

AICHI CORPORATION

Annual Securities Report

(English Translation)

March 31, 2024

5. 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, 2024 were audited by PricewaterhouseCoopers Japan LLC, in accordance with the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

PricewaterhouseCoopers Aarata LLC merged with PricewaterhouseCoopers Kyoto, and changed its name to PricewaterhouseCoopers Japan LLC on December 1, 2023.

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, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	1,162,162	42,131,006
Deposits paid	*2 37,865,486	–
Notes receivable – trade	3,408,581	*5 5,388,054
Accounts receivable – trade	20,063,056	11,690,930
Merchandise and finished goods	1,065,423	2,819,650
Work in process	1,251,898	1,643,386
Raw materials and supplies	1,486,946	1,562,785
Other	1,249,447	592,449
Total current assets	67,553,002	65,828,262
Non-current assets		
Property, plant and equipment		
Buildings and structures	19,505,384	20,094,861
Accumulated depreciation	(12,890,269)	(13,439,088)
Buildings and structures, net	6,615,115	6,655,773
Machinery, equipment and vehicles	9,957,769	10,243,708
Accumulated depreciation	(8,261,419)	(8,831,923)
Machinery, equipment and vehicles, net	1,696,350	1,411,784
Tools, furniture and fixtures	2,963,989	3,057,019
Accumulated depreciation	(2,788,596)	(2,857,974)
Tools, furniture and fixtures, net	175,392	199,044
Land	*1 8,523,400	*1 8,522,521
Leased assets	747,944	732,253
Accumulated depreciation	(485,104)	(505,936)
Leased assets, net	262,839	226,317
Construction in progress	341,940	134,614
Total property, plant and equipment	17,615,039	17,150,055
Intangible assets	601,208	651,201
Investments and other assets		
Investment securities	6,959,086	7,066,511
Retirement benefit asset	–	600,466
Other	*3 2,973,787	*3 3,630,421
Allowance for doubtful accounts	(6,653)	(5,301)
Total investments and other assets	9,926,220	11,292,097
Total non-current assets	28,142,468	29,093,354
Total assets	95,695,470	94,921,617

(Thousands of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable – trade	10,248,973	7,372,886
Lease liabilities	94,148	72,642
Income taxes payable	1,385,807	862,617
Provision for bonuses for directors (and other officers)	38,000	38,000
Provision for product warranties	153,065	133,476
Other	*4 2,975,807	*4 2,430,428
Total current liabilities	14,895,802	10,910,051
Non-current liabilities		
Lease liabilities	214,152	183,348
Deferred tax liabilities	695,862	1,383,340
Deferred tax liabilities for land revaluation	*1 616,302	*1 616,302
Retirement benefit liability	660,461	–
Other	39,142	39,511
Total non-current liabilities	2,225,920	2,222,503
Total liabilities	17,121,723	13,132,554
Net assets		
Shareholders' equity		
Share capital	10,425,325	10,425,325
Capital surplus	9,923,342	9,923,342
Retained earnings	54,606,278	56,428,242
Treasury shares	(313)	(8,939)
Total shareholders' equity	74,954,632	76,767,970
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,882,938	4,025,637
Revaluation reserve for land	*1 (1,624,044)	*1 (1,624,044)
Foreign currency translation adjustment	808,182	1,218,929
Remeasurements of defined benefit plans	552,038	1,400,570
Total accumulated other comprehensive income	3,619,115	5,021,092
Total net assets	78,573,747	81,789,062
Total liabilities and net assets	95,695,470	94,921,617

(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, 2023	For the fiscal year ended March 31, 2024
Net sales	*1 60,678,851	*1 53,129,278
Cost of sales	*2 47,627,170	*2 41,350,074
Gross profit	13,051,681	11,779,203
Selling, general and administrative expenses		
Packing and delivery expenses	479,842	519,553
Advertising expenses	72,348	79,936
Sales commission	33,027	18,000
Remuneration for directors (and other officers)	74,277	77,178
Salaries, allowances and bonuses	2,182,919	2,123,220
Provision for bonuses for directors (and other officers)	33,647	34,591
Retirement benefit expenses	142,486	100,998
Welfare expenses	506,773	457,976
Communication and transportation expenses	251,419	272,583
Depreciation	315,446	298,976
Repair expenses	71,617	71,925
Rent expenses	170,832	143,307
Research and development expenses	*6 478,312	*6 424,499
Other	887,419	814,839
Total selling, general and administrative expenses	5,700,370	5,437,588
Operating profit	7,351,310	6,341,615
Non-operating income		
Interest income	10,724	19,402
Dividend income	172,863	174,111
Foreign exchange gains	56,844	7,492
Share of profit of entities accounted for using equity method	375,337	443,652
Miscellaneous income	51,487	34,566
Total non-operating income	667,258	679,226
Non-operating expenses		
Miscellaneous losses	2,492	1,992
Total non-operating expenses	2,492	1,992
Ordinary profit	8,016,076	7,018,849

