TOYOTA

Annual Financial Report 2023

For the Year Ended March 31, 2023

TOYOTA INDUSTRIES CORPORATION

Financial Summary

Toyota Industries Corporation and its consolidated subsidiaries

< IFRS >

	FY2019	FY2020	FY2021	FY2022	FY2023
Net sales (Millions of yen)	2,214,946	2,171,355	2,118,302	2,705,183	3,379,891
Operating profit (Millions of yen)	134,684	128,233	118,159	159,066	169,904
Profit (Millions of yen)	159,778	150,187	141,435	185,350	198,716
Profit: attributable to owners of the parent (Millions of yen)	152,748	145,881	136,700	180,306	192,861
Comprehensive income (Millions of yen)	(16,789)	10,474	854,098	751,823	(26,348)
Share of equity attributable to owners of the parent (Millions of yen)	2,479,718	2,438,807	3,236,038	3,928,513	3,837,416
Total assets (Millions of yen)	5,261,174	5,279,653	6,503,986	7,627,120	7,821,185
Equity per share: attributable to owners of the parent (Yen)	7,986.59	7,854.87	10,422.64	12,653.04	12,359.66
Earnings per share－basic (Yen)	491.97	469.85	440.28	580.73	621.17
Earnings per share－diluted (Yen)	491.97	469.85	440.28	580.73	621.17
Ratio of equity attributable to owners of the parent to total assets (%)	47.13	46.19	49.75	51.51	49.06
Return on equity attributable to owners of the parent (%)	6.07	5.93	4.82	5.03	4.97
Price-to-earnings ratio (Times)	11.28	11.02	22.39	14.58	11.83
Net cash provided by operating activities (Millions of yen)	270,306	313,199	382,386	321,085	194,964
Net cash used in investing activities (Millions of yen)	(395,000)	(182,598)	(404,164)	(229,805)	(427,642)
Net cash provided by (used in) financing activities (Millions of yen)	40,467	(7,094)	(105,477)	(92,114)	183,690
Cash and cash equivalents at end of period (Millions of yen)	239,140	358,144	238,248	247,085	202,731
Number of employees [Average number of part-time employees, not included in number of employees above]	64,641 [12,625]	66,478 [12,788]	66,947 [11,396]	71,784 [12,923]	74,887 [14,358]

(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 2023.

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, 2023 is referred to as FY2023 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 271 consolidated subsidiaries.

1. Result of Operations

(1) Operating performance

In FY2023 (ended March 31, 2023), although the global economy showed signs of recovery thanks to the easing of restrictions to prevent the spread of COVID-19, there remains many economic uncertainties. These include global inflation triggered by soaring raw material and energy prices due to the conflict in Ukraine as well as heightened concerns over an economic recession arising from higher interest rates in various countries. Meanwhile, the recovery of the Japanese economy was moderate mainly due to soaring prices accompanied by the rapid depreciation of the yen. Under these circumstances, Toyota Industries has been striving to expand sales by appropriately responding to customer needs and the movements of each market, such as the automobile electrification and logistics automation.

As a result, total consolidated net sales amounted to 3,379.8 billion yen, an increase of 674.7 billion yen, or 25%, from the previous fiscal year.

(2) Operating performance highlights by business segment

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

(Automobile)

The Automobile market remained is stable when compared with the previous fiscal year in Japan. However, the automotive market expanded elsewhere in the globe. Expansions came primarily in China and North America. Amid such operating conditions, net sales of the Automobile Segment totaled 957.8 billion yen, an increase of 165.0 billion yen, or 21% from the previous fiscal year. Operating profit amounted to 34.6 billion yen, an increase of 1.6 billion yen, or 5%.

Within this segment, net sales of the Vehicle Business amounted to 83.1 billion yen, on par with the previous fiscal year, due to decreases in sales of Toyota RAV4 for Japan offset by a decrease abroad.

Net sales of the Engine Business totaled 322.4 billion yen, an increase of 54.8 billion yen, or 20%, mainly from an increase in sales of gasoline engines.

Net sales of the Car Air-Conditioning Compressor Business totaled 429.7 billion yen, an increase of 73.6 billion yen, or 21%, due to an increase in North America and Europe.

Net sales of Electronics Parts and Others Business totaled 122.5 billion yen, an increase of 37.0 billion yen, or 43%, attributable primarily to an increase in sales of battery and DC-DC converters.

(Materials Handling Equipment)

The Materials Handling Equipment market were sluggish in Europe and other regions, and shrank worldwide. Amid this operating climate, net sales of the Materials Handling Equipment Segment totaled 2,283.8 billion yen, an increase of 494.4 billion yen, or 28%. Sales of lift trucks, a mainstay product of this segment, increased primarily in North America. Operating profit amounted to 121.8 billion yen, an increase of 8.2 billion yen, or 7%.

(Textile Machinery)

The Textile Machinery market remained steady in Asia, including the primary market - China. Net sales of the Textile Machinery Segment totaled 84.3 billion yen, an increase of 15.1 billion yen, or 22%, due mainly to an increase in sales of spinning machinery and yarn quality measurement instruments. Operating profit amounted to 7.8 billion yen, an increase of 2.3 billion yen, or 41%.

(3) Operating profit

Operating profit for FY2023 was 169.9 billion yen, an increase of 10.9 billion yen, or 7%, from the previous fiscal year. This was mainly owing to an increase in sales, the impact of exchange rate fluctuations and further advances in cost reduction efforts throughout the Toyota Industries Group, despite an increase in raw material costs, labor costs and logistic costs.

(4) Profit before income taxes

Profit before income taxes amounted to 262.9 billion yen, an increase of 16.8 billion yen, or 7%, from the previous fiscal year.

(5) Profit attributable to owners of the parent

Profit attributable to owners of the parent totaled 192.8 billion yen, an increase of 12.5 billion yen, or 7%, from the previous fiscal year.

Earnings per share－basic was 621.17 yen compared with 580.73 yen in the previous fiscal year.

2. Consolidated Financial Condition

Assets amounted to 7,821.1 billion yen, an increase of 194.0 billion yen from the end of the previous fiscal year, due mainly to an increase in trade receivables and other receivables. Liabilities amounted to 3,885.7 billion yen, an increase of 280.6 billion yen from the end of the previous fiscal year. This was primarily because of an increase in corporate bonds and loans. Equity amounted to 3,935.4 billion yen, a decrease of 86.5 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 strong 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 194.9 billion yen in FY2023, due to posting profit before income taxes of 262.9 billion yen. Net cash provided by operating activities decreased by 126.1 billion yen compared to that of 321.0 billion yen in the previous fiscal year.

Net cash used in investing activities was 427.6 billion yen in FY2023, attributable primarily to payments for bank deposits of 919.4 billion yen and payments for purchases of property, plant and equipment of 289.9 billion yen, which offset proceeds from withdrawals of bank deposits of 831.8 billion yen. Net cash used in investing activities increased by 197.8 billion yen compared to that of 229.8 billion yen in the previous fiscal year.

Net cash provided by financing activities was 183.6 billion yen in FY2023 compared with a net loss 92.1 billion yen in the previous fiscal year, due mainly to proceeds from long-term loans payable of 354.8 billion yen.

After adding translation adjustments and cash and cash equivalents at beginning of period, cash and cash equivalents as of March 31, 2023 stood at 202.7 billion yen, a decrease of 44.3 billion yen, or 18%, from the end of the previous fiscal year.

5. Investment in Property, Plant and Equipment

During FY2022, Toyota Industries made a total investment of 338,371 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 99,618 million yen. This is primarily attributable to the Company for 75,281 million yen and Tokyu Co., Ltd. for 6,762 million yen. In the Materials Handling Equipment Segment, investments in property, plant, and equipment was 232,695 million yen. This is primarily attributable to the Company for 5,237 million yen, Toyota Material Handling Europe AB Group for 67,252 million yen, Raymond Group for 49,318 million yen, Toyota Industries Commercial Finance, Inc. for 48,391 million yen, Vanderlande Group for 11,355 million yen, Toyota Material Handling Australia Pty Limited for 11,288 million yen and Toyota Material Handling, Inc. for 5,754 million yen. In the Textile Machinery Segment, investment in property, plant, and equipment was 3,588 million yen. In the Others Segment, investment in property, plant, and equipment was 2,469 million yen.

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

6. Strategies and Outlook

(i) Response to violation of regulations related to certification of engines for forklifts

With respect to the excess over the domestic (Japanese) emissions regulation values due to aging degradation and violation of regulations related to Japanese certification for emissions from engines for forklifts, in addition to the investigation led by external lawyers so far, based on the results of a special investigation committee consisting of independent external experts, Toyota Industries is in progress to clarify the details of the case and analyze the root causes of these issues, and ensure recurrence prevention measures based on those activities. After that, based on the decisions and instructions of the relevant Japanese authorities, Toyota Industries will work toward resuming shipping and corrective measures on already sold products.

(ii) Business initiatives

There continue to be uncertainties regarding the outlook of the global economy, which has been on a path to recovery from the impact of COVID-19. These include long-term concerns on effects caused by semiconductor shortages as well as soaring resource prices and supply constraints arising from heightened geopolitical tensions. On the other hand, in the political, economic and technological areas, pace of change in areas such as global environmental initiatives and digitization are accelerating. In the markets for Automobile and Materials Handling Equipment, which constitute core businesses of Toyota Industries, competition among companies is intensifying. This is primarily triggered by advancements in the fields of vehicle electrification and autonomous driving. New entries that leverage information technology and digital technologies and the transformation of the industrial structure.

