

AICHI CORPORATION

Annual Securities Report

(English Translation)

March 31, 2023

Financial Information

1. Basis for Preparation of Consolidated and Non-consolidated Financial Statements

(1) The consolidated financial statements of AICHI CORPORATION (the “Company”) are prepared in accordance with the “Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements” (Ministry of Finance Order No. 28 of 1976).

(2) The non-consolidated financial statements of the Company are prepared in accordance with the “Regulation on Terminology, Forms, and Preparation Methods of Financial Statements” (Ministry of Finance Order No. 59 of 1963; hereinafter the “Regulation on Financial Statements”).

The Company falls under the company allowed to file specified financial statements and prepares its non-consolidated financial statements pursuant to the provision of Article 127 of the Regulation on Financial Statements.

2. Audit Certificate

The Company’s consolidated and non-consolidated financial statements for the fiscal year ended March 31, 2023 were audited by PricewaterhouseCoopers Aarata LLC, in accordance with the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

3. Special Measures to Ensure the Appropriateness of Consolidated Financial Statements, etc.

The Company has taken special measures to ensure the appropriateness of consolidated financial statements, etc. Specifically, the Company endeavors to establish a framework that allows the Company to appropriately understand the details of accounting standards and other relevant information and accurately respond to changes in the standards by joining the Financial Accounting Standards Foundation and participating in seminars organized by the Foundation. The Company has explored the possibility of adopting the designated International Financial Reporting Standards in the future.

1. Consolidated Financial Statements, etc.

(1) Consolidated Financial Statements

(i) Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	1,179,626	1,162,162
Deposits paid	*2 36,897,023	*2 37,865,486
Notes receivable – trade	2,856,931	3,408,581
Accounts receivable – trade	15,751,309	20,063,056
Merchandise and finished goods	896,832	1,065,423
Work in process	1,459,508	1,251,898
Raw materials and supplies	1,345,329	1,486,946
Other	758,981	1,249,447
Total current assets	61,145,543	67,553,002
Non-current assets		
Property, plant and equipment		
Buildings and structures	19,417,152	19,505,384
Accumulated depreciation	(12,365,792)	(12,890,269)
Buildings and structures, net	7,051,360	6,615,115
Machinery, equipment and vehicles	9,768,965	9,957,769
Accumulated depreciation	(7,688,877)	(8,261,419)
Machinery, equipment and vehicles, net	2,080,087	1,696,350
Tools, furniture and fixtures	2,920,594	2,963,989
Accumulated depreciation	(2,728,102)	(2,788,596)
Tools, furniture and fixtures, net	192,491	175,392
Land	*1 8,524,007	*1 8,523,400
Leased assets	765,585	747,944
Accumulated depreciation	(433,678)	(485,104)
Leased assets, net	331,906	262,839
Construction in progress	1,369	341,940
Total property, plant and equipment	18,181,222	17,615,039
Intangible assets	665,998	601,208
Investments and other assets:		
Investment securities	7,311,005	6,959,086
Other	*3 3,262,562	*3 2,973,787
Allowance for doubtful accounts	(6,758)	(6,653)
Total investments and other assets	10,566,810	9,926,220
Total non-current assets	29,414,030	28,142,468
Total assets	90,559,574	95,695,470

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable – trade	8,633,664	10,248,973
Lease liabilities	102,516	94,148
Income taxes payable	717,737	1,385,807
Provision for bonuses for directors (and other officers)	38,000	38,000
Provision for product warranties	228,271	153,065
Other	*4 2,647,420	*4 2,975,807
Total current liabilities	12,367,609	14,895,802
Non-current liabilities		
Lease liabilities	295,055	214,152
Deferred tax liabilities	704,782	695,862
Deferred tax liabilities for land revaluation	*1 616,302	*1 616,302
Retirement benefit liability	489,292	660,461
Other	42,780	39,142
Total non-current liabilities	2,148,213	2,225,920
Total liabilities	14,515,822	17,121,723
Net assets		
Shareholders' equity		
Share capital	10,425,325	10,425,325
Capital surplus	9,923,342	9,923,342
Retained earnings	52,416,619	54,606,278
Treasury shares	(646,937)	(313)
Total shareholders' equity	72,118,350	74,954,632
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,085,430	3,882,938
Revaluation reserve for land	*1 (1,624,044)	*1 (1,624,044)
Foreign currency translation adjustment	758,735	808,182
Remeasurements of defined benefit plans	705,280	552,038
Total accumulated other comprehensive income	3,925,401	3,619,115
Total net assets	76,043,752	78,573,747
Total liabilities and net assets	90,559,574	95,695,470

(ii) Consolidated Statements of Income and Consolidated Statement of Comprehensive Income
Consolidated Statements of Income

(Thousands of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net sales	*1 56,591,208	*1 60,678,851
Cost of sales	*2 43,980,901	*2 47,627,170
Gross profit	12,610,306	13,051,681
Selling, general and administrative expenses		
Packing and delivery expenses	747,374	479,842
Advertising expenses	50,689	72,348
Sales commission	37,782	33,027
Remuneration for directors (and other officers)	70,553	74,277
Salaries, allowances and bonuses	2,233,670	2,182,919
Provision for bonuses for directors (and other officers)	29,007	33,647
Retirement benefit expenses	142,342	142,486
Welfare expenses	481,180	506,773
Communication and transportation expenses	214,308	251,419
Depreciation	357,127	315,446
Repair expenses	90,199	71,617
Rent expenses	156,082	170,832
Research and development expenses	*7 419,112	*7 478,312
Other	719,316	887,419
Total selling, general and administrative expenses	5,748,748	5,700,370
Operating profit	6,861,558	7,351,310
Non-operating income		
Interest income	14,525	10,724
Dividend income	154,803	172,863
Foreign exchange gains	18,752	56,844
Share of profit of entities accounted for using equity method	639,551	375,337
Miscellaneous income	49,171	51,487
Total non-operating income	876,802	667,258
Non-operating expenses		
Miscellaneous losses	2,224	2,492
Total non-operating expenses	2,224	2,492
Ordinary profit	7,736,136	8,016,076

(Thousands of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Extraordinary income		
Gain on sale of non-current assets	*3 1,054	*3 755
Gain on sale of investment securities	119,079	406,591
Insurance claim income	*8 31,920	–
Total extraordinary income	152,054	407,347
Extraordinary losses		
Loss on sale of non-current assets	*5 134	*5 170
Loss on retirement of non-current assets	*6 16,850	*6 6,461
Loss on valuation of investment securities	–	6,650
Impairment losses	*4 449	*4 606
Loss on liquidation of subsidiaries and associates	–	*9 28,491
Compensation for damage	–	*10 104,011
Total extraordinary losses	17,434	146,393
Profit before income taxes	7,870,756	8,277,030
Income taxes – current	1,886,607	2,177,077
Income taxes – deferred	339,167	141,849
Total income taxes	2,225,774	2,318,927
Profit	5,644,982	5,958,103
Profit attributable to owners of parent	5,644,982	5,958,103

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Profit	5,644,982	5,958,103
Other comprehensive income:		
Valuation difference on available-for-sale securities	(412,650)	(202,491)
Foreign currency translation adjustment	285,900	37,184
Remeasurements of defined benefit plans, net of tax	(68,588)	(153,242)
Share of other comprehensive income of entities accounted for using equity method	386,254	12,262
Total other comprehensive income	*1 190,915	*1 (306,286)
Comprehensive income	5,835,897	5,651,817
Comprehensive income attributable to:		
Owners of parent	5,835,897	5,651,817
Non-controlling interests	–	–

(iii) Consolidated Statements of Changes in Equity

For the fiscal year ended March 31, 2022

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,425,325	9,923,342	50,386,498	(1,147,983)	69,587,182
Changes during period					
Dividends of surplus			(2,444,671)		(2,444,671)
Profit attributable to owners of parent			5,644,982		5,644,982
Purchase of treasury shares				(669,142)	(669,142)
Disposal of treasury shares					–
Cancellation of treasury shares		(1,170,188)		1,170,188	–
Transfer from retained earnings to capital surplus		1,170,188	(1,170,188)		–
Net changes in items other than shareholders' equity					–
Total changes during period	–	–	2,030,121	501,046	2,531,168
Balance at end of period	10,425,325	9,923,342	52,416,619	(646,937)	72,118,350

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	4,498,080	(1,624,044)	86,580	773,869	3,734,486	73,321,669
Changes during period						
Dividends of surplus						(2,444,671)
Profit attributable to owners of parent						5,644,982
Purchase of treasury shares						(669,142)
Disposal of treasury shares						–
Cancellation of treasury shares						–
Transfer from retained earnings to capital surplus						–
Net changes in items other than shareholders' equity	(412,650)	–	672,154	(68,588)	190,915	190,915
Total changes during period	(412,650)	–	672,154	(68,588)	190,915	2,722,083
Balance at end of period	4,085,430	(1,624,044)	758,735	705,280	3,925,401	76,043,752

For the fiscal year ended March 31, 2023

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,425,325	9,923,342	52,416,619	(646,937)	72,118,350
Changes during period					
Dividends of surplus			(2,790,323)		(2,790,323)
Profit attributable to owners of parent			5,958,103		5,958,103
Purchase of treasury shares				(331,569)	(331,569)
Disposal of treasury shares		(8)		78	70
Cancellation of treasury shares		(978,113)		978,113	–
Transfer from retained earnings to capital surplus		978,121	(978,121)		–
Net changes in items other than shareholders' equity					–
Total changes during period	–	–	2,189,659	646,623	2,836,282
Balance at end of period	10,425,325	9,923,342	54,606,278	(313)	74,954,632

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	4,085,430	(1,624,044)	758,735	705,280	3,925,401	76,043,752
Changes during period						
Dividends of surplus						(2,790,323)
Profit attributable to owners of parent						5,958,103
Purchase of treasury shares						(331,569)
Disposal of treasury shares						70
Cancellation of treasury shares						–
Transfer from retained earnings to capital surplus						–
Net changes in items other than shareholders' equity	(202,491)	–	49,447	(153,242)	(306,286)	(306,286)
Total changes during period	(202,491)	–	49,447	(153,242)	(306,286)	2,529,995
Balance at end of period	3,882,938	(1,624,044)	808,182	552,038	3,619,115	78,573,747

