which constitute the foundation of any company, and continue to promote manufacturing while improving quality and productivity with safety as our top priority. In addition, we will pursue efforts toward realizing a carbon neutral society and a circular society.

2) Strengthen management platform

We will strengthen our efforts against various risks and build a flexible and robust organization so that we can make an agile response in emergency situations. At the same time, we will develop employees who learn, think and act quickly on their own while promoting the creation of organizations and workplaces where diverse human resources can demonstrate their capabilities to the fullest.

3) Lay the groundwork for further growth

Viewing changes in the markets and industries as opportunities for growth of the Company, we will develop innovative technologies and products through the proactive use of digital technologies and open innovation and effort to provide services demanded by our customers.

Through these initiatives, we aim for sustainable growth of each business and strive to support industries and social foundations around the world and contribute to making the earth a better place to live, enriched lifestyles and a comfortable society as described in Toyota Industries' Vision 2030.

7. Dividend Policy

Toyota Industries intends to meet the expectations of shareholders for continuous dividends while giving full consideration to business performance, funding requirements, the dividend payout ratio and other factors.

Toyota Industries' Board of Directors meeting, held on April 28, 2022, approved a year-end cash dividend of 90.0 yen per share. Including the interim cash dividend of 80.0 yen per share, cash dividends for the year totaled 170.0 yen per share.

Toyota Industries will use retained earnings to improve the competitiveness of its products, augment production capacity in and outside Japan, as well as to expand into new fields of business and strengthen its corporate constitution in securing future profits for its shareholders.

The Company's Articles of Incorporation stipulate that it may pay interim cash dividends as prescribed in Article 454-5 of the Companies Act and it is the Company's basic policy to pay dividends from retained earnings twice a year (interim and year-end).

The Company's Articles of Incorporation also stipulate that what is prescribed in Article 459-1 of the Companies Act can be added to the Articles of Incorporation.

8. Risk Information

The following represent risks that could have a material impact on Toyota Industries' financial condition, business results and share prices. Toyota Industries judged the following as future risks as of March 31, 2022.

(1) Principal customers

Toyota Industries' automobile and engine products are sold primarily to Toyota Motor Corporation ("TMC"). In FY2022, net sales to TMC accounted for 12.6% of consolidated net sales. Therefore, TMC's vehicle sales could have an impact on Toyota Industries' business results. As of March 31, 2022, TMC holds 24.7% of the Company's voting rights.

(2) Product development capabilities

Based on the concept of "developing appealing new products", Toyota Industries proactively develops new products by utilizing its leading-edge technologies, as it strives to anticipate increasingly sophisticated and diversifying needs of the market and ensure the satisfaction of its customers.

R&D activities are focused mainly on developing and upgrading products in current business fields and peripheral sectors. Toyota Industries expects that revenues derived from these fields will continue to account for a significant portion of total revenues and anticipates that future growth will be contingent on the development and sales of new products in these fields. Toyota Industries believes that it can continue to develop appealing new products. However, Toyota Industries may not be able to forecast market needs and develop and introduce appealing new products in a timely manner. This could result in lower future growth and have an adverse impact on Toyota Industries' financial condition and business results.

Such a situation could result from risks that include that there is no assurance that Toyota Industries will be able to allocate sufficient future funds necessary for the development of appealing new products; no assurance that product sales will be successful, as forecasts of products supported by the market may not always be accurate; and no assurance that newly developed products and technologies will always be protected as intellectual property.

(3) Intellectual property rights

In undertaking its business activities, Toyota Industries has acquired numerous intellectual property rights, including those acquired outside Japan, such as patents related to its products, product designs and manufacturing methods. However, not all patents submitted will necessarily be registered as rights, and these patents could thus be rejected by patent authorities or invalidated by third parties. Also, a third party could circumvent a patent of Toyota Industries and introduce a competing product into the market. Moreover, Toyota Industries' products utilize a wide range of technologies. Therefore, Toyota Industries could become a party subject to litigation involving the intellectual property rights of a third party.

(4) Product defects

Guided by the basic philosophy of "offering products and services that are clean, safe and of high quality", Toyota Industries makes its utmost efforts to enhance quality.

However, Toyota Industries cannot guarantee all its products will be defect-free and that product recalls will not be made in the future. Product defects that could lead to large-scale recalls and product liability indemnities could result in large cost burdens and have a significant negative impact on the evaluation of Toyota Industries. It could also have an adverse effect on Toyota Industries' financial condition and business results due to a decrease in sales and profit, and decline in share prices of Toyota Industries.

(5) Price competition

Toyota Industries faces extremely harsh competition in each of the industries in which it conducts business, including its Automobile and Materials Handling Equipment businesses, which are the core of Toyota Industries' earnings foundation. Toyota Industries believes it offers high value-added products that are unrivalled in terms of technology, quality and cost.

Amid an environment characterized by intensifying price competition, however, Toyota Industries may be unable to maintain or increase market share against low-cost competitors or to maintain profitability. This could have an adverse impact on Toyota Industries' financial condition and business results.

(6) Reliance on suppliers of raw materials and components

Toyota Industries' products rely on various raw materials and components from suppliers outside Toyota Industries. Toyota Industries has concluded basic business contracts with these external suppliers and assumes it can carry out stable transactions for raw materials and components. However, Toyota Industries has no assurances against future shortages of raw materials and components, which arise from a global shortage due to tight supply or an unforeseen accident involving a supplier. Such shortages could have a negative effect on Toyota Industries' production and cause an increase in costs, which could have an adverse impact on Toyota Industries' financial condition and business results.

(7) Environmental regulations

In view of its social responsibilities as a company, Toyota Industries strives to reduce any burden on the environment resulting from its production processes, as well as strictly adheres to applicable environmental laws and regulations.
However, various environmental regulations could also be revised and strengthened in the future. Accordingly, any expenses necessary for continuous strict adherence to these environmental regulations could result in increased business costs and have an adverse impact on Toyota Industries' financial condition and business results.

(8) Alliances with other companies

Aiming to expand its businesses, Toyota Industries engages in joint activities with other companies through alliances and joint ventures. However, a wildly fluctuating market trend or a policy disagreement between Toyota Industries and its partners, owing to business, financial or other reasons, could prevent Toyota Industries from deriving the intended benefits of its alliances.

(9) Exchange rate fluctuations

Toyota Industries' businesses encompass the production and sales of products and the provision of services worldwide. Generally, the strengthening of the yen against other currencies (especially against the U.S. dollar and the euro, which account for a significant portion of Toyota Industries' sales) has an adverse impact on Toyota Industries' business, while a weakening of the yen has a favorable impact. As such, in the businesses in which the Toyota Industries manufactures products in Japan and exports them, the strengthening of the yen could reduce Toyota Industries' relative price competitiveness on a global basis and have an adverse impact on Toyota Industries' financial condition and business results. To reduce such possibilities to a minimum, Toyota Industries uses, in principle, derivative transactions such as forward exchange contracts to hedge risks of exchange rate fluctuations.

(10) Share price fluctuations

Toyota Industries holds marketable securities, and therefore bears the risk of price fluctuations of these shares. Based on fair market value of these shares at the end of the fiscal year under review, Toyota Industries had unrealized gains. However, unrealized gains on marketable securities could worsen depending on future share price movements. Additionally, a fall in share prices could reduce the value of pension assets, leading to an increase in the pension shortfall.

(11) Effects of disasters, power blackouts and other incidents

Toyota Industries carries out regular checks and inspections of its production facilities to minimize the effect of production breakdown. However, there is no assurance Toyota Industries can completely prevent or lessen the impact of man-made or natural disasters and power blackouts occurring at Toyota Industries' and its suppliers' production facilities. Specifically, the majority of Toyota Industries' domestic production facilities and most of its business partners are situated in the Chubu region. Therefore, major disasters in this region could delay or stop production or shipment activities. Such prolonged delays and stoppages could have an adverse impact on Toyota Industries' financial condition and business results. To reduce such possibilities to a minimum, Toyota Industries works with business suppliers for optimizing the supply chain such as obtaining alternative means of supplies of raw materials and parts by regionally dispersing channels.

(12) Latent risks associated with international activities

Toyota Industries manufactures and sells products and provides services in various countries. Such unforeseen factors as social chaos, including political disruptions, terrorism, wars and disease, as well as changes in economic conditions, could have an adverse impact on Toyota Industries' financial condition and business results.

(13) Post-employment benefits

Toyota Industries' defined benefit plan expenses and liabilities are calculated based on actuarial assumptions that incorporate discount rates and other factors. Therefore, differences between actual results and assumptions, such as a reduction in discount rates or a decrease in plan assets, as well as changes in the assumptions could have a significant impact on recognized expenses and calculated liabilities in future accounting periods.

9. Significant Contract Agreements

There are no material significant contract agreements that need to be disclosed as of the end of fiscal year ended March 31, 2022.

10. Toyota Industries' Relationship to Toyota Motor Corporation

Due to historical reasons, Toyota Industries maintains close relationships with TMC and Toyota Group companies in terms of capital and business dealings.

(1) Historical background

In 1933, Kiichiro Toyoda, the eldest son of founder Sakichi Toyoda and then Managing Director of Toyoda Automatic Loom Works, Ltd. (the present Toyota Industries), established the Automobile Department within the Company based on his resolve to manufacture Japanese-made automobiles. In 1937, the Automobile Department was spun off and became an independent company, Toyota Motor Co., Ltd. (the present TMC).

(2) Capital relationship

In light of this historical background, Toyota Industries and TMC have maintained a close capital relationship. As of March 31, 2022, Toyota Industries holds 8.65% (1,192,330 thousand shares) of TMC's total shares in issue. Likewise, as of the same date, TMC holds 24.7% of Toyota Industries' total voting rights. Toyota Industries is a TMC affiliate accounted for by the equity method.

(3) Business relationship

Toyota Industries assembles certain cars and produces automobile engines under consignment from TMC. Additionally, Toyota Industries sells a portion of its other components and products directly or indirectly to other Toyota Group companies. In FY2022, our net sales to TMC on a stand-alone basis accounted for 12.6% of our consolidated net sales.

(4) Contributions to the Toyota Group

As a member of the Toyota Group, Toyota Industries aims to contribute to strengthening the competitiveness of TMC and other Toyota Group companies in such areas as quality, cost, delivery and technologies. Toyota Industries is confident that raising the Toyota Group's competitiveness will lead to increases in sales to and profits from the Toyota Group, thereby contributing to raising Toyota Industries' corporate value.

[Consolidated Financial Statements and Other]
I. [Consolidated Financial Statements]
[Consolidated Statement of Financial Position]

(Millions of yen)

	Notes	FY2021 (As of March 31, 2021)	FY2022 (As of March 31, 2022)
Assets			
Current assets			
Cash and cash equivalents	5	238,248	247,085
Time deposits with deposit terms of over three months		353,864	328,674
Trade receivables and other receivables	6	962,270	1,121,491
Other financial assets	7	5,947	12,672
Inventories	8	292,461	433,961
Income tax receivables		22,630	28,906
Other current assets		72,658	83,034
Total current assets		1,948,081	2,255,827
Non-current assets			
Property, plant and equipment	9,30	1,043,405	1,134,074
Goodwill and intangible assets	10,30	363,449	395,882
Trade receivables and other receivables	6	3,519	2,334
Investments accounted for by the equity method	11	16,812	21,337
Other financial assets	7	3,051,702	3,734,978
Net defined benefit assets	17	33,997	37,408
Deferred tax assets	25	37,615	39,908
Other non-current assets		5,401	5,368
Total non-current assets		4,555,904	5,371,292
Total assets		6,503,986	7,627,120

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

(Millions of yen)

	Notes	FY2021 (As of March 31, 2021)	FY2022 (As of March 31, 2022)
Liabilities and Equity			
Liabilities			
Current liabilities			
Trade payables and other payables	12	613,579	745,553
Corporate bonds and loans	13	435,238	468,504
Other financial liabilities	14	78,673	82,909
Accrued income taxes		22,786	27,281
Provisions	16	13,343	15,415
Other current liabilities		24,617	33,058
Total current liabilities		1,188,239	1,372,721
Non-current liabilities			
Corporate bonds and loans	13	910,124	922,011
Other financial liabilities	14	88,364	95,237
Net defined benefit liabilities	17	104,900	91,677
Provisions	16	10,225	11,809
Deferred tax liabilities	25	854,644	1,078,641
Other non-current liabilities		24,937	33,054
Total non-current liabilities		1,993,196	2,232,430
Total liabilities		3,181,436	3,605,152
Equity			
Share of equity attributable to owners of the parent			
Capital stock	18	80,462	80,462
Capital surplus	18	102,307	102,388
Retained earnings	18	1,369,775	1,514,657
Treasury stock	18	(59,321)	(59,339)
Other components of equity	18	1,742,814	2,290,343
Total share of equity attributable to owners of the parent		3,236,038	3,928,513
Non-controlling interests		86,511	93,454
Total equity		3,322,550	4,021,967
Total liabilities and equity		6,503,986	7,627,120

[Consolidated Statement of Profit or Loss]

(Millions of yen)

	Notes	FY2021 (April 1, 2020 - March 31, 2021)	FY2022 (April 1, 2021 - March 31, 2022)
Net sales	20	2,118,302	2,705,183
Cost of sales	21, 22	(1,627,894)	(2,097,501)
Gross profit		490,407	607,682
Selling, general and administrative expenses	21, 22	(374,648)	(455,165)
Other income	23	18,956	20,942
Other expenses	23	(16,555)	(14,391)
Operating profit		118,159	159,066
Financial income	24	73,999	89,941
Financial expenses	24	(9,830)	(7,282)
Share of profit (loss) of investments accounted for by the equity method	11	1,682	4,397
Profit before income taxes		184,011	246,123
Income taxes	25	(42,576)	(60,773)
Profit		141,435	185,350
Profit attributable to:			
Owners of the parent		136,700	180,306
Non-controlling interests		4,735	5,043

Earnings per share	26		
Earnings per share－basic (yen)		440.28	580.73
Earnings per share－diluted (yen)		440.28	580.73

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

[Consolidated Statement of Comprehensive Income]

(Millions of yen)

	Notes	FY2021 (April 1, 2020 - March 31, 2021)	FY2022 (April 1, 2021 - March 31, 2022)
Profit		141,435	185,350
Other comprehensive income:			
Items not to be reclassified into profit or loss			
Net changes in revaluation of FVTOCI financial assets	27, 29	642,254	465,900
Remeasurements of defined benefit plans	17, 27	12,438	13,943
Other comprehensive income of affiliates accounted for by the equity method	11, 27	27	19
Total items not to be reclassified into profit or loss		654,719	479,863
Items that can be reclassified into profit or loss			
Translation adjustments of foreign operations	27	57,210	84,380
Cash flow hedges	27, 29	154	1,126
Other comprehensive income of affiliates accounted for by the equity method	11, 27	578	1,102
Total items that can be reclassified into profit or loss		57,943	86,610
Total other comprehensive income		712,662	566,473
Comprehensive income		854,098	751,823
Total comprehensive income attributable to:			
Owners of the parent		845,026	742,088
Non-controlling interests		9,072	9,735

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

[Consolidated Statement of Changes in Equity]

(Millions of yen)

	Notes	Share of equity attributable to owners of the parent					
						Other components of equity	
		Capital stock	Capital surplus	Retained earnings	Treasury stock	Net changes in revaluation of FVTOCI financial assets	Remeasurements of defined benefit plans
Balance as of April 1, 2020		80,462	103,515	1,267,521	(59,307)	1,138,219	—
Profit		—	—	136,700	—	—	—
Other comprehensive income		—	—	—	—	641,463	12,128
Total comprehensive income		—	—	136,700	—	641,463	12,128
Repurchase of treasury stock	18	—	—	—	(14)	—	—
Disposal of treasury stock	18	—	0	—	0	—	—
Dividends	19	—	—	(46,572)	—	—	—
Changes in ownership interest of subsidiaries		—	(1,208)	—	—	—	—
Changes in non-controlling interests as a result of change in scope of consolidation		—	—	—	—	—	—
Reclassified into retained earnings		—	—	12,126	—	2	(12,128)
Other increases (decreases)		—	—	—	—	—	—
Total transactions with owners		—	(1,208)	(34,445)	(14)	2	(12,128)
Balance as of March 31, 2021		80,462	102,307	1,369,775	(59,321)	1,779,685	—
Profit		—	—	180,306	—	—	—
Other comprehensive income		—	—	—	—	466,017	13,896
Total comprehensive income		—	—	180,306	—	466,017	13,896
Repurchase of treasury stock	18	—	—	—	(18)	—	—
Disposal of treasury stock	18	—	0	—	0	—	—
Dividends	19	—	—	(49,676)	—	—	—
Changes in ownership interest of subsidiaries		—	81	—	—	—	—
Changes in non-controlling interests as a result of change in scope of consolidation		—	—	—	—	—	—
Reclassified into retained earnings		—	—	14,252	—	(355)	(13,896)
Other increases (decreases)		—	—	—	—	—	—
Total transactions with owners		—	81	(35,424)	(18)	(355)	(13,896)
Balance as of March 31, 2022		80,462	102,388	1,514,657	(59,339)	2,245,347	—

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

(Millions of yen)

	Notes	Share of equity attributable to owners of the parent				Non-controlling interests	Total equity
		Other components of equity			Total		
		Translation adjustments of foreign operations	Cash flow hedges	Total			
Balance as of April 1, 2020		(93,662)	2,057	1,046,614	2,438,807	81,730	2,520,537
Profit		–	–	–	136,700	4,735	141,435
Other comprehensive income		54,579	154	708,326	708,326	4,336	712,662
Total comprehensive income		54,579	154	708,326	845,026	9,072	854,098
Repurchase of treasury stock	18	–	–	–	(14)	–	(14)
Disposal of treasury stock	18	–	–	–	0	–	0
Dividends	19	–	–	–	(46,572)	(1,627)	(48,200)
Changes in ownership interest of subsidiaries		–	–	–	(1,208)	(2,662)	(3,871)
Changes in non-controlling interests as a result of change in scope of consolidation		–	–	–	–	–	–
Reclassified into retained earnings		–	–	(12,126)	–	–	–
Other increases (decreases)		–	–	–	–	–	–
Total transactions with owners		–	–	(12,126)	(47,794)	(4,290)	(52,085)
Balance as of March 31, 2021		(39,082)	2,211	1,742,814	3,236,038	86,511	3,322,550
Profit		–	–	–	180,306	5,043	185,350
Other comprehensive income		80,740	1,126	561,781	561,781	4,692	566,473
Total comprehensive income		80,740	1,126	561,781	742,088	9,735	751,823
Repurchase of treasury stock	18	–	–	–	(18)	–	(18)
Disposal of treasury stock	18	–	–	–	0	–	0
Dividends	19	–	–	–	(49,676)	(2,260)	(51,937)
Changes in ownership interest of subsidiaries		–	–	–	81	(1,066)	(984)
Changes in non-controlling interests as a result of change in scope of consolidation		–	–	–	–	534	534
Reclassified into retained earnings		–	–	(14,252)	–	–	–
Other increases (decreases)		–	–	–	–	–	–
Total transactions with owners		–	–	(14,252)	(49,613)	(2,792)	(52,405)
Balance as of March 31, 2022		41,657	3,338	2,290,343	3,928,513	93,454	4,021,967