Under these circumstances, we intend to focus on the following three actions in order to further strengthen the management platform and enhance corporate value.

i) Thoroughly adhere to the basics

We will continue our focus in safety, health, quality, compliance, and the environment, which constitute the foundation of the company, and in particular, we will review our legal compliance system and mechanisms. In addition, we will adhere to the priorities of "safety first, quality second, and production third" in manufacturing and establish a culture of safety.

ii) Strengthen management platform

We will respond quickly and accurately to risks and challenges by keeping an ear to the ground and investing necessary and sufficient management resources in response to the world changing in every moment. To this end, we will promote the creation of an organization and corporate culture that enables self-initiated change.

iii) Challenges for the future

Viewing changes in the market and industry as opportunities for growth, we will develop innovative technologies and products through the proactive use of information technology, digital technologies and open innovation and provide services demanded by our customers.

Through these initiatives, we aim for a stronger management foundation to support sustainable growth 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 compassionate 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 27, 2023, approved a year-end cash dividend of 100.0 yen per share. Including the interim cash dividend of 90.0 yen per share, cash dividends for the year totaled 190.0 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, 2023.

(1) Principal customers

Toyota Industries' automobile and engine products are sold primarily to Toyota Motor Corporation ("TMC"). In FY2023, net sales to TMC accounted for 12.4% of consolidated net sales. Therefore, TMC's vehicle sales could have an impact on Toyota Industries' business results. As of March 31, 2023, 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 strives to strictly adhere 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) Compliance Risks

Toyota Industries regards compliance as major premise of business activities and one of the most important managerial task. In order to carry out business activities in accordance with domestic and international legal compliance as well as social norms, Toyota Industries try to avoid or minimize compliance risks by promoting system maintenance and education and enlightenment for executives and employees, but in case of a serious violation of laws and regulations and other related matters, they could have an adverse impact on Toyota Industries' financial condition and business results, such as loss of social credibility, damage to brand image and so on.

(9) 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.

(10) 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.

(11) 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.

(12) Effects of disasters, power outages 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 outages occurring at Toyota Industries' and its suppliers' production facilities. Specifically, the majority of Toyota Industries' domestic production facilities and those 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.

(13) 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.

(14) 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. Material Contract Agreements

There are no material contract agreements that need to be disclosed as of the end of fiscal year ended March 31, 2023.

10. Toyota Industries' Relationship to Toyota Motor Corporation

Due to historical reasons, Toyota Industries maintains close relationships with TMC and other 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, 2023, Toyota Industries holds 8.79% (1,192,331 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 automobiles 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 FY2023, our net sales to TMC on a stand-alone basis accounted for 12.4% 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 areas such 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	FY2022 (As of March 31, 2022)	FY2023 (As of March 31, 2023)
Assets			
Current assets			
Cash and cash equivalents	5	247,085	202,731
Time deposits with deposit terms of over three months		328,674	420,173
Trade receivables and other receivables	6	1,121,491	1,398,757
Other financial assets	7	12,672	5,399
Inventories	8	433,961	524,385
Income tax receivables		28,906	26,262
Other current assets		83,034	99,313
Total current assets		2,255,827	2,677,024
Non-current assets			
Property, plant and equipment	9, 30	1,134,074	1,237,540
Goodwill and intangible assets	10, 30	395,882	468,368
Trade receivables and other receivables	6	2,334	1,459
Investments accounted for by the equity method	11	21,337	23,987
Other financial assets	7	3,734,978	3,338,505
Net defined benefit assets	17	37,408	27,887
Deferred tax assets	25	39,908	37,992
Other non-current assets		5,368	8,421
Total non-current assets		5,371,292	5,144,161
Total assets		7,627,120	7,821,185

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

(Millions of yen)

	Notes	FY2022 (As of March 31, 2022)	FY2023 (As of March 31, 2023)
Liabilities and Equity			
Liabilities			
Current liabilities			
Trade payables and other payables	12	745,553	807,474
Corporate bonds and loans	13	468,504	519,749
Other financial liabilities	14	82,909	83,749
Accrued income taxes		27,281	29,696
Provisions	16	15,415	41,827
Other current liabilities		33,058	34,615
Total current liabilities		1,372,721	1,517,112
Non-current liabilities			
Corporate bonds and loans	13	922,011	1,179,390
Other financial liabilities	14	95,237	104,404
Net defined benefit liabilities	17	91,677	81,422
Provisions	16	11,809	11,025
Deferred tax liabilities	25	1,078,641	952,960
Other non-current liabilities		33,054	39,467
Total non-current liabilities		2,232,430	2,368,671
Total liabilities		3,605,152	3,885,784
Equity			
Share of equity attributable to owners of the parent			
Capital stock	18	80,462	80,462
Capital surplus	18	102,388	101,245
Retained earnings	18	1,514,657	1,652,648
Treasury stock	18	(59,339)	(59,345)
Other components of equity	18	2,290,343	2,062,404
Total share of equity attributable to owners of the parent		3,928,513	3,837,416
Non-controlling interests		93,454	97,985
Total equity		4,021,967	3,935,401
Total liabilities and equity		7,627,120	7,821,185

[Consolidated Statement of Profit or Loss]

(Millions of yen)

	Notes	FY2022 (April 1, 2021 - March 31, 2022)	FY2023 (April 1, 2022 - March 31, 2023)
Net sales	20	2,705,183	3,379,891
Cost of sales	21, 22	(2,097,501)	(2,623,707)
Gross profit		607,682	756,183
Selling, general and administrative expenses	21, 22	(455,165)	(576,761)
Other income	23	20,942	28,230
Other expenses	23	(14,391)	(37,748)
Operating profit		159,066	169,904
Financial income	24	89,941	103,728
Financial expenses	24	(7,282)	(13,976)
Share of profit (loss) of investments accounted for by the equity method	11	4,397	3,311
Profit before income taxes		246,123	262,967
Income taxes	25	(60,773)	(64,250)
Profit		185,350	198,716
Profit attributable to:			
Owners of the parent		180,306	192,861
Non-controlling interests		5,043	5,855

Earnings per share	26		
Earnings per share－basic (yen)		580.73	621.17
Earnings per share－diluted (yen)		580.73	621.17

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

[Consolidated Statement of Comprehensive Income]

(Millions of yen)

	Notes	FY2022 (April 1, 2021 - March 31, 2022)	FY2023 (April 1, 2022 - March 31, 2023)
Profit		185,350	198,716
Other comprehensive income:			
Items not to be reclassified into profit or loss			
Net changes in revaluation of FVTOCI financial assets	27, 29	465,900	(284,805)
Remeasurements of defined benefit plans	17, 27	13,943	576
Other comprehensive income of affiliates accounted for by the equity method	11, 27	19	1
Total items not to be reclassified into profit or loss		479,863	(284,227)
Items that can be reclassified into profit or loss			
Translation adjustments of foreign operations	27	84,380	56,074
Cash flow hedges	27, 29	1,126	2,931
Other comprehensive income of affiliates accounted for by the equity method	11, 27	1,102	156
Total items that can be reclassified into profit or loss		86,610	59,162
Total other comprehensive income		566,473	(225,065)
Comprehensive income		751,823	(26,348)
Total comprehensive income attributable to:			
Owners of the parent		742,088	(34,061)
Non-controlling interests		9,735	7,713

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, 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	–
Profit		–	–	192,861	–	–	–
Other comprehensive income		–	–	–	–	(284,915)	685
Total comprehensive income		–	–	192,861	–	(284,915)	685
Repurchase of treasury stock	18	–	–	–	(5)	–	–
Disposal of treasury stock	18	–	0	–	0	–	–
Dividends	19	–	–	(55,886)	–	–	–
Changes in ownership interest of subsidiaries		–	58	–	–	–	–
Changes in non-controlling interests as a result of change in scope of consolidation		–	–	–	–	–	–
Reclassified into retained earnings		–	–	1,015	–	(330)	(685)
Other increases (decreases)		–	(1,201)	–	–	–	–
Total transactions with owners		–	(1,143)	(54,870)	(5)	(330)	(685)
Balance as of March 31, 2023		80,462	101,245	1,652,648	(59,345)	1,960,101	–

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, 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
Profit		—	—	—	192,861	5,855	198,716
Other comprehensive income		54,374	2,931	(226,922)	(226,922)	1,857	(225,065)
Total comprehensive income		54,374	2,931	(226,922)	(34,061)	7,713	(26,348)
Repurchase of treasury stock	18	—	—	—	(5)	—	(5)
Disposal of treasury stock	18	—	—	—	0	—	0
Dividends	19	—	—	—	(55,886)	(2,674)	(58,560)
Changes in ownership interest of subsidiaries		—	—	—	58	(508)	(449)
Changes in non-controlling interests as a result of change in scope of consolidation		—	—	—	—	—	—
Reclassified into retained earnings		—	—	(1,015)	—	—	—
Other increases (decreases)		—	—	—	(1,201)	—	(1,201)
Total transactions with owners		—	—	(1,015)	(57,035)	(3,182)	(60,217)
Balance as of March 31, 2023		96,032	6,269	2,062,404	3,837,416	97,985	3,935,401

[Consolidated Statement of Cash Flows]

(Millions of yen)