(iv) Consolidated Statements of Cash Flows

(Thousands of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	7,870,756	8,277,030
Depreciation	1,557,497	1,484,874
Amortization of goodwill	9,082	–
Impairment losses	449	606
Increase (decrease) in allowance for doubtful accounts	(193)	(105)
Increase (decrease) in provision for product warranties	(66,031)	(75,205)
Increase (decrease) in retirement benefit liability	38,598	171,168
Interest and dividend income	(169,328)	(183,588)
Share of loss (profit) of entities accounted for using equity method	(639,551)	(375,337)
Insurance claim income	(31,920)	–
Loss (gain) on sale of investment securities	(119,079)	(406,591)
Loss (gain) on valuation of investment securities	–	6,650
Foreign exchange losses (gains)	5,076	(233)
Loss (gain) on sale and retirement of non-current assets	15,929	5,876
Decrease (increase) in trade receivables	887,222	(4,867,428)
Decrease (increase) in inventories	(335,797)	(97,425)
Increase (decrease) in trade payables	(1,478,861)	1,616,971
Compensation for damage	–	104,011
Other, net	(878,754)	307,942
Subtotal	6,665,097	5,969,215
Interest and dividends received	164,615	174,820
Proceeds from insurance income	31,920	–
Compensation paid for damage	–	(104,011)
Income taxes paid	(2,872,068)	(1,531,291)
Net cash provided by (used in) operating activities	3,989,565	4,508,733
Cash flows from investing activities		
Decrease (increase) in deposits	1,540,000	(1,900,000)
Purchase of investment securities	–	(100)
Proceeds from sale of investment securities	169,658	497,355
Purchase of property, plant and equipment and intangible assets	(659,973)	(789,647)
Proceeds from sale of property, plant and equipment and intangible assets	8,947	3,329
Other, net	(60,929)	(64,501)
Net cash provided by (used in) investing activities	997,702	(2,253,563)
Cash flows from financing activities		
Purchase of treasury shares	(669,142)	(331,569)
Dividends paid	(2,444,671)	(2,790,323)
Other, net	(103,088)	(103,184)
Net cash provided by (used in) financing activities	(3,216,902)	(3,225,076)
Effect of exchange rate change on cash and cash equivalents	85,787	20,906
Net increase (decrease) in cash and cash equivalents	1,856,152	(949,001)
Cash and cash equivalents at beginning of period	4,820,497	6,676,649
Cash and cash equivalents at end of period	*1 6,676,649	*1 5,727,648

Notes to Consolidated Financial Statements

Summary of Significant Accounting Policies

1. Basis of consolidation

The accounts of the Company and all of its 3 subsidiaries are included in the consolidated financial statements.

Name of the consolidated subsidiaries

Zhejiang Aichi Industrial Machinery Co., Ltd.

AICHI NZ LIMITED

AICHI AUS PTY LTD

2. Application of equity method

One affiliate is accounted for by the equity method.

Name of the affiliate

Hangzhou Aichi Engineering Vehicles Co., Ltd.

Although the fiscal year end date of Hangzhou Aichi Engineering Vehicles Co., Ltd. is December 31, when preparing the consolidated financial statements, the Company uses the affiliate's provisional financial statements, which are calculated assuming the fiscal year end date is March 31.

3. Fiscal year of consolidated subsidiaries

Although the fiscal year end date of Zhejiang Aichi Industrial Machinery Co., Ltd. is December 31, when preparing the consolidated financial statements, the Company uses the subsidiary's provisional financial statements, which are calculated assuming the fiscal year end date is March 31.

4. Accounting policies

(1) Valuation method of significant assets

(i) Securities

Available-for-sale securities

Securities other than shares, etc., that do not have a market price:

Stated at fair value (Net unrealized gains or losses are reported as a separate component in net assets, net of applicable income taxes. Gains and losses on disposition are computed mainly based on the moving average method.)

Shares, etc., that do not have a market price:

Stated at cost, cost mainly being determined by the moving average method.

(ii) Inventories

Inventories are stated at cost (write-down due to decreased profitability).

A. Finished goods and work in process are evaluated using the specific identification method.

B. Raw materials are mainly stated at cost, cost being determined by the moving average method.

C. Supplies are stated at cost, cost being determined by the last purchase price method.

(iii) Derivatives

Derivatives are stated at fair value.

(2) Method of depreciation or amortization

(i) Property, plant and equipment (except for leased assets) are depreciated mainly by the declining-balance method. However, buildings (except for facilities attached to buildings) acquired on and after April 1, 1998 and facilities attached to buildings and structures acquired on and after April 1, 2016 are depreciated by the straight-line method.

(ii) Intangible assets (except for leased assets) are amortized based on the straight-line method. In addition, software for internal use is amortized by the straight-line method over their estimated useful lives (five years).

(iii) Depreciation of leased assets regarding finance lease transactions that do not transfer ownership is computed by the straight-line method over the lease period with no residual value.

(3) Significant allowances and provisions

(i) Allowance for doubtful accounts

The Company provides for estimated losses on accounts receivable based on prior bad debt experience and a review of existing receivable balances. The Company reviews individual financial conditions for doubtful or troubled receivables and provides for losses on uncollectible amounts. In addition, a general reserve for other accounts receivable is provided based on historical loss experience for certain past periods.

(ii) Provision for bonuses for directors (and other officers)

The Company provides for estimated payment of bonuses to directors.

(iii) Provision for product warranties

The Company provides for estimated warranty costs based on the Company's prior experience and estimated costs to be incurred individually calculated for certain products.

(4) Retirement benefits

(i) Method of attributing projected benefit obligation to periods

In calculating retirement benefit obligations, the projected benefit obligation attributed to the current fiscal year is determined using the benefit formula basis.

(ii) Calculation treatment for actuarial gains or losses

Actuarial gains or losses are amortized in the fiscal year following the fiscal year in which the gain or loss is recognized by the straight-line method over a fixed period (10 years), which is shorter than the average remaining years of service of the employees.

(5) Accounting standards for significant revenue and expense recognition

Followings are the main content of major performance obligations in the Company and its consolidated subsidiaries' mainstay businesses relating to revenue from contracts with customers and the timing when such performance obligations are typically satisfied (when revenue is typically recognized).

The Group manufactures and sells specially equipped vehicles such as digger derricks, aerial work platforms and skid-steer loaders, sells their parts, and provides after-sales services such as repairs. The Group also provides training in the operation of aerial work platforms, etc. The Group usually recognizes revenue from the sales of these products and the provision of these services when they are accepted by customers because customers obtain control of these products and services, and the performance obligations are satisfied when the products and services are accepted by customers. However, the Group recognizes revenue from the sole domestic sales of parts at their shipment by applying the alternative treatment as stipulated in Paragraph 98 of the "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30) when the period between the shipment and the transfer of control of these parts to customers falls under the usual period.

There are cases where long-term maintenance contracts are concluded with customers as an after-sales service business and customers receive benefits from the provision of these services as the performance obligations are satisfied. The Group recognizes revenue from these services over the contract periods because the performance obligations of these services are satisfied over time.

For parts supply transactions for fees relating to specially equipped vehicles for which manufacturing consignment agreements are received from customers, the Group recognizes revenue from the sales of these specially equipped vehicles at the amounts excluding the amounts of parts supplied for fees.

(6) Hedge accounting

(i) Method of hedge accounting

Deferred hedge accounting is applied.

Designated hedge accounting ("Furiate-shori") is applied for foreign currency forward contracts that meet qualifications for designated hedge accounting.

(ii) Hedging instruments and hedged items

Hedging instruments

Foreign currency forward contracts

Hedged items

Foreign-currency-denominated monetary receivables, etc.

(iii) Hedging policy

The Group has decided to limit forward exchange contracts up to the amount of the actual volume of exports.

(iv) Method of assessing hedge effectiveness

As designated hedge accounting (“Furiate-shori”) is applied to forward exchange contracts, the assessment of hedge effectiveness is omitted.

(v) Other risk management methods

The Group concludes forward exchange contracts only with highly rated financial institutions and fulfills, manages, and reports such transactions following relevant rules and regulations.

(7) Scope of cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents in the consolidated statement of cash flows consist of cash on hand, demand deposits, deposits paid with maturities of three months or less from the date of acquisition, which are highly liquid short-term investments readily convertible into cash and exposed to only an insignificant risk of fluctuation in value.

Significant Accounting Estimates

Provision for product warranties

(1) Amounts recognized in the consolidated financial statements as of March 31, 2023

(Thousands of yen)

As of March 31, 2022	As of March 31, 2023
228,271	153,065

(2) Information on the significant accounting estimates of the identified items

The provision for product warranties is categorized into a provision for free repairs carried out within the warranty period and a provision for free repairs to rectify defects in specific products.

For the provision for free repairs carried out within the warranty period, future product warranty expenses are estimated and recognized in a lump sum based on the actual ratio of warranty expenses incurred to sales.

For specific products subject to measures for rectifying defects, expected product warranty expenses are estimated and recognized individually based on the number of units to be rectified, the estimated cost of repair per unit, the percentage of the units that have actually been repaired, and the percentage of the liability shared with suppliers. If liabilities arise due to product defects that were not expected when the estimates were made for the provision, or if warranty expenses exceed the provision, it may become necessary to recognize additional provision for product warranties. Meanwhile, if the actual warranty expenses turn out to be smaller than the provision, a reversal of the provision will be recognized.

Changes in Accounting Policies, etc.

Adoption of accounting standard for fair value measurement

The Group has adopted the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021; hereinafter “Fair Value Measurement Guidance”) from the beginning of the current fiscal year, and in accordance with the transitional treatment prescribed in Paragraph 27-2 of the Fair Value Measurement Guidance, the new accounting policies prescribed by the Fair Value Measurement Guidance will be adopted prospectively. This change has no impact on the consolidated financial statements.

Accounting Standards Issued but Not Yet Applied

- “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022)
- “Accounting Standard for Presentation of Comprehensive Income” (ASBJ Statement No. 25, October 28, 2022)
- “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022)

(1) Outline

The standards and guidance prescribe the classification of income taxes to be imposed on other comprehensive income and the treatment of tax effects on the sales of shares of subsidiaries, etc., when the group tax sharing

system is applied.

(2) Scheduled application date

They are scheduled to be applied in the beginning of the fiscal year ending March 31, 2025.

(3) Effect of application of the accounting standards, etc.

The amount of impact from this application was being evaluated at the time of preparation of this consolidated financial statements.

Consolidated Balance Sheets

*1 Land revaluation

Pursuant to the “Act on Revaluation of Land” (Act No. 34, promulgated on March 31, 1998), the Company revalued land used for business activities and recorded deferred tax liabilities for land revaluation in liabilities and revaluation reserve for land in net assets.

• Revaluation method

Revaluation was carried out based on an amount rationally calculated using the land value for local government tax and roadside land assessment as prescribed in Article 2, Item 3 and Article 2, Item 4 of the “Order for Enforcement of the Act on Revaluation of Land” (No. 119 of the 1998 Cabinet Order, promulgated on March 31, 1998), respectively.

• Revaluation date

March 31, 2002

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Difference between the fair value at the end of the fiscal year ended March 31, 2023 and the book value of the land after the revaluation	(2,299,939)	(2,269,381)

*2 Deposits paid represents the amount of funds deposited with “Cash Management Service” operated by Toyota Industries Corporation, the parent company of the Company.

*3 Investments in capital of affiliates included in “Other” were as follows:

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Other (Investments in capital)	3,057,851	2,759,901

*4 Contract liabilities under “Other” were as follows:

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Contract liabilities	249,678	174,141

Consolidated Statements of Income

*1 Revenue from contracts with customers

With respect to net sales, the Group does not disaggregate revenue from contracts with customers and other sources of revenue. The amount of revenue from contracts with customers is presented in “Notes to the Consolidated Financial Statements, Revenue Recognition, 1. Information about breakdown of revenue from contracts with customers” under the Consolidated Financial Statements.