(Thousands of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Extraordinary income		
Gain on sale of non-current assets	*3 755	*3 763
Gain on sale of investment securities	406,591	469,008
Total extraordinary income	407,347	469,771
Extraordinary losses		
Loss on sale of non-current assets	170	–
Loss on retirement of non-current assets	*5 6,461	*5 998
Loss on valuation of investment securities	6,650	–
Impairment losses	*4 606	*4 415
Loss on liquidation of subsidiaries and associates	*7 28,491	–
Compensation for damage	*8 104,011	–
Total extraordinary losses	146,393	1,414
Profit before income taxes	8,277,030	7,487,206
Income taxes – current	2,177,077	1,987,427
Income taxes – deferred	141,849	229,699
Total income taxes	2,318,927	2,217,127
Profit	5,958,103	5,270,078
Profit attributable to owners of parent	5,958,103	5,270,078

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Profit	5,958,103	5,270,078
Other comprehensive income:		
Valuation difference on available-for-sale securities	(202,491)	142,698
Foreign currency translation adjustment	37,184	182,567
Remeasurements of defined benefit plans, net of tax	(153,242)	848,531
Share of other comprehensive income of entities accounted for using equity method	12,262	228,179
Total other comprehensive income	*1 (306,286)	*1 1,401,977
Comprehensive income	5,651,817	6,672,056
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,651,817	6,672,056
Comprehensive income attributable to non-controlling interests	–	–

(iii) Consolidated Statements of Changes in Equity

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

For the fiscal year ended March 31, 2024

(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	54,606,278	(313)	74,954,632
Changes during period					
Dividends of surplus			(2,858,014)		(2,858,014)
Profit attributable to owners of parent			5,270,078		5,270,078
Purchase of treasury shares				(598,726)	(598,726)
Cancellation of treasury shares		(590,100)		590,100	–
Transfer from retained earnings to capital surplus		590,100	(590,100)		–
Net changes in items other than shareholders' equity					–
Total changes during period	–	–	1,821,963	(8,625)	1,813,337
Balance at end of period	10,425,325	9,923,342	56,428,242	(8,939)	76,767,970

	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	3,882,938	(1,624,044)	808,182	552,038	3,619,115	78,573,747
Changes during period						
Dividends of surplus						(2,858,014)
Profit attributable to owners of parent						5,270,078
Purchase of treasury shares						(598,726)
Cancellation of treasury shares						–
Transfer from retained earnings to capital surplus						–
Net changes in items other than shareholders' equity	142,698	–	410,747	848,531	1,401,977	1,401,977
Total changes during period	142,698	–	410,747	848,531	1,401,977	3,215,315
Balance at end of period	4,025,637	(1,624,044)	1,218,929	1,400,570	5,021,092	81,789,062

(iv) Consolidated Statements of Cash Flows

(Thousands of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	8,277,030	7,487,206
Depreciation	1,484,874	1,440,853
Impairment losses	606	415
Increase (decrease) in allowance for doubtful accounts	(105)	(1,352)
Increase (decrease) in provision for product warranties	(75,205)	(19,588)
Decrease (increase) in retirement benefit asset	–	(600,466)
Increase (decrease) in retirement benefit liability	171,168	(660,461)
Interest and dividend income	(183,588)	(193,514)
Share of loss (profit) of entities accounted for using equity method	(375,337)	(443,652)
Loss (gain) on sale of investment securities	(406,591)	(469,008)
Loss (gain) on valuation of investment securities	6,650	–
Foreign exchange losses (gains)	(233)	(1,187)
Loss (gain) on sale and retirement of non-current assets	5,876	234
Decrease (increase) in trade receivables	(4,867,428)	6,414,625
Decrease (increase) in inventories	(97,425)	(2,186,934)
Increase (decrease) in trade payables	1,616,971	(2,894,893)
Compensation for damage	104,011	–
Other, net	307,942	776,418
Subtotal	5,969,215	8,648,697
Interest and dividends received	174,820	952,113
Compensation paid for damage	(104,011)	–
Income taxes paid	(1,531,291)	(2,489,172)
Net cash provided by (used in) operating activities	4,508,733	7,111,638
Cash flows from investing activities		
Decrease (increase) in deposits	(1,900,000)	33,300,000
Purchase of investment securities	(100)	–
Proceeds from sale of investment securities	497,355	565,984
Purchase of property, plant and equipment and intangible assets	(789,647)	(1,072,594)
Proceeds from sale of property, plant and equipment and intangible assets	3,329	9,085
Other, net	(64,501)	(39,166)
Net cash provided by (used in) investing activities	(2,253,563)	32,763,309
Cash flows from financing activities		
Purchase of treasury shares	(331,569)	(598,726)
Dividends paid	(2,790,323)	(2,858,014)
Other, net	(103,184)	(95,009)
Net cash provided by (used in) financing activities	(3,225,076)	(3,551,750)
Effect of exchange rate change on cash and cash equivalents	20,906	80,160
Net increase (decrease) in cash and cash equivalents	(949,001)	36,403,357
Cash and cash equivalents at beginning of period	6,676,649	5,727,648
Cash and cash equivalents at end of period	*1 5,727,648	*1 42,131,006