[Consolidated Statement of Cash Flows]

(Millions of yen)

	Notes	FY2021 (April 1, 2020 - March 31, 2021)	FY2022 (April 1, 2021 - March 31, 2022)
Cash flows from operating activities:			
Profit before income taxes		184,011	246,123
Depreciation and amortization		209,839	223,737
Impairment losses		3,008	2,368
Interest and dividends income		(72,429)	(84,203)
Interest expenses		5,430	4,868
Share of (profit) loss of investments accounted for by the equity method		(1,682)	(4,397)
(Increase) decrease in inventories		(20,673)	(110,613)
(Increase) decrease in trade receivables and other receivables		(40,035)	(81,246)
Increase (decrease) in trade payables and other payables		73,868	93,537
Others		26,205	12,496
Subtotal		367,543	302,671
Interest and dividends income received		72,881	84,921
Interest expenses paid		(5,433)	(4,999)
Income taxes paid		(52,605)	(61,507)
Net cash provided by operating activities		382,386	321,085
Cash flows from investing activities:			
Payments for purchases of property, plant and equipment		(222,360)	(237,371)
Proceeds from sales of property, plant and equipment		16,200	16,415
Payments for purchases of investment securities		(4,455)	(1,406)
Proceeds from sales of investment securities		3	651
Payments for acquisition of subsidiaries' stock resulting in change in scope of consolidation		(714)	(14,905)
Payments for bank deposits		(929,999)	(935,461)
Proceeds from withdrawals of bank deposits		752,408	961,239
Payments for transfer of businesses		(901)	(529)
Others		(14,344)	(18,438)
Net cash used in investing activities		(404,164)	(229,805)
Cash flows from financing activities:			
Net increase (decrease) in short-term loans payable (within three months)	31	(13,507)	26,622
Proceeds from short-term loans payable (over three months)	31	64,349	136,079
Repayments of short-term loans payable (over three months)	31	(65,989)	(112,363)
Net increase (decrease) in commercial paper	31	(62,355)	40,590
Proceeds from long-term loans payable	31	182,295	233,551
Repayments of long-term loans payable	31	(99,189)	(180,482)
Proceeds from issuance of corporate bonds	31	47,038	13,205
Repayments of corporate bonds	31	(84,589)	(184,066)
Repayments of lease obligations	31	(23,251)	(16,453)
Payments for repurchase of treasury stock		(14)	(18)
Cash dividends paid	19	(46,572)	(49,676)
Cash dividends paid to non-controlling interests		(1,627)	(2,260)
Others		(2,062)	3,156
Net cash used in financing activities		(105,477)	(92,114)
Translation adjustments of cash and cash equivalents		7,359	9,671
Net increase (decrease) in cash and cash equivalents		(119,896)	8,837
Cash and cash equivalents at beginning of period		358,144	238,248
Cash and cash equivalents at end of period	5	238,248	247,085

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

Notes to Consolidated Financial Statements

1. Reporting Entity

Toyota Industries Corporation (hereinafter, "the Company") is a company domiciled in Japan. The accompanying consolidated financial statements comprise Toyota Industries and the Company's interests in affiliates. The businesses of the Toyota Industries include the manufacture and sales of automobiles, materials handling equipment, textile machinery and others. The content of each business is detailed in "4. Segment Information".

2. Basis of Presentation

(1) Conformance of consolidated financial statements with IFRS

As the Company meets the requirements of "Specified Company Applying Designated International Financial Reporting Standards" pursuant to Article 1-2 of the Ordinance on Consolidated Financial Statements, the consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as permitted by the provision of Article 93 of the Ordinance.

The consolidated financial statements have been approved by Akira Onishi, president of the Company, on August 10, 2022.

(2) Basis of measurement

As detailed in "3. Significant Accounting Policies", Toyota Industries' consolidated financial statements have been prepared on a historical cost basis, except for specific financial instruments and others measured at fair value.

(3) Functional currency and presentation currency

The financial statements of each of Toyota Industries' entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). These consolidated financial statements are presented in Japanese yen, which is the Company's functional currency, rounded down to the nearest million yen.

(4) Use of estimates and judgments

In the preparation of the IFRS-compliant consolidated financial statements, management of the Company is required to make a number of judgments, estimates and assumptions that could have an impact on the application of accounting policies, reporting of revenues and expenses as well as assets and liabilities. Actual results, however, could differ from those estimates.

Estimates and assumptions are continually reviewed. The effect of a change in accounting estimates is recognized in the reporting period in which the change was made and in future reporting periods.

The information regarding judgments used in applying accounting policies that could have a material effect on the Company's consolidated financial statements is included in "3. Significant Accounting Policies".

The information regarding uncertainties arising from assumptions and estimates that could result in material adjustments in the subsequent consolidated financial statements is as follows.

10. Goodwill and Intangible Assets (impairment losses)
17. Employee Benefits (Actuarial assumptions)

(5) Accounting standards and interpretations not yet adopted by the Company

Of the new accounting standards and the new interpretations that have been newly issued or amended by the date of approval of the consolidated financial statements, there are no items that are not early adopted by the Company and that have a material impact on the consolidated financial statements.

(6) Changes in presentation

(Consolidated Statement of Cash Flows)

"Payments for loans made" and "Proceeds from collection of loans" in "Cash flows from investing activities" which were separately presented in the previous fiscal year, are included in "Others" from FY2022, changes were made after considering the materiality of the impact to the consolidated financial statements.

As a result, the amount of (1,107) million yen presented as "Payments for loans made" and the amount of 1,033 million yen presented as "Proceeds from collection of loans" in "Cash flows from investing activities" in the consolidated statement of cash flows for the previous fiscal year have been reclassified as "Others" of (74) million yen.

"Payments for acquisition of subsidiaries' stock not resulting in change in scope of consolidation" and "Proceeds from sales of subsidiaries' stock not resulting in change in scope of consolidation" in "Cash flows from financing activities" which were separately presented in the previous fiscal year, are included in "Others" from FY2022, changes were made after considering the materiality of the impact to the consolidated financial statements.

As a result, the amount of (5,602) million yen presented as "Payments for acquisition of subsidiaries' stock not resulting in change in scope of consolidation" and the amount of 929 million yen presented as "Proceeds from sales of subsidiaries' stock not resulting in change in scope of consolidation" in "Cash flows from financing activities" in the consolidated statement of cash flows for the previous fiscal year have been reclassified as "Others" of (4,672) million yen.

"Net Increase (decrease) in commercial paper" and "Repayments of lease obligations," which were included in "Others" in "Cash flows from financing activities" in the previous fiscal year, are separately presented from FY2022, changes were made after considering the materiality of the impact to the consolidated financial statements.

As a result, the amount of (82,996) million yen presented as "Others" in "Cash flows from financing activities" in the consolidated statement of cash flows for the previous fiscal year has been reclassified as "Net Increase (decrease) in commercial paper" of (62,355) million yen, "Repayments of lease obligations" of (23,251) million yen, and "Others" of 2,610 million yen.

3. Significant Accounting Policies

(1) Basis of Consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method. Goodwill is measured as the difference between the aggregate of the acquisition-date fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree and, in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree, and the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If the difference is negative, it is immediately recognized in profit or loss. If the initial accounting for a business combination is incomplete by the end of the fiscal year in which the combination occurs, provisional amounts of incomplete items are measured, which are adjusted during the measurement period within one year from the date of acquisition. Acquisition-related costs incurred are recognized as expenses. For intangible assets acquired through a business combination, see "(6) Intangible Assets (iii) Intangible assets acquired in business combinations". For policy on impairment losses of non-financial assets including goodwill, see "(15) Impairment Losses (ii) Non-financial assets".

(ii) Subsidiaries

Subsidiaries are entities controlled by the Company. The financial statements of the subsidiaries are consolidated into those of the Company from the date on which the Company acquires control until the date on which the Company loses control. Subsidiaries' financial statements are adjusted if their accounting policies differ from those of the Company. Intra-group balances, transactions and any unrealized gains or losses resulting from intra-group transactions are eliminated on consolidation. Comprehensive income is attributed to the owners of the parent and to non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Non-controlling interests consist of the amount of those interests recognized initially at the date on which the Company acquires control and the changes in non-controlling interests since the said date.

The consolidated financial statements contain financial statements of subsidiaries whose closing dates differ from that of the parent as a result of those dates being required by laws of the countries where those subsidiaries reside. For those subsidiaries, financial statements are prepared as of and years ended for March 31, and used in the consolidated closing date.

(iii) Affiliates

Affiliates are entities in which Toyota Industries has a significant influence, but not control, over financial and operating policies. Investments in affiliates are accounted for by the equity method from the date on which the Company possesses a significant influence until the date on which the Company loses the significant influence.

If accounting policies of affiliates differ from those adopted by Toyota Industries, the Company makes necessary modifications to align them with those of Toyota Industries.

Under the equity method, the investment is initially measured at cost and is adjusted thereafter for the post-acquisition change in the Toyota Industries' share of the affiliates' net assets. In doing so, the amount equivalent to Toyota Industries' share of the affiliates' net assets is recognized in profit or loss of the Group. Also, the amount equivalent to Toyota Industries' share of the affiliates' other comprehensive income is recognized in other comprehensive income of Toyota Industries. The amount equivalent to Toyota Industries' share of the affiliates' loss is recognized as a loss until the amount exceeds the investment (including long-term interests that, in substance, form part of the Toyota Industries' net investment in that affiliate), and losses in excess of the investment are recognized only to the extent that Toyota Industries has incurred legal or constructive liabilities or made payments on behalf of the affiliate. Unrealized gains or losses from significant inter-company transactions are eliminated to the extent of Toyota Industries' share of the equity interest in the affiliate.

Any excess of the cost of acquisition over identifiable assets, liabilities and contingent liabilities of the affiliate at the date of acquisition is recognized as goodwill and included in the carrying value of the investment, and is not amortized.

(2) Foreign Currencies

(i) Foreign currency transactions

Foreign currency transactions are converted into the functional currency of each of Toyota Industries' entities using the exchange rate prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are converted into the functional currency using the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the spot rate using the exchange rate at the fair value calculation date.
Any exchange difference arising from the retranslation and settlement is recognized in profit or loss of the period.

(ii) Foreign operations

Assets and liabilities of foreign operations including goodwill and fair value adjustments arising from acquisition are translated at the exchange rates at the end of the reporting period. Income and expenses of foreign operations are translated at the average exchange rates during the fiscal year, except in cases where exchange rates fluctuate significantly. If exchange rates fluctuate significantly, the exchange rate at the transaction date is used.

Foreign currency differences from the translation are recognized in other comprehensive income. When a foreign operation is disposed of or control, significant influence or joint control is lost, the cumulative amount of exchange differences related to that foreign operation is reclassified to profit or loss as part of the gain or loss on the disposal.

(3) Cash and Cash Equivalents

Cash and cash equivalents are cash on hand, readily available deposits and short-term highly liquid and low risk investments with maturities not exceeding three months at the time of purchase.

(4) Inventories

Inventories are stated at the lower of cost or net realizable value. Cost of inventories includes purchase costs, processing costs and all other costs incurred in bringing them to their existing location and condition, and is calculated primarily using the moving average method.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to sell.

(5) Property, Plant and Equipment

Property, plant and equipment are measured using the cost model and stated at cost less accumulated depreciation and accumulated impairment losses.

Estimated useful lives and the method of depreciation are reviewed at the fiscal year-end. Changes in estimated useful lives or depreciation methods are accounted for on a prospective basis as a change in accounting estimate.
Property, plant and equipment, excluding land and construction in progress, are depreciated on a straight-line basis over their estimated useful lives. Right-of-use assets are depreciated on a systematic basis from the commencement date to the earlier of the end of the economic life of the underlying asset or the end of the lease term. The estimated useful lives for major classes of assets are as follows.

・ Buildings and structures: 5 to 60 years
・ Machinery and vehicles: 3 to 22 years

An item of property, plant and equipment is derecognized on disposal or when it is withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising from derecognition of an item of property, plant and equipment is included in profit or loss when it is derecognized.

For the policy on impairment of property, plant and equipment, see "(15) Impairment Losses (ii) Non-financial assets".

(6) Intangible Assets

Intangible assets are measured using the cost model and stated at cost less accumulated depreciation and accumulated impairment losses.

(i) Intangible assets acquired separately

Intangible assets acquired separately with finite useful lives are carried at cost less accumulated amortization and accumulated impairment losses.

(ii) Internally generated intangible assets

Expenditure on research is recognized as an expense in the consolidated statement of profit or loss in the fiscal year in which it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following can be demonstrated:

a) the technical feasibility of completing the intangible asset so that it will be available for use or sale
b) its intention to complete the intangible asset and use or sell it
c) its ability to use or sell the intangible asset
d) how the intangible asset will generate probable future economic benefits
e) the availability of adequate technical, financial and other resources to complete development and to use or sell the intangible asset
f) its ability to measure reliably the expenditure attributable to the intangible asset during its development

The cost of an internally generated intangible asset is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria above to the completion of its development. If an internally generated asset is not recognized, a development cost is recognized as an expense in the consolidated statement of profit or loss in the fiscal year in which it is incurred.

After initial recognition, an internally generated intangible assets are carried at cost less accumulated amortization and accumulated impairment losses.

(iii) Intangible assets acquired in business combinations

The cost of intangible assets acquired in a business combination is measured at fair value at the acquisition date. After initial recognition, intangible assets acquired in a business combination are carried at cost less accumulated amortization and accumulated impairment losses.

Intangible assets acquired in business combinations with indefinite useful lives are carried at cost less accumulated impairment losses, without being amortized but tested for impairment, in the same way as goodwill.

(iv) Amortization of intangible assets

Intangible assets with finite useful lives are amortized on a straight-line basis over their estimated useful lives. The estimated useful lives of major classes of assets are as follows.

- Software: 3 to 5 years
- Development assets: 2 to 10 years
- Customer-related assets: 12 to 20 years
- Technology-related assets: 10 to 20 years

Estimated useful lives and amortization methods are reviewed at each reporting date, and any revisions are applied as revisions to accounting estimates prospectively.

(v) Derecognition of intangible assets

An item of intangible assets is derecognized on disposal or when it is withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising from derecognition of an item of intangible assets is included in profit or loss when it is derecognized.

For policies on impairment of intangible assets, see "(15) Impairment Losses (ii) Non-financial assets".

(7) Leases

(i) Leases as lessee

Lease liabilities are measured at the discounted present value of outstanding lease payments at the commencement date of the lease. After the commencement date of the lease, lease liabilities are measured by increasing the carrying amount to reflect interest on the lease liabilities and reducing the carrying amount to reflect the lease payments made. The interest rate implicit in the lease (if that rate can be readily determined) or lessee's incremental borrowing rate is used for the discount rate.

Right-of-use assets are measured at cost that is the initial measurement amount of lease liability at the commencement date of the lease adjusted by the amount of any initial direct costs, prepaid lease payments and other expenses. After the commencement date of the lease, right-of-use assets are measured at cost less any accumulated depreciation and accumulated impairment losses as determined using the cost model. Right-of-use assets are depreciated on a systematic basis from the commencement date to the earlier of the end of the economic life of the underlying asset or the end of the lease term.

Right-of-use assets are included in "Property, plant and equipment" or "Goodwill and intangible assets". Lease liabilities are included in "Other financial liabilities (Current liabilities)" or "Other financial liabilities (Non-current liabilities)".

Lease payments for short-term leases and leases of low value assets are recognized as expense using the straight-line method over the lease term. For contracts that include a lease component and a non-lease component, the Company accounts for the lease component and the non-lease component as a single lease component without separating the non-lease component.

In reference to whether a contract is a lease or whether a contract contains a lease, Toyota Industries makes judgments based on the substance of the contract even though it is not legally considered as a lease.

(ii) Leases as lessor

Contracts containing leases are classified as finance leases whenever substantially all risks and economic values incidental to the ownership of assets are transferred to the lessee, and other leases are classified as operating leases.

For financial leases, an amount equal to the net investment in the lease by discounting the total amount of lease payments and unguaranteed residual value with the interest rate implicit in the lease is recorded as lease investment assets. If Toyota Industries is a manufacturer or distributor lessor in a lease, selling profit or loss in a financial lease is recognized in accordance with the accounting policy it follows for sales of goods (see "(12) Revenues"). Financial income is allocated to each period over the lease term so that the interest rate will be proportional to an amount equal to the net investment in the lease. If Toyota Industries is not a manufacturer or distributor lessor in a lease, financial income is allocated to each period over the lease term so that the interest rate will be proportional to an amount equal to the net investment in the lease.

Income from operating leases is recognized on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

(8) Provisions

The Company recognizes provisions if it has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of obligation can be reliably estimated.

In case the time value of money is material, the amount of a provision is measured at the present value of the amount of expenditures expected to be required to settle the obligation.

(9) Government Grants

A government grant is recognized at fair value when there is reasonable assurance that Toyota Industries will comply with any conditions attached to the grant and it will receive the grant. When a grant is received for acquisition of an asset, the carrying amount of the asset is calculated by deducting the amount of the grant from the acquisition cost of the asset.

(10) Employee Benefits

(i) Post-employment benefits

Toyota Industries adopts the pension and lump-sum payment defined benefit plan and the defined contribution plan.

Toyota Industries' liabilities (assets) in respect of defined benefit plans is calculated for each plan by estimating the amount of future benefits earned by employees in the previous fiscal year and the fiscal year under review, discounting that amount to the present value, deducting the fair value of plan assets, making adjustments concerning the asset ceiling to that amount and, where necessary, considering economic benefits available. Remeasurements of liabilities (assets) in respect of defined benefit plans are recognized in other comprehensive income and at the time of their occurrence directly transferred from other components of equity to retained earnings. Past service cost is recognized in profit or loss as it occurs. Market yields on high-quality corporate bonds with roughly the same maturity as that of Toyota Industries' net defined benefit liabilities at the end of the reporting period are used as the discount rate. Interest expenses on liabilities (asset) in respect of defined benefit plans are presented as financial expenses.

Contributions under the defined contribution plan are expensed as the employees' services are provided.

(ii) Short-term employee benefits

Short-term employee benefits are expensed as the relevant services are provided and are not discounted.

For bonuses, if Toyota Industries has the present legal and constructive obligation to pay them as the result of past services provided by employees and the amount can be reliably estimated, the amount estimated to be paid is recognized as a liability.

(iii) Other long-term employee benefits

The amount of an obligation in respect of the long-service travel award scheme is calculated by estimating the amount of future benefits earned by employees in the current and prior fiscal years and discounting that amount to the present value.

Market yields on high-quality corporate bonds with roughly the same maturity as that of Toyota Industries' long-term employee benefits at the end of the reporting period are used as the discount rate.