	Notes	FY2022 (April 1, 2021 - March 31, 2022)	FY2023 (April 1, 2022 - March 31, 2023)
Cash flows from operating activities:			
Profit before income taxes		246,123	262,967
Depreciation and amortization		223,737	257,762
Impairment losses		2,368	2,634
Interest and dividends income		(84,203)	(95,424)
Interest expenses		4,868	10,111
Share of (profit) loss of investments accounted for by the equity method		(4,397)	(3,311)
(Increase) decrease in inventories		(110,613)	(70,207)
(Increase) decrease in trade receivables and other receivables		(81,246)	(225,489)
Increase (decrease) in trade payables and other payables		93,537	29,619
Others		12,496	7,241
Subtotal		302,671	175,904
Interest and dividends income received		84,921	95,920
Interest expenses paid		(4,999)	(9,919)
Income taxes paid		(61,507)	(66,940)
Net cash provided by operating activities		321,085	194,964
Cash flows from investing activities:			
Payments for purchases of property, plant and equipment		(237,371)	(289,974)
Proceeds from sales of property, plant and equipment		16,415	19,660
Payments for purchases of investment securities		(1,406)	(1,624)
Proceeds from sales of investment securities		651	541
Payments for acquisition of subsidiaries' stock resulting in change in scope of consolidation		(14,905)	(36,486)
Payments for bank deposits		(935,461)	(919,474)
Proceeds from withdrawals of bank deposits		961,239	831,815
Payments for transfer of businesses		(529)	(2,104)
Others		(18,438)	(29,995)
Net cash used in investing activities		(229,805)	(427,642)
Cash flows from financing activities:			
Net increase (decrease) in short-term loans payable (within three months)	31	26,622	59,426
Proceeds from short-term loans payable (over three months)	31	136,079	82,054
Repayments of short-term loans payable (over three months)	31	(112,363)	(158,332)
Net increase (decrease) in commercial paper	31	40,590	112,121
Proceeds from long-term loans payable	31	233,551	354,876
Repayments of long-term loans payable	31	(180,482)	(130,782)
Proceeds from issuance of corporate bonds	31	13,205	103,314
Repayments of corporate bonds	31	(184,066)	(165,036)
Repayments of lease obligations	31	(16,453)	(40,910)
Payments for repurchase of treasury stock		(18)	(5)
Cash dividends paid	19	(49,676)	(55,886)
Cash dividends paid to non-controlling interests		(2,260)	(2,674)
Others		3,156	25,524
Net cash provided by (used in) financing activities		(92,114)	183,690
Translation adjustments of cash and cash equivalents		9,671	4,632
Net increase (decrease) in cash and cash equivalents		8,837	(44,353)
Cash and cash equivalents at beginning of period		238,248	247,085
Cash and cash equivalents at end of period	5	247,085	202,731

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 Koichi Ito, president of the Company, on August 10, 2023.

(2) Basis of measurement

As detailed in "3. Material 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, 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 changes 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. Material 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, the major ones that have not yet been adopted by Toyota Industries as of March 31, 2023 are as follows.

The adoption has no impact on the Company net assets and net income or net loss.

IFRS	Title	Mandatory effective date (Fiscal year beginning on or after)	To be adopted byToyota Industries	Description of new issue and amendments
IAS 12	Income Taxes	January 1, 2023	FY2024	Clarification of the accounting for deferred taxes relating to assets and liabilities arising from a single transaction

3. Material 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 are 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 using the equity method from the date on which the Company has 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 or 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 are 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 is 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 significant, 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 investors 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, electronics parts and batteries 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 in the Materials Handling Equipment Business 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.

In addition, exceptions to recognition and disclosure are applied with respect to deferred tax assets and liabilities related to tax laws enacted to implement the Pillar 2 (global minimum tax) model rule of the tax base erosion and profit shifting (BEPS) project announced by the Organization for Economic Cooperation and Development.

(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.

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, batteries
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. Material Accounting Policies".
Segment profit is based on operating profit.

(1) Operating segment information

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

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

(Millions of yen)

	Automobile	Materials Handling Equipment	Textile Machinery	Others	Total	Adjustments	Consolidated
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	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 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 (253) million yen included in "Adjustments" for "Segment profit" is mainly 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" reconciles to operating profit disclosed in the consolidated statement of profit or loss.

Other material items

(Millions of yen)

	Automobile	Materials Handling Equipment	Textile Machinery	Others	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.

FY2023 (April 1, 2022 - March 31, 2023)

(Millions of yen)

	Automobile	Materials Handling Equipment	Textile Machinery	Others	Total	Adjustments	Consolidated
Sales							
Outside customer sales	957,803	2,283,833	84,309	53,943	3,379,891	—	3,379,891
Inter-segment sales and transfers	35,132	1,088	279	32,224	68,724	(68,724)	—
Total	992,936	2,284,922	84,589	86,167	3,448,616	(68,724)	3,379,891
Segment profit	34,636	121,856	7,807	5,418	169,718	185	169,904
Segment assets	837,701	2,904,760	78,540	298,531	4,119,533	3,701,652	7,821,185
Financial income							103,728
Financial expenses							(13,976)
Share of profit of investments accounted for by the equity method							3,311
Profit before income taxes							262,967

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

2 185 million yen included in "Adjustments" for "Segment profit" is mainly 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" reconciles to operating profit disclosed in the consolidated statement of profit or loss.

Other material items

(Millions of yen)

	Automobile	Materials Handling Equipment	Textile Machinery	Others	Total	Adjustments	Consolidated
Depreciation and amortization	68,174	183,103	3,603	2,881	257,762	—	257,762
Impairment losses (amount in parenthesis has been reversed)	58	2,576	—	—	2,634	—	2,634
Investments accounted for by the equity method	6,408	17,522	49	6	23,987	—	23,987
Increase in property, plant and equipment and intangible assets	103,031	263,023	4,445	2,698	373,199	—	373,199

(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)

	FY2022 (April 1, 2021 - March 31, 2022)	FY2023 (April 1, 2022 - March 31, 2023)
Automobile	792,813	957,803
Vehicle	83,463	83,112
Engine	267,639	322,404
Car air-conditioning compressor	356,196	429,733
Electronics parts and others	85,513	122,553
Materials Handling Equipment	1,789,434	2,283,833
Textile Machinery	69,215	84,309
Others	53,720	53,943
Total	2,705,183	3,379,891

(3) Geographical information

Outside customer sales by geography consist of the following.

(Millions of yen)

	FY2022 (April 1, 2021 - March 31, 2022)	FY2023 (April 1, 2022 - March 31, 2023)
Japan	753,808	875,460
U.S.A.	805,746	1,143,168
Others	1,145,628	1,361,262
Total	2,705,183	3,379,891

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

Non-current assets by geography consist of the following.

(Millions of yen)

	FY2022 (As of March 31, 2022)	FY2023 (As of March 31, 2023)
Japan	563,533	600,178
U.S.A.	432,615	489,471
Netherlands	176,892	190,765
Others	361,994	433,657
Total	1,535,036	1,714,073

(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 to DENSO Corporation and its subsidiaries. Sales from DENSO and its subsidiaries amounted to 375,072 million yen and 468,975 million yen for the fiscal years ended March 31, 2022 and 2023, respectively and were included in the outside customer sales of the Automobile, Materials Handling Equipment and Others segments.

Toyota Industries sells goods and provides services to Toyota Motor Corporation and its subsidiaries. Sales from Toyota Motor Corporation and its subsidiaries amounted to 379,530 million yen and 462,128 million yen for the fiscal years ended March 31, 2022 and 2023, 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)

	FY2022 (As of March 31, 2022)	FY2023 (As of March 31, 2023)
Cash and deposits	247,085	202,731
Short-term investments (securities) which have an original maturity within three months	–	–
Total	247,085	202,731

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, 2022 and 2023 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)

	FY2022 (As of March 31, 2022)	FY2023 (As of March 31, 2023)
Trade notes and accounts receivable	471,528	589,841
Contract assets	51,170	74,386
Loans for sales financing	174,398	256,943
Accounts receivable - other	40,854	48,895
Lease investment assets	398,090	443,652
Others	21	18
Elimination: Allowance for doubtful accounts	(12,236)	(13,521)
Total	1,123,826	1,400,216

These receivables are mainly financial assets measured at amortized cost.

Amounts by collection or settlement period consist of the following.

(Millions of yen)

	FY2022 (As of March 31, 2022)	FY2023 (As of March 31, 2023)
Due within 12 months	741,642	924,049
Due after 12 months	382,183	476,166
Total	1,123,826	1,400,216

7. Other Financial Assets

(1) Outline of other financial assets

Other financial assets consist of the following.