Notes to Consolidated Financial Statements

Summary of Significant Accounting Policies

1. Basis of consolidation

The accounts of the Company and all of its 2 subsidiaries are included in the consolidated financial statements.

Name of the consolidated subsidiaries

Zhejiang Aichi Industrial Machinery Co., Ltd.

AICHI NZ LIMITED

The Company completed liquidation procedures of AICHI AUS PTY LTD, which was a consolidated subsidiary, as of December 24, 2023, and therefore it has been excluded from the scope of consolidation.

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 and prior service costs

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.

Prior service costs are amortized when the prior service costs are recognized by the straight-line method over a fixed period (10 years), which is shorter than the average remaining years of service of the employee.

(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 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 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 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.

(6) Hedge accounting

- (i) 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 that can be withdrawn on demand, and highly liquid short-term investments with maturities of three months or less at the time of acquisition that are readily convertible into cash and are 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, 2024

(Thousands of yen)	
As of March 31, 2023	As of March 31, 2024
153,065	133,476

- (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.

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, 2023	As of March 31, 2024
Difference between the fair value at the end of the fiscal year ended March 31, 2024 and the book value of the land after the revaluation	(2,269,381)	(2,138,913)

*2 Deposits paid represent 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, 2023	As of March 31, 2024
Other (Investments in capital)	2,759,901	3,465,493

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

	(Thousands of yen)	
	As of March 31, 2023	As of March 31, 2024
Contract liabilities	174,141	226,462

*5 Notes maturing at the end of the fiscal year are settled on the clearance date of the notes. Because the last day of the current fiscal year fell on a holiday of financial institutions, the following notes maturing on the last day of the fiscal year were included in the balance at the end of the fiscal year.

	(Thousands of yen)	
	As of March 31, 2023	As of March 31, 2024
Notes receivable – trade	–	814,019

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, 2023	For the fiscal year ended March 31, 2024
Cost of sales	36,989	11,872

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

*4 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	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

For the fiscal year ended March 31, 2024

For the fiscal year ended March 31, 2024, impairment loss was incurred on the following asset group.

Location	Use	Type	Amount
Konan-cho, Takamatsu-shi, Kagawa	Idle land	Land	¥415 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 ¥415 thousand as impairment loss in extraordinary losses for the fiscal year ended March 31, 2024.

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 retirement of non-current assets was mainly attributable to the retirement of buildings, structures, and other items.

- *6 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, 2023	For the fiscal year ended March 31, 2024
Selling, general and administrative expenses	478,312	424,499

- *7 Loss on liquidation of subsidiaries and associates

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.

For the fiscal year ended March 31, 2024

There are no applicable items.

- *8 Compensation for damage

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.

For the fiscal year ended March 31, 2024

There are no applicable items.

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, 2023	For the fiscal year ended March 31, 2024
Valuation difference on available-for-sale securities		
Amount incurred during period	(654,365)	673,409
Reclassification adjustments	399,760	(469,008)
Before tax effect adjustment	(254,604)	204,401
Tax effect	52,113	(61,703)
Valuation difference on available-for-sale securities	(202,491)	142,698
Foreign currency translation adjustment		
Amount incurred during period	37,184	182,567
Foreign currency translation adjustment	37,184	182,567
Remeasurements of defined benefit plans		
Amount incurred during period	(277,186)	1,327,823
Reclassification adjustments	56,820	(107,616)
Before tax effect adjustment	(220,366)	1,220,206
Tax effect	67,123	(371,675)
Remeasurements of defined benefit plans	(153,242)	848,531
Share of other comprehensive income of entities accounted for using equity method		
Amount incurred during period	12,262	228,179
Total other comprehensive income	(306,286)	1,401,977

Consolidated Statements of Changes in Equity

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 ended 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

For the fiscal year ended March 31, 2024

1. Class and number of issued shares

Class of shares	As of April 1, 2023	Increase	Decrease	As of March 31, 2024
Common shares (shares)	75,211,400	–	641,400	74,570,000

(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 February 28, 2024.