(iv) Share-based compensation

Toyota Industries has the cash-settled share-based compensation plan for some of its subsidiaries outside Japan. Cash-settled share-based compensation is measured at the fair value of the goods or services received and liabilities incurred. The fair value of the liabilities is remeasured at the end of each reporting period and on the settlement date, and changes in fair value are recognized in profit or loss.

(11) Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Group recognizes a financial asset or a financial liability when it becomes a party to the contract of a financial instrument. A purchase or sale of financial assets is recognized or derecognized at the trade date.

(i) Non-derivative financial assets

Toyota Industries categorizes non-derivative assets into financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income (FVTOCI) and financial assets measured at fair value through profit or loss (FVTPL).

For details of fair value measurement, see "29. Financial Instruments (3) Fair value of financial instruments".

(Financial assets measured at amortized cost)

Toyota Industries categorizes financial assets as financial assets measured at amortized cost if financial assets are held with the objective of collecting contractual cash flows and their contractual terms provide cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding. Financial assets measured at amortized cost are initially measured at fair value. The carrying amount of financial assets measured at amortized cost is subsequently measured using the effective interest method.

(Financial assets measured at fair value)

Toyota Industries categorizes financial assets other than financial assets measured at amortized cost as financial assets measured at fair value. Financial assets measured at fair value are further divided into the following classifications according to holding purpose.

(Equity instruments measured at fair value through other comprehensive income (FVTOCI))

Shares and other financial assets held mainly for the purpose of maintaining or enhancing business relationships with investees are designated at initial recognition as financial assets at FVTOCI.

Equity instruments at FVTOCI are measured at fair value at initial recognition and changes in fair value thereafter are recognized in other comprehensive income. However, dividends arising from financial assets at FVTOCI are recognized in profit or loss.

If an equity instrument at FVTOCI is derecognized, the cumulative amount of other comprehensive income recognized in other components of equity on the consolidated statement of financial position is directly transferred to retained earnings.

(Financial assets measured at fair value through profit or loss (FVTPL))

Financial assets not designated as financial assets at FVTOCI of financial assets measured by Toyota Industries are classified as financial assets at FVTPL.

Financial assets at FVTPL are measured at fair value at initial recognition and changes in fair value thereafter are recognized in profit or loss.

(ii) Non-derivative financial liabilities

Non-derivative financial liabilities are measured at fair value at initial recognition and thereafter at amortization cost using the effective interest method.

A financial liability is derecognized when its contractual obligations are discharged or canceled, or expire.

(iii) Derivatives

Toyota Industries holds derivative financial instruments to hedge foreign currency and interest rate fluctuation risks, including foreign currency forward contracts, currency options, currency swaps, interest rate swaps, interest rate and currency swaps, and interest rate options.

For all of these derivatives, Toyota Industries recognizes financial assets or financial liabilities when it becomes the party to these derivatives contracts.

Some of derivatives Toyota Industries holds for hedging purposes do not meet hedge accounting requirements. Changes in fair value of these derivatives are immediately recognized in profit or loss.

Toyota Industries adopts cash flow hedges and fair value hedges as a hedge accounting method.

(iv) Offsetting financial assets and liabilities

Financial assets and liabilities are offset and reported as net amounts in the consolidated statement of financial position only if Toyota Industries currently has a legally enforceable right to set off the recognized amounts and intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

(12) Revenues

Toyota Industries recognizes revenue based on the following five-step model.

Step 1: Identify the contract with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Toyota Industries sells automotive-related products such as vehicles, engines, foundry parts for engines, car air-conditioning compressors and electronics parts in the Automobile Business; lift trucks, warehouse trucks and aerial work platforms in the Materials Handling Equipment Business; and weaving machinery, spinning machinery, instruments for yarn testing and cotton classing in the Textile Machinery Business. For sales of such products, since the customer obtains control over the product when a customer accepts goods after inspection, and therefore the performance obligation is judged to have been satisfied, Toyota Industries normally recognizes revenue when a customer accepts goods after inspection. Revenue is measured at the amount of consideration promised in a contract with the customer, net of discounts, incentives to distributors and other items.

For maintenance contracts and other services that include construction contracts such as automated storage and retrieval systems, and logistics solutions, Toyota Industries recognizes revenue based on the progress of performance obligation. The progress level is mainly computed according to the ratio of cumulative cost incurred against the total amount of estimated cost.

(13) Financial Income and Financial Expenses

Financial income includes interest income, dividends income, gains on foreign currency translation and gain on derivatives (excluding gain or loss on hedging instruments that are recognized in other comprehensive income). Interest income is recognized as earned using the effective interest method. Dividends income is recognized on the date of Toyota Industries' vesting.

Financial expenses include interest expense, losses on foreign currency translation and loss on derivatives (excluding loss on hedging instruments that are recognized in other comprehensive income).

(14) Income Taxes

Income taxes comprise current taxes and deferred taxes. These are recognized in profit or loss except taxes that arise from items that are recognized either in other comprehensive income or directly in equity or from business combinations.

Taxes for the fiscal year under review are the expected taxes payable or receivable on the taxable profit or loss for the year, using the tax rates and tax laws enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are recognized on temporary differences between the carrying amounts of assets and liabilities for accounting purposes and their tax basis. Deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of an asset or liability in a transaction not related to a business combination and affects neither accounting profit nor taxable profit. Also, deferred tax liabilities are not recognized if the taxable temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and affiliates. However, deferred tax liabilities are not recognized if Toyota Industries is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates expected to apply in the period in which the asset realized or the liability is settled based on tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when income taxes are levied by the same taxation authority on the same taxable entity, or on different taxable entities that intend either to settle current tax assets and liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously.

Deferred tax assets are recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that taxable profits will be available against which they can be utilized. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be earned to allow related tax benefits to be realized.

(15) Impairment Losses

(i) Financial assets

Financial assets measured at amortized cost are assessed for impairment losses based on expected credit losses.
At the end of the reporting period, if credit risk has not increased significantly after initial recognition, the amount of loss allowance is calculated based on the expected credit losses resulting from default events that are possible within 12 months after the reporting date (12-month expected credit losses). On the other hand, at the end of the reporting period, if credit risk has increased significantly after initial recognition, the amount of loss allowance is calculated based on the expected credit losses resulting from all possible default events over the life of the financial instrument (lifetime expected credit losses).

However, regardless of the above, lifetime expected credit loss measurement always applies to trade receivables and lease investment assets without a significant financing component.

For details, see "29. Financial Instruments (2) Matters concerning risk management".

(ii) Non-financial assets

Toyota Industries reviews carrying amounts of non-financial assets, excluding inventories and deferred tax assets, at every reporting fiscal year-end to determine whether there is any indication of impairment. If there is any indication of impairment, impairment testing is conducted based on the recoverable amount of the asset. Goodwill and intangible assets with indefinite useful lives are tested annually for impairment regardless of whether there is any indication of impairment.

A cash-generating unit (CGU), which is a unit for conducting impairment testing, is the smallest group of assets that generates cash inflows that are generally independent of cash flows of other assets or groups of assets. A CGU for goodwill is the smallest unit monitored for internal control purposes and is no larger than an operating segment before aggregation. Impairment testing for goodwill is conducted at a CGU or a group of CGUs for the smallest unit monitored for internal control purposes and within the scope of an operating segment before aggregation.

The recoverable amount of an asset or CGU is the greater of its value in use or its fair value less cost to sell. In calculating the value in use, estimated future cash flows are discounted to the present value using a pre-tax discount rate that reflects the time value of money and risks specific to the asset not considered in estimating future cash flows.

Because corporate assets do not generate independent cash inflows, if there is an indication that a corporate asset may be impaired, impairment testing is conducted based on the recoverable amount for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. An impairment loss recognized in relation to a CGU is allocated to reduce the carrying amount of assets within the CGU on a pro rata basis determined by the relative carrying amount of each asset.

An asset or CGU impaired in prior years is reviewed at every reporting fiscal year-end to determine whether there is any indication of a reversal of impairment loss recognized in prior years. The recoverable amount is estimated for an impairment loss recognized in prior years for an asset or CGU with an indication of reversal of impairment, and the impairment loss is reversed if the recoverable amount exceeds the carrying amount. The carrying amount after reversal of the impairment loss must not exceed the carrying amount of the asset that would be determined if no impairment had been recognized and the asset had been depreciated or amortized until the reversal. An impairment loss recognized for goodwill is not reversed.

(16) Earnings per Share

Basic earnings per share are calculated by dividing profit attributable to ordinary equity holders of the parent entity by the weighted-average number of common stock issued and outstanding after adjusting treasury stock for each calculation period. Diluted earnings per share take into account the impacts of all dilutive shares that bear the effects of dilution in calculating the weighted-average number of shares issued and outstanding.

(17) Reporting by Segment

An operating segment is one of the constituent units of any business activity that earns revenue and incurs expenses, including transactions with another operating segment. The results of all operating segments are such that their financial information can be obtained individually and are periodically reviewed by the management for allocating management resources to each segment and assessing operating performance.

(18) Changes in Accounting Policies

The major accounting standards that have been adopted by Toyota Industries from FY2022 are as follows.

IFRS	Title	Description of amendments
IFRS 9 IFRS 7 IFRS 16	Financial Instruments Financial Instruments: Disclosures Leases	Interest Rate Benchmark Reform Phase 2 - Amendments to address impact to the financial reporting by replacing existing interest rate indicators with alternative as a result of interest rate benchmark reform.

The above amendments of the accounting standards will not have a material impact on Toyota Industries.

4. Segment Information

The operating segments reported below are the segments of Toyota Industries for which separate financial information is available and are subject to evaluate regularly by executive management in deciding how to allocate resources and in assessing performance.

The reporting segments of Toyota Industries consist of Automobile, Materials Handling Equipment and Textile Machinery. The similarity of products and services are taken into account for the separation. Within the Automobile Segment, vehicles, engines, car air-conditioning compressors and others are included due to the similarity of their economic characteristics such as net sales. The main products and services of each segment are as follows.

Segment	Main products and services of each segment
Automobile	Vehicles, diesel and gasoline engines, foundry parts for engines, car air-conditioning compressors, electronics components
Materials Handling Equipment	Lift trucks, warehouse trucks, automated storage and retrieval systems, aerial work platforms, logistics solutions, sales financing business
Textile Machinery	Weaving machinery, spinning machinery, instruments for yarn testing and cotton classing

The accounting method of reporting segment information is based on "3. Significant Accounting Policies".
Segment profit is based on operating profit.

(1) Operating segment information

(i) Sales, profits or losses, assets, liabilities and other significant monetary information

FY2021 (April 1, 2020 - March 31, 2021)

(Millions of yen)

	Automobile	Materials Handling Equipment	Textile Machinery	Others (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
Sales							
Outside customer sales	591,673	1,431,455	40,850	54,322	2,118,302	—	2,118,302
Inter-segment sales and transfers	23,235	1,332	275	26,610	51,454	(51,454)	—
Total	614,909	1,432,788	41,125	80,933	2,169,756	(51,454)	2,118,302
Segment profit (loss)	4,786	109,984	(1,125)	4,489	118,134	25	118,159
Segment assets	660,944	2,078,219	54,203	193,688	2,987,055	3,516,930	6,503,986
Financial income							73,999
Financial expenses							(9,830)
Share of profit (loss) of investments accounted for by the equity method							1,682
Profit before income taxes							184,011

(Notes)
1. "Others" represents businesses not included in the reporting segments, and its primary service is the land transportation.
2. Breakdown of adjustments
   25 million yen included in "Adjustments" for "Segment profit (loss)" is inter-segment transactions.
   "Adjustments" for "Segment assets" includes corporate assets.
   Corporate assets mainly consist of the Company's cash and deposits as well as marketable securities and investment securities.
3. "Segment profit (loss)" reconciles to operating profit disclosed in the consolidated statement of profit or loss.

Other significant items

(Millions of yen)

	Automobile	Materials Handling Equipment	Textile Machinery	Others (Note)	Total	Adjustments	Consolidated
Depreciation and amortization	66,086	136,744	3,684	3,324	209,839	—	209,839
Impairment losses (amount in parenthesis has been reversed)	(10)	3,019	—	—	3,008	—	3,008
Investments accounted for by the equity method	4,030	12,726	49	6	16,812	—	16,812
Increase in property, plant and equipment and intangible assets	90,377	175,651	2,105	2,783	270,917	—	270,917

(Note) "Others" represents businesses not included in the reporting segments, and its primary service is the land transportation.

FY2022 (April 1, 2021 - March 31, 2022)

(Millions of yen)

	Automobile	Materials Handling Equipment	Textile Machinery	Others (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
Sales							
Outside customer sales	792,813	1,789,434	69,215	53,720	2,705,183	－	2,705,183
Inter-segment sales and transfers	28,512	507	284	28,897	58,201	(58,201)	－
Total	821,326	1,789,941	69,499	82,617	2,763,385	(58,201)	2,705,183
Segment profit (loss)	33,007	113,616	5,549	7,147	159,319	(253)	159,066
Segment assets	748,397	2,431,790	71,994	262,429	3,514,612	4,112,507	7,627,120
Financial income							89,941
Financial expenses							(7,282)
Share of profit (loss) of investments accounted for by the equity method							4,397
Profit before income taxes							246,123

(Notes) 1. "Others" represents businesses not included in the reporting segments, and its primary service is the land transportation.

2. Breakdown of adjustments
(253) million yen included in "Adjustments" for "Segment profit (loss)" is inter-segment transactions.
"Adjustments" for "Segment assets" includes corporate assets.
Corporate assets mainly consist of the Company's cash and deposits as well as marketable securities and investment securities.

3. "Segment profit (loss)" reconciles to operating profit disclosed in the consolidated statement of profit or loss.

Other significant items

(Millions of yen)

	Automobile	Materials Handling Equipment	Textile Machinery	Others (Note)	Total	Adjustments	Consolidated
Depreciation and amortization	66,833	150,073	3,632	3,198	223,737	－	223,737
Impairment losses (amount in parenthesis has been reversed)	25	2,343	－	－	2,368	－	2,368
Investments accounted for by the equity method	5,965	15,316	49	6	21,337	－	21,337
Increase in property, plant and equipment and intangible assets	103,961	192,206	1,606	4,548	302,322	－	302,322

(Note) "Others" represents businesses not included in the reporting segments, and its primary service is the land transportation.

(2) Sales by product

Outside customer sales by product consist of the following.

(Millions of yen)

	FY2021 (April 1, 2020 - March 31, 2021)	FY2022 (April 1, 2021 - March 31, 2022)
Automobile	591,673	792,813
Vehicle	88,393	83,463
Engine	139,975	267,639
Car air-conditioning compressor	301,621	356,196
Electronics parts and others	61,683	85,513
Materials Handling Equipment	1,431,455	1,789,434
Textile Machinery	40,850	69,215
Others	54,322	53,720
Total	2,118,302	2,705,183

(3) Geographical information

Outside customer sales by geography consist of the following.

(Millions of yen)

	FY2021 (April 1, 2020 - March 31, 2021)	FY2022 (April 1, 2021 - March 31, 2022)
Japan	614,884	753,808
U.S.A.	634,570	805,746
Others	868,847	1,145,628
Total	2,118,302	2,705,183

(Note) Net sales are provided by location of customer.

Non-current assets by geography consist of the following.

(Millions of yen)

	FY2021 (As of March 31, 2021)	FY2022 (As of March 31, 2022)
Japan	535,041	563,533
U.S.A.	393,234	432,615
Netherlands	167,987	176,892
Others	315,714	361,994
Total	1,411,977	1,535,036

(Note) Non-current assets (excluding financial instruments, deferred tax assets, net defined benefit asset, and rights arising from insurance contracts) are provided by location of assets.

(4) Principal customer information

Toyota Industries sells goods and provides services to Toyota Motor Corporation and its subsidiaries. Sales from Toyota Motor Corporation and its subsidiaries amounted to 251,346 million yen and 379,530 million yen for the fiscal years ended March 31, 2021 and 2022, respectively and were included in the outside customer sales of the Automobile, Materials Handling Equipment and Others segments.

Toyota Industries sells goods to DENSO Corporation and its subsidiaries. Sales from DENSO and its subsidiaries amounted to 304,692 million yen and 375,072 million yen for the fiscal years ended March 31, 2021 and 2022, respectively and were included in the outside customer sales of the Automobile, Materials Handling Equipment and Others segments.

5. Cash and Cash Equivalents

Cash and cash equivalents consist of the following.

(Millions of yen)

	FY2021 (As of March 31, 2021)	FY2022 (As of March 31, 2022)
Cash and deposits	238,248	247,085
Short-term investments (securities) which have an original maturity within three months	—	—
Total	238,248	247,085

The balance of cash and cash equivalents on the consolidated statement of financial position as of the end of the fiscal years ended March 31, 2021 and 2022 are consistent with the balances of cash and cash equivalents on the consolidated statement of cash flows.

These short-term investments are financial assets measured at amortized cost.

6. Trade Receivables and Other Receivables

Trade receivables and other receivables consist of the following.

(Millions of yen)

	FY2021 (As of March 31, 2021)	FY2022 (As of March 31, 2022)
Trade notes and accounts receivable	405,571	471,528
Contract assets	37,952	51,170
Loans for sales financing	136,329	174,398
Accounts receivable - other	30,050	40,854
Lease investment assets	365,008	398,090
Others	23	21
Elimination: Allowance for doubtful accounts	(9,145)	(12,236)
Total	965,789	1,123,826

These receivables are mainly financial assets measured at amortized cost.

Amounts by collection or settlement period consist of the following.

(Millions of yen)

	FY2021 (As of March 31, 2021)	FY2022 (As of March 31, 2022)
Due within 12 months	621,851	741,642
Due after 12 months	343,938	382,183
Total	965,789	1,123,826

7. Other Financial Assets

(1) Outline of other financial assets

Other financial assets consist of the following.

(Millions of yen)

	FY2021 (As of March 31, 2021)	FY2022 (As of March 31, 2022)
Loans	2,264	2,324
Stock	3,028,036	3,697,319
Derivative assets	9,422	24,457
Others	17,926	23,549
Total	3,057,650	3,747,650

Current assets	5,947	12,672
Non-current assets	3,051,702	3,734,978
Total	3,057,650	3,747,650

Loans are categorized as financial assets measured at amortized cost, stock is mainly categorized as financial assets measured at fair value through other comprehensive income and derivative assets are categorized as financial assets measured at fair value through profit or loss (excluding items for which hedge accounting is applied). With respect to equity instruments measured at fair value through profit or loss included in stock or others, there is no monetary significance.

(2) Financial assets measured at fair value through other comprehensive income

Toyota Industries designates investments in equity instruments held for maintaining and reinforcing business relations as financial assets measured at fair value through other comprehensive income in consideration of the purpose of holding them.

Name and fair values of financial assets measured at fair value through other comprehensive income consist of the following.