- *2 Write-down due to decreased profitability of inventories held for sale in the ordinary course of business was as follows:

(Thousands of yen)		
	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cost of sales	59,942	36,989

- *3 Gain on sale of non-current assets was mainly attributable to the sale of machinery, equipment, vehicles, and other items.

- *4 For the fiscal year ended March 31, 2022

For the fiscal year ended March 31, 2022, impairment loss was incurred on the following asset group.

Location	Use	Type of assets	Amount
Konan-cho, Takamatsu-shi, Kagawa	Idle land	Land	¥449 thousand

The Group has categorized its assets by business into assets associated with specially equipped vehicles and rental property businesses, and idle assets.

As the land price of idle assets in Takamatsu-shi dropped compared to the book value, the Group reduced the book value to the recoverable amount and posted the reduction of ¥449 thousand as impairment loss in extraordinary losses for the fiscal year ended March 31, 2022.

The recoverable amount of such assets was measured at net sales value and determined after making reasonable adjustments to the valuation of non-current assets

For the fiscal year ended March 31, 2023

For the fiscal year ended March 31, 2023, impairment loss was incurred on the following asset group.

Location	Use	Type of assets	Amount
Konan-cho, Takamatsu-shi, Kagawa	Idle land	Land	¥606 thousand

The Group has categorized its assets by business into assets associated with specially equipped vehicles and rental property businesses, and idle assets.

As the land price of idle assets in Takamatsu-shi dropped compared to the book value, the Group reduced the book value to the recoverable amount and posted the reduction of ¥606 thousand as impairment loss in extraordinary losses for the fiscal year ended March 31, 2023.

The recoverable amount of such assets was measured at net sales value and determined after making reasonable adjustments to the valuation of non-current assets

- *5 Loss on sale of non-current assets was mainly attributable to the sale of tools, furniture, fixtures, and other items.
- *6 Loss on retirement of non-current assets was mainly attributable to the retirement of buildings, structures, and other items.
- *7 Research and development expenses included in selling, general and administrative expenses are presented below and there were no such expenses to be included in manufacturing cost.

(Thousands of yen)		
	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Selling, general and administrative expenses	419,112	478,312

*8 Insurance claim income

For the fiscal year ended March 31, 2022

The Group recorded insurance claim income resulting from Typhoon Hagibis that occurred in October 2019 as extraordinary income.

For the fiscal year ended March 31, 2023

There are no applicable items.

*9 Loss on liquidation of subsidiaries and associates

For the fiscal year ended March 31, 2022

There are no applicable items.

For the fiscal year ended March 31, 2023

This loss was incurred due to a resolution made to liquidate AICHI AUS PTY LTD, a consolidated subsidiary of the Company.

*10 Compensation for damage

For the fiscal year ended March 31, 2022

There are no applicable items.

For the fiscal year ended March 31, 2023

This was a settlement of product liability involving Zhejiang Aichi Industrial Machinery Co., Ltd., a consolidated subsidiary of the Company.

Consolidated Statements of Comprehensive Income

*1 Reclassification adjustments and tax effects relating to other comprehensive income

(Thousands of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Valuation difference on available-for-sale securities		
Amount incurred during period	(712,208)	(654,365)
Reclassification adjustments	119,079	399,760
Before tax effect adjustment	(593,129)	(254,604)
Tax effect	180,478	52,113
Valuation difference on available-for-sale securities	(412,650)	(202,491)
Foreign currency translation adjustment		
Amount incurred during period	285,900	37,184
Foreign currency translation adjustment	285,900	37,184
Remeasurements of defined benefit plans		
Amount incurred during period	(157,096)	(277,186)
Reclassification adjustments	58,464	56,820
Before tax effect adjustment	(98,631)	(220,366)
Tax effect	30,043	67,123
Remeasurements of defined benefit plans	(68,588)	(153,242)
Share of other comprehensive income of entities accounted for using equity method		
Amount incurred during period	386,254	12,262
Total other comprehensive income	190,915	(306,286)

Consolidated Statements of Changes in Equity

For the fiscal year ended March 31, 2022

1. Class and number of issued shares

Class of shares	As of April 1, 2021	Increase	Decrease	As of March 31, 2022
Common shares (shares)	78,225,350	–	1,829,449	76,395,901

(Major causes of changes)

The decrease in the number was due to a cancellation of treasury shares based on a resolution made at a board meeting held on October 27, 2021.

2. Class and number of treasury shares

Class of shares	As of April 1, 2021	Increase	Decrease	As of March 31, 2022
Common shares (shares)	1,829,292	809,471	1,829,449	809,314

(Major causes of changes)

The increase in the number was attributable to:

Acquisition of treasury shares based on a resolution made at a board meeting held on October 27, 2021	809,100 shares
Acquisition of shares less than one unit	371 shares

The decrease in the number was due to a cancellation of treasury shares based on a resolution made at a board meeting held on October 27, 2021.

3. Share acquisition rights, etc.

There are no applicable items.

4. Cash dividends

(1) Amount of cash dividends

Resolution	Class of shares	Amount of cash dividends (Thousands of yen)	Cash dividends per share (Yen)	Record date	Effective date of distribution
Annual general meeting of shareholders on June 18, 2021	Common shares	1,375,129	18.00	March 31, 2021	June 21, 2021
Board meeting on October 27, 2021	Common shares	1,069,542	14.00	September 30, 2021	November 29, 2021

(2) Dividends whose record date fell in the fiscal year ended March 31, 2022, but the effective date of distribution fell in the fiscal year ended March 31, 2023

Resolution	Class of shares	Source of dividends	Amount of cash dividends (Thousands of yen)	Cash dividends per share (Yen)	Record date	Effective date of distribution
Board meeting on April 26, 2022	Common shares	Retained earnings	1,511,731	20.00	March 31, 2022	June 1, 2022

For the fiscal year ended March 31, 2023

1. Class and number of issued shares

Class of shares	As of April 1, 2022	Increase	Decrease	As of March 31, 2023
Common shares (shares)	76,395,901	–	1,184,501	75,211,400

(Major causes of changes)

The decrease in the number was due to a cancellation of treasury shares based on a resolution made at a board meeting held on January 31, 2023.

2. Class and number of treasury shares

Class of shares	As of April 1, 2022	Increase	Decrease	As of March 31, 2023
Common shares (shares)	809,314	375,652	1,184,591	375

(Major causes of changes)

The increase in the number was attributable to:

Acquisition of treasury shares based on a resolution made at a board meeting held on October 27, 2021	375,100 shares
Acquisition of shares less than one unit	552 shares

The decrease in the number was attributable to:

Cancellation of treasury shares based on a resolution made at a board meeting held on January 31, 2023	1,184,501 shares
Sale of shares less than one unit	90 shares

3. Share acquisition rights, etc.

There are no applicable items.

4. Cash dividends

(1) Amount of cash dividends

Resolution	Class of shares	Amount of cash dividends (Thousands of yen)	Cash dividends per share (Yen)	Record date	Effective date of distribution
Board meeting on April 26, 2022	Common shares	1,511,731	20.00	March 31, 2022	June 1, 2022
Board meeting on October 26, 2022	Common shares	1,278,591	17.00	September 30, 2022	November 28, 2022

(2) Dividends whose record date fell in the fiscal year ended March 31, 2023, but the effective date of distribution falls in the fiscal year ending March 31, 2024

Resolution	Class of shares	Source of dividends	Amount of cash dividends (Thousands of yen)	Cash dividends per share (Yen)	Record date	Effective date of distribution
Board meeting on April 25, 2023	Common shares	Retained earnings	1,429,009	19.00	March 31, 2023	June 1, 2023

Consolidated Statements of Cash Flows

- *1 The reconciliation of the ending balance of cash and cash equivalents with the amounts of the line items presented on the consolidated balance sheets was as follows:

	(Thousands of yen)	
	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash and deposits	1,179,626	1,162,162
Deposits paid	36,897,023	37,865,486
Subtotal	38,076,649	39,027,648
Deposit paid due from banks over three months	(31,400,000)	(33,300,000)
Cash and cash equivalents	6,676,649	5,727,648

Lease Transactions

1. Finance lease transactions

As a lessee

Finance lease transactions that do not transfer ownership

(i) Details of leased assets

- Property, plant and equipment

These assets comprise buildings, vehicles, tools, furniture and fixtures.

- Intangible assets

These assets represent software.

(ii) Method of depreciation of leased assets

Depreciation of leased assets is computed by the straight-line method over the lease period deemed as useful lives with no residual value.

2. Operating lease transactions

As a lessee

Future minimum lease payments under non-cancelable operating leases

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Within one year	9,459	9,459
Over one year	20,453	10,993
Total	29,912	20,453

Financial Instruments

1. Status of financial instruments held by the Group

(1) Policy on financial instruments

Working capital and capital investments are financed by the Group's own funds. Temporary excess funds are invested through Cash Management Service operated by the parent company. The Group uses derivatives to hedge against the risk of exchange rate fluctuations in trade receivables and has a policy of not engaging in speculative transactions.

(2) Nature and risks of financial instruments

Trade receivables such as notes and accounts receivable – trade are exposed to the credit risk of customers. Since trade receivables denominated in foreign currencies, which arise from the global business, are exposed to the risk of exchange rate fluctuations, the Group in principle hedges this risk by means of forward exchange contracts.

Investment securities such as shares are exposed to the risk of market price fluctuations and are mainly shares in companies with which the Group has business relationships. The fair value of listed shares is verified on a quarterly basis.

Trade payables such as notes and accounts payable – trade are due within one year.

With respect to derivative transactions, the Group uses forward exchange contracts for the purpose of hedging against the risk of exchange rate fluctuations associated with trade receivables and forecast transactions denominated in foreign currencies. Hedging instruments, hedged items, hedging policy and methods for the assessment of the hedge effectiveness relating to the hedge accounting are described in “Summary of Significant Accounting Policies, 4. Accounting policies, (6) Hedge accounting.”

(3) Risk management system for financial instruments

(i) Credit risk management (risk of non-performance by counterparties, etc.)

For trade receivables, the Sales Division and Administration Division regularly monitor the status of major customers and manage the due dates and outstanding balances by counterparty to detect at an early stage and mitigate concerns about the collection that would be caused by deteriorating financial conditions and other factors in accordance with the internal control measures for receivables management.

The Group trades derivatives only with highly rated financial institutions.

(ii) Market risk management (risk of exchange rate and interest rate fluctuations)

In principle, the Group hedges trade receivables and forecast transactions denominated in foreign currencies using forward exchange contracts.

For investment securities, the Group verifies the fair value of listed shares on a quarterly basis and the financial conditions of the issuers (business partners) of unlisted shares on an ongoing basis.

The Accounting Division executes derivative transactions and reconciles their balances in accordance with internal policies.

(iii) Management of liquidity risk in financing (risk of being unable to make payments on due dates)

The Group is not exposed to liquidity risk in financing because working capital is financed by the Group’s own funds.

(4) Supplementary explanation on fair values of financial instruments

Variable factors are incorporated in the measurement of fair values of financial instruments, and therefore, measured values may vary depending on assumptions adopted. The contract amounts and other information of derivative transactions shown in “2 Fair value of financial instruments” do not directly represent the market risk associated with the derivative transactions.