(Millions of yen)

	FY2022 (As of March 31, 2022)	FY2023 (As of March 31, 2023)
Loans	2,324	2,927
Stock	3,697,319	3,285,180
Derivative assets	24,457	31,432
Others	23,549	24,363
Total	3,747,650	3,343,904

Current assets	12,672	5,399
Non-current assets	3,734,978	3,338,505
Total	3,747,650	3,343,904

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	FY2022 (As of March 31, 2022)	FY2023 (As of March 31, 2023)
Toyota Motor Corporation	2,649,955	2,241,582
DENSO Corporation	545,269	516,341
Toyota Tsusho Corporation	199,187	221,232
TOYOTA FUDOSAN Co., Ltd.	109,065	125,013
AISIN Corporation	86,883	75,492
Ibiden Co., Ltd.	37,647	32,731
Toyota Boshoku Corporation	15,529	16,576
JTEKT Corporation	7,531	7,977
Toray Industries, Inc.	4,589	5,434
TOYOTA-KAI Medical Corporation	4,445	4,445
Others	43,546	44,718
Total	3,703,652	3,291,545

(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, 2023, 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)

	FY2022 (April 1, 2021 - March 31, 2022)	FY2023 (April 1, 2022 - March 31, 2023)
Fair value at the time of termination of recognition	782	798
Cumulative profit or loss related to disposal	486	477

(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)

	FY2022 (As of March 31, 2022)	FY2023 (As of March 31, 2023)
Merchandise and finished goods	202,829	255,592
Work in process	109,152	136,470
Raw materials and supplies	121,980	132,322
Total	433,961	524,385

Expenses reclassified from inventories amount to 2,097,501 million yen and 2,623,707 million yen for the fiscal years ended March 31, 2022 and 2023, 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)

	FY2022 (April 1, 2021 - March 31, 2022)	FY2023 (April 1, 2022 - March 31, 2023)
Amount of write-down	5,295	2,885
Reversal amount of write-down	565	1,157

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, 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
Acquisition	36,470	47,511	10,670	4,271	96,450	145,340	340,714
Disposal	(15,580)	(31,069)	(8,672)	(186)	(83)	(55,944)	(111,536)
Transfer from Construction in progress	18,347	47,992	9,412	4,042	(99,243)	19,448	—
Foreign currency translation difference	13,387	23,687	4,590	709	1,782	39,089	83,248
Others	2,926	(971)	1,144	1,610	(969)	(61,664)	(57,925)
Balance as of March 31, 2023	679,614	1,199,086	193,376	159,933	59,090	729,178	3,020,280

(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, 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
Depreciation	31,680	67,692	15,909	296	—	112,131	227,709
Disposal	(12,306)	(29,215)	(8,455)	(24)	—	(37,713)	(87,716)
Impairment losses (Reversal of impairment losses)	251	58	—	(6)	—	2,331	2,634
Foreign currency translation difference	5,449	19,835	3,826	5	—	17,018	46,134
Others	1,003	7,374	742	1,212	—	(48,060)	(37,727)
Balance as of March 31, 2023	360,043	902,696	155,039	3,505	—	361,454	1,782,739

(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, 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
Balance as of March 31, 2023	319,571	296,389	38,336	156,427	59,090	367,724	1,237,540

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, 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
Acquisition	―	―	―	16,285	89	16,374
Increase through in-house development	―	―	11,479	4,631	―	16,110
Disposal	―	―	(970)	(1,030)	(102)	(2,103)
Foreign currency translation difference	16,351	15,376	2,093	1,993	3,838	39,654
Others	23,637	18,346	(95)	571	90	42,550
Balance as of March 31, 2023	231,608	229,162	64,239	126,101	23,880	674,992

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, 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
Amortization	—	10,767	8,471	9,078	1,735	30,053
Disposal	—	—	(970)	(1,022)	(102)	(2,095)
Impairment losses (Reversal of impairment losses)	—	—	—	—	—	—
Foreign currency translation difference	—	4,991	1,004	1,550	3,164	10,711
Others	—	—	—	1,430	(0)	1,430
Balance as of March 31, 2023	—	74,973	34,850	83,492	13,307	206,624

(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, 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
Balance as of March 31, 2023	231,608	154,189	29,388	42,608	10,573	468,368

(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 7,536 million yen and 5,284 million yen as of the end of the fiscal years ended March 31, 2022 and 2023, respectively. Software in progress included in software amounts to 9,808 million yen and 18,782 million yen as of the end of the fiscal years ended March 31, 2022 and 2023, 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 8 to 9%).

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, 2022 and 2023, 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 29,903 million yen and 32,625 million yen as of the end of the fiscal years ended March 31, 2022 and 2023, 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 28,708 million yen and 31,321 million yen as of the end of the fiscal years ended March 31, 2022 and 2023, 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 67,852 million yen and 72,283 million yen as of the end of the fiscal years ended March 31, 2022 and 2023, 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 15,752 million yen and 17,185 million yen as of the end of the fiscal years ended March 31, 2022 and 2023, respectively. Goodwill recognized in conjunction with the acquisition of the viastore Group is allocated to the Material Handling Equipment Business which is functioning as the cash-generating unit and amounts to 24,349 million yen as of the end of the fiscal year ended March 31, 2023. Goodwill recognized in conjunction with the acquisition of the Uster Technologies AG Group is allocated to Uster Technologies AG group and amounts to 19,108 million yen and 20,725 million yen as of the end of the fiscal years ended March 31, 2022 and 2023, respectively.

Intangible assets with an indefinite useful life included in intangible assets recognized on business combinations amounted to 42,134 million yen and 45,403 million yen at the end of the fiscal years ended March 31, 2022 and 2023, 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 24,742 million yen and 26,375 million yen at the end of the fiscal years ended March 31, 2022 and 2023, respectively.

11. Investments Accounted for by the Equity Method

There are no affiliates of individual significance in the fiscal years ended March 31, 2022 and 2023. The carrying amounts of investments in affiliates consist of the following.

(Millions of yen)

	FY2022 (As of March 31, 2022)	FY2023 (As of March 31, 2023)
Total carrying amount	21,337	23,987

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

(Millions of yen)

	FY2022 (April 1, 2021 - March 31, 2022)	FY2023 (April 1, 2022 - March 31, 2023)
Amount of equity in profit	4,397	3,311
Amount of equity in other comprehensive income	1,122	158
Amount of equity in comprehensive income	5,519	3,469

12. Trade Payables and Other Payables

Trade payables and other payables consist of the following.

(Millions of yen)

	FY2022 (As of March 31, 2022)	FY2023 (As of March 31, 2023)
Trade notes and accounts payable	378,324	433,353
Accounts payable - other	45,279	50,039
Contract liabilities	140,730	120,428
Others	181,218	203,652
Total	745,553	807,474

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)

	FY2022 (As of March 31, 2022)	FY2023 (As of March 31, 2023)
Due within 12 months	745,552	807,474
Due after 12 months	0	0
Total	745,553	807,474

13. Corporate Bonds and Loans

Corporate bonds and loans consist of the following.

(Millions of yen)

	FY2022 (As of March 31, 2022)	FY2023 (As of March 31, 2023)	Average interest rate (%)	Repayment due
Short-term loans	117,066	110,132	4.40	—
Commercial paper	65,203	180,605	—	—
Long-term loans repaid within one year	118,456	132,842	1.26	—
Corporate bonds redeemed within one year	167,777	96,169	—	—
Long-term loans	645,484	882,176	1.85	April 2024 - August 2039
Corporate bonds	276,526	297,213	—	—
Total	1,390,515	1,699,139	—	—

(Note) The average interest rate reflects the weighted-average interest rate against the balance at the end of the fiscal year ended March 31, 2023. 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	FY2022 (As of March 31, 2022)	FY2023 (As of March 31, 2023)	Interest rate (%)	Collateral	Issuance date	Maturity date
The Company	22nd issuance of corporate bonds without collateral	9,998	—	—	—	—	—
The Company	24th issuance of corporate bonds without collateral	9,995	9,999 (9,999)	0.797	None	September 5, 2013	June 20, 2023
The Company	28th issuance of corporate bonds without collateral	9,998	—	—	—	—	—
The Company	29th issuance of corporate bonds without collateral	19,971	19,978	0.080	None	July 15, 2016	June 19, 2026
The Company	32nd issuance of corporate bonds without collateral	19,997	—	—	—	—	—
The Company	33rd issuance of corporate bonds without collateral	9,990	9,994	0.150	None	April 27, 2017	June 20, 2024
The Company	1st issuance of U.S. dollar-denominated senior unsecured notes	61,127 [USD499 million]	—	—	—	—	—
The Company	2nd issuance of U.S. dollar-denominated senior unsecured notes	60,959 [USD498 million]	66,568 [USD498 million]	3.566	None	March 16, 2018	March 16, 2028
The Company	35th issuance of corporate bonds without collateral	9,992	9,997 (9,997)	0.080	None	November 28, 2018	September 20, 2023
The Company	36th issuance of corporate bonds without collateral	29,978	29,995 (29,995)	0.001	None	July 9, 2020	June 20, 2023

(Millions of yen)

Company name	Name	FY2022 (As of March 31, 2022)	FY2023 (As of March 31, 2023)	Interest rate (%)	Collateral	Issuance date	Maturity date
Toyota Industries Finance International AB	Medium-term notes	73,879 [EUR540 million]	56,777 [EUR390 million] (17,467)	0.427 — 3.142	None	October 25, 2017 — February 14, 2022	May 30, 2023 — February 12, 2027
Toyota Industries Finance International AB	Medium-term notes	9,261 [SEK700 million]	2,580 [SEK200 million]	1.400	None	November 15, 2017	November 15, 2024
Toyota Industries Finance International AB	Medium-term notes	6,731 [USD55 million]	7,344 [USD55 million]	5.834	None	September 27, 2019	September 27, 2024
Toyota Industries Finance International AB	Medium-term notes	2,760 [AUD30 million]	2,690 [AUD30 million]	1.830	None	July 6, 2020	July 6, 2027
Toyota Industries Commercial Finance, Inc.	Medium-term notes	109,661 [USD896 million]	177,457 [USD1,328 million] (28,708)	1.205 — 6.304	None	April 17, 2018 — March 13, 2023	April 17, 2023 — March 13, 2030
Total	—	444,303	393,382 (96,169)	—	—	—	—

(Notes) 1. The figure in parentheses in the "FY2023" 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, 2023.
3. "Collateral" indicates any collateral associated with the balance at the end of the fiscal year ended March 31, 2023.
4. "Issuance date" indicates the issuance date associated with the balance at the end of the fiscal year ended March 31, 2023.
5. "Maturity date" indicates the maturity date associated with the balance at the end of the fiscal year ended March 31, 2023.