(Millions of yen)

Name	FY2021 (As of March 31, 2021)	FY2022 (As of March 31, 2022)
Toyota Motor Corporation	2,054,624	2,649,955
DENSO Corporation	509,681	545,269
Toyota Tsusho Corporation	182,851	199,187
Towa Real Estate Co., Ltd..	85,871	109,065
AISIN Corporation	86,987	86,883
Ibiden Co., Ltd.	31,674	37,647
Toyota Boshoku Corporation	14,195	15,529
JTEKT Corporation	8,828	7,531
Toray Industries, Inc.	5,119	4,589
TOYOTA-KAI Medical Corporation	4,445	4,445
Others	45,007	43,546
Total	3,029,286	3,703,652

(Note) Effective on April 27, 2022, Towa Real Estate Co., Ltd. changed its company name to TOYOTA FUDOSAN Co., Ltd.

(3) Derecognition of financial assets measured at fair value through other comprehensive income

To increase efficiency and promote the effective use of assets in holding, a part of financial assets measured at fair value through other comprehensive income is sold, thereby terminating recognition thereof.

Fair value at the time of sale and cumulative profit or loss recognized as other comprehensive income for each fiscal year consist of the following. Concerning the dividends recognized during the fiscal year ended March 31, 2022, those relating to the investment whose recognition was suspended during the fiscal year were immaterial. Cumulative profit or loss related to the disposal of financial liabilities is fully reclassified into retained earnings.

(Millions of yen)

	FY2021 (April 1, 2020 - March 31, 2021)	FY2022 (April 1, 2021 - March 31, 2022)
Fair value at the time of termination of recognition	22	782
Cumulative profit or loss related to disposal	(2)	486

(Note) Financial assets measured at fair value through other comprehensive income include debt instruments but they were immaterial.

8. Inventories

Inventories consist of the following.

(Millions of yen)

	FY2021 (As of March 31, 2021)	FY2022 (As of March 31, 2022)
Merchandise and finished goods	139,481	202,829
Work in process	72,370	109,152
Raw materials and supplies	80,609	121,980
Total	292,461	433,961

Expenses reclassified from inventories amount to 1,627,894 million yen and 2,097,501 million yen for the fiscal years ended March 31, 2021 and 2022, respectively.

The amount of inventory write-down recognized as expenses (continuing business) and the reversal amount of write-down consist of the following.

(Millions of yen)

	FY2021 (April 1, 2020 - March 31, 2021)	FY2022 (April 1, 2021 - March 31, 2022)
Amount of write-down	3,762	5,295
Reversal amount of write-down	760	565

9. Property, Plant and Equipment

(1) Increase (decrease)

Acquisition cost (Millions of yen)

	Other than leases as lessor					Leases as lessor	Total
	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Machinery and vehicles	
Balance as of April 1, 2020	521,504	965,028	148,533	142,458	37,420	510,380	2,325,324
Acquisition	14,243	29,359	6,125	821	102,865	102,295	255,710
Disposal	(7,543)	(29,187)	(5,639)	(205)	(67)	(54,190)	(96,834)
Transfer from Construction in progress	20,009	26,938	4,229	355	(69,524)	17,992	―
Foreign currency translation difference	11,420	17,641	5,014	1,470	1,435	37,940	74,921
Others	3,922	(616)	247	779	(3,739)	(48,888)	(48,295)
Balance as of March 31, 2021	563,556	1,009,163	158,509	145,679	68,389	565,529	2,510,827
Acquisition	21,077	42,001	9,519	1,977	105,398	101,391	281,366
Disposal	(7,125)	(34,355)	(6,663)	(290)	(80)	(51,405)	(99,920)
Transfer from Construction in progress	26,990	59,807	6,713	18	(111,088)	17,559	―
Foreign currency translation difference	18,319	35,002	8,048	1,375	2,143	52,285	117,173
Others	1,244	315	103	726	(3,608)	(42,451)	(43,669)
Balance as of March 31, 2022	624,062	1,111,935	176,229	149,486	61,154	642,909	2,765,778

(Notes) 1. The amount related to property, plant and equipment in progress is presented as "Construction in progress".
2. "Others" includes "Inventories" related to materials handling equipment for operating lease and others.

Accumulated depreciation and accumulated impairment losses (Millions of yen)

	Other than leases as lessor					Leases as lessor	Total
	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Machinery and vehicles	
Balance as of April 1, 2020	279,035	714,851	115,676	1,332	—	223,233	1,334,129
Depreciation	24,280	62,690	13,941	273	—	83,349	184,536
Disposal	(6,112)	(26,588)	(5,305)	(11)	—	(34,981)	(72,999)
Impairment losses (Reversal of impairment losses)	0	345	0	(1)	—	2,486	2,831
Foreign currency translation difference	5,298	13,089	3,968	7	—	20,986	43,349
Others	2,384	4,887	46	9	—	(31,753)	(24,424)
Balance as of March 31, 2021	304,887	769,276	128,326	1,610	—	263,321	1,467,421
Depreciation	27,115	64,190	14,631	323	—	91,498	197,758
Disposal	(6,117)	(31,312)	(6,396)	(70)	—	(31,459)	(75,356)
Impairment losses (Reversal of impairment losses)	1	20	(0)	0	—	2,347	2,368
Foreign currency translation difference	8,192	27,684	6,436	21	—	24,679	67,013
Others	(112)	7,093	20	138	—	(34,639)	(27,500)
Balance as of March 31, 2022	333,965	836,951	143,017	2,023	—	315,747	1,631,704

(Note) Depreciation and impairment losses of property, plant and equipment is included in mainly "Cost of sales" and "Selling, general and administrative expenses" in the consolidated statement of profit or loss.

Carrying amount (Millions of yen)

	Other than leases as lessor					Leases as lessor	Total
	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Machinery and vehicles	
Balance as of April 1, 2020	242,468	250,176	32,857	141,125	37,420	287,146	991,195
Balance as of March 31, 2021	258,669	239,887	30,183	144,069	68,389	302,207	1,043,405
Balance as of March 31, 2022	290,097	274,984	33,212	147,463	61,154	327,162	1,134,074

10. Goodwill and Intangible Assets

(1) Increase (decrease)

Acquisition cost

(Millions of yen)

	Goodwill	Intangible assets recognized through business combination	Development assets	Software	Others	Total
Balance as of April 1, 2020	161,674	174,478	35,512	83,804	12,913	468,384
Acquisition	—	—	—	3,887	1,795	5,682
Increase through in-house development	—	—	5,487	4,036	—	9,524
Disposal	—	(1,371)	(889)	(1,654)	(3)	(3,919)
Foreign currency translation difference	8,658	9,799	1,608	2,287	861	23,215
Others	532	—	1,149	(968)	1,208	1,921
Balance as of March 31, 2021	170,865	182,906	42,868	91,392	16,776	504,809
Acquisition	—	—	—	6,617	3,187	9,804
Increase through in-house development	—	—	7,995	3,154	—	11,150
Disposal	—	(5,637)	(950)	(744)	(477)	(7,810)
Foreign currency translation difference	15,436	14,515	1,819	3,156	2,876	37,804
Others	5,317	3,656	—	73	(2,398)	6,648
Balance as of March 31, 2022	191,619	195,440	51,732	103,650	19,964	562,406

Accumulated amortization and accumulated impairment losses (Millions of yen)

	Goodwill	Intangible assets recognized through business combination	Development assets	Software	Others	Total
Balance as of April 1, 2020	—	41,512	15,552	52,812	3,804	113,682
Amortization	—	8,650	4,811	9,131	2,711	25,303
Disposal	—	(1,371)	(889)	(1,515)	(3)	(3,779)
Impairment losses (Reversal of impairment losses)	—	—	9	—	—	9
Foreign currency translation difference	—	2,223	565	1,420	372	4,581
Others	—	—	—	102	1,459	1,561
Balance as of March 31, 2021	—	51,014	20,049	61,950	8,344	141,359
Amortization	—	9,053	6,413	8,960	1,552	25,978
Disposal	—	(5,637)	(950)	(641)	(31)	(7,261)
Impairment losses (Reversal of impairment losses)	—	—	—	—	—	—
Foreign currency translation difference	—	4,783	833	2,176	2,084	9,876
Others	—	—	—	9	(3,438)	(3,429)
Balance as of March 31, 2022	—	59,214	26,344	72,454	8,510	166,524

(Note) Amortization of intangible assets is included in "Cost of sales" and "Selling, general and administrative expenses" in the consolidated statement of profit or loss.

Carrying amount (Millions of yen)

	Goodwill	Intangible assets recognized through business combination	Development assets	Software	Others	Total
Balance as of April 1, 2020	161,674	132,965	19,960	30,991	9,109	354,701
Balance as of March 31, 2021	170,865	131,891	22,819	29,441	8,431	363,449
Balance as of March 31, 2022	191,619	136,226	25,387	31,195	11,453	395,882

(Notes) 1. Intangible assets recognized through business combination include customer-related assets and technology-related assets.

2. Development assets in progress included in development assets amounts to 8,162 million yen and 7,536 million yen as of the end of the fiscal years ended March 31, 2021 and 2022, respectively. Software in progress included in software amounts to 6,164 million yen and 9,808 million yen as of the end of the fiscal years ended March 31, 2021 and 2022, respectively.

(2) Impairment testing of goodwill and intangible assets with an indefinite useful life

Toyota Industries performs, with respect to goodwill, impairment testing as necessary during each period or in case there is a sign of impairment. The recoverable value in impairment testing is calculated based on value in use.

Value in use is calculated by discounting the estimated amount of cash flows based on the business plan for the next five years that has been primarily approved by the management in present value. The estimation of cash flows is based on the assumption that cash flows of more than five years will increase at a certain growth rate. The growth rate is determined by referencing the long-term expected growth rate of the market in which cash-generating units belong (about 0 to 3%). The discount rate is calculated based on the weighted-average capital cost before tax of cash-generating units (about 7 to 10%).

Toyota Industries concluded that even if there were reasonably possible changes in key assumptions used in the impairment assessment, it is unlikely that a material impairment would arise.

With respect to the balance of goodwill as of the end of the fiscal years ended March 31, 2021 and 2022, major items include: goodwill recognized in conjunction with the acquisition of the Cascade Corporation Group in the Materials Handling Equipment Segment; goodwill recognized in conjunction with the business transfer of Toyota Industries Commercial Finance, Inc. (TICF); goodwill recognized in conjunction with the acquisition of the Vanderlande Group; goodwill recognized in conjunction with the acquisition of the Bastian Group; and goodwill recognized in conjunction with the acquisition of the Uster Technologies AG Group in the Textile Machinery Segment. Goodwill recognized in conjunction with the acquisition of the Cascade Corporation Group is allocated to the Materials Handling Equipment Business which is functioning as the cash-generating unit and amounts to 27,026 million yen and 29,903 million yen as of the end of the fiscal years ended March 31, 2021 and 2022, respectively. Goodwill recognized in conjunction with the business transfer of TICF is allocated to the Materials Handling Equipment Business in North America which is functioning as the cash-generating unit and amounts to 25,968 million yen and 28,708 million yen as of the end of the fiscal years ended March 31, 2021 and 2022, respectively. Goodwill recognized in conjunction with the acquisition of the Vanderlande Group is allocated to the Material Handling Equipment Business which is functioning as the cash-generating unit and amounts to 64,440 million yen and 67,852 million yen as of the end of the fiscal years ended March 31, 2021 and 2022, respectively. Goodwill recognized in conjunction with the acquisition of the Bastian Group is allocated to the Material Handling Equipment Business which is functioning as the cash-generating unit and amounts to 14,787 million yen and 15,752 million yen as of the end of the fiscal years ended March 31, 2021 and 2022, respectively. Goodwill recognized in conjunction with the acquisition of the Uster Technologies AG Group is allocated to Uster Technologies AG group and amounts to 16,881 million yen and 19,108 million yen as of the end of the fiscal years ended March 31, 2021 and 2022, respectively.

Intangible assets with an indefinite useful life included in intangible assets recognized on business combinations amounted to 37,377 million yen and 42,134 million yen at the end of the fiscal years ended March 31, 2021 and 2022, respectively. These assets are primarily related to trademark recognized in connection with the acquisition of the Vanderlande Group in the Materials Handling Equipment Segment. The Toyota Industries Group determined the useful life to be indefinite because the trademark will survive for as long as the business continues. Intangible assets with an indefinite useful life recognized in connection with the acquisition of the Vanderlande Group were allocated on the basis that the Vanderlande Group is a group of cash-generating units and amounted to 23,493 million yen and 24,742 million yen at the end of the fiscal years ended March 31, 2021 and 2022, respectively.

11. Investments Accounted for by the Equity Method

There are no affiliates of individual significance in the fiscal years ended March 31, 2021 and 2022. The carrying amounts of investments in affiliates consist of the following.

(Millions of yen)

	FY2021 (As of March 31, 2021)	FY2022 (As of March 31, 2022)
Total carrying amount	16,812	21,337

The amounts of equity in comprehensive income of affiliates of no individual significance consist of the following.

(Millions of yen)

	FY2021 (April 1, 2020 - March 31, 2021)	FY2022 (April 1, 2021 - March 31, 2022)
Amount of equity in profit	1,682	4,397
Amount of equity in other comprehensive income	605	1,122
Amount of equity in comprehensive income	2,287	5,519

12. Trade Payables and Other Payables

Trade payables and other payables consist of the following.

(Millions of yen)

	FY2021 (As of March 31, 2021)	FY2022 (As of March 31, 2022)
Trade notes and accounts payable	322,811	378,324
Accounts payable - other	38,266	45,279
Contract liabilities	97,830	140,730
Others	154,671	181,218
Total	613,579	745,553

Trade payables and other payables are primarily financial liabilities measured at amortized cost. "Others" mainly includes short-term employee debt and accrued expenses.

Breakdown by period until payment or settlement consists of the following.

(Millions of yen)

	FY2021 (As of March 31, 2021)	FY2022 (As of March 31, 2022)
Due within 12 months	613,577	745,552
Due after 12 months	1	0
Total	613,579	745,553

13. Corporate Bonds and Loans

Corporate bonds and loans consist of the following.

(Millions of yen)

	FY2021 (As of March 31, 2021)	FY2022 (As of March 31, 2022)	Average interest rate (%)	Repayment due
Short-term loans	56,830	117,066	0.93	—
Commercial paper	18,809	65,203	—	—
Long-term loans repaid within one year	176,903	118,456	1.07	—
Corporate bonds redeemed within one year	182,694	167,777	—	—
Long-term loans	506,127	645,484	0.50	April 2023 - August 2039
Corporate bonds	403,996	276,526	—	—
Total	1,345,363	1,390,515	—	—

(Note) The average interest rate reflects the weighted-average interest rate against the balance at the end of the fiscal year ended March 31, 2022. Rates for corporate bonds are indicated in the summary of issuance terms of corporate bonds.

Corporate bonds and loans are financial liabilities measured at amortized cost.

The summary of issuance terms of corporate bonds consists of the following.

(Millions of yen)

Company name	Name	FY2021 (As of March 31, 2021)	FY2022 (As of March 31, 2022)	Interest rate (%)	Collateral	Issuance date	Maturity date
The Company	19th issuance of corporate bonds without collateral	29,994	—	—	—	—	—
The Company	22nd issuance of corporate bonds without collateral	9,994	9,998 (9,998)	0.821	None	November 30, 2012	September 20, 2022
The Company	24th issuance of corporate bonds without collateral	9,992	9,995	0.797	None	September 5, 2013	June 20, 2023
The Company	26th issuance of corporate bonds without collateral	9,997	—	—	—	—	—
The Company	28th issuance of corporate bonds without collateral	9,994	9,998 (9,998)	0.318	None	May 29, 2015	June 20, 2022
The Company	29th issuance of corporate bonds without collateral	19,964	19,971	0.080	None	July 15, 2016	June 19, 2026
The Company	32nd issuance of corporate bonds without collateral	19,988	19,997 (19,997)	0.050	None	April 27, 2017	June 20, 2022
The Company	33rd issuance of corporate bonds without collateral	9,986	9,990	0.150	None	April 27, 2017	June 20, 2024
The Company	1st issuance of U.S. dollar-denominated senior unsecured notes	55,219 [USD498 million]	61,127 [USD499 million] (61,127)	3.235	None	March 16, 2018	March 16, 2023
The Company	2nd issuance of U.S. dollar-denominated senior unsecured notes	55,079 [USD497 million]	60,959 [USD498 million]	3.566	None	March 16, 2018	March 16, 2028
The Company	34th issuance of corporate bonds without collateral	29,995	—	—	—	—	—
The Company	35th issuance of corporate bonds without collateral	9,986	9,992	0.080	None	November 28, 2018	September 20, 2023
The Company	3rd issuance of U.S. dollar-denominated senior unsecured notes	66,293 [USD598 million]	—	—	—	—	—
The Company	36th issuance of corporate bonds without collateral	29,962	29,978	0.001	None	July 9, 2020	June 20, 2023

(Millions of yen)

Company name	Name	FY2021 (As of March 31, 2021)	FY2022 (As of March 31, 2022)	Interest rate (%)	Collateral	Issuance date	Maturity date
Toyota Industries Finance International AB	Medium-term notes	89,594 [EUR690 million]	73,879 [EUR540 million] (20,507)	0.000 ― 0.725	None	September 22, 2017 ― February 14, 2022	September 22, 2022 ― February 12, 2027
Toyota Industries Finance International AB	Medium-term notes	8,883 [SEK700 million]	9,261 [SEK700 million] (6,615)	0.399 ― 1.400	None	November 15, 2017	November 15, 2022 ― November 15, 2024
Toyota Industries Finance International AB	Medium-term notes	6,089 [USD55 million]	6,731 [USD55 million]	1.666	None	September 27, 2019	September 27, 2024
Toyota Industries Finance International AB	Medium-term notes	2,530 [AUD30 million]	2,760 [AUD30 million]	1.830	None	July 6, 2020	July 6, 2027
Toyota Industries Commercial Finance, Inc.	Medium-term notes	113,141 [USD1,021 million]	109,661 [USD896 million] (39,531)	0.841 ― 3.609	None	May 18, 2017 ― June 11, 2020	May 18, 2022 ― August 29, 2025
Total	―	586,691	444,303 (167,777)	―	―	―	―

(Notes) 1. The figure in parentheses in the "FY2022" is the amount to be redeemed within one year.

2. "Interest rate" indicates the interest rate against the balance at the end of the fiscal year ended March 31, 2022.

3. "Collateral" indicates any collateral associated with the balance at the end of the fiscal year ended March 31, 2022.

4. "Issuance date" indicates the issuance date associated with the balance at the end of the fiscal year ended March 31, 2022.

5. "Maturity date" indicates the maturity date associated with the balance at the end of the fiscal year ended March 31, 2022.

14. Other Financial Liabilities

Other financial liabilities consist of the following.

(Millions of yen)

	FY2021 (As of March 31, 2021)	FY2022 (As of March 31, 2022)
Lease liabilities	123,653	132,735
Derivative liabilities	7,889	8,905
Deposits payable	35,495	36,505
Total	167,037	178,147

Current liabilities	78,673	82,909
Non-current liabilities	88,364	95,237
Total	167,037	178,147

Deposits payable is categorized as financial liabilities measured at amortized cost and derivative liabilities are categorized as financial liabilities measured at fair value through profit or loss (excluding items for which hedge accounting is applied).