2. Fair value of financial instruments

Consolidated balance sheet amounts, fair values and their differences are as follows.

As of March 31, 2022

(Thousands of yen)

	Consolidated balance sheet amount	Fair value	Difference
Investment securities			
Available-for-sale securities	6,954,445	6,954,445	–
Total assets	6,954,445	6,954,445	–

*1 Notes to deposits, deposits paid, notes and accounts receivable – trade, notes and accounts payable – trade, and income taxes payable are omitted, because they are settled on short-term basis and their book values approximate their fair values.

*2 Shares, etc., that do not have a market price are not included in available-for-sale securities under investment securities. Consolidated balance sheet amounts of such financial instruments were as follows.

Category	As of March 31, 2022 (Thousands of yen)
Unlisted shares	356,560

As of March 31, 2023

(Thousands of yen)

	Consolidated balance sheet amount	Fair value	Difference
Investment securities			
Available-for-sale securities	6,603,426	6,603,426	–
Total assets	6,603,426	6,603,426	–

*1 Notes to deposits, deposits paid, notes and accounts receivable – trade, notes and accounts payable – trade, and income taxes payable are omitted, because they are settled on short-term basis and their book values approximate their fair values.

*2 Shares, etc., that do not have a market price are not included in available-for-sale securities under investment securities.

Consolidated balance sheet amounts of such financial instruments were as follows.

Category	As of March 31, 2023 (Thousands of yen)
Unlisted shares	355,660

(Note) Redemption schedule for monetary receivables after the consolidated balance sheet date

As of March 31, 2022

(Thousands of yen)

	Due within one year	Due after one year but within five years	Due after five years but within ten years	Due after ten years
Cash and deposits	1,179,626	–	–	–
Deposits paid	36,897,023	–	–	–
Notes receivable – trade	2,856,931	–	–	–
Accounts receivable – trade	15,751,309	–	–	–
Total	56,684,891	–	–	–

As of March 31, 2023

(Thousands of yen)

	Due within one year	Due after one year but within five years	Due after five years but within ten years	Due after ten years
Cash and deposits	1,162,162	–	–	–
Deposits paid	37,865,486	–	–	–
Notes receivable – trade	3,408,581	–	–	–
Accounts receivable – trade	20,063,056	–	–	–
Total	62,499,286	–	–	–

3. Breakdown of fair value by level within the fair value hierarchy

The fair value of financial instruments is classified into the following three levels according to the observability and materiality of inputs used to measure fair value.

Level 1 fair value: Fair value measured using observable inputs, i.e. quoted prices in active markets for assets or liabilities that are the subject of the measurement.

Level 2 fair value: Fair value measured using observable inputs other than Level 1 inputs.

Level 3 fair value: Fair value measured using unobservable inputs.

If multiple inputs are used that are significant to the fair value measurement, the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement.

(1) Financial instruments measured at fair value

As of March 31, 2022

Category	Fair value (Thousands of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities	6,954,445	–	–	6,954,445

As of March 31, 2023

Category	Fair value (Thousands of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities	6,603,426	–	–	6,603,426

(2) Financial instruments other than those measured at fair value

Notes are omitted due to their insignificance.

Securities

1. Available-for-sale securities

As of March 31, 2022

Category	(Thousands of yen)		
	Consolidated balance sheet amount	Acquisition cost	Difference
Securities whose consolidated balance sheet amount exceeds the acquisition cost:			
Shares	6,947,325	1,271,461	5,675,864
Subtotal	6,947,325	1,271,461	5,675,864
Securities whose consolidated balance sheet amount does not exceed the acquisition cost:			
Shares	7,120	13,240	(6,120)
Subtotal	7,120	13,240	(6,120)
Total	6,954,445	1,284,702	5,669,743

As of March 31, 2023

(Thousands of yen)

Category	Consolidated balance sheet amount	Acquisition cost	Difference
Securities whose consolidated balance sheet amount exceeds the acquisition cost:			
Shares	6,596,836	1,181,697	5,415,138
Subtotal	6,596,836	1,181,697	5,415,138
Securities whose consolidated balance sheet amount does not exceed the acquisition cost:			
Shares	6,590	6,590	–
Subtotal	6,590	6,590	–
Total	6,603,426	1,188,287	5,415,138

2. Available-for-sale securities sold during the fiscal year

For the fiscal year ended March 31, 2022

(Thousands of yen)

Category	Proceeds from sale	Total gain on sale	Total loss on sale
Shares	169,658	119,079	–
Total	169,658	119,079	–

For the fiscal year ended March 31, 2023

(Thousands of yen)

Category	Proceeds from sale	Total gain on sale	Total loss on sale
Shares	497,355	406,591	–
Total	497,355	406,591	–

3. Securities for which impairment losses were recognized

During the fiscal year ended March 31, 2023, the Group recognized impairment loss of ¥6,650 thousand on securities (shares classified as available-for-sale securities of ¥6,650 thousand).

The Group recognizes impairment losses for all securities whose fair values at balance sheet date fall 50% or more of their acquisition costs, whereas it recognizes impairment losses at an amount deemed necessary for securities whose fair values at balance sheet date decline about 30% to 50% of their acquisition costs by taking into account their recoverability and other factors. For securities whose market values do not exist, impairment loss is recognized for the amount deemed necessary only if their actual values fall significantly.

Derivative Transactions

1. Derivative transactions to which hedge accounting is not applied

As of March 31, 2022 and 2023

There are no applicable items.

2. Derivative transactions to which hedge accounting is applied

Currency-related derivatives

As of March 31, 2022

(Thousands of yen)

Method of hedge accounting	Type of derivative transactions	Main hedged items	Contract amount, etc.	Contract amount, etc., due after one year	Fair value
Designated hedge accounting (“Furiate-shori”) for foreign currency forward contracts, etc.	Forward exchange contracts Selling US\$	Accounts receivable – trade	257,289	–	(Note)
Total			257,289	–	(Note)

(Note) Since items subject to the designated hedge accounting (“Furiate-shori”) for foreign currency forward contracts, etc. are accounted for synthetically with accounts receivable – trade that are hedged items, their fair values are included in the fair values of the corresponding accounts receivable – trade.

As of March 31, 2023

(Thousands of yen)

Method of hedge accounting	Type of derivative transactions	Main hedged items	Contract amount, etc.	Contract amount, etc., due after one year	Fair value
Designated hedge accounting (“Furiate-shori”) for foreign currency forward contracts, etc.	Forward exchange contracts Selling US\$	Accounts receivable – trade	40,387	–	(Note)
Total			40,387	–	(Note)

(Note) Since items subject to the designated hedge accounting (“Furiate-shori”) for foreign currency forward contracts, etc. are accounted for synthetically with accounts receivable – trade that are hedged items, their fair values are included in the fair values of the corresponding accounts receivable – trade.

Retirement Benefits

1. Overview of retirement benefit plans adopted

The Company has adopted a defined benefit pension plan. In addition, the Company participates in a multi-employer plan, the Japan Industrial Machine and Allied Products Employees' Corporate Pension Fund.

The multi-employer corporate pension fund plan is accounted for in the same manner as the defined contribution plans because the amount of pension plan assets corresponding to the Company's own contributions cannot be reasonably calculated.

2. Multi-employer plan

The required contributions to the multi-employer employees' pension fund and corporate pension fund plans, which are accounted for in the same manner as the defined contribution plans, were ¥211 million for the fiscal year ended March 31, 2022 and ¥212 million for the fiscal year ended March 31, 2023.

(1) Most recent funding status of multi-employer plan

	(Millions of yen)	
	As of March 31, 2022	As of March 31, 2023
Amount of plan assets	14,292	15,269
Total amount of actuarial liability and minimum actuarial reserve for the purpose of pension financing calculation	20,854	20,314
Net amount	(6,562)	(5,045)

(2) The Group's ratio of total contributions to the multi-employer plan

11.1% for the fiscal year ended March 31, 2022

11.1% for the fiscal year ended March 31, 2023

(3) Supplementary explanation

The net amount presented in (1) above was mainly due to the balance of prior service liability (negative ¥8,658 million for the fiscal year ended March 31, 2022 and negative ¥7,281 million for the fiscal year ended March 31, 2023) and surplus (¥2,096 million for the fiscal year ended March 31, 2022 and ¥2,096 million for the fiscal year ended March 31, 2023) for the purpose of pension financing calculation. Under the plan, prior service liability is amortized using the straight-line method over a period of 10 years and six months. The percentage shown in (2) above does not correspond to the Group's actual contribution ratio.

3. Defined benefit plan

(1) Reconciliation of beginning and ending balances of retirement benefit obligations

	(Thousands of yen)	
	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Retirement benefit obligations at beginning of period	7,098,470	7,073,162
Service cost	349,150	336,984
Interest cost	35,246	35,293
Actuarial gains and losses incurred	80,819	12,920
Retirement benefits paid	(490,524)	(460,714)
Retirement benefit obligations at end of period	7,073,162	6,997,648

(2) Reconciliation of beginning and ending balances of plan assets

	(Thousands of yen)	
	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Plan assets at beginning of period	6,647,776	6,583,870
Expected return on plan assets	33,238	32,919
Actuarial gains and losses incurred	40,652	(150,624)
Contributions from employer	347,226	326,236
Retirement benefits paid	(485,024)	(455,214)
Plan assets at end of period	6,583,870	6,337,187

(3) Reconciliation of retirement benefit obligations and plan assets at end of period with defined benefit liability on the consolidated balance sheets

	(Thousands of yen)	
	As of March 31, 2022	As of March 31, 2023
Funded retirement benefit obligations	7,073,162	6,997,648
Plan assets	(6,583,870)	(6,337,187)
Net amount of liability and asset recorded in consolidated balance sheets	489,292	660,461
Retirement benefit liability	489,292	660,461
Net amount of liability and asset recorded in consolidated balance sheets	489,292	660,461

(4) Components of retirement benefit expenses

	(Thousands of yen)	
	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Service cost	349,150	336,984
Interest cost	35,246	35,293
Expected return on plan assets	(33,238)	(32,919)
Amortization of actuarial gains and losses	(58,464)	(56,820)
Retirement benefit expenses on defined benefit plans	292,693	282,538

(5) Remeasurements of defined benefit plans

Components of items recorded in remeasurements of defined benefit plans (before tax effect) were as follows:

	(Thousands of yen)	
	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Actuarial gains and losses	(98,631)	220,366
Total	(98,631)	220,366

(6) Accumulated remeasurements of defined benefit plans

Components of items recorded in accumulated remeasurements of defined benefit plans (before deducting tax effect) were as follows:

	(Thousands of yen)	
	As of March 31, 2022	As of March 31, 2023
Unrecognized actuarial gains and losses	1,014,860	794,493

(7) Plan assets

(i) Major components of plan assets

Classification of major plan assets and their composition within the total plan assets was as follows:

	As of March 31, 2022	As of March 31, 2023
Bonds	36%	39%
Shares	19%	21%
Alternatives	26%	28%
Life insurance company general account	5%	6%
Cash and deposits	14%	6%
Other	0%	0%
Total	100%	100%

(Notes) 1. Alternatives consist primarily of hedge fund investments.