14. Other Financial Liabilities

Other financial liabilities consist of the following.

(Millions of yen)

	FY2022 (As of March 31, 2022)	FY2023 (As of March 31, 2023)
Lease liabilities	132,735	140,933
Derivative liabilities	8,905	9,577
Deposits payable	36,505	37,643
Total	178,147	188,154

Current liabilities	82,909	83,749
Non-current liabilities	95,237	104,404
Total	178,147	188,154

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)

	FY2022 (As of March 31, 2022)	FY2023 (As of March 31, 2023)
Trade receivables and other receivables	2,895	35,862
Inventories	3,501	4,966
Property, plant and equipment	5	9
Investment securities	201,650	186,460
Total	208,051	227,297

Secured liabilities consist of the following.

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

(Millions of yen)

	FY2022 (As of March 31, 2022)	FY2023 (As of March 31, 2023)
Short-term loans	3,501	31,805
Others	32,943	32,092
Total	36,445	63,898

(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, 2022 and 2023 consist of the following.

(Millions of yen)

	Warranty provision	Asset retirement obligation	Others	Total
Balance as of April 1, 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
Increase due to provisions	20,397	103	16,364	36,864
Decrease due to intended use	(7,766)	(225)	(3,967)	(11,959)
Decrease due to reversal	(509)	―	(670)	(1,180)
Interest expenses based on discount calculation, foreign currency translation difference and others	499	212	1,192	1,903
Balance as of March 31, 2023	28,814	2,379	21,660	52,853

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. Regarding specific products for which the implementation of countermeasures against failures has been determined, the warranty provision is recorded by individually assessing the amounts expected to be incurred, based on estimates of fault rectification cost per unit, the number of units subject to fault rectification, and other market measures. Moreover, the number of units subject to fault rectification is estimated based on the actual result of past recalls and other market measures. In the event that a warranty obligation arises due to defects in the Company's products which were not anticipated in the initial estimate of the provision or that the amount of warranty expense exceeds the amount of the provision, there is a possibility that an additional warranty provision will be required. On the other hand, if the actual warranty expense is lower than the initial estimate, a reversal of the warranty provision will be recorded. During this fiscal year, the warranty provision includes provision for market measures related to the issue of the certification 9,653 million yen of engines for markets in Japan.

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. material Accounting Policies".

"Others" mainly includes provision for litigation. Provisions of 11,079 million yen related to domestic engine certification matter are also included in the fiscal year under review. Moreover, an allowance is provided for the estimated cost arising from the suspension of shipments, including coverage for substitute trucks that arises in connection with delays in delivery of ordered lift trucks and redress for suppliers. The estimated amount is based on the monthly cost incurred and shipment suspension period by lift truck model. This calculation is based on estimates and is inherently subject to uncertainty. Accordingly, actual expenses may differ from estimates, and there is a possibility that additional provisions or a reversal of provisions will become necessary. These costs arising from suspension of shipments are expected to be paid during the next fiscal year.

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)

	FY2022 (As of March 31, 2022)	FY2023 (As of March 31, 2023)
Retirement benefit obligations	305,449	281,472
Fair value of plan assets	273,001	258,252
Difference	32,447	23,219
Effect of asset ceiling	21,820	30,315
Net defined benefit assets	37,408	27,887
Net defined benefit liabilities	91,677	81,422

(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	
	FY2022 (April 1, 2021 - March 31, 2022)	FY2023 (April 1, 2022 - March 31, 2023)	FY2022 (April 1, 2021 - March 31, 2022)	FY2023 (April 1, 2022 - March 31, 2023)
Balance at beginning of period	188,288	185,555	122,147	119,893
Service cost	9,636	9,158	2,310	2,764
Interest cost	1,176	1,423	2,525	3,436
Remeasurements				
Actuarial gains (losses) arising from changes in demographic assumptions	(1,007)	1,096	(952)	(1,160)
Actuarial gains (losses) arising from changes in financial assumptions	(3,444)	(10,515)	(10,702)	(24,869)
Difference arising from revised results	139	(754)	(2,627)	4,216
Prior service cost	(271)	(9)	(8)	21
Retirement benefits paid	(9,005)	(8,881)	(3,515)	(3,979)
Effect of foreign currency translation	—	—	8,658	4,565
Others	42	37	2,057	(526)
Balance at end of period	185,555	177,110	119,893	104,361

The weighted-average duration associated with Toyota Industries' defined benefit obligation is 14.4 years in Japan and 17.8 years outside Japan for the fiscal year ended March 31, 2022 and 14.1 years in Japan and 15.6 years outside Japan for the fiscal year ended March 31, 2023.

(ii) Fluctuations of fair value of plan assets

(Millions of yen)

	Japan		Outside Japan	
	FY2022 (April 1, 2021 - March 31, 2022)	FY2023 (April 1, 2022 - March 31, 2023)	FY2022 (April 1, 2021 - March 31, 2022)	FY2023 (April 1, 2022 - March 31, 2023)
Balance at beginning of period	184,722	190,598	72,230	82,403
Interest income	1,227	1,469	1,565	2,359
Revenue associated with plan assets (excluding interest income above)	3,906	(7,751)	(1,791)	(15,378)
Employer contributions	4,936	4,882	2,101	4,513
Return to employer	—	—	—	—
Benefit payment	(4,179)	(4,204)	(2,949)	(3,106)
Exchange impact	—	—	9,158	4,450
Others	(15)	(6)	2,086	(1,978)
Balance at end of period	190,598	184,988	82,403	73,264

The projected amount of contributions to plan assets in the fiscal year ending March 31, 2024 is 7,326 million yen.

(iii) Classes of plan asset

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.

The classes of plan assets for the fiscal year ended March 31, 2023 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	50,860	—	50,860	14,495	—	14,495
Jointly managed trust (Stock)	—	25,108	25,108	—	2,825	2,825
Bonds	—	384	384	—	12,688	12,688
Jointly managed trust (Bonds)	—	55,884	55,884	—	20,185	20,185
Life insurance general account	—	25,483	25,483	—	3,370	3,370
Others	7,581	19,685	27,266	19,120	578	19,699
Total plan assets	58,442	126,546	184,988	33,616	39,648	73,264

(Notes) 1. "Stock" includes 50,597 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	
	FY2022 (As of March 31, 2022)	FY2023 (As of March 31, 2023)	FY2022 (As of March 31, 2022)	FY2023 (As of March 31, 2023)
Discount rate	0.83%	1.32%	2.95%	4.54%

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, 2022 and 2023 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)

			FY2022 (As of March 31, 2022)	FY2023 (As of March 31, 2023)
Discount rate	Japan	0.5% increase	(10,316)	(9,336)
		0.5% decrease	11,453	10,185
	Outside Japan	0.5% increase	(7,963)	(5,783)
		0.5% decrease	8,539	6,213

(3) Defined contribution pension plan

The amount of contributions paid for the defined contribution pension plan for the fiscal years ended March 31, 2022 and 2023 were 13,007 million yen and 15,757 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)

	FY2022 (April 1, 2021 - March 31, 2022)	FY2023 (April 1, 2022 - March 31, 2023)
Contributions	58	58

The projected contribution in the fiscal year ending March 31, 2024 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)

	FY2022 (As of March 31, 2022)	FY2023 (As of March 31, 2023)
Plan assets	43,545	45,245
Actuarial liability based on pension plan finance calculation and minimum actuarial reserve	48,183	49,644
Funded/(Unfunded) amount	(4,637)	(4,398)

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

	FY2022 (As of March 31, 2022)	FY2023 (As of March 31, 2023)
Rate of contribution	5.60%	5.53%

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, 2022 and 2023 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 FY2022 (As of April 1, 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
Increase (decrease) during period	—	—	(1,143)
FY2023 (As of March 31, 2023)	325,840,640	80,462	101,245

(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 FY2022 (As of April 1, 2021)	15,358,862	59,321
Increase (decrease) during period	1,924	18
FY2022 (As of March 31, 2022)	15,360,786	59,339
Increase (decrease) during period	736	5
FY2023 (As of March 31, 2023)	15,361,522	59,345

(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

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

FY2023 (April 1, 2022 - March 31, 2023)

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, 2022	Common stock	27,943	90	March 31, 2022	May 26, 2022
Board of Directors meeting held on October 28, 2022	Common stock	27,943	90	September 30, 2022	November 25, 2022

(2) Dividends with a record date in the fiscal year ended March 31, 2023 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 27, 2023	Common stock	Retained earnings	31,047	100	March 31, 2023	May 25, 2023

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.