15. Assets Pledged as Collateral and Secured Liabilities

Assets pledged as collateral consist of the following.

(Millions of yen)

	FY2021 (As of March 31, 2021)	FY2022 (As of March 31, 2022)
Trade receivables and other receivables	49,593	2,895
Inventories	3,010	3,501
Property, plant and equipment	1,259	5
Investment securities	181,404	201,650
Total	235,267	208,051

Secured liabilities consist of the following.

Security interest may be exercised in case there is non-fulfillment of a loan agreement.

(Millions of yen)

	FY2021 (As of March 31, 2021)	FY2022 (As of March 31, 2022)
Short-term loans	4,073	3,501
Long-term loans	41,594	—
Others	32,594	32,943
Total	78,262	36,445

(Note) "Others" mainly includes Deposits received from employees.

16. Provisions

Provisions are recorded in current liabilities and non-current liabilities on the consolidated statement of financial position.

Increase (decrease) of provisions in the fiscal years ended March 31, 2021 and 2022 consist of the following.

(Millions of yen)

	Warranty provision	Asset retirement obligation	Others	Total
Balance as of April 1, 2020	10,611	1,968	5,485	18,065
Increase due to provisions	13,096	172	3,524	16,793
Decrease due to intended use	(9,657)	(109)	(1,546)	(11,313)
Decrease due to reversal	(580)	—	(97)	(678)
Interest expenses based on discount calculation, foreign currency translation difference and others	343	26	332	702
Balance as of March 31, 2021	13,813	2,057	7,698	23,569
Increase due to provisions	14,065	160	3,071	17,297
Decrease due to intended use	(11,807)	(36)	(1,561)	(13,405)
Decrease due to reversal	(380)	—	(1,073)	(1,454)
Interest expenses based on discount calculation, foreign currency translation difference and others	504	105	607	1,217
Balance as of March 31, 2022	16,194	2,288	8,741	27,225

The warranty provision is recorded by recognizing the amount of expected expense payments required for future repairs. It is expected in many cases that a repair or a payment is made within a year, while repairs or payments for some items are made over a longer period of time because customers take longer to physically return defective products.

Asset retirement obligations are accounted for by recognizing provision for asset demolition/disposal expenses, expenses for restoring an asset to its original condition and payments arising as a result of using assets as well as by adding to the acquisition cost of the respective assets (property, plant and equipment, such as buildings). The respective assets are depreciated over the number of years of depreciation as indicated "3. Significant Accounting Policies".

"Others" mainly includes provision for litigation.

17. Employee Benefits

In regard to total expenses for employee benefits plans including other than post-employment plans, refer to "21. Breakdown of Expenses by Nature".

(1) Overview of post-employment plans adopted

To provide for employee retirement benefits, Toyota Industries has adopted pension and lump-sum payment defined benefit plans as well as defined contribution pension plans. The amount of benefits under the defined benefit plans is determined based on points earned by employees based on factors such as the number of years of service and grades, the employee's final salary, the number of years of service and other terms. Furthermore, to provide for future benefits, Toyota Industries makes contributions based on actuarial calculations using an estimated rate of wages and salaries.

The defined benefit pension plan, in compliance with relevant laws and regulations and with the consent of the employees, sets the pension agreement stipulating the policy around eligibility, what is provided through the plan and the contributions to be made by the Company. The agreement is approved by the Minister of Health, Labour, and Welfare. Under the agreement, the Company enters into a contract with an entrusted pension management institution on the payment of contributions as well as the management of plan assets to operate the pension plan. The pension management institution has a fiduciary responsibility to manage the plan assets in accordance with the agreement. Furthermore, a retirement benefit trust is set for some plans in Japan. Some subsidiaries outside Japan also adopt a wide range of defined benefit plans in accordance with local laws and regulations.

(2) Defined benefit plans

The defined benefit plans related amounts recognized on the consolidated statement of financial position consists of the following.

(Millions of yen)

	FY2021 (As of March 31, 2021)	FY2022 (As of March 31, 2022)
Retirement benefit obligations	310,436	305,449
Fair value of plan assets	256,953	273,001
Difference	53,482	32,447
Effect of asset ceiling	17,420	21,820
Net defined benefit assets	33,997	37,408
Net defined benefit liabilities	104,900	91,677

(Note) Some plan assets offer availability of economic benefit through a refund based on which the asset ceiling is calculated. The transition of the asset ceiling from the balance at the beginning of the period to the balance at the end of the period is as indicated above.

(i) Fluctuations of present value of defined benefit obligations

(Millions of yen)

	Japan		Outside Japan	
	FY2021 (April 1, 2020 - March 31, 2021)	FY2022 (April 1, 2021 - March 31, 2022)	FY2021 (April 1, 2020 - March 31, 2021)	FY2022 (April 1, 2021 - March 31, 2022)
Balance at beginning of period	172,798	188,288	106,849	122,147
Service cost	9,423	9,636	2,539	2,310
Interest cost	1,083	1,176	2,363	2,525
Remeasurements				
Actuarial gains (losses) arising from changes in demographic assumptions	5,910	(1,007)	(439)	(952)
Actuarial gains (losses) arising from changes in financial assumptions	(451)	(3,444)	3,864	(10,702)
Difference arising from revised results	438	139	(1,242)	(2,627)
Prior service cost	4,483	(271)	—	(8)
Retirement benefits paid	(5,414)	(9,005)	(3,325)	(3,515)
Effect of foreign currency translation	—	—	11,385	8,658
Others	17	42	150	2,057
Balance at end of period	188,288	185,555	122,147	119,893

The weighted-average duration associated with Toyota Industries' defined benefit obligation is 14.7 years in Japan and 18.8 years outside Japan for the fiscal year ended March 31, 2021 and 14.4 years in Japan and 17.8 years outside Japan for the fiscal year ended March 31, 2022.

(ii) Fluctuations of fair value of plan assets

(Millions of yen)

	Japan		Outside Japan	
	FY2021 (April 1, 2020 - March 31, 2021)	FY2022 (April 1, 2021 - March 31, 2022)	FY2021 (April 1, 2020 - March 31, 2021)	FY2022 (April 1, 2021 - March 31, 2022)
Balance at beginning of period	141,378	184,722	60,120	72,230
Interest income	972	1,227	1,445	1,565
Revenue associated with plan assets (excluding interest income above)	41,700	3,906	1,955	(1,791)
Employer contributions	4,082	4,936	1,695	2,101
Return to employer	—	—	—	—
Benefit payment	(3,382)	(4,179)	(2,753)	(2,949)
Exchange impact	—	—	9,609	9,158
Others	(28)	(15)	158	2,086
Balance at end of period	184,722	190,598	72,230	82,403

The projected amount of contributions to plan assets in the fiscal year ending March 31, 2023 is 7,101 million yen.

(iii) Classes of plan asset

The classes of plan assets for the fiscal year ended March 31, 2021 consisted of the following.

(Millions of yen)

	Japan			Outside Japan		
	Items with published value in an active market	Items with no published value in an active market	Total	Items with published value in an active market	Items with no published value in an active market	Total
Stock	50,164	―	50,164	11,036	―	11,036
Jointly managed trust (Stock)	―	32,154	32,154	―	11,077	11,077
Bonds	―	318	318	―	12,983	12,983
Jointly managed trust (Bonds)	―	42,418	42,418	―	12,635	12,635
Life insurance general account	―	22,696	22,696	―	1,868	1,868
Others	6,892	30,078	36,970	21,048	1,579	22,628
Total plan assets	57,056	127,665	184,722	32,085	40,145	72,230

(Notes) 1. "Stock" includes 49,944 million yen in retirement benefits trusts established for the lump-sum retirement benefits plans.
2. "Others" includes cash and deposits, etc.

The classes of plan assets for the fiscal year ended March 31, 2022 consisted of the following.

(Millions of yen)

	Japan			Outside Japan		
	Items with published value in an active market	Items with no published value in an active market	Total	Items with published value in an active market	Items with no published value in an active market	Total
Stock	53,660	―	53,660	23,050	―	23,050
Jointly managed trust (Stock)	―	30,409	30,409	―	7,184	7,184
Bonds	―	420	420	―	12,694	12,694
Jointly managed trust (Bonds)	―	54,615	54,615	―	18,668	18,668
Life insurance general account	―	25,024	25,024	―	3,725	3,725
Others	6,971	19,495	26,467	15,436	1,643	17,079
Total plan assets	60,631	129,966	190,598	38,487	43,916	82,403

(Notes) 1. "Stock" includes 53,432 million yen in retirement benefits trusts established for the lump-sum retirement benefits plans.
2. "Others" includes cash and deposits, etc.

Toyota Industries' basic policy for managing plan assets aims to secure profits required over the long term, within the scope of acceptable risks, to meet future benefit payment requirements under the defined benefit corporate pension contract.

The targeted earnings rate is the earnings rate necessary to maintain the sound operation of the defined benefit corporate pension into the future, which specifically means that the earnings rate exceeds the expected rate which becomes the basis of calculation of future contribution under pension finance.

Both the Company and the institution entrusted with management are to confirm that the asset allocation for achieving management's target is consistent with the basic investment policy and that the asset allocation ratios are revised as required.

The basic policy may be amended in accordance with changes to the conditions of the Company and the systems and the environment surrounding the Company.

(iv) Actuarial assumptions

Important actuarial assumptions (weighted average) used for the calculation of the present value of the defined benefit obligation consist of the following.

	Japan		Outside Japan	
	FY2021 (As of March 31, 2021)	FY2022 (As of March 31, 2022)	FY2021 (As of March 31, 2021)	FY2022 (As of March 31, 2022)
Discount rate	0.67%	0.83%	2.25%	2.95%

In cases where the discount rate fluctuates at the ratios indicated below, assuming there are no changes to other assumptions, the defined benefit obligation as of the end of the fiscal year ended March 31, 2021 and 2022 would have been impacted as follows. While the sensitivity analysis assumes that there are no changes in other assumptions, it is possible that changes in other assumptions could impact the sensitivity analysis.

(Millions of yen)

			FY2021 (As of March 31, 2021)	FY2022 (As of March 31, 2022)
Discount rate	Japan	0.5% increase	(10,773)	(10,316)
		0.5% decrease	11,852	11,453
	Outside Japan	0.5% increase	(9,434)	(7,963)
		0.5% decrease	9,671	8,539

(3) Defined contribution pension plan

The amount of contributions paid for the defined contribution pension plan for the fiscal years ended March 31, 2021 and 2022 were 8,375 million yen and 13,007 million yen, respectively. Welfare insurance premiums are accounted for in the defined contribution pension plan and included in employee benefits expenses.

(4) Multi-employer plan

Certain subsidiaries in Japan participate in corporate pension funds of a multi-employer plan. Because the plan is a multi-employer-type defined benefit plan and the amount of pension investment corresponding to the contribution by one's own company cannot be rationally calculated, the amount of contribution required is accounted for as retirement benefit expenses.

The amount of the contribution required in each fiscal year consists of the following.

(Millions of yen)

	FY2021 (April 1, 2020 - March 31, 2021)	FY2022 (April 1, 2021 - March 31, 2022)
Contributions	59	58

The projected contribution in the fiscal year ending March 31, 2023 is 58 million yen.

The funded and unfunded status, on an aggregation basis of the Group's entire plans are as follows.

(Millions of yen)

	FY2021 (As of March 31, 2021)	FY2022 (As of March 31, 2022)
Plan assets	38,773	43,545
Actuarial liability based on pension plan finance calculation and minimum actuarial reserve	47,619	48,183
Funded/(Unfunded) amount	(8,846)	(4,637)

The rate of contributions of Toyota Industries within the entire plan consists of the following.

	FY2021 (As of March 31, 2021)	FY2022 (As of March 31, 2022)
Rate of contribution	5.63%	5.60%

18. Equity and Other Equity Items

(1) Capital stock and capital surplus

The Companies Act in Japan stipulates that no less than half of the payment or performance for issuing equity shall be incorporated into capital stock, and the remaining amount shall be incorporated into capital surplus, which is included in capital reserve. Moreover, the capital reserve may be incorporated into capital stock by a resolution of the General Meeting of Shareholders under the Companies Act.

The number of shares authorized in the fiscal years ended March 31, 2021 and 2022 is 1,100,000,000 shares, respectively.

The breakdown of changes in the number of shares issued and fully paid consist of the following.

	Number of shares (Shares)	Capital stock (Millions of yen)	Capital surplus (Millions of yen)
Beginning of FY2021 (As of April 1, 2020)	325,840,640	80,462	103,515
Increase (decrease) during period	—	—	(1,208)
FY2021 (As of March 31, 2021)	325,840,640	80,462	102,307
Increase (decrease) during period	—	—	81
FY2022 (As of March 31, 2022)	325,840,640	80,462	102,388

(Note) All shares issued by the Company are common stock, which has no restrictions on the content of rights and no par value.

(2) Retained earnings

The Companies Act stipulates that one tenth of the surplus that would decrease due to the distribution of dividend of surplus shall be accumulated as capital reserve or retained earnings until the total amount of capital reserve and retained earnings reaches one fourth of capital. Accumulated retained earnings may be appropriated to compensate for losses. Moreover, retained earnings may be reduced by a resolution of the General Meeting of Shareholders.

In addition, the distributable amount under the Companies Act is calculated based on statutory capital surplus and retained earnings in accordance with accounting standards generally accepted in Japan, and statutory capital reserve and legal retained earnings are excluded from the distributable amount.

(3) Treasury stock

The Companies Act stipulates that treasury stock may be acquired with a resolution of the General Meeting of Shareholders deciding the number of shares to be acquired, the total amount of the acquisition price and other matters within the scope of the distributable amount. Moreover, if through market transactions or tender offers, treasury stock may be acquired by a resolution of the meeting of the Board of Directors within the scope of the requirements stipulated by the Companies Act, in accordance to the provisions of the Articles of Incorporation.

Changes in the number and balance of treasury stock consist of the following.

	Number of shares (Shares)	Amount (Millions of yen)
Beginning of FY2021 (As of April 1, 2020)	15,357,028	59,307
Increase (decrease) during period	1,834	14
FY2021 (As of March 31, 2021)	15,358,862	59,321
Increase (decrease) during period	1,924	18
FY2022 (As of March 31, 2022)	15,360,786	59,339

(4) Other components of equity

(i) Net changes in revaluation of FVTOCI financial assets

It is the accumulated amount of net changes in revaluation of financial assets measured at fair value through other comprehensive income.

(ii) Remeasurements of defined benefit plans

Remeasurements of defined benefit plans show the amount affected by differences between actuarial assumptions at the beginning of the fiscal year and actual results, as well as the amount affected by changes in actuarial assumptions. They are recognized in other comprehensive income at the time of their occurrence and immediately transferred from other components of equity to retained earnings.

(iii) Translation adjustments of foreign operations

This shows translation adjustments arising from converting the financial statements in the functional currency of foreign operations of Toyota Industries into those in the Japanese yen which is the presentation currency of Toyota Industries.

(iv) Cash flow hedges

This shows the accumulated amount of effective hedges among the gains and losses arising from changes in the fair value of hedging instruments for cash flow hedges.

19. Cash Dividends

(1) Dividends paid

FY2021 (April 1, 2020 - March 31, 2021)

Resolutions	Class of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Board of Directors meeting held on April 30, 2020	Common stock	24,838	80	March 31, 2020	May 25, 2020
Board of Directors meeting held on October 29, 2020	Common stock	21,733	70	September 30, 2020	November 26, 2020

FY2022 (April 1, 2021 - March 31, 2022)

Resolutions	Class of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Board of Directors meeting held on April 28, 2021	Common stock	24,838	80	March 31, 2021	May 26, 2021
Board of Directors meeting held on October 29, 2021	Common stock	24,838	80	September 30, 2021	November 26, 2021

(2) Dividends with a record date in the fiscal year ended March 31, 2022 for which the effective date falls in the following fiscal year

Resolutions	Class of shares	Source of dividends	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Board of Directors meeting held on April 28, 2022	Common stock	Retained earnings	27,943	90	March 31, 2022	May 26, 2022

20. Revenues

(1) Disaggregation of revenues

As specified in Note 4 "Segment Information," the reporting segments of the Toyota Industries consist of Automobile, Materials Handling Equipment and Textile Machinery. Within the Automobile Segment, vehicles, engines, car air-conditioning compressors and others are included due to the similarity of their trend of sales and other economic characteristics. In addition, sales are geographically broken down according to the location of customers. The disaggregation of sales of these sub-segments as well as sales of each reporting segment are as follows.

FY2021 (April 1, 2020 - March 31, 2021)

(Millions of yen)

		Japan	U.S.A.	Others	Total
Automobile	Vehicle	88,393	―	―	88,393
	Engine	106,845	151	32,978	139,975
	Car Air-Conditioning Compressor	78,142	86,840	136,638	301,621
	Electronics Parts and Others	41,512	6,661	13,509	61,683
Materials Handling Equipment		244,871	539,111	647,472	1,431,455
Textile Machinery		1,268	1,805	37,775	40,850
Others		53,850	―	472	54,322
Total		614,884	634,570	868,847	2,118,302
Revenues from contracts with customers		614,048	569,983	797,651	1,981,682
Revenues from other sources (Note)		835	64,587	71,196	136,619

(Note) Revenues from other sources includes lease income based on IFRS 16. Revenues from other sources is mainly included in the Materials Handling Equipment Segment.

FY2022 (April 1, 2021 - March 31, 2022)

(Millions of yen)

		Japan	U.S.A.	Others	Total
Automobile	Vehicle	83,463	―	―	83,463
	Engine	215,529	408	51,700	267,639
	Car Air-Conditioning Compressor	93,580	100,180	162,435	356,196
	Electronics Parts and Others	61,551	8,800	15,161	85,513
Materials Handling Equipment		245,003	694,102	850,329	1,789,434
Textile Machinery		1,372	2,254	65,588	69,215
Others		53,306	―	413	53,720
Total		753,808	805,746	1,145,628	2,705,183
Revenues from contracts with customers		752,169	735,891	1,061,155	2,549,216
Revenues from other sources (Note)		1,639	69,855	84,472	155,967

(Note) Revenues from other sources includes lease income based on IFRS 16. Revenues from other sources is mainly included in the Materials Handling Equipment Segment.

The Automobile Segment sells automotive-related products such as vehicles, diesel and gasoline engines, foundry parts for engines, car air-conditioning compressors, electronics components. Its primary customers include automotive-related manufacturers in and outside Japan.

The Materials Handling Equipment Segment sells and provides maintenance for lift trucks, warehouse trucks, aerial work platforms and other products as well as provides services including the construction of automated storage and retrieval systems, and logistics solutions. Its primary customers include users and dealers in and outside Japan.

The Textile Machinery Segment sells weaving machinery, spinning machinery, instruments for yarn testing and cotton classing, and other products. Its primary customers include dealers in and outside Japan.