2. Class and number of treasury shares

Class of shares	As of April 1, 2023	Increase	Decrease	As of March 31, 2024
Common shares (shares)	375	650,722	641,400	9,697

(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 November 29, 2023	650,000 shares
Acquisition of shares less than one unit	722 shares

The decrease in the number was attributable to:

Cancellation of treasury shares based on a resolution made at a board meeting held on February 28, 2024	641,400 shares
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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 25, 2023	Common shares	1,429,009	19.00	March 31, 2023	June 1, 2023
Board meeting on October 27, 2023	Common shares	1,429,005	19.00	September 30, 2023	November 28, 2023

(2) Dividends whose record date fell in the fiscal year ended March 31, 2024, but the effective date of distribution falls in the fiscal year ending March 31, 2025

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 23, 2024	Common shares	Retained earnings	1,565,766	21.00	March 31, 2024	May 30, 2024

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, 2023	For the fiscal year ended March 31, 2024
Cash and deposits	1,162,162	42,131,006
Deposits paid	37,865,486	-
Subtotal	39,027,648	42,131,006
Deposit paid due from banks over three months	(33,300,000)	-
Cash and cash equivalents	5,727,648	42,131,006

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, 2023	As of March 31, 2024
Within one year	9,459	6,710
Over one year	10,993	8,106
Total	20,453	14,816

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 were invested through Cash Management Service operated by the parent company. Currently, the entire amount deposited with CMS has been transferred to a bank after full consideration of future capital needs and the environment surrounding the 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 receivable – trade 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, 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 receivable – trade, 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

As of March 31, 2024

(Thousands of yen)

	Consolidated balance sheet amount	Fair value	Difference
Investment securities			
Available-for-sale securities	6,710,851	6,710,851	—
Total assets	6,710,851	6,710,851	—

*1 Notes to deposits, notes receivable – trade, 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, 2024 (Thousands of yen)
Unlisted shares	355,660

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

As of March 31, 2023

(Thousands of yen)

	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	–	–	–

As of March 31, 2024

(Thousands of yen)

	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	42,131,006	–	–	–
Notes receivable – trade	5,388,054	–	–	–
Accounts receivable – trade	11,690,930	–	–	–
Total	59,209,991	–	–	–

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, 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

As of March 31, 2024

Category	Fair value (Thousands of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities	6,710,851	–	–	6,710,851

(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, 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

As of March 31, 2024

(Thousands of yen)

Category	Consolidated balance sheet amount	Acquisition cost	Difference
Securities whose consolidated balance sheet amount exceeds the acquisition cost:			
Shares	6,710,851	1,091,310	5,619,540
Subtotal	6,710,851	1,091,310	5,619,540
Securities whose consolidated balance sheet amount does not exceed the acquisition cost:			
Shares	–	–	–
Subtotal	–	–	–
Total	6,710,851	1,091,310	5,619,540

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

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	–

For the fiscal year ended March 31, 2024

(Thousands of yen)

Category	Proceeds from sale	Total gain on sale	Total loss on sale
Shares	565,984	469,008	–
Total	565,984	469,008	–

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, 2023 and 2024

There are no applicable items.

2. Derivative transactions to which hedge accounting is applied

Currency-related derivatives

As of March 31, 2023

(Thousands of yen)

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.

As of March 31, 2024

(Thousands of yen)

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	13,519	–	(Note)
Total			13,519	–	(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 ¥212 million for the fiscal year ended March 31, 2023 and ¥211 million for the fiscal year ended March 31, 2024.

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

	(Millions of yen)	
	As of March 31, 2023	As of March 31, 2024
Amount of plan assets	15,269	15,832
Total amount of actuarial liability and minimum actuarial reserve for the purpose of pension financing calculation	20,314	19,987
Net amount	(5,045)	(4,155)

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

11.1% for the fiscal year ended March 31, 2023

11.0% for the fiscal year ended March 31, 2024

(3) Supplementary explanation

The net amount presented in (1) above was mainly due to the balance of prior service liability (negative ¥7,281 million for the fiscal year ended March 31, 2023 and negative ¥6,096 million for the fiscal year ended March 31, 2024) and surplus (¥2,096 million for the fiscal year ended March 31, 2023 and ¥1,941 million for the fiscal year ended March 31, 2024) 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, 2023	For the fiscal year ended March 31, 2024
Retirement benefit obligations at beginning of period	7,073,162	6,997,648
Service cost	336,984	324,220
Interest cost	35,293	34,154
Actuarial gains and losses incurred	12,920	(676,621)
Accrual for prior service costs	–	(157,833)
Retirement benefits paid	(460,714)	(262,181)
Retirement benefit obligations at end of period	6,997,648	6,259,386

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

	(Thousands of yen)	
	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Plan assets at beginning of period	6,583,870	6,337,187
Expected return on plan assets	32,919	31,685
Actuarial gains and losses incurred	(150,624)	509,151
Contributions from employer	326,236	244,008
Retirement benefits paid	(455,214)	(262,181)
Plan assets at end of period	6,337,187	6,859,852