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	100,214	162,851	356,646
	Electronics Parts and Others	61,551	8,800	15,161	85,513
Materials Handling Equipment		239,295	553,442	712,542	1,505,280
Textile Machinery		1,372	2,254	65,588	69,215
Others		53,306	―	413	53,720
Revenues from contracts with customers		748,101	665,120	1,008,258	2,421,479
Revenues from other sources		5,707	140,626	137,370	283,704
Total		753,808	805,746	1,145,628	2,705,183

(Notes) 1. Revenues from contracts with customers is recognized in the Materials Handling Equipment Segment and amounted to 404,481 million yen.
2. Revenues from other sources includes lease income based on IFRS 16 and it is recognized mainly in the Materials Handling Equipment Segment.
3. The amount equivalent to machines sales for financial leases were reclassified from revenues from contracts with customers to revenues from other sources due to its increased materiality.

FY2023 (April 1, 2022 - March 31, 2023)

(Millions of yen)

		Japan	U.S.A.	Others	Total
Automobile	Vehicle	83,112	―	―	83,112
	Engine	269,632	321	52,450	322,404
	Car Air-Conditioning Compressor	92,393	142,892	194,481	429,767
	Electronics Parts and Others	93,733	11,900	16,919	122,553
Materials Handling Equipment		275,917	782,042	856,198	1,914,158
Textile Machinery		1,562	3,216	79,531	84,309
Others		53,700	―	243	53,943
Revenues from contracts with customers		870,052	940,372	1,199,824	3,010,249
Revenues from other sources		5,408	202,795	161,437	369,641
Total		875,460	1,143,168	1,361,262	3,379,891

(Notes) 1. Revenues from contracts with customers is recognized in the Materials Handling Equipment Segment and amounted to 460,237 million yen.
2. Revenues from other sources includes lease income based on IFRS 16 and it is recognized mainly in the Materials Handling Equipment Segment.
3. The amount equivalent to machines sales for financial leases were reclassified from revenues from contracts with customers to revenues from other sources due to its increased materiality. To reflect this change in presentation, the amount of the previous fiscal year has also been reclassified.

The Automobile Segment sells automotive-related products such as vehicles, diesel and gasoline engines, foundry parts for engines, car air-conditioning compressors, electronics components and battery. 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 "material 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 material 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, 2021	398,332	37,952	97,830
Balance of as March 31, 2022	462,327	51,170	140,730
Balance of as March 31, 2023	579,620	74,386	120,428

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, 2022 and 2023, which was included in the balance at beginning of period of contract liabilities, amounted to 96,525 million yen and 140,154 million yen, respectively. During the fiscal year ended March 31, 2022 and 2023, the profit amounts recognized from performance obligations satisfied (or partially satisfied) in previous fiscal years were immaterial.

As the amount equivalent to machines sales for financial leases were reclassified from revenues from contracts with customers to revenues from other sources from FY2023, lease investment assets were excluded from receivables from contracts with customers. To be comparable, the balances at the beginning and end of the previous fiscal year have also been reclassified.

(3) Transaction price allocated to remaining performance obligations

The total transaction price allocated to remaining performance obligations and periods when the revenue is expected to be recognized at the end of the year ended March 31, 2022 and 2023 consist of the following. As Toyota Industries applies the allowable practical expedient, the below amounts do not include a transaction for unsatisfied performance obligations with an individual expected contract period of one year or less.

(Millions of yen)

	FY2022 (As of March 31, 2022)	FY2023 (As of March 31, 2023)
Within one year	237,369	313,703
Over one year but within five years	294,581	290,365
Over five years	26,141	4,391
Total	558,092	608,460

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)

	FY2022 (April 1, 2021 - March 31, 2022)	FY2023 (April 1, 2022 - March 31, 2023)
Purchase of raw materials and goods	1,293,572	1,661,968
Employee benefit expenses	667,382	809,314
Depreciation and amortization	223,012	256,912

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)

	FY2022 (April 1, 2021 - March 31, 2022)	FY2023 (April 1, 2022 - March 31, 2023)
Research and development expenses	86,192	101,775

23. Other income and Expenses

Other income consist of the following.

(Millions of yen)

	FY2022 (April 1, 2021 - March 31, 2022)	FY2023 (April 1, 2022 - March 31, 2023)
Rental fees for fixed assets	900	890
Gain on sales of fixed assets	833	867
Others	19,209	26,472
Total	20,942	28,230

Other expenses consist of the following.

(Millions of yen)

	FY2022 (April 1, 2021 - March 31, 2022)	FY2023 (April 1, 2022 - March 31, 2023)
Loss on disposal of fixed assets	2,196	1,346
Loss on sales of fixed assets	133	148
Depreciation and amortization	724	850
Increase of warranty provision	—	9,653
Other domestic certification-related loss	—	11,098
Others	11,337	14,651
Total	14,391	37,748

24. Financial Income and Financial Expenses

Financial income consists of the following.

(Millions of yen)

	FY2022 (April 1, 2021 - March 31, 2022)	FY2023 (April 1, 2022 - March 31, 2023)
Interest income		
Financial assets measured at amortized cost	1,607	5,159
Financial assets measured at fair value through profit or loss	244	1,671
Others	—	—
Dividends income		
Financial assets measured at fair value through other comprehensive income	82,351	88,593
Gains on foreign currency translation	3,476	4,870
Others	2,262	3,433
Total	89,941	103,728

Financial expenses consist of the following.

(Millions of yen)

	FY2022 (April 1, 2021 - March 31, 2022)	FY2023 (April 1, 2022 - March 31, 2023)
Interest expenses		
Financial liabilities measured at amortized cost	2,742	9,224
Financial liabilities measured at fair value through profit or loss	1,393	—
Others	733	886
Losses on foreign currency translation	—	—
Others	2,414	3,865
Total	7,282	13,976

25. Income Taxes

(1) Income tax expenses

Income tax expenses consist of the following.

(Millions of yen)

	FY2022 (April 1, 2021 - March 31, 2022)	FY2023 (April 1, 2022 - March 31, 2023)
Current tax expenses	60,329	72,191
Deferred tax expenses	443	(7,940)
Total	60,773	64,250

(Note) Deferred tax expenses is due primarily to taxable temporary differences that arose and reversed for the fiscal year ended March 31, 2022, and the fiscal year ended March 31, 2023.

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

(%)

	FY2022 (April 1, 2021 - March 31, 2022)	FY2023 (April 1, 2022 - March 31, 2023)
Statutory effective tax rate	30.9	30.9
Dividends income and others permanently not recognized as taxable income	(4.6)	(4.4)
Effect of reassessment on recoverability of deferred tax assets	0.2	0.6
Share of profit of investments accounted for by the equity method	(0.6)	(0.4)
Others	(1.2)	(2.3)
Actual tax rate	24.7	24.4

(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, 2022 and 2023. 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.

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)

FY2023 (April 1, 2022 - March 31, 2023)

(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	31,737	(136)	(2,331)	29,270
Allowance for compensated absences	8,957	300	–	9,257
Allowance for bonuses	8,333	749	–	9,083
Net operating loss carry-forwards for tax purposes	4,573	538	–	5,111
Accrued expenses	12,247	7,320	–	19,568
Inventories	4,724	(188)	–	4,535
Others	40,991	8,224	(888)	48,326
Total deferred tax assets	111,564	16,808	(3,219)	125,153
Deferred tax liabilities				
Financial assets at fair value through other comprehensive income	1,007,571	–	(127,135)	880,435
Depreciation	69,011	10,677	–	79,689
Others	73,714	9,239	(2,957)	79,996
Total deferred tax liabilities	1,150,297	19,917	(130,093)	1,040,121
Net amount	(1,038,732)	(3,108)	126,873	(914,967)

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

(Millions of yen)

	FY2022 (As of March 31, 2022)	FY2023 (As of March 31, 2023)
Deferred tax assets	39,908	37,992
Deferred tax liabilities	1,078,641	952,960
Net amount	(1,038,732)	(914,967)

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)

	FY2022 (As of March 31, 2022)	FY2023 (As of March 31, 2023)
Net operating loss carry-forwards for tax purposes	21,071	20,826
Unused tax credits	1,301	1,501
Deductible temporary differences	2,895	4,198
Total	25,268	26,527

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)

	FY2022 (As of March 31, 2022)	FY2023 (As of March 31, 2023)
First year	793	—
Second year	277	77
Third year	167	60
Fourth year	83	27
Beyond fifth year	19,749	20,660
Total	21,071	20,826

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, 2022 and 2023, was 742,620 million yen and 877,592 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)

	FY2022 (April 1, 2021 - March 31, 2022)	FY2023 (April 1, 2022 - March 31, 2023)
Profit attributable to owners of common stock of the parent	180,306	192,861

(ii) Weighted-average number of common stock

(Thousands)

	FY2022 (April 1, 2021 - March 31, 2022)	FY2023 (April 1, 2022 - March 31, 2023)
Weighted-average number of common stock	310,480	310,479

(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)

	FY2022 (April 1, 2021 - March 31, 2022)	FY2023 (April 1, 2022 - March 31, 2023)
Net changes in revaluation of FVTOCI financial assets		
Amount arising during the period	673,906	(411,941)
Before tax effect adjustment	673,906	(411,941)
Tax effect	(208,005)	127,135
Net changes in revaluation of FVTOCI financial assets	465,900	(284,805)
Remeasurements of defined benefit plans		
Amount arising during the period	16,308	(49)
Before tax effect adjustment	16,308	(49)
Tax effect	(2,365)	626
Remeasurements of defined benefit plans	13,943	576
Translation adjustments of foreign operations		
Amount arising during the period	84,380	56,074
Recycling	—	—
Translation adjustments of foreign operations	84,380	56,074
Cash flow hedges		
Amount arising during the period	(4,989)	1,763
Recycling	6,083	2,056
Before tax effect adjustment	1,094	3,820
Tax effect	32	(888)
Cash flow hedges	1,126	2,931
Share of other comprehensive income of affiliates accounted for by equity method		
Amount arising during the period	1,122	158
Recycling	—	—
Share of other comprehensive income of affiliates accounted for by equity method	1,122	158
Total other comprehensive income	566,473	(225,065)

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, 2023.