Sales derived from the sale of these products accounted for in accordance with Note 3 "Significant Accounting Policies."

The amount of variable consideration, such as net of discounts, incentives to distributors and other items included in revenues, is immaterial. In addition, the amount of promised consideration is generally received within one year and does not include a significant financial component.

(2) Contract balances

Receivables from contracts with customers, contract assets and contract liabilities consist of the following.

(Millions of yen)

	Receivables from contracts with customers	Contract assets	Contract liabilities
Balance of as April 1, 2020	675,118	26,866	82,247
Balance of as March 31, 2021	762,446	37,952	97,830
Balance of as March 31, 2022	859,136	51,170	140,730

Receivables from contracts with customers and Contract assets are included in "Trade receivables and other receivables" and Contract liabilities are included in "Trade payables and other payables" in the consolidated statement of financial position.

Revenue recognized in the years ended March 31, 2021 and 2022, which was included in the balance at beginning of period of contract liabilities, amounted to 81,917 million yen and 96,525 million yen, respectively. During the fiscal year ended March 31, 2022, the profit amount recognized from performance obligations satisfied (or partially satisfied) in previous fiscal years was immaterial.

(3) Transaction price allocated to remaining performance obligations

Unsatisfied obligations of contracts whose original service period is over one year as of end of reporting period are as follows.

(Millions of yen)

	FY2021 (As of March 31, 2021)	FY2022 (As of March 31, 2022)
Provision of services	518,959	558,092

The percentage expected to be recognized as revenue in the years ended March 31, 2022 and 2023 is respectively 36% and 43% of transaction price allocated to unsatisfied contracts at the end of the year ended March 31, 2021 and 2022.

21. Breakdown of Expenses by Nature

Principal items of cost of sales and selling, general and administrative expenses consist of the following.

(Millions of yen)

	FY2021 (April 1, 2020 - March 31, 2021)	FY2022 (April 1, 2021 - March 31, 2022)
Purchase of raw materials and goods	917,223	1,293,572
Employee benefit expenses	577,257	667,382
Depreciation and amortization	209,150	223,012

22. Research and Development Expenses

Research and development expenses included in cost of sales and selling, general and administrative expenses consist of the following.

(Millions of yen)

	FY2021 (April 1, 2020 - March 31, 2021)	FY2022 (April 1, 2021 - March 31, 2022)
Research and development expenses	76,105	86,192

23. Other income and Expenses

Other income consist of the following.

(Millions of yen)

	FY2021 (April 1, 2020 - March 31, 2021)	FY2022 (April 1, 2021 - March 31, 2022)
Rental fees for fixed assets	909	900
Gain on sales of fixed assets	757	833
Others	17,289	19,209
Total	18,956	20,942

Other expenses consist of the following.

(Millions of yen)

	FY2021 (April 1, 2020 - March 31, 2021)	FY2022 (April 1, 2021 - March 31, 2022)
Loss on disposal of fixed assets	2,646	2,196
Loss on sales of fixed assets	498	133
Depreciation and amortization	689	724
Others	12,722	11,337
Total	16,555	14,391

24. Financial Income and Financial Expenses

Financial income consists of the following.

(Millions of yen)

	FY2021 (April 1, 2020 - March 31, 2021)	FY2022 (April 1, 2021 - March 31, 2022)
Interest income		
Financial assets measured at amortized cost	1,189	1,607
Financial assets measured at fair value through profit or loss	376	244
Others	—	—
Dividends income		
Financial assets measured at fair value through other comprehensive income	70,863	82,351
Gains on foreign currency translation	—	3,476
Others	1,569	2,262
Total	73,999	89,941

Financial expenses consist of the following.

(Millions of yen)

	FY2021 (April 1, 2020 - March 31, 2021)	FY2022 (April 1, 2021 - March 31, 2022)
Interest expenses		
Financial liabilities measured at amortized cost	3,535	2,742
Financial liabilities measured at fair value through profit or loss	1,324	1,393
Others	569	733
Losses on foreign currency translation	2,547	—
Others	1,852	2,414
Total	9,830	7,282

25. Income Taxes

(1) Income tax expenses

Income tax expenses consist of the following.

(Millions of yen)

	FY2021 (April 1, 2020 - March 31, 2021)	FY2022 (April 1, 2021 - March 31, 2022)
Current tax expenses	45,792	60,329
Deferred tax expenses	(3,216)	443
Total	42,576	60,773

(Note) Deferred tax expenses is due primarily to taxable temporary differences that arose and reversed for the fiscal year ended March 31, 2021, and the fiscal year ended March 31, 2022.

The difference between the statutory effective tax rate and the actual tax rate consist of the following.

(%)

	FY2021 (April 1, 2020 - March 31, 2021)	FY2022 (April 1, 2021 - March 31, 2022)
Statutory effective tax rate	30.9	30.9
Dividends income and others permanently not recognized as taxable income	(5.2)	(4.6)
Effect of reassessment on recoverability of deferred tax assets	(0.1)	0.2
Share of profit of investments accounted for by the equity method	(0.3)	(0.6)
Others	(2.2)	(1.2)
Actual tax rate	23.1	24.7

(Note) Toyota Industries has mainly had to pay income, inhabitants and enterprise taxes, and the statutory effective tax rate calculated based on these taxes was 30.9% for the fiscal years ended March 31, 2021 and 2022. Subsidiaries outside Japan, however, pay income and other taxes depending on their locations.

(2) Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities consist of the following.

FY2021 (April 1, 2020 - March 31, 2021)

(Millions of yen)

	Balance at beginning of period	Recognized in profit or loss	Recognized in other comprehensive income	Balance at end of period
Deferred tax assets				
Net defined benefit liabilities	30,429	3,016	(3,515)	29,930
Allowance for compensated absences	8,395	104	—	8,499
Allowance for bonuses	7,489	13	—	7,502
Net operating loss carry-forwards for tax purposes	10,402	(1,788)	—	8,613
Accrued expenses	6,845	1,986	—	8,832
Inventories	3,514	8	—	3,522
Others	36,035	10,176	153	46,365
Total deferred tax assets	103,113	13,516	(3,362)	113,267
Deferred tax liabilities				
Financial assets at fair value through other comprehensive income	510,802	—	288,763	799,566
Depreciation	64,252	2,114	—	66,366
Others	54,061	7,015	3,287	64,363
Total deferred tax liabilities	629,116	9,129	292,050	930,296
Net amount	(526,002)	4,387	(295,413)	(817,029)

FY2022 (April 1, 2021 - March 31, 2022)

(Millions of yen)

	Balance at beginning of period	Recognized in profit or loss	Recognized in other comprehensive income	Balance at end of period
Deferred tax assets				
Net defined benefit liabilities	29,930	3,819	(2,012)	31,737
Allowance for compensated absences	8,499	457	—	8,957
Allowance for bonuses	7,502	830	—	8,333
Net operating loss carry-forwards for tax purposes	8,613	(4,040)	—	4,573
Accrued expenses	8,832	3,414	—	12,247
Inventories	3,522	1,201	—	4,724
Others	46,365	(5,406)	32	40,991
Total deferred tax assets	113,267	277	(1,979)	111,564
Deferred tax liabilities				
Financial assets at fair value through other comprehensive income	799,566	—	208,005	1,007,571
Depreciation	66,366	2,644	—	69,011
Others	64,363	8,996	353	73,714
Total deferred tax liabilities	930,296	11,641	208,359	1,150,297
Net amount	(817,029)	(11,364)	(210,339)	(1,038,732)

Deferred tax assets and deferred tax liabilities on the consolidated statement of financial position consist of the following.

(Millions of yen)

	FY2021 (As of March 31, 2021)	FY2022 (As of March 31, 2022)
Deferred tax assets	37,615	39,908
Deferred tax liabilities	854,644	1,078,641
Net amount	(817,029)	(1,038,732)

Loss carry-forwards, unused tax credits and future deductible temporary differences which are not recognized as deferred tax assets consist of the following.

(Millions of yen)

	FY2021 (As of March 31, 2021)	FY2022 (As of March 31, 2022)
Net operating loss carry-forwards for tax purposes	12,853	21,071
Unused tax credits	1,206	1,301
Deductible temporary differences	2,248	2,895
Total	16,308	25,268

Amount and the time limit for a loss carry-forwards which is not recognized as deferred tax assets consist of the following.

(Millions of yen)

	FY2021 (As of March 31, 2021)	FY2022 (As of March 31, 2022)
First year	—	793
Second year	596	277
Third year	—	167
Fourth year	29	83
Beyond fifth year	12,227	19,749
Total	12,853	21,071

The total amount of taxable temporary differences associated with investments in subsidiaries not recognized as deferred tax liabilities as of the end of the fiscal year ended March 31, 2021 and 2022, was 586,848 million yen and 742,620 million yen, respectively.

Toyota Industries has not recognized deferred tax liabilities related to those temporary differences because it considers that it can control the timing to resolve temporary differences, and they are not likely to be resolved within the foreseeable period.

26. Earnings per Share

(1) Basis of calculation for basic earnings per share

(i) Profit attributable to owners of common stock of the parent

(Millions of yen)

	FY2021 (April 1, 2020 - March 31, 2021)	FY2022 (April 1, 2021 - March 31, 2022)
Profit attributable to owners of common stock of the parent	136,700	180,306

(ii) Weighted-average number of common stock

(Thousands)

	FY2021 (April 1, 2020 - March 31, 2021)	FY2022 (April 1, 2021 - March 31, 2022)
Weighted-average number of common stock	310,482	310,480

(2) Basis of calculation for diluted earnings per share

Diluted earnings per share is the same amount with basic earnings per share because there are no dilutive shares.

27. Other Comprehensive Income

(Millions of yen)

	FY2021 (April 1, 2020 - March 31, 2021)	FY2022 (April 1, 2021 - March 31, 2022)
Net changes in revaluation of FVTOCI financial assets		
Amount arising during the period	931,017	673,906
Before tax effect adjustment	931,017	673,906
Tax effect	(288,763)	(208,005)
Net changes in revaluation of FVTOCI financial assets	642,254	465,900
Remeasurements of defined benefit plans		
Amount arising during the period	19,241	16,308
Before tax effect adjustment	19,241	16,308
Tax effect	(6,803)	(2,365)
Remeasurements of defined benefit plans	12,438	13,943
Translation adjustments of foreign operations		
Amount arising during the period	57,210	84,380
Recycling	—	—
Translation adjustments of foreign operations	57,210	84,380
Cash flow hedges		
Amount arising during the period	989	(4,989)
Recycling	(987)	6,083
Before tax effect adjustment	1	1,094
Tax effect	153	32
Cash flow hedges	154	1,126
Share of other comprehensive income of affiliates accounted for by equity method		
Amount arising during the period	605	1,122
Recycling	—	—
Share of other comprehensive income of affiliates accounted for by equity method	605	1,122
Total other comprehensive income	712,662	566,473

28. Important Non-Cash Transactions

Important non-cash transactions (investments and financial transactions which do not use cash and cash equivalents) are presented in Note 30 "Leases" for the increase in right-of-use assets.

29. Financial Instruments

(1) Capital management

Toyota Industries' financial policy is to ensure sufficient financing and liquidity for its business activities and to maintain strong financial position. Through the use of such current assets as cash and cash equivalents and short-term investments, as well as cash flows from operating activities, issuance of corporate bonds and loans from financial institutions, Toyota Industries believes that it will be able to provide sufficient funds for the working capital necessary to expand existing businesses and develop new projects. The Company defines equity capital as the amount of share of equity attributable to owners of the parent excluding the subscription rights to shares.

The Company is not subject to external capital controls as of March 31, 2022.

(2) Matters concerning risk management

(i) Risk management policy

Toyota Industries is exposed to financial risks related to its marketing activities (credit risk, liquidity risk, market risk, etc.). These risks are managed, based on the treasury policy for avoiding or reducing the effects of such risks.

The Company uses derivatives to avoid the risks explained below and does not engage in speculative transactions.

i) Credit risk

The main receivables of Toyota Industries such as accounts receivable, lease investment assets and loans receivable related to the sales financing business have credit risk (risk concerning non-performance of an agreement by the counterparty). In accordance with internal rules including the treasury policy, Toyota Industries strives to promptly identify and reduce concerns about collection due to a deterioration in the financial conditions and others of its main counterparties by regularly monitoring their situation based on their financial statements, ratings and others, and conducting due date management and balance management. Collection risk of lease investment assets is minimal because their ownership is not transferred and due date management and balance management are conducted. Toyota Industries has no significant concentrations of credit risk with any counterparty.

When using derivative transactions, Toyota Industries mainly deals with only financial institutions evaluated as highly creditworthy by rating agencies to mitigate the counterparty risk.

Regarding accounts receivable, lease investment assets and loans receivable related to the sales financing business, if all or part of them cannot be collected or are deemed to be extremely difficult to collect, they are regarded as non-performing.

The total carrying amount of financial assets represents the maximum exposure to credit risk.

(Measuring expected credit loss for accounts receivable and lease investment assets)

Because there is no significant financing component in accounts receivable, the loss evaluation allowance is calculated as lifetime expected credit losses until collection of accounts receivable. For lease investment assets, the loss evaluation allowance is calculated as lifetime expected credit losses until collection of lease investment assets. With regard to accounts receivable and lease investment assets of debtors who have no significant problems in their business conditions, the expected credit loss rate is measured collectively, taking into account the past track record of bad debts and other factors. If there are significant effects of changes in economic and other conditions, the loan loss provision ratio based on the past track record of bad debts will be adjusted and reflected in the forecast of present and future economic situations.

(Measuring expected credit loss for loans receivable related to the sales financing business)

If credit risk has not increased significantly since initial recognition, the loss evaluation allowance for loans receivable related to the sales financing business is calculated as of the end of the fiscal year by collectively estimating the expected credit loss rate for the following 12 months based on the past track record of bad debts and other factors. If there are significant effects of changes in economic and other conditions, the loan loss provision ratio based on the past track record of bad debts will be adjusted and reflected in the forecast of present and future economic situations. On the other hand, if credit risk has increased significantly as of the end of the fiscal year since the initial recognition, the loss evaluation allowance for financial instruments is calculated by individually estimating the lifetime expected credit losses of collecting financial instruments based on the past track record of bad debts and the collectible amount in the future among other factors. Assets that are regarded as non-performing are recorded as credit impaired financial assets.

Expected credit loss of accounts receivable and lease investment assets for which simplified approaches are applied consist of the following.

FY2021 (As of March 31, 2021)

(Millions of yen)

	Before due date	Within 30 days after due date	Over 30 days but within 90 days after due date	Over 90 days after due date	Total
Expected credit loss rate	0.3%	1.2%	9.6%	48.1%	—
Accounts receivable and lease investment assets	790,060	28,174	10,522	9,824	838,582
Lifetime expected credit losses	2,064	331	1,009	4,727	8,133

FY2022 (As of March 31, 2022)

(Millions of yen)

	Before due date	Within 30 days after due date	Over 30 days but within 90 days after due date	Over 90 days after due date	Total
Expected credit loss rate	0.5%	0.9%	5.4%	38.4%	—
Accounts receivable and lease investment assets	895,434	33,836	19,031	13,340	961,642
Lifetime expected credit losses	4,640	320	1,024	5,122	11,108

Among financial assets, the general approach is applied mainly to loans receivable related to the sales financing business. The carrying amount of loans receivable related to the sales financing business, categorized by credit risk for its measurement, consists of the following.

(Millions of yen)

	Stage 1 12-month expected credit losses	Stage 2 Lifetime expected credit losses	Stage 3 Credit impaired financial assets	Total
FY2021 (As of March 31, 2021)	136,287	—	42	136,329
FY2022 (As of March 31, 2022)	174,309	88	64	174,462

Changes in expected credit loss consist of the following.

FY2021 (As of March 31, 2021)

(Millions of yen)

	Accounts receivable and lease investment assets	Loans receivable related to the sales financing business, and others		
	Lifetime expected credit losses	Stage 1 12-month expected credit losses	Stage 2 Lifetime expected credit losses	Stage 3 Credit impaired financial assets
Balance at beginning of period	6,140	346	23	211
New financial assets composed or purchased	4,037	358	—	—
Transfer to lifetime expected credit losses	—	—	—	—
Transfer to credit impaired financial assets	—	—	—	—
Transfer to 12-month expected credit losses	—	—	—	—
Financial assets with recognition suspended during the period	(1,993)	(132)	(10)	(61)
Others	(50)	361	10	(96)
Balance at end of period	8,133	934	23	54

FY2022 (As of March 31, 2022)

(Millions of yen)

	Accounts receivable and lease investment assets	Loans receivable related to the sales financing business, and others		
	Lifetime expected credit losses	Stage 1 12-month expected credit losses	Stage 2 Lifetime expected credit losses	Stage 3 Credit impaired financial assets
Balance at beginning of period	8,133	934	23	54
New financial assets composed or purchased	4,055	607	—	—
Transfer to lifetime expected credit losses	—	—	—	—
Transfer to credit impaired financial assets	—	—	—	—
Transfer to 12-month expected credit losses	—	—	—	—
Financial assets with recognition suspended during the period	(2,928)	(262)	(191)	(23)
Others	1,847	(277)	229	34
Balance at end of period	11,108	1,001	61	64

ii) Liquidity risk

With financing through corporate bonds and loans, Toyota Industries is exposed to liquidity risk that a payment cannot be made on the due date because of a deterioration in financing and other conditions. In accordance with the treasury policy, Toyota Industries prepares funding plans and secures liquidity with funds on hand and commitment lines.

Financial liabilities by remaining contract maturities consist of the following.

FY2021 (As of March 31, 2021)

(Millions of yen)

	Due within one year	Due after one year but within two years	Due after two years but within three years	Due after three years but within four years	Due after four years but within five years	Due after five years	Total
Non-derivative financial liabilities							
Trade payables and other payables	344,738	1	—	—	—	—	344,739
Corporate bonds and loans	448,024	273,318	178,774	145,160	60,876	277,306	1,383,460
Lease obligations	42,984	28,083	21,173	14,703	9,238	11,806	127,990
Deposits payable	35,495	—	—	—	—	—	35,495
Derivative financial liabilities							
Derivative liabilities	6,848	146	412	482	—	—	7,889

FY2022 (As of March 31, 2022)

(Millions of yen)

	Due within one year	Due after one year but within two years	Due after two years but within three years	Due after three years but within four years	Due after four years but within five years	Due after five years	Total
Non-derivative financial liabilities							
Trade payables and other payables	407,091	3	—	—	—	—	407,095
Corporate bonds and loans	490,389	190,006	155,435	94,767	137,210	358,831	1,426,641
Lease liabilities	45,848	30,247	22,710	15,073	10,288	12,761	136,930
Deposits payable	36,505	—	—	—	—	—	36,505
Derivative financial liabilities							
Derivative liabilities	6,119	1,327	1,086	5	366	—	8,905

iii) Market risk

(a) Foreign currency risk

Engaged in business globally, Toyota Industries conducts transactions in foreign currencies and is exposed to the risk that profit or loss, cash flow and others will be affected by exchange rate fluctuations. In accordance with its treasury policy, in principle, Toyota Industries uses foreign currency forward contracts, foreign currency option contracts and foreign currency swaps to hedge foreign currency risk for each currency for its monetary credits and liabilities denominated in foreign currencies.