2. The retirement benefit trust set up for the lump-sum payment plans represents 14% and 6% of the total plan assets as of March 31, 2022 and 2023, respectively.

(ii) Determination procedure of long-term expected rate of return on plan assets

In determining the long-term expected rate of return on plan assets, the Group considers the current and projected asset allocations as well as the current and future expected long-term rates of return on diverse assets that constitute the plan assets.

(8) Actuarial assumptions

Major actuarial assumptions

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Discount rate	0.5%	0.5%
Long-term expected rate of return on plan assets	0.5%	0.5%

Deferred Tax Assets and Liabilities

1. The significant components of deferred tax assets and liabilities were as follows:

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Deferred tax assets:		
Inventories	194,473	166,286
Accrued enterprise tax and business office tax	59,148	86,730
Unrealized gain on non-current assets	2,365	1,830
Provision for product warranties	69,531	46,623
Accrued bonuses	288,603	297,637
Retirement benefit liability	425,771	310,379
Land	569,560	569,744
Investment securities	138,288	121,561
Tax loss carryforwards (Note)	43,970	32,980
Other	146,481	136,224
Subtotal of deferred tax assets	1,938,194	1,770,000
Valuation allowance for tax loss carryforwards (Note)	(43,970)	–
Valuation allowance for deductible temporary differences	(709,907)	(601,606)
Subtotal of valuation allowance	(753,877)	(601,606)
Total deferred tax assets	1,184,316	1,168,393
Deferred tax liabilities:		
Valuation difference on available-for-sale securities	(1,584,313)	(1,532,200)
Other	(304,785)	(332,055)
Total deferred tax liabilities	(1,889,099)	(1,864,255)
Deferred tax liabilities (Net)	(704,782)	(695,862)

(Note) Tax loss carryforwards and resulting deferred tax assets by expiration period

As of March 31, 2022

(Thousands 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
Tax loss carryforwards (A)	–	–	–	–	–	43,970	43,970
Valuation allowance	–	–	–	–	–	(43,970)	(43,970)
Deferred tax assets	–	–	–	–	–	–	–

(A) Tax loss carryforwards were calculated by applying the effective statutory tax rate.

As of March 31, 2023

(Thousands 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
Tax loss carryforwards (B)	–	–	–	–	32,980	–	32,980
Valuation allowance	–	–	–	–	–	–	–
Deferred tax assets	–	–	–	–	32,980	–	32,980

(B) Tax loss carryforwards were calculated by applying the effective statutory tax rate.

2. The significant components of deferred tax assets and liabilities in relation to revaluation reserve for land were as follows:

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Deferred tax assets:		
Unrealized loss on land revaluation	923,260	923,260
Subtotal of deferred tax assets	923,260	923,260
Valuation allowance	(923,260)	(923,260)
Total deferred tax assets	-	-
Deferred tax liabilities:		
Unrealized gain on land revaluation	(616,302)	(616,302)
Total deferred tax liabilities	(616,302)	(616,302)
Deferred tax liabilities (Net)	(616,302)	(616,302)

3. Reconciliation between the effective statutory tax rate and the actual effective tax rate after applying tax effect accounting was as follows:

	As of March 31, 2022	As of March 31, 2023
Effective statutory tax rate	30.5%	30.5%
Adjustments:		
Expenses not deductible for income tax purposes (e.g., entertainment expenses)	0.2%	0.3%
Income not taxable for income tax purposes (e.g., dividend income)	(0.1)%	(2.5)%
Corporate inhabitant tax on per capita basis	0.5%	0.5%
Changes in valuation allowance	0.2%	(1.5)%
Share of loss (profit) of entities accounted for using equity method	(2.5)%	(1.4)%
Tax effects on retained earnings of foreign subsidiaries and affiliates	(0.1)%	0.1%
Other	(0.3)%	2.0%
Effective tax rate after applying tax effect accounting	28.3%	28.0%

Revenue Recognition

1. Information about breakdown of revenue from contracts with customers

For the fiscal year ended March 31, 2022

Major regional markets

(Thousands of yen)

	Reportable segment			Other (Note)	Total
	Specially equipped vehicles	Parts & repair	Subtotal		
Japan	40,490,644	10,878,278	51,368,923	730,296	52,099,219
Asia	2,021,877	785,719	2,807,597	11,000	2,818,597
Other	1,558,039	115,352	1,673,392	–	1,673,392
Revenue from contracts with customers	44,070,561	11,779,350	55,849,912	741,296	56,591,208
Net sales to external customers	44,070,561	11,779,350	55,849,912	741,296	56,591,208

(Note) The category “Other” is a business segment not included in the reportable segment and includes the used vehicles sales of aerial work platforms, etc., and education business, etc.

Timing of revenue recognition

(Thousands of yen)

	Reportable segment			Other (Note 1)	Total
	Specially equipped vehicles	Parts & repair	Subtotal		
Goods transferred at a point in time	44,070,561	11,725,757	55,796,319	741,296	56,537,615
Goods transferred over time (Note 2)	–	53,593	53,593	–	53,593
Revenue from contracts with customers	44,070,561	11,779,350	55,849,912	741,296	56,591,208
Net sales to external customers	44,070,561	11,779,350	55,849,912	741,296	56,591,208

(Notes) 1. The category “Other” is a business segment not included in the reportable segment and includes the used vehicles sales of aerial work platforms, etc., and education business, etc.

2. Goods transferred over time are those related to maintenance contracts.

For the fiscal year ended March 31, 2023

Major regional markets

(Thousands of yen)

	Reportable segment			Other (Note)	Total
	Specially equipped vehicles	Parts & repair	Subtotal		
Japan	43,677,486	11,787,432	55,464,918	656,401	56,121,320
Asia	2,107,114	791,684	2,898,798	–	2,898,798
Other	1,528,491	130,240	1,658,732	–	1,658,732
Revenue from contracts with customers	47,313,092	12,709,357	60,022,450	656,401	60,678,851
Net sales to external customers	47,313,092	12,709,357	60,022,450	656,401	60,678,851

(Note) The category “Other” is a business segment not included in the reportable segment and includes the used vehicles sales of aerial work platforms, etc., and education business, etc.

Timing of revenue recognition

(Thousands of yen)

	Reportable segment			Other (Note 1)	Total
	Specially equipped vehicles	Parts & repair	Subtotal		
Goods transferred at a point in time	47,313,092	12,639,418	59,952,511	656,401	60,608,912
Goods transferred over time (Note 2)	–	69,938	69,938	–	69,938
Revenue from contracts with customers	47,313,092	12,709,357	60,022,450	656,401	60,678,851
Net sales to external customers	47,313,092	12,709,357	60,022,450	656,401	60,678,851

(Notes) 1. The category “Other” is a business segment not included in the reportable segment and includes the used vehicles sales of aerial work platforms, etc., and education business, etc.

2. Goods transferred over time are those related to maintenance contracts.

2. Useful information in understanding revenue from contracts with customers

Revenue is measured at consideration promised in contracts with customers less discounts, etc. The amounts of discounts are determined at the conclusion of the said contracts and therefore do not alter consideration in relation with revenue in the current fiscal year.

Consideration for these performance obligations is received generally within one year after the performance obligations are satisfied under separately prescribed payment terms, and includes no significant financing components. Under sales contracts related to specially equipped vehicles, the Group has warranty obligations that promise to repair faults that arise within the warranty period without fee. The warranty provides assurance that the product complies with agreed-upon specifications and will operate as promised, and thus, is recognized as a provision for product warranties.

3. Reconciliation of satisfaction of performance obligations under contracts with customers and cash flows arising from such contracts, and the amount and timing of revenue expected to be recognized in the next fiscal year and thereafter arising from contracts with customers that existed at the end of the current fiscal year

For the fiscal year ended March 31, 2022

(1) Balance of contract liabilities

(Thousands of yen)

	As of March 31, 2022
Receivables from contracts with customers (balance at beginning of period)	19,464,344
Receivables from contracts with customers (balance at end of period)	18,608,241
Contract assets (balance at beginning of period)	–
Contract assets (balance at end of period)	–
Contract liabilities (balance at beginning of period)	68,728
Contract liabilities (balance at end of period)	249,678

Contract liabilities are recorded under other of current liabilities. Contract liabilities are related to advances received from customers based on the payment terms agreed with customers for contracts in which revenue from

the sales, repair, etc., of specially equipped vehicles or their parts is recognized when those products or services are accepted by customers, and for contracts in which revenue is recognized over time as the performance obligations for after-sales services are satisfied. Contract liabilities are reversed upon recognition of revenue. Revenue recognized in the fiscal year ended March 31, 2022 that was included in the contract liability balance at the beginning of the period was ¥68,253 thousand.

The amount of revenue recognized in the fiscal year ended March 31, 2022 from performance obligations that were satisfied in previous periods is immaterial.

(2) Transaction price allocated to the remaining performance obligations

The Company and its consolidated subsidiaries have applied the practical expedient to the notes on transaction prices allocated to the remaining performance obligations, and do not disclose transaction prices related to contracts with an original expected duration of one year or less. For maintenance contracts with servicing periods longer than one year, the total transaction price allocated to the remaining performance obligations and the time frame the Company expects to recognize the amount as revenue are as follows:

(Thousands of yen)

	As of March 31, 2022
Within one year	342,922
Over one year and within two years	272,389
Over two years and within three years	204,124
Over three years	540,546
Total	1,359,983

For the fiscal year ended March 31, 2023

(1) Balance of contract liabilities

(Thousands of yen)

	As of March 31, 2023
Receivables from contracts with customers (balance at beginning of period)	18,608,241
Receivables from contracts with customers (balance at end of period)	23,471,637
Contract assets (balance at beginning of period)	–
Contract assets (balance at end of period)	–
Contract liabilities (balance at beginning of period)	249,678
Contract liabilities (balance at end of period)	174,141

Contract liabilities are recorded under other of current liabilities. Contract liabilities are related to advances received from customers based on the payment terms agreed with customers for contracts in which revenue from the sales, repair, etc., of specially equipped vehicles or their parts is recognized when those products or services are accepted by customers, and for contracts in which revenue is recognized over time as the performance obligations for after-sales services are satisfied. Contract liabilities are reversed upon recognition of revenue. Revenue recognized in the fiscal year ended March 31, 2023 that was included in the contract liability balance at the beginning of the period was ¥248,290 thousand.

The amount of revenue recognized in the fiscal year ended March 31, 2023 from performance obligations that

were satisfied in previous periods is immaterial.

(2) Transaction price allocated to the remaining performance obligations

The Company and its consolidated subsidiaries have applied the practical expedient to the notes on transaction prices allocated to the remaining performance obligations, and do not disclose transaction prices related to contracts with an original expected duration of one year or less. For maintenance contracts with servicing periods longer than one year, the total transaction price allocated to the remaining performance obligations and the time frame the Company expects to recognize the amount as revenue are as follows:

(Thousands of yen)

	As of March 31, 2023
Within one year	340,698
Over one year and within two years	259,066
Over two years and within three years	205,825
Over three years	507,639
Total	1,313,229

Segment Information, etc.