(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 material 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 material 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 material 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 material 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 material 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.

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

FY2023 (As of March 31, 2023)

(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	0.4%	0.8%	4.1%	39.7%	–
Accounts receivable and lease investment assets	1,076,191	39,439	23,711	17,433	1,156,776
Lifetime expected credit losses	4,100	332	981	6,917	12,331

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
FY2022 (As of March 31, 2022)	174,309	88	64	174,462
FY2023 (As of March 31, 2023)	256,028	909	110	257,048

Changes in expected credit loss consist of the following.

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

FY2023 (As of March 31, 2023)

(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	11,108	1,001	61	64
New financial assets composed or purchased	6,856	160	—	—
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	(4,974)	(709)	(170)	(97)
Others	(658)	120	614	143
Balance at end of period	12,331	572	506	110

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.

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 obligations	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

FY2023 (As of March 31, 2023)

(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	463,620	5	1	4	4	3	463,639
Corporate bonds and loans	552,009	204,269	246,569	229,780	322,519	258,707	1,813,855
Lease liabilities	47,111	34,321	23,913	16,646	10,618	15,293	147,903
Deposits payable	37,643	—	—	—	—	—	37,643
Derivative financial liabilities							
Derivative liabilities	5,847	2,073	26	887	742	—	9,577

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.

	FY2022 (As of March 31, 2022)		FY2023 (As of March 31, 2023)	
	Thousands of U.S. dollars	Thousands of euros	Thousands of U.S. dollars	Thousands of euros
Net exposure	70,968	95,917	40,940	197,238

(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)

	FY2022 (As of March 31, 2022)	FY2023 (As of March 31, 2023)
U.S. dollar	86	48
Euro	131	234

(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, 2022 and 2023, decreases in other comprehensive income (before adjusting tax effect) would have been 35,695 million yen and 31,407 million yen, respectively.

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

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 receivables related to the sales financing business	176,723	—	—	169,410	169,410
Lease investment assets	398,090	—	—	392,497	392,497
Financial liabilities					
Corporate bonds	444,303	—	445,654	—	445,654
Long-term loans	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.

FY2023 (As of March 31, 2023)

(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	259,871	—	—	248,146	248,146
Lease investment assets	443,652	—	—	424,086	424,086
Financial liabilities					
Corporate bonds	393,382	—	391,856	—	391,856
Long-term loans	1,015,019	—	1,009,566	—	1,009,566

(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.

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

FY2023 (As of March 31, 2023)

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Derivative assets	－	31,432	－	31,432
Others	2,827	－	6,202	9,029
Financial assets measured at fair value through other comprehensive income	3,141,363	835	149,346	3,291,545
Total	3,144,191	32,268	155,549	3,332,008
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	－	9,577	－	9,577
Total	－	9,577	－	9,577

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)

	FY2022 (April 1, 2021 - March 31, 2022)	FY2023 (April 1, 2022 - March 31, 2023)
Balance at beginning of period	112,195	138,115
Gains and losses included in other comprehensive income	24,729	15,944
Purchase	1,347	1,578
Sales	(151)	(71)
Others	(5)	(18)
Balance at end of period	138,115	155,549

(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.

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

FY2023 (As of March 31, 2023)

(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	216,530	148,907	67,622	—	67,622
Derivative assets	13,168	—	13,168	2,089	11,078
Total	229,698	148,907	80,790	2,089	78,701

(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	263,825	148,907	114,917	—	114,917
Derivative liabilities	2,387	—	2,387	2,089	297
Total	266,212	148,907	117,305	2,089	115,215

(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 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 respectively. 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 the 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. USD LIBOR is mainly expected to be replaced by SOFR (Secured Overnight Financing Rate) as of the fiscal year ended March 31, 2023. There are differences between USD LIBOR and SOFR. USD LIBOR is a term interest rate and pre-determined, because it is issued at the beginning of the borrowing period with fixed term (3 months, 6 months, etc.). On the other hand, SOFR is a post-determined interest rate based on the overnight rate from the actual transaction and is determined at the end of the overnight borrowing period. Moreover, LIBOR incorporates risk-free rates and credit spreads, while SOFR does not. When making a reference rate transition from USD LIBOR to SOFR in existing contracts and arrangements, it may become necessary to adjust differences in terms and credit so that the two benchmark interest rates align economically at the transition. The replacement rate has not been fixed for certain transactions.
Among derivatives designated as hedge transactions as of the fiscal year ended March 31, 2023, those that will be affected by interest rate benchmark reform are interest rate swap transactions (notional principal of 216,318 million yen), interest rate and currency swap transactions that use USD LIBOR as a reference rate (notional principal of 36,186 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 on 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 liabilities		
Corporate bonds	393,382	77,847
Loans	1,125,151	195,824

(Millions of yen)

	Notional principal	
	Total amount	Amounts not transferred to alternative interest rates
Derivative financial instruments		
Interest rate swap	415,647	216,318
Interest rate and currency swap	67,520	36,186

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.

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	—

FY2023 (As of March 31, 2023)

	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	99	—	—	99	JPY 130.38
		BUY EUR / SELL USD	EUR	59	6	—	65	USD 1.08
		BUY SEK / SELL USD	USD	6	—	—	6	SEK 10.32
		BUY USD / SELL EUR	EUR	38	24	—	63	USD 1.08
		BUY SEK / SELL EUR	EUR	56	—	—	56	SEK 11.11
		BUY SEK / SELL GBP	GBP	64	—	—	64	SEK 12.48
		BUY SEK / SELL AUD	AUD	25	—	—	25	SEK 7.09
		BUY USD / SELL SEK	USD	31	—	—	31	SEK 10.42
		BUY EUR / SELL SEK	EUR	22	—	—	22	SEK 11.15
		Currency option transactions						
		BUY JPY / SELL USD	USD	72	—	—	72	JPY 131.25
		BUY JPY / SELL EUR	EUR	58	—	—	58	JPY 141.33
		BUY JPY / SELL AUD	AUD	16	—	—	16	JPY 89.83
		Currency swap transactions						
		Pay JPY / Receive USD	USD	—	400	—	400	JPY 114.98
		Pay USD / Receive JPY	JPY	—	8,169	—	8,169	JPY 110.70
		Pay EUR / Receive USD	USD	—	100	—	100	USD 1.00
	Interest rate risk	Interest rate swap transactions						
		Pay Fix / Receive Float	USD	175	1,583	—	1,758	—
		Interest rate and currency swap transactions						
		Pay USD Fix / Receive JPY Float	JPY	10,860	10,860	—	21,720	JPY 108.60
		Pay JPY Fix / Receive USD Float	USD	—	72	—	72	JPY 110.42
		Interest options						
		Interest cap	HKD	100	200	—	300	% 3.00
Fair value hedges	Interest rate risk	Interest rate swap transactions						
		Pay Fix / Receive Float	EUR	32	620	—	652	—
			AUD	30	38	—	69	—
			GBP	9	34	—	43	—

(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.

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

FY2023 (As of March 31, 2023)

(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	1,321	1,284	Other financial assets and liabilities
		Currency option transactions	40	132	Other financial assets and liabilities
		Currency swap transactions	3,402	1,708	Other financial assets and liabilities
	Interest rate risk	Interest rate swap transactions	12,579	348	Other financial assets and liabilities
		Interest rate and currency swap transactions	1,850	4,544	Other financial assets and liabilities
		Interest option transactions	145	—	Other financial assets
Fair value hedges	Interest rate risk	Interest rate swap transactions	4,958	—	Other financial assets
Total			24,299	8,019	Other financial assets and liabilities

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

(Millions of yen)

	FY2022 (As of March 31, 2022)	FY2023 (As of March 31, 2023)
Surplus in cash flow hedges	3,338	6,269

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

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

FY2023 (As of March 31, 2023)

(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	130,138	－	(3,835)	－	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.

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

FY2023 (April 1, 2022 - March 31, 2023)

(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	(2,782)	2,424	Net sales, Financial income, Financial expenses
Interest rate risk	4,399	(1,109)	Cost of sales, 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)

	FY2022 (As of March 31, 2022)	FY2023 (As of March 31, 2023)
Within one year	133,964	150,114
Over one year but within two years	97,845	115,060
Over two years but within three years	69,205	78,734
Over three years but within four years	41,806	48,994
Over four years but within five years	20,709	22,345
Over five years	8,049	7,868
Total	371,581	423,117
Elimination : Unearned finance income	(24,512)	(33,861)
Unguaranteed residual value (discounted)	51,021	54,396
Net investment in the lease	398,090	443,652

Financial income on net investment in the lease for the fiscal year ended March 31, 2022 and 2023 amounted to 15,840 million yen and 19,006 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)

	FY2022 (As of March 31, 2022)	FY2023 (As of March 31, 2023)
Within one year	74,468	83,720
Over one year but within two years	46,613	53,168
Over two years but within three years	35,491	38,614
Over three years but within four years	24,954	26,118
Over four years but within five years	14,661	16,292
Over five years	4,225	4,253
Total	200,415	222,168

Lease income from operating leases consists of the following.