Exposure to foreign currency risk consists of the following.

	FY2021 (As of March 31, 2021)		FY2022 (As of March 31, 2022)	
	Thousands of U.S. dollars	Thousands of euros	Thousands of U.S. dollars	Thousands of euros
Net exposure	93,307	150,023	70,968	95,917

(Exchange rate sensitivity analysis)

For each fiscal year, the impacts on net profit or loss and equity when there is a 1% change in the exchange rate of the Japanese yen against the following currencies consist of the following. The analysis does not include the effects of converting into yen financial instruments, assets and liabilities of foreign operations, revenue and expenses which are denominated in functional currencies. Moreover, other variables are assumed to be constant.

(Millions of yen)

	FY2021 (As of March 31, 2021)	FY2022 (As of March 31, 2022)
U.S. dollar	103	86
Euro	194	131

(b) Interest rate risk

Toyota Industries procures funds through borrowings from financial institutions and issuances of corporate bonds and is exposed to interest rate risks associated with raising and managing funds. With regard to interest rate risks, in principle, Toyota Industries hedges such risks by interest rate swaps, interest rate options and matching cash flows of receivables and payables, among other methods.

As a result, the Company does not conduct an interest rate sensitivity analysis because interest rate fluctuations have little effect on the interest payment of Toyota Industries, and exposure to interest rate risk is considered immaterial for Toyota Industries.

(c) Price fluctuation risk of equity financial instruments

Toyota Industries holds listed shares of companies with business relationships and is exposed to price fluctuation risk of equity financial instruments. Toyota Industries constantly reviews the status of its holdings of these financial instruments, taking into account relationships with and financial conditions of business partners.

Toyota Industries does not hold equity financial instruments for trading purposes and does not actively trade these investments.

If Toyota Industries assumes a 1% decline in the prices of listed shares held by Toyota Industries on the fiscal years ended March 31, 2021 and 2022, decreases in other comprehensive income (before adjusting tax effect) would have been 29,213 million yen and 35,695 million yen, respectively.

Liquidity discounts are an important unobservable input used to measure the fair value of unlisted shares and other equity securities. A significant increase (decrease) of these discounts will cause a significant decrease (increase) in fair value.

(3) Fair value of financial instruments

The following three levels of inputs are used to measure fair value.

(Level 1)

The market prices of the same assets or liabilities in active markets (which continuously ensure sufficient trading frequencies and transaction volumes) that Toyota Industries has access to as of the measurement date are used without adjustments.

(Level 2)

This level includes the published prices of similar assets or liabilities in active markets; the published prices of the same assets or liabilities in inactive markets; inputs other than the observable published prices of assets and liabilities; and inputs calculated or supported mainly by observable market data.

(Level 3)

Because data are available only from limited markets, Toyota Industries uses unobservable inputs which reflect the judgment of Toyota Industries in the assumptions used by market participants to decide the prices of assets and liabilities. Toyota Industries calculates inputs based on the best available information, including the data of Toyota Industries itself.

When using multiple inputs to measure fair value, the fair value level is determined based on the significant input from the lowest level in the fair value hierarchy. Fair value is measured by the Accounting Department in accordance with the evaluation policy and procedures of Toyota Industries, using the evaluation model that can most appropriately reflect individual characteristics, features and risks of financial instruments. Moreover, changes are continuously examined for important indicators which affect fluctuations of fair value.

(i) Financial instruments measured at amortized cost

The carrying amount and fair values of financial instruments measured at amortized cost consist of the following.

FY2021 (As of March 31, 2021)

(Millions of yen)

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Loans receivable and Loans receivables related to the sales financing business (Note)	138,594	—	—	136,727	136,727
Lease investment assets	365,008	—	—	368,749	368,749
Financial liabilities					
Corporate bonds (Note)	586,691	—	596,399	—	596,399
Long-term loans (Note)	683,031	—	684,671	—	684,671

(Note) Loans receivable, Loans receivable related to the sales financing business, corporate bonds and long-term loans include the balance to be repaid and redeemed within one year.

FY2022 (As of March 31, 2022)

(Millions of yen)

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Loans receivable and Loans receivable related to the sales financing business (Note)	176,723	—	—	169,410	169,410
Lease investment assets	398,090	—	—	392,497	392,497
Financial liabilities					
Corporate bonds (Note)	444,303	—	445,654	—	445,654
Long-term loans (Note)	763,941	—	762,404	—	762,404

(Note) Loans receivable, Loans receivable related to the sales financing business, corporate bonds and long-term loans include the balance to be repaid and redeemed within one year.

Notes are omitted for short-term financial assets and short-term financial liabilities that are measured at amortized cost because the fair value approximates the carrying amount.

The fair value of loans receivable and loans receivable related to the sales financing business is calculated with present value obtained by discounting the total amount of principal and interest with the expected interest rate when newly undertaking similar lending.

The fair value of lease investment assets is calculated with present value obtained by discounting the total amount of future lease receivables with the expected interest rate when newly undertaking similar lease transactions.

The fair values of corporate bonds and long-term loans are calculated with present value obtained by discounting the total amount of future principal and interest with the expected interest rate when newly undertaking similar borrowings.

(ii) Fair values of financial assets and liabilities continuously at fair value

The fair-value hierarchy of financial instruments measured at fair value consist of the following. Financial assets measured at fair value through other comprehensive income include debt instruments, but they were immaterial. Moreover, there is no transfer between different levels.

FY2021 (As of March 31, 2021)

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Derivative assets	―	9,422	―	9,422
Others	3,235	―	4,787	8,023
Financial assets measured at fair value through other comprehensive income	2,921,025	853	107,407	3,029,286
Total	2,924,261	10,276	112,195	3,046,733
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	―	7,889	―	7,889
Total	―	7,889	―	7,889

FY2022 (As of March 31, 2022)

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Derivative assets	―	24,457	―	24,457
Others	2,769	―	5,677	8,447
Financial assets measured at fair value through other comprehensive income	3,570,368	846	132,437	3,703,652
Total	3,573,138	25,303	138,115	3,736,557
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	―	8,905	―	8,905
Total	―	8,905	―	8,905

Derivatives are transactions for forward exchange contracts, foreign currency option contracts, interest rate swaps, interest rate and currency swaps, and interest rate options.

Fair value of forward exchange contracts is calculated based on observable market data including forward exchange rates. Data for the fair value of foreign currency option contracts, interest rate swaps, interest rate and currency swaps and interest rate options are calculated by financial institutions based on observable market data.

Toyota Industries uses the modified book value method when measuring the fair value of unlisted shares and other equity securities categorized as financial assets measured at fair value through other comprehensive income. The illiquidity discount, which is an important unobservable input used to measure the fair value of unlisted shares, is calculated as 30%.

Changes in financial instruments classified as Level 3 consist of the following.

(Millions of yen)

	FY2021 (April 1, 2020 - March 31, 2021)	FY2022 (April 1, 2021 - March 31, 2022)
Balance at beginning of period	100,325	112,195
Gains and losses included in other comprehensive income (Note)	10,880	24,729
Purchase	1,435	1,347
Sales	(470)	(151)
Others	24	(5)
Balance at end of period	112,195	138,115

(Note) Gains and losses included in other comprehensive income are those for financial assets measured at fair value through other comprehensive income as of the closing date. These gains and losses are included in "Net changes in revaluation of FVTOCI financial assets" on the consolidated statement of comprehensive income.

(4) Offsetting of financial assets and financial liabilities

Among derivative transactions of Toyota Industries, there are master netting agreements of similar agreements. Under these agreements, if non-performance occurs between contracting parties of an agreement, receivables and payables of business partners will be settled in net amounts.

The following information pertains to the netting of financial assets and financial liabilities recognized against the same business partners.

FY2021 (As of March 31, 2021)

(Millions of yen)

	Total financial assets	Total offset	Financial assets on the consolidated statement of financial position, net	Amount that could be offset in the future based on master netting agreements and others (Including collateral)	Net amount
Financial assets					
Trade receivables and other receivables	193,271	112,464	80,806	―	80,806
Derivative assets	4,480	―	4,480	2,475	2,004
Total	197,751	112,464	85,286	2,475	82,810

(Millions of yen)

	Total financial liabilities	Total offset	Financial liabilities on the consolidated statement of financial position, net	Amount that could be offset in the future based on master netting agreements and others (Including collateral)	Net amount
Financial liabilities					
Trade payables and other payables	214,078	112,464	101,613	―	101,613
Derivative liabilities	6,009	―	6,009	2,475	3,533
Total	220,087	112,464	107,622	2,475	105,147

FY2022 (As of March 31, 2022)

(Millions of yen)

	Total financial assets	Total offset	Financial assets on the consolidated statement of financial position, net	Amount that could be offset in the future based on master netting agreements and others (Including collateral)	Net amount
Financial assets					
Trade receivables and other receivables	179,241	114,315	64,926	—	64,926
Derivative assets	10,877	—	10,877	3,235	7,641
Total	190,118	114,315	75,803	3,235	72,568

(Millions of yen)

	Total financial liabilities	Total offset	Financial liabilities on the consolidated statement of financial position, net	Amount that could be offset in the future based on master netting agreements and others (Including collateral)	Net amount
Financial liabilities					
Trade payables and other payables	182,147	114,315	67,831	—	67,831
Derivative liabilities	4,133	—	4,133	3,235	897
Total	186,280	114,315	71,965	3,235	68,729

(5) Derivative transactions and hedging activities

Toyota Industries has concluded derivative agreements with financial institutions to hedge changes in cash flows or fair value of financial assets and financial liabilities. Forward exchange contracts and currency options are used to hedge foreign currency risks concerning trade receivables, trade payables and others denominated in foreign currencies. Moreover, currency swaps, interest rate swaps, interest rate and currency swaps, and interest options are used to hedge foreign currency risk and interest rate risk of borrowings, corporate bonds and lease investment assets. Toyota Industries applies hedge accounting for Items that meet hedge accounting requirements.

In the execution and management of hedge transactions, interest rate risk and foreign currency risk are hedged in accordance with treasury policy. Moreover, the status of hedge transactions is regularly reported to the director in charge of accounting and other responsible people.

Regarding foreign currency risk in operating activities, a certain amount of targeted risks is hedged, with the total amount of targeted risks set as the upper limit. However, among targeted risks, usance transactions are in principle fully covered. Regarding the foreign currency risk of investing activities which require a resolution of the Board of Directors, the full amount is hedged in principle. For the foreign currency risk of other investing activities and financing activities, the full amount is hedged as necessary.

The effectiveness of hedging is evaluated by respectively comparing the market fluctuations or the accumulated changes in cash flows of hedged items and hedging instruments during the period from the start of hedging to the evaluation of the effectiveness. A high correlation has been observed between the two. Moreover, regarding hedges with prospective ineffective portions, the ineffective amount is calculated using quantitative methods. Because the important conditions for hedging instruments and hedged items are consistent or closely consistent, the amount of ineffective portions is immaterial, and it has been omitted.

Toyota Industries sets an appropriate hedging ratio based on the volumes of hedged items and hedging instruments at the start of hedge transactions, establishing a one-on-one relationship in principle. If the hedging relationship comes to be deemed not effective but there is no change in the purpose of risk management, the hedging ratio established at the start of hedging relationship is readjusted to make the relationship effective again. Moreover, if the purpose of risk management is changed for the hedging relationship, application of hedge accounting is suspended.

Toyota Industries may be affected by interest rate benchmark reform in its hedging transactions. Among derivatives designated as hedge transactions as of the fiscal year ended March 31, 2022, those that will be affected by interest rate benchmark reform are interest rate swap transactions (notional principal of 134,384 million yen), interest rate and currency swap transactions that use USD LIBOR as a reference rate (notional principal of 41,979 million yen). These hedge transactions are held mainly to hedge exposure to variability in cash flows arising from floating rate borrowings. However, application of Interest Rate Benchmark Reform Amendments to IFRS 9, IAS 39 and IFRS 7 (issued in September 2019) permit the continuation of hedge accounting during the period of uncertainty arising from the interest rate benchmark reform prior to the replacement of the existing interest rate benchmarks with alternative interest rate benchmarks. Therefore, Toyota Industries will not be affected.

Toyota Industries will continue to apply the relief measures provided for in the amendments until the period of uncertainty arising from the interest rate benchmark reform is over. Toyota Industries assumes that this uncertainty will not end until the contracts are amended with regard to the date of replacement with alternative benchmark rates, alternative benchmark rates based cash flows and related spread adjustments for the alternative benchmark rates.

Financial instruments referencing USD LIBOR at the end of the current fiscal year are as follows.

(Millions of yen)

	Carrying amounts	
	Total amount	Amounts not transferred to alternative interest rates
Non-derivative financial assets		
Loans receivable and loans receivable related to the sales financing business	176,723	787
Non-derivative financial liabilities		
Corporate bonds	444,303	82,980
Loans	881,008	193,669

(Millions of yen)

	Notional principal	
	Total amount	Amounts not transferred to alternative interest rates
Derivative financial instruments		
Interest rate swap	307,080	134,384
Interest rate and currency swap	63,699	41,979

Toyota Industries' Accounting Department is taking the lead in monitoring interest rate benchmark developments as necessary and appropriately shifting to the alternative interest rate benchmarks in consultation with the respective financial institutions.

(i) Notional principals and average prices of hedging instruments

Notional principals and average prices of hedging instruments for which hedge accounting applied consist of the following.

FY2021 (As of March 31, 2021)

	Risk	Hedge Instruments	Unit	Notional principal				Average price or Average rate
				Within one year	Over one year but within five years	Over five years	Total	
Cash flow hedges	Foreign currency risk	Foreign currency forward contract transactions	Millions of					
		BUY JPY / SELL USD	USD	88	—	—	88	JPY 105.57
		BUY EUR / SELL USD	EUR	58	19	—	78	USD 1.20
		BUY SEK / SELL USD	USD	1	—	—	1	SEK 8.75
		BUY SEK / SELL EUR	EUR	32	—	—	32	SEK 10.20
		BUY SEK / SELL GBP	GBP	50	—	—	50	SEK 11.52
		BUY SEK / SELL AUD	AUD	20	—	—	20	SEK 6.40
		BUY USD / SELL SEK	USD	13	—	—	13	SEK 8.50
		BUY EUR / SELL SEK	EUR	10	—	—	10	SEK 10.16
		Currency option transactions						
		BUY JPY / SELL USD	USD	124	—	—	124	JPY 105.35
		BUY JPY / SELL EUR	EUR	61	—	—	61	JPY 127.64
		BUY JPY / SELL AUD	AUD	18	—	—	18	JPY 81.25
		Currency swap transactions						
		Pay JPY / Receive USD	USD	600	500	250	1,350	JPY 109.12
	Interest rate risk	Interest rate swap transactions						
		Pay Fix / Receive Float	USD	150	748	—	898	—
		Interest rate and currency swap transactions						
		Pay JPY Fix / Receive USD Float	USD	80	30	42	152	JPY 108.13
		Pay JPY Fix / Receive AUD Float	AUD	53	—	—	53	JPY 94.23
		Pay USD Fix / Receive JPY Float	JPY	—	21,720	—	21,720	JPY 108.60
		Interest options						
		Interest cap	HKD	—	300	—	300	% 3.00
Fair value hedges	Interest rate risk	Interest rate swap transactions						
		Pay Fix / Receive Float	EUR	60	583	40	684	—
			GBP	—	118	—	118	—

FY2022 (As of March 31, 2022)

	Risk	Hedge Instruments	Unit	Notional principal				Average price or Average rate
				Within one year	Over one year but within five years	Over five years	Total	
Cash flow hedges	Foreign currency risk	Foreign currency forward contract transactions	Millions of					
		BUY JPY / SELL USD	USD	97	—	—	97	JPY 115.17
		BUY EUR / SELL USD	EUR	45	0	—	45	USD 1.17
		BUY SEK / SELL USD	USD	1	—	—	1	SEK 9.28
		BUY USD / SELL EUR	EUR	20	—	—	20	USD 1.10
		BUY SEK / SELL EUR	EUR	31	—	—	31	SEK 10.44
		BUY SEK / SELL GBP	GBP	51	—	—	51	SEK 12.19
		BUY SEK / SELL AUD	AUD	23	—	—	23	SEK 6.60
		BUY USD / SELL SEK	USD	18	—	—	18	SEK 9.04
		BUY EUR / SELL SEK	EUR	8	—	—	8	SEK 10.36
		Currency option transactions						
		BUY JPY / SELL USD	USD	98	—	—	98	JPY 116.26
		BUY JPY / SELL EUR	EUR	50	—	—	50	JPY 130.86
		BUY JPY / SELL AUD	AUD	18	—	—	18	JPY 84.00
		Currency swap transactions						
		Pay JPY / Receive USD	USD	500	—	250	750	JPY 107.22
		Pay USD / Receive JPY	JPY	—	8,169	—	8,169	JPY 110.70
	Interest rate risk	Interest rate swap transactions						
		Pay Fix / Receive Float	USD	70	1,028	—	1,098	—
		Interest rate and currency swap transactions						
		Pay USD Fix / Receive JPY Float	JPY	—	21,720	—	21,720	JPY 108.60
		Pay JPY Fix / Receive USD Float	USD	—	72	—	72	JPY 110.41
		Interest options						
		Interest cap	HKD	—	300	—	300	% 3.00
Fair value hedges	Interest rate risk	Interest rate swap transactions						
		Pay Fix / Receive Float	EUR	39	696	—	735	—
			AUD	34	98	—	132	—
			GBP	7	73	—	80	—

(ii) Effects of hedge accounting on the consolidated statement of financial position

The carrying amounts of hedging instruments for which hedge accounting applied consist of the following.

FY2021 (As of March 31, 2021)

(Millions of yen)

	Risk	Hedge instruments	Carrying amount of hedging instruments		Line items on the consolidated statement of financial position
			Assets	Liabilities	
Cash flow hedges	Foreign currency risk	Foreign currency forward contract transactions	1,134	2,342	Other financial assets and liabilities
		Currency option transactions	1	277	Other financial assets and liabilities
		Currency swap transactions	6,353	—	Other financial assets
	Interest rate risk	Interest rate swap transactions	550	439	Other financial assets and liabilities
		Interest rate and currency swap transactions	535	1,443	Other financial assets and liabilities
		Interest option transactions	—	79	Other financial liabilities
Fair value hedges	Interest rate risk	Interest rate swap transactions	41	411	Other financial assets and liabilities
Total			8,616	4,994	Other financial assets and liabilities

FY2022 (As of March 31, 2022)

(Millions of yen)

	Risk	Hedge instruments	Carrying amount of hedging instruments		Line items on the consolidated statement of financial position
			Assets	Liabilities	
Cash flow hedges	Foreign currency risk	Foreign currency forward contract transactions	1,103	3,502	Other financial assets and liabilities
		Currency option transactions	0	387	Other financial assets and liabilities
		Currency swap transactions	10,301	387	Other financial assets and liabilities
	Interest rate risk	Interest rate swap transactions	6,513	—	Other financial assets
		Interest rate and currency swap transactions	995	2,438	Other financial assets and liabilities
		Interest option transactions	103	—	Other financial assets
Fair value hedges	Interest rate risk	Interest rate swap transactions	2,157	70	Other financial assets and liabilities
Total			21,176	6,786	Other financial assets and liabilities

The carrying amounts of surplus in cash flow hedges consist of the following.