Segment Information

1. Overview of reportable segments

Method for determining reportable segments

The reportable segments of the Company are constituent units of the Company, for which separate financial information is available. The Board of Directors of the Company examines these units regularly to determine the allocation of management resources and to assess segment performance.

The Group engages in businesses associated with the manufacturing and selling of aerial work platforms and other vehicles, as well as providing after-sales services therefor. The Group's reportable segments comprise specially equipped vehicles, their parts and repair services based on sales from the manufacture and sale of aerial work platforms and other vehicles, after-sales service, and so forth.

The Specially Equipped Vehicles segment engages in the business of new vehicle sales, including aerial work platforms. The Parts & Repair segment engages in the business of after-sales services for aerial work platforms and other vehicles.

2. Method for calculating net sales, profit and loss, assets, liabilities, and other amounts by reportable segment

The accounting treatment of reportable business segments is generally consistent with those described in "Summary of Significant Accounting Policies."

Intra-group sales or transfers are based on the arm's length principle.

3. Information on net sales, profit and loss, assets, liabilities, and other items by reportable segment
For the fiscal year ended March 31, 2022

(Thousands of yen)

	Reportable segment			Other (Note 1)	Total
	Specially equipped vehicles	Parts & repair	Subtotal		
Net sales					
Net sales to external customers	44,070,561	11,779,350	55,849,912	741,296	56,591,208
Intra-group sales or transfers	1,604,948	149,791	1,754,740	69	1,754,809
Subtotal	45,675,510	11,929,142	57,604,653	741,365	58,346,018
Segment profit	8,584,665	3,886,879	12,471,544	154,071	12,625,616
Segment assets	—	—	—	—	90,559,574
Segment liabilities	—	—	—	—	14,515,822
Other items					
Increase in property, plant and equipment and intangible assets	—	—	—	—	598,184

- (Notes) 1. The category “Other” is a business segment not included in the reportable segment and includes the used vehicles sales of aerial work platforms, etc., and education business, etc.
2. Each entity of the Group engages in businesses associated with the manufacturing and selling of aerial work platforms and other vehicles, as well as providing ancillary services such as after-sales services. The Group classifies its reportable segments on a net sales basis. As a result, the Group considers it difficult to report assets, liabilities, and other items by reportable segment. Therefore, only the total amount is presented.
3. Segment profit was reconciled to gross profit in the consolidated statements of income after eliminating intercompany transactions.

For the fiscal year ended March 31, 2023

(Thousands of yen)

	Reportable segment			Other (Note 1)	Total
	Specially equipped vehicles	Parts & repair	Subtotal		
Net sales					
Net sales to external customers	47,313,092	12,709,357	60,022,450	656,401	60,678,851
Intra-group sales or transfers	1,376,721	204,159	1,580,881	463	1,581,344
Subtotal	48,689,814	12,913,517	61,603,331	656,864	62,260,196
Segment profit	8,722,700	4,140,714	12,863,415	123,364	12,986,779
Segment assets	—	—	—	—	95,695,470
Segment liabilities	—	—	—	—	17,121,723
Other items					
Depreciation	838,339	116,748	955,087	6,075	961,162
Increase in property, plant and equipment and intangible assets	—	—	—	—	854,756

- (Notes) 1. The category “Other” is a business segment not included in the reportable segment and includes the used vehicles sales of aerial work platforms, etc., and education business, etc.

2. Each entity of the Group engages in businesses associated with the manufacturing and selling of aerial work platforms and other vehicles, as well as providing ancillary services such as after-sales services. The Group classifies its reportable segments on a net sales basis. As a result, the Group considers it difficult to report assets, liabilities, and other items by reportable segment. Therefore, only the total amount is presented.
3. Segment profit was reconciled to gross profit in the consolidated statements of income after eliminating intercompany transactions.

4. Reconciliation between the total of reportable segments and the amounts on consolidated financial statements

(Thousands of yen)

Net sales	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Total of reportable segments	57,604,653	61,603,331
Net sales in the category “Other”	741,365	656,864
Elimination of intercompany transactions	(1,754,809)	(1,581,344)
Net sales on consolidated financial statements	56,591,208	60,678,851

(Thousands of yen)

Profit	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Total of reportable segments	12,471,544	12,863,415
Profit in the category “Other”	154,071	123,364
Elimination of intercompany transactions	(15,309)	64,901
Corporate expenses (Note)	(5,748,748)	(5,700,370)
Operating profit on consolidated financial statements	6,861,558	7,351,310

(Note) Corporate expenses mainly comprise selling, general and administrative expenses that are not allocated to reportable segments.

Related Information

For the fiscal year ended March 31, 2022

1. Information by product and service

(Thousands of yen)

	Aerial work platforms	Inspection & repair	Other	Total
Net sales to external customers	39,158,505	5,400,179	12,032,523	56,591,208

2. Information by geographic area

(1) Net sales

This information is omitted because net sales to external customers in Japan account for more than 90% of net sales shown in the consolidated statements of income.

(2) Property, plant and equipment

This information is omitted because the amount of property, plant and equipment in Japan accounts for more than 90% of that in the consolidated balance sheets.

3. Information by major customer

(Thousands of yen)

Name of company or individual	Net sales	Related segments
NIPPON CAR SOLUTIONS CO., LTD.	5,698,381	Specially equipped vehicles and parts & repair

For the fiscal year ended March 31, 2023

1. Information by product and service

(Thousands of yen)

	Aerial work platforms	Inspection & repair	Other	Total
Net sales to external customers	42,155,776	5,438,014	13,085,059	60,678,851

2. Information by geographic area

(1) Net sales

This information is omitted because net sales to external customers in Japan account for more than 90% of net sales shown in the consolidated statements of income.

(2) Property, plant and equipment

This information is omitted because the amount of property, plant and equipment in Japan accounts for more than 90% of that in the consolidated balance sheets.

3. Information by major customer

This information is omitted because no net sales from external customers accounted for 10% or more of that on the consolidated statements of income.

Information on Impairment Loss on Non-current Assets by Reportable Segment

For the fiscal year ended March 31, 2022

(Thousands of yen)

	Reportable segment			Other	Elimination/ Corporate	Total
	Specially equipped vehicles	Parts & repair	Subtotal			
Impairment loss	–	–	–	–	–	449

- (Notes) 1. “Other” represents the used vehicles sales such as aerial work platforms, education business, and so forth.
 2. Although impairment loss was incurred on idle assets, it is difficult to allocate the loss to each reportable segment. Therefore, only the total amount is presented.

For the fiscal year ended March 31, 2023

(Thousands of yen)

	Reportable segment			Other	Elimination/ Corporate	Total
	Specially equipped vehicles	Parts & repair	Subtotal			
Impairment losses	–	–	–	–	–	606

- (Notes) 1. “Other” represents the used vehicles sales such as aerial work platforms, education business, and so forth.
 2. Although impairment loss was incurred on idle assets, it is difficult to allocate the loss to each reportable segment. Therefore, only the total amount is presented.

Information on Amortization and Unamortized Balance of Goodwill by Reportable Segment

For the fiscal year ended March 31, 2022

(Thousands of yen)

	Reportable segment			Other	Elimination/ Corporate	Total
	Specially equipped vehicles	Parts & repair	Subtotal			
Amortization for the period	–	–	–	–	–	9,082
Balance at end of period	–	–	–	–	–	–

- (Notes) 1. “Other” represents the used vehicles sales such as aerial work platforms, education business, and so forth.
 2. Each entity of the Group engages in businesses associated with the manufacturing and selling of aerial work platforms and other vehicles, as well as providing ancillary services such as after-sales services. The Group classifies its reportable segments on a net sales basis. As a result, the Group considers it difficult to allocate amortization for the period and the balance at the end of the period to each reportable segment. Therefore, only the total amount is presented.

For the fiscal year ended March 31, 2023

There are no applicable items.

Information on Gain on Bargain Purchase by Reportable Segment

For the fiscal year ended March 31, 2022

There are no applicable items.

For the fiscal year ended March 31, 2023

There are no applicable items.

Related Parties

1. Related party transactions

Transactions between the Company filing the consolidated financial statements and its related parties

Parent company and major shareholders (limited to companies, etc.) of the Company filing consolidated financial statements

For the fiscal year ended March 31, 2022

Type	Name of the related company	Location	Capital (thousands of yen)	Description of business	Equity ownership percentage	Relationship with the related party	Nature of transactions	Transaction amount (thousands of yen)	Account	Balance at year-end (thousands of yen)
Parent company	Toyota Industries Corporation	Kariya-shi, Aichi	80,462,672	Manufacture and sale of automobiles, industrial vehicles, and textile machinery, etc.	53.6	Sale of specially equipped vehicles as well as sale and purchase of their parts; concurrent appointments of officers; and deposits of funds	Deposits paid (Net)*	360,848	Deposits paid	36,897,023

(Note) Commercial terms and conditions

* With regards to deposits paid, the Company conducted transactions using CMS (Cash Management Service) operated by Toyota Industries Corporation, and charged a reasonable interest on deposits paid in accordance with market interest rates. The transaction amount is indicated on a net value basis.

For the fiscal year ended March 31, 2023

Type	Name of the related company	Location	Capital (thousands of yen)	Description of business	Equity ownership percentage	Relationship with the related party	Nature of transactions	Transaction amount (thousands of yen)	Account	Balance at year-end (thousands of yen)
Parent company	Toyota Industries Corporation	Kariya-shi, Aichi	80,462,672	Manufacture and sale of automobiles, industrial vehicles, and textile machinery, etc.	53.9	Sale of specially equipped vehicles as well as sale and purchase of their parts; concurrent appointments of officers; and deposits of funds	Deposits paid (Net)*	968,463	Deposits paid	37,865,486

(Note) Commercial terms and conditions

* With regards to deposits paid, the Company conducted transactions using CMS (Cash Management Service) operated by Toyota Industries Corporation, and charged a reasonable interest on deposits paid in accordance with market interest rates. The transaction amount is indicated on a net value basis.

2. Notes on the parent company and significant affiliates

(1) Information about the parent company

Toyota Industries Corporation (listed on the Tokyo Stock Exchange and the Nagoya Stock Exchange)

(2) Condensed financial information of significant affiliates

There are no applicable items.

Per Share Information

(Yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net assets per share	1,006.05	1,044.71
Basic earnings per share	74.09	79.16

(Notes) 1. Basic earnings per share (diluted) is not stated as there are no shares with a dilutive effect.

2. The basis for the calculation of basic earnings per share was as follows:

(Thousands of yen unless otherwise stated)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Profit attributable to owners of parent	5,644,982	5,958,103
Amount not attributable to common shareholders	–	–
Profit attributable to common shareholders of parent	5,644,982	5,958,103
Average number of common shares outstanding during the period (thousand shares)	76,195	75,268

Subsequent Events

There are no applicable items.

(v) Annexed Consolidated Detailed Schedules**Annexed Consolidated Detailed Schedule of Corporate Bonds**

There are no applicable items.