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

	(Thousands of yen)	
	As of March 31, 2023	As of March 31, 2024
Funded retirement benefit obligations	6,997,648	6,259,386
Plan assets	(6,337,187)	(6,859,852)
Net amount of liability and asset recorded in consolidated balance sheets	660,461	(600,466)
Retirement benefit liability	660,461	–
Retirement benefit asset	–	(600,466)
Net amount of liability and asset recorded in consolidated balance sheets	660,461	(600,466)

(4) Components of retirement benefit expenses

	(Thousands of yen)	
	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Service cost	336,984	324,220
Interest cost	35,293	34,154
Expected return on plan assets	(32,919)	(31,685)
Amortization of actuarial gains and losses	(56,820)	(107,616)
Amortization of prior service costs	–	(15,783)
Retirement benefit expenses on defined benefit plans	282,538	203,288

(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, 2023	For the fiscal year ended March 31, 2024
Prior service cost	–	142,050
Actuarial gains and losses	220,366	1,078,156
Total	220,366	1,220,206

(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, 2023	As of March 31, 2024
Unrecognized prior service cost	–	142,050
Unrecognized actuarial gains and losses	794,493	1,872,650
Total	794,493	2,014,700

(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, 2023	As of March 31, 2024
Bonds	39%	37%
Shares	21%	25%
Alternatives	28%	29%
Life insurance company general account	6%	6%
Cash and deposits	6%	3%
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 6% and 0% of the total plan assets as of March 31, 2023 and 2024, 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, 2023	For the fiscal year ended March 31, 2024
Discount rate	0.5%	1.3%
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, 2023	As of March 31, 2024
Deferred tax assets:		
Inventories	166,286	156,820
Accrued enterprise tax and business office tax	86,730	61,950
Unrealized gain on non-current assets	1,830	1,296
Provision for product warranties	46,623	40,657
Accrued bonuses	297,637	300,654
Retirement benefit liability	310,379	–
Land	569,744	569,871
Investment securities	121,561	120,482
Tax loss carryforwards (Note)	32,980	2,206
Other	136,224	142,303
Subtotal of deferred tax assets	1,770,000	1,396,242
Valuation allowance for deductible temporary differences	(601,606)	(691,996)
Subtotal of valuation allowance	(601,606)	(691,996)
Total deferred tax assets	1,168,393	704,246
Deferred tax liabilities:		
Valuation difference on available-for-sale securities	(1,532,200)	(1,593,903)
Retirement benefit asset	–	(176,403)
Other	(332,055)	(317,279)
Total deferred tax liabilities	(1,864,255)	(2,087,586)
Deferred tax liabilities (Net)	(695,862)	(1,383,340)

(Note) Tax loss carryforwards and resulting deferred tax assets by expiration period
As of March 31, 2023

	(Thousands of yen)						
	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	–	–	–	–	32,980	–	32,980
Deferred tax assets	–	–	–	–	32,980	–	32,980

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

As of March 31, 2024

	(Thousands of yen)						
	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	–	–	–	2,206	–	–	2,206
Deferred tax assets	–	–	–	2,206	–	–	2,206

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, 2023	As of March 31, 2024
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, 2023	As of March 31, 2024
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)	(2.5)%	–%
Corporate inhabitant tax on per capita basis	0.5%	–%
Changes in valuation allowance	(1.5)%	–%
Share of loss (profit) of entities accounted for using equity method	(1.4)%	–%
Tax effects on retained earnings of foreign subsidiaries and affiliates	0.1%	–%
Other	2.0%	–%
Effective tax rate after applying tax effect accounting	28.0%	–%

(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, 2024 is omitted, as the difference was five percent or less of the effective statutory tax rate.

Revenue Recognition

1. Information about breakdown of revenue from contracts with customers

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.

For the fiscal year ended March 31, 2024

Major regional markets

(Thousands of yen)

	Reportable segment			Other (Note)	Total
	Specially equipped vehicles	Parts & repair	Subtotal		
Japan	37,378,672	11,416,852	48,795,525	610,387	49,405,912
Asia	1,451,896	778,507	2,230,403	–	2,230,403
Other	1,372,048	120,913	1,492,961	–	1,492,961
Revenue from contracts with customers	40,202,618	12,316,273	52,518,891	610,387	53,129,278
Net sales to external customers	40,202,618	12,316,273	52,518,891	610,387	53,129,278

(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	40,202,618	12,261,918	52,464,537	610,387	53,074,924
Goods transferred over time (Note 2)	–	54,354	54,354	–	54,354
Revenue from contracts with customers	40,202,618	12,316,273	52,518,891	610,387	53,129,278
Net sales to external customers	40,202,618	12,316,273	52,518,891	610,387	53,129,278

(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, 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, 2024 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
Due after one year but within two years	259,066
Due after two years but within three years	205,825
Due after three years	507,639
Total	1,313,229

For the fiscal year ended March 31, 2024

(1) Balance of contract liabilities

(Thousands of yen)

	As of March 31, 2024
Receivables from contracts with customers (balance at beginning of period)	23,471,637
Receivables from contracts with customers (balance at end of period)	17,078,985
Contract assets (balance at beginning of period)	–
Contract assets (balance at end of period)	–
Contract liabilities (balance at beginning of period)	174,141
Contract liabilities (balance at end of period)	226,462

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, 2024 that was included in the contract liability balance at the beginning of the period was ¥122,012 thousand.