(Millions of yen)

	FY2022 (April 1, 2021 - March 31, 2022)	FY2023 (April 1, 2022 - March 31, 2023)
Lease income relating to variable lease payments that do not depend on an index or a rate	7,707	10,240
Others	126,572	155,057
Total	134,280	165,297

(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	
FY2022 (As of March 31, 2022)	38,310	25,289	624	5,149	48,081	139	117,595
FY2023 (As of March 31, 2023)	44,047	25,144	552	5,247	56,355	113	131,461

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	
FY2022 (April 1, 2021 - March 31, 2022)	10,340	11,479	246	323	9,802	18	32,210
FY2023 (April 1, 2022 - March 31, 2023)	13,045	13,806	235	296	10,368	34	37,786

Increase of right-of-use assets for the fiscal year ended March 31, 2022 and 2023 is 42,073 million yen and 47,785 million yen respectively.

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

(Millions of yen)

	FY2022 (April 1, 2021 - March 31, 2022)	FY2023 (April 1, 2022 - March 31, 2023)
Interest expenses for lease liabilities	1,558	2,228
Expenses for short-term leases	3,830	4,826
Income from sub-leasing right-of-use assets	64,772	74,258
Total cash outflow for leases	45,276	53,585

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, 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
Changes from financing cash flows	(16,851)	112,121	224,094	(61,721)	(40,910)
Non-cash changes					
Increase through commencement of lease	—	—	—	—	47,706
Foreign currency translation difference and others	9,916	3,280	26,983	10,801	1,401
Balance as of March 31, 2023	110,132	180,605	1,015,019	393,382	140,933

(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)

	FY2022 (April 1, 2021 - March 31, 2022)	FY2023 (April 1, 2022 - March 31, 2023)
Toyota Motor Corporation and its subsidiaries		
Sales of goods and provision of services	379,530	462,128
Purchase of parts and receipt of services	26,707	34,625

(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)

	FY2022 (As of March 31, 2022)	FY2023 (As of March 31, 2023)
Toyota Motor Corporation and its subsidiaries		
Trade receivables and other receivables	68,496	89,091
Allowance for doubtful accounts	—	—
Trade payables and other payables	68,523	88,043

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

(2) Principal management personnel compensation

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

FY2023 (April 1, 2022 - March 31, 2023)

(Millions of yen)

	Total amount of compensation	Total compensation by type	
		Fixed Remuneration (Basic Remuneration)	Bonuses (Performance-linked Remuneration)
Principal management personnel	400	334	65

33. Contingencies

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.

FY2023 (April 1, 2022 - March 31, 2023)

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 impacted models. On May 17, 2022, the Company has 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.

Subsequently, the Company confirmed the excess over the domestic (Japanese) emissions regulation values due to aging degradation, and potential violation of regulations related to Japanese certification of emissions, of engines for lift trucks for the Japanese market. As a result, on March 17, 2023, Toyota Industries suspended the shipment of three models (two diesel engine models and one gasoline engine model) of lift trucks in Japan. Concurrently, the Company reported this matter to the Japanese Ministry of Land, Infrastructure, Transport and Tourism (MLIT), the Japanese Ministry of the Environment, and the Japanese Ministry of Economy, Trade and Industry. Of these models for which shipments have been suspended, the two diesel engine models and any lift trucks with these engines installed are subject to an administrative action imposed by the MLIT on April 26, 2023, and the designation and certification of the said types of engines were revoked.

The issue of the certification of engines for markets in North America and Japan is currently subject to ongoing investigation as well as discussion with relevant authorities. Currently, it is not possible to make a reasonable estimate of the impact of the matter on the Company's consolidated financial statements, except for the amount of impact already identified.

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 63,358 million yen and 52,386 million yen as of the end of the fiscal year ended March 31, 2022 and the end of the fiscal year ended March 31, 2023, 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, 2022 and 2023.

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	53.92
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

There are no material subsequent events to be reported as of August 10, 2023.

II. [Other]

Quarterly information in the fiscal year ended March 31, 2023

(Cumulative period)	First quarter	Second quarter	Third quarter	Full year
Net sales (Millions of yen)	759,631	1,602,496	2,467,565	3,379,891
Profit before income taxes (Millions of yen)	91,711	144,958	230,083	262,967
Profit attributable to owners of the parent (Millions of yen)	71,623	106,888	169,228	192,861
Earnings per share (Yen)	230.69	344.27	545.06	621.17

(Accounting period)	First quarter	Second quarter	Third quarter	Fourth quarter
Quarterly earnings per share (Yen)	230.69	113.58	200.79	76.12

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, 2023, 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, 2023, 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.

1. Valuation of goodwill and intangible assets with indefinite useful lives	
Key audit matter description	How our audit addressed the key audit matter
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, and viastore Group (viastore), a German logistics solutions provider, during the year ended March 31, 2023. As a result, the Group recorded goodwill of 72,283 million yen and intangible assets with indefinite useful lives of 26,375 million yen arising from the acquisition of Vanderlande, goodwill of 17,185 million yen arising from the acquisition of Bastian and goodwill of 24,349 million yen arising from the acquisition of viastore as of March 31, 2023 (Note 10 “Goodwill and Intangible Assets”). Goodwill as a result of the Vanderlande,	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 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

Bastian and viastore 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 2,284,922 million yen and segment profit is 121,856 million yen for the year ended March 31, 2023 (Note 4 "Segment Information"). The Group performs an annual impairment test for goodwill and intangible assets with indefinite useful lives, 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 judgment. 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.	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 valuation specialists to perform independent recalculations of the discount rate and compared the calculation with the discount rate determined by the management.

2. Valuation of warranty provision related to recalls and other market measures and provision related to other domestic certification due to the suspension of shipment	
Key audit matter description	How our audit addressed the key audit matter
The Group recorded provisions of 41,827 million yen under current assets in the consolidated statement of financial position as of March 31, 2023. This includes provisions resulting from violation of regulations related to certification of lift trucks engines for the domestic market announced on March 17, 2023, comprising warranty provision of 9,653 million yen related to recalls and other	We performed the following procedures over the assessment of the warranty provision related to recalls and other market measures and the provision related to other domestic certification due to the suspension of shipment: · Agreed the units covered by the warranty provision to the minutes of quality-related meetings and the

market measures and provision of 11,079 million yen related to other domestic certification due to the suspension of shipment (Notes 16 “Provisions” and Note 23 “Other Income and Expenses”). The Group recognizes the warranty provision related to recalls and other market measures based on the individual estimates of the amount of warranty expenses using the remediation cost per unit, the estimated number of units to be remediated and other factors. The estimated number of units to be remediated is determined based on the actual units recalled in the past. The Group recognizes the provision related to other domestic certification due to the suspension of shipment based on the estimated amount of costs arising from the suspension of shipment, such as the cost of loaner lift trucks and compensation to suppliers for delays in delivery of lift trucks. These costs are estimated based on the cost per month and the estimated period of suspension of shipment for each model (Note 16 “Provisions”). The total of warranty provision related to recalls and other market measures and provision related to other domestic certification due to the suspension of shipment is material to the consolidated financial statements. In addition, the violation of regulations related to certification of lift trucks engines for the domestic market announced on March 17, 2023 is considered as a significant event or transaction occurred during the current year that has a material impact on the consolidated financial statements or the audit. Moreover, estimating provisions involves management's subjective judgment. Therefore, we considered the audit of the assessment of warranty provision related to recalls and other market measures and the provision related to other domestic certification due to the suspension of shipment to be a key audit matter.	information on recall notifications published by the Ministry of Land, Infrastructure, Transport and Tourism. · Performed the following procedures over the cost of remediation per unit: - Reviewed the minutes of quality-related meetings, including the details of the measures taken, and made inquiries to the quality assurance department to examine whether management made a reasonable estimate of the cost of remediation per unit based on the agreement with dealers. · Performed the following procedures over the estimated number of units to be remediated: - Agreed the number of units subject to be recalled to the information on recall notifications published by the Ministry of Land, Infrastructure, Transport and Tourism. - Reviewed the minutes of quality-related meetings, including the expected number of units to be remediated, and made inquiries of the quality assurance department to examine whether the management made a reasonable estimate of the number of units to be remediated based on the actual units recalled in the past. · We performed the following procedures over the provision related to other domestic certification due to the suspension of shipment: - Examined notifications to dealers about compensation to customers to determine whether it would create a valid expectation that obligations to compensate customers would be fulfilled, to assess the appropriateness of the management's judgment on the criteria for recognizing the provision. - Examined approvals for compensation to customers and made inquiries to the sales department to examine whether the management made a reasonable estimate of the cost of loaner lift trucks to be incurred as a result of the delayed delivery of the lift trucks. - Examined the notifications sent to suppliers about compensation to determine whether it would create a valid expectation that obligations to compensate suppliers would be fulfilled, to assess the appropriateness of the management's judgment on the criteria for recognizing the provision. - Examined approvals for compensation to suppliers and made inquiries of the procurement department to examine whether management made a reasonable estimate of the amount required for compensation. - Examined the consistency between the actual amount and the estimated amount of compensation to suppliers.

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, 2023

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