Annexed Consolidated Detailed Schedule of Borrowings

(Thousands of yen unless otherwise stated)

Category	Balance at beginning of period	Balance at end of period	Average interest rate (%)	Repayment due
Short-term borrowings	–	–	–	–
Current portion of long-term borrowings	–	–	–	–
Current portion of lease liabilities	102,516	94,148	–	–
Long-term borrowings (except for current portion)	–	–	–	–
Lease liabilities (except for current portion)	295,055	214,152	–	June 24, 2024 through August 23, 2032
Other interest-bearing debt	–	–	–	–
Total	397,571	308,300	–	–

(Notes) 1. The average interest rate on lease liabilities is not stated because these liabilities are recorded on the consolidated balance sheets in the amount before deducting the amount equivalent to interest included in the total lease payments.

2. Annual repayment schedule of lease liabilities (except for the current portion) and other interest-bearing debt over a period of five years from the fiscal year-end is as follows:

(Thousands of yen)

Category	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years
Lease liabilities	63,382	42,882	31,065	24,084

Annexed Consolidated Detailed Schedule of Asset Retirement Obligations

This information is omitted as the beginning and ending balances of asset retirement obligations for the fiscal year ended March 31, 2023 were one percent or less of the total beginning and ending balances of liabilities and net assets of the fiscal year ended March 31, 2023.

(2) Other Information

Quarterly financial information for the fiscal year ended March 31, 2023

Cumulative period	First three months	First six months	First nine months	Full year
Net sales (Thousands of yen)	10,681,825	27,092,282	39,881,526	60,678,851
Profit before income taxes (Thousands of yen)	986,442	2,903,474	4,163,614	8,277,030
Profit attributable to owners of parent (Thousands of yen)	702,729	2,078,893	2,982,338	5,958,103
Basic earnings per share (Yen)	9.32	27.60	39.61	79.16

Accounting period	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Basic earnings per share (Yen)	9.32	18.30	12.01	39.57

2 Non-consolidated Financial Statements, etc.

(1) Non-consolidated Financial Statements

(i) Non-consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	219,606	186,934
Deposits paid	*2 36,897,023	*2 37,865,486
Notes receivable – trade	1,477,282	1,885,769
Electronically recorded monetary claims – operating	1,379,649	1,522,811
Accounts receivable – trade	15,779,964	20,006,760
Merchandise and finished goods	721,950	1,004,451
Work in process	1,400,117	1,175,882
Raw materials and supplies	1,035,640	1,199,929
Short-term loans receivable	214,390	66,765
Other	735,061	1,224,903
Allowance for doubtful accounts	(92,000)	–
Total current assets	*1 59,768,686	*1 66,139,694
Non-current assets		
Property, plant and equipment		
Buildings	6,097,662	5,793,536
Structures	628,390	529,424
Machinery and equipment	1,832,268	1,468,358
Vehicles	1,941	27,250
Tools, furniture and fixtures	161,365	149,994
Land	8,524,007	8,523,400
Construction in progress	1,369	341,940
Other	331,906	262,839
Total property, plant and equipment	17,578,912	17,096,745
Intangible assets		
Right to use water facilities	846	752
Software	253,736	214,072
Other	47,300	33,249
Total intangible assets	301,883	248,074

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Investments and other assets		
Investment securities	7,311,005	6,959,086
Investments in capital	1,010	1,010
Investments in capital of subsidiaries and associates	1,420,530	1,420,530
Long-term prepaid expenses	125,397	140,576
Guarantee deposits	56,129	55,060
Other	101,060	17,238
Allowance for doubtful accounts	(86,486)	(6,653)
Total investments and other assets	8,928,646	8,586,848
Total non-current assets	26,809,442	25,931,668
Total assets	86,578,128	92,071,363
Liabilities		
Current liabilities		
Notes payable – trade	1,004,225	716,495
Electronically recorded obligations – operating	3,406,319	3,849,666
Accounts payable – trade	4,315,166	5,762,250
Accounts payable – other	770,587	744,278
Accrued expenses	1,343,175	1,420,484
Income taxes payable	712,036	1,371,163
Accrued consumption taxes	21,044	237,459
Deposits received	311,251	302,020
Unearned revenue	365	431
Provision for bonuses for directors (and other officers)	38,000	38,000
Provision for product warranties	228,271	153,065
Notes payable – facilities	41,647	169,025
Electronically recorded obligations – operating-facilities	25,267	7,675
Other	102,516	94,148
Total current liabilities	*1 12,319,875	*1 14,866,163
Non-current liabilities		
Deferred tax liabilities	179,344	229,718
Deferred tax liabilities for land revaluation	616,302	616,302
Provision for retirement benefits	1,504,152	1,454,954
Other	337,835	253,294
Total non-current liabilities	2,637,635	2,554,271
Total liabilities	14,957,511	17,420,434

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Net assets		
Shareholders' equity		
Share capital	10,425,325	10,425,325
Capital surplus		
Legal capital surplus	9,941,842	9,941,842
Total capital surplus	9,941,842	9,941,842
Retained earnings		
Other retained earnings		
Retained earnings brought forward	49,439,001	52,025,180
Total retained earnings	49,439,001	52,025,180
Treasury shares	(646,937)	(313)
Total shareholders' equity	69,159,232	72,392,034
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	4,085,430	3,882,938
Revaluation reserve for land	(1,624,044)	(1,624,044)
Total valuation and translation adjustments	2,461,385	2,258,894
Total net assets	71,620,617	74,650,928
Total liabilities and net assets	86,578,128	92,071,363

(ii) Non-consolidated Statements of Income

(Thousands of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net sales	*1 56,099,093	*1 59,981,126
Cost of sales	*1 43,680,822	*1 47,316,902
Gross profit	12,418,270	12,664,223
Selling, general and administrative expenses	*1.2 5,560,071	*1.2 5,377,209
Operating profit	6,858,198	7,287,013
Non-operating income		
Interest and dividend income	161,818	866,987
Foreign exchange gains	41,872	46,011
Other	35,132	54,920
Total non-operating income	*1 238,822	*1 967,918
Non-operating expenses		
Other	1,871	933
Total non-operating expenses	*1 1,871	*1 933
Ordinary profit	7,095,149	8,253,999
Extraordinary income		
Gain on sale of non-current assets	1,054	755
Gain on sale of investment securities	119,079	406,591
Insurance claim income	*3 31,920	–
Total extraordinary income	152,054	407,347
Extraordinary losses		
Loss on sale of non-current assets	38	–
Loss on retirement of non-current assets	16,778	3,864
Loss on valuation of investment securities	–	6,650
Impairment losses	449	606
Loss on liquidation of subsidiaries and associates	–	*4 3,524
Total extraordinary losses	17,266	14,645
Profit before income taxes	7,229,937	8,646,700
Income taxes – current	1,881,459	2,189,589
Income taxes – deferred	279,628	102,487
Total income taxes	2,161,087	2,292,077
Profit	5,068,850	6,354,623

(iii) Non-consolidated Statements of Changes in Equity

For the fiscal year ended March 31, 2022

(Thousands of yen)

	Shareholders' equity					
	Share capital	Capital surplus			Retained earnings	
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings	Total retained earnings
				Retained earnings brought forward		
Balance at beginning of period	10,425,325	9,941,842	–	9,941,842	47,985,012	47,985,012
Changes during period						
Dividends of surplus					(2,444,671)	(2,444,671)
Profit					5,068,850	5,068,850
Purchase of treasury shares						
Disposal of treasury shares						
Cancellation of treasury shares			(1,170,188)	(1,170,188)		
Transfer from retained earnings to capital surplus			1,170,188	1,170,188	(1,170,188)	(1,170,188)
Net changes in items other than shareholders' equity						
Total changes during period	–	–	–	–	1,453,989	1,453,989
Balance at end of period	10,425,325	9,941,842	–	9,941,842	49,439,001	49,439,001

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments	
Balance at beginning of period	(1,147,983)	67,204,195	4,498,080	(1,624,044)	2,874,036	70,078,232
Changes during period						
Dividends of surplus		(2,444,671)				(2,444,671)
Profit		5,068,850				5,068,850
Purchase of treasury shares	(669,142)	(669,142)				(669,142)
Disposal of treasury shares		–				–
Cancellation of treasury shares	1,170,188	–				–
Transfer from retained earnings to capital surplus		–				–
Net changes in items other than shareholders' equity		–	(412,650)	–	(412,650)	(412,650)
Total changes during period	501,046	1,955,036	(412,650)	–	(412,650)	1,542,385
Balance at end of period	(646,937)	69,159,232	4,085,430	(1,624,044)	2,461,385	71,620,617

For the fiscal year ended March 31, 2023

(Thousands of yen)

	Shareholders' equity					
	Share capital	Capital surplus			Retained earnings	
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance at beginning of period	10,425,325	9,941,842	–	9,941,842	49,439,001	49,439,001
Changes during period						
Dividends of surplus					(2,790,323)	(2,790,323)
Profit					6,354,623	6,354,623
Purchase of treasury shares						
Disposal of treasury shares			(8)	(8)		
Cancellation of treasury shares			(978,113)	(978,113)		
Transfer from retained earnings to capital surplus			978,121	978,121	(978,121)	(978,121)
Net changes in items other than shareholders' equity						
Total changes during period	–	–	–	–	2,586,178	2,586,178
Balance at end of period	10,425,325	9,941,842	–	9,941,842	52,025,180	52,025,180

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments	
Balance at beginning of period	(646,937)	69,159,232	4,085,430	(1,624,044)	2,461,385	71,620,617
Changes during period						
Dividends of surplus		(2,790,323)				(2,790,323)
Profit		6,354,623				6,354,623
Purchase of treasury shares	(331,569)	(331,569)				(331,569)
Disposal of treasury shares	78	70				70
Cancellation of treasury shares	978,113	–				–
Transfer from retained earnings to capital surplus		–				–
Net changes in items other than shareholders' equity			(202,491)	–	(202,491)	(202,491)
Total changes during period	646,623	3,232,802	(202,491)	–	(202,491)	3,030,310
Balance at end of period	(313)	72,392,034	3,882,938	(1,624,044)	2,258,894	74,650,928

Notes to Non-consolidated Financial Statements

Significant Accounting Policies

1. Valuation of securities

(1) Available-for-sale securities

Securities other than shares, etc., that do not have a market price:

Stated at fair value (Net unrealized gains or losses are reported as a separate component in net assets, net of applicable income taxes. Gains and losses on disposition are computed mainly based on the moving average method.)

Shares, etc., that do not have a market price:

Stated at cost, cost mainly being determined by the moving average method.

(2) Shares of subsidiaries and affiliates

Stated at cost, cost being determined by the moving average method.

2. Valuation of inventories

Inventories are stated at cost (write-down due to decreased profitability).

(1) Finished goods and work in process are evaluated using the specific identification method.

(2) Raw materials are evaluated using the moving average method.

(3) Supplies are stated at cost, cost being determined by the last purchase price method.

3. Valuation of derivatives

Derivatives are stated at fair value.

4. Method of depreciation or amortization of non-current assets

(1) Property, plant and equipment (except for leased assets) are depreciated by the declining-balance method.

However, buildings (except for facilities attached to buildings) acquired on and after April 1, 1998 and facilities attached to buildings and structures acquired on and after April 1, 2016 are depreciated by the straight-line method.