The amount of revenue recognized in the fiscal year ended March 31, 2024 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, 2024
Within one year	533,377
Due after one year but within two years	454,902
Due after two years but within three years	267,706
Due after three years	559,642
Total	1,815,628

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, 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.

For the fiscal year ended March 31, 2024

(Thousands of yen)

	Reportable segment			Other (Note 1)	Total
	Specially equipped vehicles	Parts & repair	Subtotal		
Net sales					
Net sales to external customers	40,202,618	12,316,273	52,518,891	610,387	53,129,278
Intra-group sales or transfers	2,289,186	81,237	2,370,424	–	2,370,424
Subtotal	42,491,804	12,397,510	54,889,315	610,387	55,499,702
Segment profit	7,518,120	4,122,891	11,641,011	109,065	11,750,076
Segment assets	–	–	–	–	94,921,617
Segment liabilities	–	–	–	–	13,132,554
Other items					
Depreciation	801,308	136,687	937,995	4,537	942,533
Increase in property, plant and equipment and intangible assets	–	–	–	–	969,319

- (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, 2023	For the fiscal year ended March 31, 2024
Total of reportable segments	61,603,331	54,889,315
Net sales in the category “Other”	656,864	610,387
Elimination of intercompany transactions	(1,581,344)	(2,370,424)
Net sales on consolidated financial statements	60,678,851	53,129,278

(Thousands of yen)

Profit	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Total of reportable segments	12,863,415	11,641,011
Profit in the category “Other”	123,364	109,065
Elimination of intercompany transactions	64,901	29,126
Corporate expenses (Note)	(5,700,370)	(5,437,588)
Operating profit on consolidated financial statements	7,351,310	6,341,615

(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, 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.

For the fiscal year ended March 31, 2024

1. Information by product and service

(Thousands of yen)

	Aerial work platforms	Inspection & repair	Other	Total
Net sales to external customers	35,568,391	5,821,565	11,739,321	53,129,278

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, 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.

For the fiscal year ended March 31, 2024

(Thousands of yen)

	Reportable segment			Other	Elimination/ Corporate	Total
	Specially equipped vehicles	Parts & repair	Subtotal			
Impairment losses	-	-	-	-	-	415

(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

As of March 31, 2023 and 2024

There are no applicable items.

Information on Gain on Bargain Purchase by Reportable Segment

As of March 31, 2023 and 2024

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, 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.

For the fiscal year ended March 31, 2024

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.	54.3	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)*	37,865,486	Deposits paid	—

(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. After full consideration of future capital needs and the environment surrounding the Company, the entire amount deposited with CMS has been transferred to a bank. 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, 2023	For the fiscal year ended March 31, 2024
Net assets per share	1,044.71	1,096.95
Basic earnings per share	79.16	70.26

(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, 2023	For the fiscal year ended March 31, 2024
Profit attributable to owners of parent	5,958,103	5,270,078
Amount not attributable to common shareholders	–	–
Profit attributable to common shareholders of parent	5,958,103	5,270,078
Average number of common shares outstanding during the period (thousand shares)	75,268	75,010

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	94,148	72,642	–	–
Long-term borrowings (except for current portion)	–	–	–	–
Lease liabilities (except for current portion)	214,152	183,348	–	May 30, 2025 through August 23, 2032
Other interest-bearing debt	–	–	–	–
Total	308,300	255,990	–	–

- (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	52,143	40,326	33,344	26,581

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, 2024 were one percent or less of the total beginning and ending balances of liabilities and net assets of the fiscal year ended March 31, 2024.