(Millions of yen)

	FY2021 (As of March 31, 2021)	FY2022 (As of March 31, 2022)
Surplus in cash flow hedges	2,211	3,338

The carrying amounts and accumulated amounts of fair value hedge adjustments on the hedged items classified as fair value hedges consist of the following.

FY2021 (As of March 31, 2021)

(Millions of yen)

	Carrying amount of hedged items		Accumulated amount of fair value hedge adjustments		Line items on the Consolidated Statement of Financial Position
	Assets	Liabilities	Assets	Liabilities	
Interest rate risk	114,095	—	351	—	Trade receivables and other receivables

FY2022 (As of March 31, 2022)

(Millions of yen)

	Carrying amount of hedged items		Accumulated amount of fair value hedge adjustments		Line items on the Consolidated Statement of Financial Position
	Assets	Liabilities	Assets	Liabilities	
Interest rate risk	122,300	—	(1,790)	—	Trade receivables and other receivables

(iii) Effects of hedge accounting on the consolidated statement of profit or loss and other comprehensive income (loss)

Profit (loss) from cash flow hedges consist of the following.

FY2021 (April 1, 2020 - March 31, 2021)

(Millions of yen)

	Changes in the value of hedging instruments recognized in other comprehensive income	Amount transferred from surplus in cash flow hedges to profit or loss	Line items affected by transfers in profit or loss
Foreign currency risk	808	(1,362)	Net sales, Financial income, Financial expenses
Interest rate risk	(36)	745	Financial income, Financial expenses

FY2022 (April 1, 2021 - March 31, 2022)

(Millions of yen)

	Changes in the value of hedging instruments recognized in other comprehensive income	Amount transferred from surplus in cash flow hedges to profit or loss	Line items affected by transfers in profit or loss
Foreign currency risk	(7,657)	3,575	Net sales, Financial income, Financial expenses
Interest rate risk	4,524	684	Financial income, Financial expenses

30. Leases

(1) As lessor

Toyota Industries leases machinery and vehicles.

Toyota Industries strives to reduce risks related to underlying assets through periodic monitoring of the usage status as well as the accumulation of sales information in the used machinery and vehicle market.

(i) Finance Leases

Maturity analysis of lease payments receivable based on finance leases consists of the following.

(Millions of yen)

	FY2021 (As of March 31, 2021)	FY2022 (As of March 31, 2022)
Within one year	119,956	133,964
Over one year but within two years	90,824	97,845
Over two years but within three years	64,354	69,205
Over three years but within four years	38,469	41,806
Over four years but within five years	19,495	20,709
Over five years	7,819	8,049
Total	340,920	371,581
Elimination : Unearned finance income	(20,896)	(24,512)
Unguaranteed residual value (discounted)	44,983	51,021
Net investment in the lease	365,008	398,090

Financial income on net investment in the lease for the fiscal year ended March 31, 2021 and 2022 amounted to 14,902 million yen and 15,840 million yen respectively, and are included in "Net Sales" on the consolidated statement of profit or loss.

(ii) Operating leases

Maturity analysis of lease payments based on the non-cancellable operating lease contracts consists of the following.

(Millions of yen)

	FY2021 (As of March 31, 2021)	FY2022 (As of March 31, 2022)
Within one year	69,829	74,468
Over one year but within two years	44,678	46,613
Over two years but within three years	32,758	35,491
Over three years but within four years	24,216	24,954
Over four years but within five years	13,520	14,661
Over five years	3,150	4,225
Total	188,156	200,415

Lease income from operating leases consists of the following.

(Millions of yen)

	FY2021 (April 1, 2020 - March 31, 2021)	FY2022 (April 1, 2021 - March 31, 2022)
Lease income relating to variable lease payments that do not depend on an index or a rate	8,350	7,707
Others	106,577	126,572
Total	114,927	134,280

(2) As lessee

Toyota Industries leases buildings and structures, machinery and vehicles, and others.

For some lease agreements, there is a renewal option or a purchase option. Moreover, there are no restrictions imposed by lease agreements (e.g., restrictions on additional borrowings and additional leasing).

The carrying amount of right-of-use asset included in "Property, Plant and Equipment" or "Goodwill and Intangible Assets" consists of the following.

(Millions of yen)

	Property, Plant and Equipment					Goodwill and Intangible Assets	Total
	Other than leases as lessor				Leases as lessor		
	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Land	Machinery and vehicles	Other intangible assets	
FY2021 (As of March 31, 2021)	35,120	21,651	758	3,950	45,196	75	106,754
FY2022 (As of March 31, 2022)	38,310	25,289	624	5,149	48,081	139	117,595

Depreciation of right-of-use assets consists of the following.

(Millions of yen)

	Property, Plant and Equipment					Goodwill and Intangible Assets	Total
	Other than leases as lessor				Leases as lessor		
	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Land	Machinery and vehicles	Other intangible assets	
FY2021 (April 1, 2020 - March 31, 2021)	8,962	9,067	296	273	9,603	11	28,215
FY2022 (April 1, 2021 - March 31, 2022)	10,340	11,479	246	323	9,802	18	32,210

Increase of right-of-use assets for the fiscal year ended March 31, 2021 and 2022 is 34,113 million yen and 42,073 million yen respectively.

Profit or loss and total cash outflow for leases as lessee consist of the following.

(Millions of yen)

	FY2021 (April 1, 2020 - March 31, 2021)	FY2022 (April 1, 2021 - March 31, 2022)
Interest expenses for lease liabilities	1,419	1,558
Expenses for short-term leases	3,140	3,830
Income from sub-leasing right-of-use assets	56,420	64,772
Total cash outflow for leases	41,170	45,276

31. Changes in Liabilities arising from Financing Activities

Changes in the balances of liabilities arising from financing activities are as follows.

(Millions of yen)

	Short-term loans	Commercial paper	Long-term loans	Corporate bonds	Lease liabilities
Balance as of April 1, 2020	67,388	80,671	582,628	609,081	120,117
Changes from financing cash flows	(15,147)	(62,355)	83,105	(37,550)	(23,251)
Non-cash changes					
Increase through commencement of lease	—	—	—	—	15,746
Foreign currency translation difference and others	4,589	493	17,297	15,160	11,040
Balance as of March 31, 2021	56,830	18,809	683,031	586,691	123,653
Changes from financing cash flows	50,338	40,590	53,068	(170,860)	(16,453)
Non-cash changes					
Increase through commencement of lease	—	—	—	—	13,626
Foreign currency translation difference and others	9,897	5,802	27,841	28,472	11,909
Balance as of March 31, 2022	117,066	65,203	763,941	444,303	132,735

(Note) The above amounts include the balance to be repaid and redeemed within one year.

32. Related Party Transactions

The transactions between Toyota Industries and related parties and the outstanding receivables and payables consist of the following.

(1) Transactions with related parties and outstanding receivables and payables

Toyota Industries has transactions with the following related parties.

For the conditions of transactions and determination policies with related parties, the Company offers prices based on consideration of overall costs and market price of the products, and negotiates prices for each fiscal year.

(Millions of yen)

	FY2021 (April 1, 2020 - March 31, 2021)	FY2022 (April 1, 2021 - March 31, 2022)
Toyota Motor Corporation and its subsidiaries		
Sales of goods and provision of services	251,364	379,530
Purchase of parts and receipt of services	23,249	26,707

(Note) Toyota Motor Corporation has a significant influence on Toyota Industries.

The unsettled balance on the above transactions and its allowance for credit losses consist of the following.

(Millions of yen)

	FY2021 (As of March 31, 2021)	FY2022 (As of March 31, 2022)
Toyota Motor Corporation and its subsidiaries		
Trade receivables and other receivables	71,527	68,496
Allowance for doubtful accounts	2	—
Trade payables and other payables	102,992	68,523

(Note) Toyota Motor Corporation has a significant influence on Toyota Industries.

(2) Principal management personnel compensation

FY2021 (April 1, 2020 - March 31, 2021)

(Millions of yen)

	Total amount of compensation	Total compensation by type	
		Fixed Remuneration (Basic Remuneration)	Bonuses (Performance-linked Remuneration)
Principal management personnel	653	453	200

FY2022 (April 1, 2021 - March 31, 2022)

(Millions of yen)

	Total amount of compensation	Total compensation by type	
		Fixed Remuneration (Basic Remuneration)	Bonuses (Performance-linked Remuneration)
Principal management personnel	616	403	213

33. Contingencies

FY2021 (April 1, 2020 - March 31, 2021)

On April 28, 2021, the Company have announced that the shipment of some models of the engine-powered lift trucks manufactured by its subsidiary Toyota Material Handling, Inc. in Indiana, United States had been suspended due to delays in obtaining U.S. engine emissions certification.

Subsequently, on May 21, 2021, the Company have announced that it would temporarily suspend the production of these models at Toyota Material Handling starting on June 1. The Company expect that Toyota Material Handling will restart production of these models once it obtains certification for engines.

It is difficult to reasonably estimate the impact of this matter on Toyota Industries' consolidated financial statements.

FY2022 (April 1, 2021 - March 31, 2022)

As announced on May 21, 2021, due to the delay in obtaining the U.S. engine emissions certification for the engines installed in some models of lift trucks sold in North America, the Company's subsidiary Toyota Material Handling, Inc. in Indiana, United States had suspended production and shipments of such models. On May 17, 2022, the Company have announced that it had obtained engine certification for its main models of small liquefied petroleum gas (LPG) lift trucks and resumed shipments on May 12, 2022.

We are working to obtain certification and resume production for the remaining models, and it is difficult to reasonably estimate the impact of this matter on Toyota Industries' consolidated financial statements.

34. Commitments

Regarding the acquisition of property, plant and equipment, important capital expenditures (commitments) which are contracted but not yet recognized on the consolidated financial statements are 35,664 million yen and 63,358 million yen as of the end of the fiscal year ended March 31, 2021 and the end of the fiscal year ended March 31, 2022, respectively.

35. Major Consolidated Subsidiaries

The Company's major subsidiaries are listed below. There are no subsidiaries of individual significance for which the Company has non-controlling interests during the fiscal years ended March 31, 2021 and 2022.

Company Name	Location	Principal Business	Percentage of Voting Rights of The Company (%)
Tokyu Co., Ltd.	Oguchi-cho, Niwa-gun, Aichi	Automobile	100.00
Tokaiseiki Co., Ltd.	Iwata-shi, Shizuoka	Automobile	100.00
IZUMI MACHINE MFG. CO., LTD.	Obu-shi, Aichi	Automobile	100.00
TOYOTA L&F Tokyo Co., Ltd.	Shinagawa-ku, Tokyo	Materials Handling Equipment	100.00
Taikoh Transportation Co., Ltd.	Kariya-shi, Aichi	Others	54.04
Aichi Corporation	Ageo-shi, Saitama	Materials Handling Equipment	53.64
Toyota Material Handling Manufacturing France S.A.S	Ancenis, France	Materials Handling Equipment	100.00
Michigan Automotive Compressor Inc.	Michigan, U.S.A.	Automobile	60.00
Toyota Industries Europe AB	Mjölby, Sweden	Materials Handling Equipment	100.00
Toyota Material Handling Europe AB	Mjölby, Sweden	Materials Handling Equipment	100.00
Toyota Industries North America, Inc.	Indiana, U.S.A.	Others	100.00
Toyota Material Handling, Inc.	Indiana, U.S.A.	Materials Handling Equipment	100.00
TD Deutsche Klimakompressor GmbH	Sachsen, Germany	Automobile	65.00
Toyota Material Handling Australia Pty Limited	New South Wales, Australia	Materials Handling Equipment	100.00
TD Automotive Compressor Georgia, LLC	Georgia, U.S.A.	Automobile	77.40
Uster Technologies AG	Zurich, Switzerland	Textile Machinery	100.00
Industrial Components and Attachments, Inc.	Oregon, U.S.A.	Materials Handling Equipment	100.00
Cascade Corporation	Oregon, U.S.A.	Materials Handling Equipment	100.00
Toyota Industry (Kunshan) Co., Ltd.	Jiangsu, China	Automobile	63.40
Toyota Industries Commercial Finance, Inc.	Texas, U.S.A.	Materials Handling Equipment	100.00
Yantai Shougang TD Automotive Compressor Co., Ltd.	Shandong, China	Automobile	50.10
TD Automotive Compressor Kunshan Co., Ltd.	Jiangsu, China	Automobile	78.80
P.T. TD Automotive Compressor Indonesia	West Java, Indonesia	Automobile	50.10
Bastian Solutions LLC	Indiana, U.S.A.	Materials Handling Equipment	100.00
Vanderlande Industries Holding B.V.	North Brabant, Netherlands	Materials Handling Equipment	100.00
Toyota Industries Engine India Pvt Ltd.	Karnataka, India	Automobile	98.80

36. Subsequent Events

Please refer to "33. Contingencies".

II. [Other]

Quarterly information in the fiscal year ended March 31, 2022

(Cumulative period)	First quarter	Second quarter	Third quarter	Full year
Net sales (Millions of yen)	616,914	1,260,842	1,967,949	2,705,183
Profit before income taxes (Millions of yen)	101,302	137,801	219,510	246,123
Profit attributable to owners of the parent (Millions of yen)	77,598	103,386	162,784	180,306
Earnings per share (Yen)	249.93	332.99	524.30	580.73

(Accounting period)	First quarter	Second quarter	Third quarter	Fourth quarter
Quarterly earnings per share (Yen)	249.93	83.06	191.31	56.44

Independent Auditor's Report

To the Board of Directors of Toyota Industries Corporation

Opinion

We have audited the consolidated financial statements of Toyota Industries Corporation and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at March 31, 2022, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><td colspan="2">Valuation of goodwill and intangible assets with indefinite useful lives</td></tr>
<tr><td>Key audit matter description</td><td>How our audit addressed the key audit matter</td></tr>
<tr><td>The Group develops energy-efficient electric lift trucks, next-generation models of lift trucks, automation technology for materials handling equipment and materials handling systems to provide logistics solutions in its Materials Handling Equipment Business. In order to further strengthen the business, the Group acquired Vanderlande Group (Vanderlande), a global logistics solutions provider, and Bastian Group (Bastian), a leading logistics system integrator in North America, during the year ended March 31, 2018. As a result, the Group recorded goodwill of 67,852 million yen and intangible assets with indefinite useful lives of 24,742 million yen arising from the acquisition of Vanderlande, and goodwill of 15,752 million yen arising from the acquisition of Bastian as of March 31, 2022 (Note 10 "Goodwill and Intangible Assets"). Goodwill as a result of both the Vanderlande and Bastian</td><td>We performed the following procedures over the impairment assessment for the goodwill and intangible assets with indefinite useful lives:
・ Assessed the appropriateness of cash-generating units identified by management, considering the lowest level used by the Group for internal management purposes.
・ Performed the following procedures over the five-year business plans approved by management for the Materials Handling Equipment CGU and the Vanderlande CGU:
- Compared the business plans used in the prior-year impairment assessment with the actual results.
- Obtained an understanding of the production and sales strategies according to local market conditions based on customer location as well as the capital expenditure plans and assessed whether the business plans were consistent with the</td></tr>
</table>

acquisitions is allocated to Materials Handling Equipment Business, a cash-generating unit, and the intangible assets with indefinite useful lives of Vanderlande are allocated to Vanderlande, a cash-generating unit. Net sales for Materials Handling Equipment segment is 1,789,941 million yen and segment profit is 113,616 million yen for the year ended March 31, 2022 (Note 4 "Segment Information"). The Group performs an annual impairment test for goodwill and intangible assets with indefinite useful live s, and more frequently if there are indicators of impairment. In the impairment test, the recoverable amount of a cash-generating unit is determined based on value in use. The Group calculates the value in use as the present value of the future cash flows expected to be derived from the Materials Handling Equipment CGU and the Vanderlande CGU principally based on the five-year business plan approved by management. An assumed increasing growth rate is used to extrapolate cash flows beyond the five-year period. The business plan is prepared based on production and sales strategies including the launch of new products according to local market conditions based on customer location as well as capital expenditure plans. The increasing growth rate used for cash flows beyond the five-year period is determined with reference to the expected long-term growth rate of markets to which the Materials Handling Equipment CGU and the Vanderlande CGU belong. The discount rate is determined based on the weighted average cost of capital (pre-tax) of the Materials Handling Equipment CGU and the Vanderlande CGU. The Group concludes that it is highly unlikely that these assets will be significantly impaired even if these assumptions change within a reasonable and predictable range (Note 10 "Goodwill and Intangible Assets"). The goodwill and intangible assets with indefinite useful lives are material to the consolidated financial statements. In addition, the calculation of value in use in impairment testing uses assumptions such as estimates of future cash flows based on the five-year business plan, growth rates, and discount rates, all of which involve management's subjective judgement. Therefore, we considered the audit of the impairment assessment for goodwill and intangible assets with indefinite useful lives for these CGUs to be a key audit matter.	understanding and the historical trends in net sales and profit. ・ Performed the following procedures over the growth rate used to extrapolate cash flows beyond the five-year period: - Assessed whether the growth rate was consistent with the historical growth rate. - Assessed whether the growth rate was reasonable compared with data of the expected long-term growth rate of the market which was provided by a third party independent from the Group. ・ Performed the following procedures over the discount rate: - Assessed whether the discount rate was reasonable and recalculated the underlying analysis supporting the discount rate. - Assessed whether the market data used to determine the discount rate was consistent with the data provided by a pricing vendor independent from the Group. - Involved business valuation specialists to perform independent recalculations of the discount rate and compared the calculation with the discount rate determined by the management.

Other Information

The other information comprises the information included in the Annual Financial Report, but does not include the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. In addition, those charged with governance are responsible for overseeing the Group's reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

・ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
・ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the consolidated financial statement audit is not to express an opinion on the effectiveness of the Group's internal control.
・ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
・ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
・ Evaluate whether the presentation and disclosures of the consolidated financial statements are in accordance with International Financial Reporting Standards, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
・ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

川原 光爵

Kosaku Kawahara
Designated Engagement Partner
Certified Public Accountant

小林 正英

Masahide Kobayashi
Designated Engagement Partner
Certified Public Accountant

August 10, 2022

TOYOTA INDUSTRIES CORPORATION
2-1, Toyoda-cho, Kariya-shi, Aichi 448-8671, Japan
Telephone: +81-(0)566-22-2511 Facsimile: +81-(0)566-27-5650
www.toyota-industries.com