(2) Intangible assets (except for leased assets) are amortized based on the straight-line method.

In addition, software for internal use is amortized by the straight-line method over their estimated useful lives (five years).

(3) Depreciation of leased assets regarding finance lease transactions that do not transfer ownership is computed by the straight-line method over the lease period with no residual value.

(4) Long-term prepaid expenses are amortized by the straight-line method.

5. Allowances and provisions

(1) Allowance for doubtful accounts

The Company provides for estimated losses on accounts receivable based on prior bad debt experience and a review of existing receivable balances. The Company reviews individual financial conditions for doubtful or troubled receivables and provides for losses on uncollectible amounts. In addition, a general reserve for other accounts receivable is provided based on historical loss experience for certain past periods.

(2) Provision for bonuses for directors (and other officers)

The Company provides for estimated payment of bonuses to directors.

(3) Provision for product warranties

The Company provides for estimated warranty costs based on the Company's prior experience and estimated costs to be incurred individually calculated for certain products.

(4) Provision for retirement benefits

The Company provides for estimated cost for future severance payments to employees based on the actuarial present value of retirement benefit obligations and pension plan assets.

- (i) Method of attributing projected benefit obligation to periods
In calculating retirement benefit obligations, the projected benefit obligation attributed to the current fiscal year is determined using the benefit formula basis.
- (ii) Calculation treatment for actuarial gains or losses
Actuarial gains or losses are amortized in the fiscal year following the fiscal year in which the gain or loss is recognized by the straight-line method over a fixed period (10 years), which is shorter than the average remaining years of service of the employees.

6. Accounting standards for revenue and expense recognition

The Company manufactures and sells specially equipped vehicles such as digger derricks, aerial work platforms and skid-steer loaders, sells their parts, and provides after-sales services such as repairs. The Company also provides training in the operation of aerial work platforms, etc. The Company usually recognizes revenue from the sales of these products and the provision of these services when they are accepted by customers because customers obtain control of these products and services, and the performance obligations are satisfied when the products and services are accepted by customers. However, the Company recognizes revenue from the sole domestic sales of parts at their shipment by applying the alternative treatment as stipulated in Paragraph 98 of the “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30) when the period between the shipment and the transfer of control of these parts to customers falls under the usual period.

There are cases where long-term maintenance contracts are concluded with customers as an after-sales service business and customers receive benefits from the provision of these services as the performance obligations are satisfied. The Company recognizes revenue from these services over the contract periods because the performance obligations of these services are satisfied over time.

For parts supply transactions for fees relating to specially equipped vehicles for which manufacturing consignment agreements are received from customers, the Company recognizes revenue from the sales of these specially equipped vehicles at the amounts excluding the amounts of parts supplied for fees.

7. Hedge accounting

Deferred hedge accounting is applied.

Designated hedge accounting (“Furiate-shori”) is applied for foreign currency forward contracts that meet qualifications for designated hedge accounting.

8. Other important matters for preparing non-consolidated financial statements

Accounting treatment for retirement benefits

The accounting treatment for unrecognized actuarial differences for retirement benefits differ from that of the consolidated financial statements.

Significant Accounting Estimates

Provision for product warranties

(1) Amounts recognized in the non-consolidated financial statements as of March 31, 2023

(Thousands of yen)	
As of March 31, 2022	As of March 31, 2023
228,271	153,065

(2) Information on the significant accounting estimates of the identified items

The provision for product warranties is categorized into a provision for free repairs carried out within the warranty period and a provision for free repairs to rectify defects in specific products.

For the provision for free repairs carried out within the warranty period, future product warranty expenses are estimated and recognized in a lump sum based on the actual ratio of warranty expenses incurred to sales.

For specific products subject to measures for rectifying defects, expected product warranty expenses are estimated and recognized individually based on the number of units to be rectified, the estimated cost of repair per unit, the percentage of the units that have actually been repaired, and the percentage of the liability shared with suppliers. If liabilities arise due to product defects that were not expected when the estimates were made for the provision, or if warranty expenses exceed the provision, it may become necessary to recognize additional provision for product warranties.

Meanwhile, if the actual warranty expenses turn out to be smaller than the provision, a reversal of the provision will be recognized.

Changes in Accounting Policies, etc.

Adoption of accounting standard for fair value measurement

The Company has adopted the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021; hereinafter “Fair Value Measurement Guidance”) from the beginning of the current fiscal year, and in accordance with the transitional treatment prescribed in Paragraph 27-2 of the Fair Value Measurement Guidance, the new accounting policies prescribed by the Fair Value Measurement Guidance will be adopted prospectively.

This change has no impact on the non-consolidated financial statements.

Non-consolidated Balance Sheets

*1 Assets and liabilities associated with subsidiaries and affiliates (excluding those presented as separate lines) were as follows:

	(Thousands of yen)	
	As of March 31, 2022	As of March 31, 2023
Short-term receivables	38,027,942	38,718,760
Short-term payables	248,248	277,701

*2 Deposits paid represent the amount of funds deposited with “Cash Management Service” operated by Toyota Industries Corporation, the parent company of the Company.

Non-consolidated Statements of Income

*1 Transactions with subsidiaries and affiliates were as follows:

	(Thousands of yen)	
	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net sales	3,123,532	2,261,237
Goods purchased	2,498,510	2,072,890
Selling, general and administrative expenses	7,557	59,627
Non-operating transactions	19,196	4,147

*2 Major items of selling, general and administrative expenses, their amounts and approximate composition were as follows:

	(Thousands of yen)	
	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Salaries and allowances	2,170,210	2,109,437
Provision for bonuses for directors (and other officers)	29,007	33,647
Retirement benefit expenses	142,342	142,486
Depreciation	327,552	296,949
Packing and delivery expenses	728,186	456,202
Approximate composition		
Selling expenses	43%	44%
General and administrative expenses	57%	56%

*3 Insurance claim income

For the fiscal year ended March 31, 2022

The Company recorded insurance claim income resulting from Typhoon Hagibis that occurred in October 2019 as extraordinary income.

For the fiscal year ended March 31, 2023

There are no applicable items.

*4 Loss on liquidation of subsidiaries and associates

For the fiscal year ended March 31, 2022

There are no applicable items.

For the fiscal year ended March 31, 2023

This loss was incurred due to a resolution made to liquidate AICHI AUS PTY LTD, a consolidated subsidiary of the Company.

Deferred Tax Assets and Liabilities

1. The significant components of deferred tax assets and liabilities were as follows:

	(Thousands of yen)	
	As of March 31, 2022	As of March 31, 2023
Deferred tax assets:		
Inventories	124,704	108,380
Accrued enterprise tax and business office tax	59,148	86,730
Provision for product warranties	69,531	46,623
Accrued bonuses	288,603	297,637
Provision for retirement benefits	735,350	552,835
Land	569,560	569,744
Investment securities	138,288	121,561
Other	472,751	458,874
Subtotal of deferred tax assets	2,457,939	2,242,388
Valuation allowance	(1,044,090)	(931,026)
Total deferred tax assets	1,413,849	1,311,361
Deferred tax liabilities:		
Valuation difference on available-for-sale securities	(1,584,313)	(1,532,200)
Other	(8,880)	(8,880)
Total deferred tax liabilities	(1,593,193)	(1,541,080)
Deferred tax liabilities (Net)	(179,344)	(229,718)

2. The significant components of deferred tax assets and liabilities in relation to revaluation reserve for land were as follows:

	(Thousands of yen)	
	As of March 31, 2022	As of March 31, 2023
Deferred tax assets:		
Unrealized loss on land revaluation	923,260	923,260
Subtotal of deferred tax assets	923,260	923,260
Valuation allowance	(923,260)	(923,260)
Total deferred tax assets	-	-
Deferred tax liabilities:		
Unrealized gain on land revaluation	(616,302)	(616,302)
Total deferred tax liabilities	(616,302)	(616,302)
Deferred tax liabilities (Net)	(616,302)	(616,302)

3. The reconciliation between the effective statutory tax rate and the actual effective tax rate after applying tax effect accounting was as follows:

	As of March 31, 2022	As of March 31, 2023
Effective statutory tax rate	-	30.5%
Adjustments:		
Expenses not deductible for income tax purposes (e.g., entertainment expenses)	-	0.3%
Income not taxable for income tax purposes (e.g., dividend income)	-	(2.4)%
Corporate inhabitant tax on per capita basis	-	0.5%
Changes in valuation allowance	-	(1.3)%
Other	-	(1.1)%
Effective tax rate after applying tax effect accounting	-	26.5%

(Note) The description on the reconciliation of the significant difference between the effective statutory tax rate and the actual

effective tax rate after applying tax effect accounting for the fiscal year ended March 31, 2022 is omitted, as the difference was five percent or less of the effective statutory tax rate.

Revenue Recognition

The description on the useful information in understanding revenue arising from contracts with customers is omitted as it is stated in “Notes to Consolidated Financial Statements, Revenue recognition.”

Subsequent Events

There are no applicable items.

(iv) Annexed Non-consolidated Detailed Schedules

Annexed Non-consolidated Detailed Schedule of Property, Plant and Equipment, etc.

(Thousands of yen)

Classification	Type of assets	Balance at beginning of period	Increase during period	Decrease during period	Amortization for the period	Balance at end of period	Accumulated depreciation
Property, plant and equipment	Buildings	6,097,662	93,640	414	397,352	5,793,536	10,204,220
	Structures	628,390	9,473	79	108,360	529,424	2,225,248
	Machinery and equipment	1,832,268	215,037	8,065	570,882	1,468,358	7,756,956
	Vehicles	1,941	34,496	0	9,187	27,250	65,938
	Tools, furniture and fixtures	161,365	74,874	0	86,244	149,994	2,585,179
	Land	8,524,007 [(1,007,741)]	–	606 (606)	–	8,523,400 [(1,007,741)]	–
	Construction in progress	1,369	371,471	30,900	–	341,940	–
	Other	331,906	13,984	–	83,051	262,839	485,104
	Subtotal	17,578,912	812,978	40,066 (606)	1,255,078	17,096,745	23,322,648
Intangible assets	Right to use water facilities	846	–	–	94	752	–
	Software	253,736	76,907	8,910	107,662	214,072	–
	Other	47,300	–	–	14,050	33,249	–
	Subtotal	301,883	76,907	8,910	121,806	248,074	–

- (Notes) 1. The figure shown in parentheses for decrease during period of land represents the amount of impairment loss recorded.
2. The figures shown in square brackets for balance at beginning of period and balance at end of period of land represent differences from the book value before the revaluation of land for business use performed pursuant to the “Act on Revaluation of Land” (Act No. 34, promulgated on March 31, 1998).

Annexed Non-consolidated Detailed Schedule of Provisions

(Thousands of yen)

Category	Balance at beginning of period	Increase during period	Decrease during period	Balance at end of period
Allowance for doubtful accounts	178,486	–	171,833	6,653
Provision for bonuses for directors (and other officers)	38,000	33,647	33,647	38,000
Provision for product warranties	228,271	6,161	81,367	153,065

(2) Components of Major Assets and Liabilities

This information is omitted because the Group has prepared the consolidated financial statements.

(3) Other Information

There are no applicable items.