(2) Other Information

Quarterly financial information for the fiscal year ended March 31, 2024

Cumulative period		First three months	First six months	First nine months	Full year
Net sales	(Thousands of yen)	10,606,020	26,395,450	38,728,799	53,129,278
Profit before income taxes	(Thousands of yen)	936,811	2,873,564	4,793,711	7,487,206
Profit attributable to owners of parent	(Thousands of yen)	664,161	2,045,892	3,406,240	5,270,078
Basic earnings per share	(Yen)	8.83	27.20	45.33	70.26

Accounting period		First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Basic earnings per share	(Yen)	8.83	18.37	18.13	25.00

2. Non-consolidated Financial Statements, etc.

(1) Non-consolidated Financial Statements

(i) Non-consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	186,934	40,839,768
Deposits paid	*2 37,865,486	–
Notes receivable – trade	1,885,769	*3 3,301,753
Electronically recorded monetary claims – operating	1,522,811	2,086,301
Accounts receivable – trade	20,006,760	11,715,904
Merchandise and finished goods	1,004,451	2,770,963
Work in process	1,175,882	1,570,699
Raw materials and supplies	1,199,929	1,329,006
Short-term loans receivable	66,765	–
Other	1,224,903	550,542
Total current assets	*1 66,139,694	:1 64,164,939
Non-current assets		
Property, plant and equipment		
Buildings	5,793,536	5,907,638
Structures	529,424	473,129
Machinery and equipment	1,468,358	1,209,509
Vehicles	27,250	28,069
Tools, furniture and fixtures	149,994	177,207
Land	8,523,400	8,522,521
Construction in progress	341,940	134,614
Other	262,839	226,317
Total property, plant and equipment	17,096,745	16,679,007
Intangible assets		
Right to use water facilities	752	658
Software	214,072	265,866
Other	33,249	20,156
Total intangible assets	248,074	286,680

(Thousands of yen)

	As of March 31, 2023	As of March 31, 2024
Investments and other assets		
Investment securities	6,959,086	7,066,511
Investments in capital	1,010	1,080
Investments in capital of subsidiaries and associates	1,420,530	1,420,530
Long-term prepaid expenses	140,576	94,767
Guarantee deposits	55,060	53,455
Other	17,238	15,625
Allowance for doubtful accounts	(6,653)	(5,301)
Total investments and other assets	8,586,848	8,646,668
Total non-current assets	25,931,668	25,612,356
Total assets	92,071,363	89,777,295
Liabilities		
Current liabilities		
Notes payable – trade	716,495	1,097,968
Electronically recorded obligations – operating	3,849,666	2,817,383
Accounts payable – trade	5,762,250	3,590,069
Accounts payable – other	744,278	611,060
Accrued expenses	1,420,484	1,349,944
Income taxes payable	1,371,163	862,617
Accrued consumption taxes	237,459	–
Deposits received	302,020	324,503
Unearned revenue	431	475
Provision for bonuses for directors (and other officers)	38,000	38,000
Provision for product warranties	153,065	133,476
Notes payable – facilities	169,025	48,617
Electronically recorded obligations – operating-facilities	7,675	12,569
Other	94,148	72,642
Total current liabilities	*1 14,866,163	*1 10,959,328
Non-current liabilities		
Deferred tax liabilities	229,718	526,201
Deferred tax liabilities for land revaluation	616,302	616,302
Provision for retirement benefits	1,454,954	1,414,234
Other	253,294	222,859
Total non-current liabilities	2,554,271	2,779,599
Total liabilities	17,420,434	13,738,927

(Thousands of yen)

	As of March 31, 2023	As of March 31, 2024
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	52,025,180	53,278,547
Total retained earnings	52,025,180	53,278,547
Treasury shares	(313)	(8,939)
Total shareholders' equity	72,392,034	73,636,774
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	3,882,938	4,025,637
Revaluation reserve for land	(1,624,044)	(1,624,044)
Total valuation and translation adjustments	2,258,894	2,401,593
Total net assets	74,650,928	76,038,368
Total liabilities and net assets	92,071,363	89,777,295

(ii) Non-consolidated Statements of Income

(Thousands of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Net sales	*1 59,981,126	*1 52,956,747
Cost of sales	*1 47,316,902	*1 41,562,121
Gross profit	12,664,223	11,394,626
Selling, general and administrative expenses	*1,2 5,377,209	*1,2 5,176,021
Operating profit	7,287,013	6,218,605
Non-operating income		
Interest and dividend income	866,987	186,590
Foreign exchange gains	46,011	16,175
Other	54,920	33,385
Total non-operating income	*1 967,918	*1 236,152
Non-operating expenses		
Other	933	1,987
Total non-operating expenses	*1 933	*1 1,987
Ordinary profit	8,253,999	6,452,770
Extraordinary income		
Gain on sale of non-current assets	755	763
Gain on sale of investment securities	406,591	469,008
Total extraordinary income	407,347	469,771
Extraordinary losses		
Loss on retirement of non-current assets	3,864	998
Loss on valuation of investment securities	6,650	–
Impairment losses	606	415
Loss on liquidation of subsidiaries and associates	*3 3,524	–
Total extraordinary losses	14,645	1,414
Profit before income taxes	8,646,700	6,921,127
Income taxes – current	2,189,589	1,984,865
Income taxes – deferred	102,487	234,780
Total income taxes	2,292,077	2,219,645
Profit	6,354,623	4,701,481

(iii) Non-consolidated Statements of Changes in Equity

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	Total retained earnings
				Retained earnings brought forward		
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

For the fiscal year ended March 31, 2024

(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	52,025,180	52,025,180
Changes during period						
Dividends of surplus					(2,858,014)	(2,858,014)
Profit					4,701,481	4,701,481
Purchase of treasury shares						
Cancellation of treasury shares			(590,100)	(590,100)		
Transfer from retained earnings to capital surplus			590,100	590,100	(590,100)	(590,100)
Net changes in items other than shareholders' equity						
Total changes during period	–	–	–	–	1,253,366	1,253,366
Balance at end of period	10,425,325	9,941,842	–	9,941,842	53,278,547	53,278,547

	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	(313)	72,392,034	3,882,938	(1,624,044)	2,258,894	74,650,928
Changes during period						
Dividends of surplus		(2,858,014)				(2,858,014)
Profit		4,701,481				4,701,481
Purchase of treasury shares	(598,726)	(598,726)				(598,726)
Cancellation of treasury shares	590,100	–				–
Transfer from retained earnings to capital surplus		–				–
Net changes in items other than shareholders' equity			142,698	–	142,698	142,698
Total changes during period	(8,625)	1,244,740	142,698	–	142,698	1,387,439
Balance at end of period	(8,939)	73,636,774	4,025,637	(1,624,044)	2,401,593	76,038,368

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) Leased assets

Leased assets related to finance lease transactions that do not transfer ownership

Depreciation of leased assets is computed by the straight-line method over the lease period deemed as useful lives 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 and prior service costs

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.

Prior service costs are amortized when the prior service costs are recognized by the straight-line method over a fixed period (10 years), which is shorter than the average remaining years of service of the employee.

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. Summary of Other Significant Accounting Policies

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, 2024

(Thousands of yen)

As of March 31, 2023	As of March 31, 2024
153,065	133,476

(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.

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, 2023	As of March 31, 2024
Short-term receivables	38,718,760	608,596
Short-term payables	277,701	284,312

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

*3 Notes maturing at the end of the fiscal year are settled on the clearance date of the notes. Because the last day of the fiscal year fell on a holiday of financial institutions, the following notes maturing on the last day of the fiscal year were included in the balance at the end of the fiscal year.

	(Thousands of yen)	
	As of March 31, 2023	As of March 31, 2024
Notes receivable – trade	–	814,019

Non-consolidated Statements of Income

*1 Transactions with subsidiaries and affiliates were as follows:

	(Thousands of yen)	
	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Net sales	2,261,237	2,684,052
Goods purchased	2,072,890	3,111,991
Selling, general and administrative expenses	59,627	12,506
Non-operating transactions	4,147	13,006

*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, 2023	For the fiscal year ended March 31, 2024
Salaries and allowances	2,109,437	2,073,022
Provision for bonuses for directors (and other officers)	33,647	34,591
Retirement benefit expenses	142,486	100,998
Depreciation	296,949	277,148
Packing and delivery expenses	456,202	504,437
Approximate composition		
Selling expenses	44%	44%
General and administrative expenses	56%	56%

*3 Loss on liquidation of subsidiaries and associates

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.

For the fiscal year ended March 31, 2024

There are no applicable items.

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, 2023	As of March 31, 2024
Deferred tax assets:		
Inventories	108,380	99,715
Accrued enterprise tax and business office tax	86,730	61,950
Provision for product warranties	46,623	40,657
Accrued bonuses	297,637	300,654
Provision for retirement benefits	552,835	437,727
Land	569,744	569,871
Investment securities	121,561	120,482
Other	458,874	375,213
Subtotal of deferred tax assets	2,242,388	2,006,271
Valuation allowance	(931,026)	(929,690)
Total deferred tax assets	1,311,361	1,076,581
Deferred tax liabilities:		
Valuation difference on available-for-sale securities	(1,532,200)	(1,593,903)
Other	(8,880)	(8,880)
Total deferred tax liabilities	(1,541,080)	(1,602,783)
Deferred tax liabilities (Net)	(229,718)	(526,201)

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, 2023	As of March 31, 2024
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, 2023	As of March 31, 2024
Effective statutory tax rate	30.5%	30.5%
Adjustments:		
Expenses not deductible for income tax purposes (e.g., entertainment expenses)	0.3%	0.3%
Income not taxable for income tax purposes (e.g., dividend income)	(2.4%)	(0.2%)
Corporate inhabitant tax on per capita basis	0.5%	0.6%
Withholding tax, etc. on dividends from foreign affiliates	–%	1.1%
Changes in valuation allowance	(1.3%)	–%
Other	(1.1%)	(0.2%)
Effective tax rate after applying tax effect accounting	26.5%	32.1%

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)

Category	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	5,793,536	521,524	7,857	399,564	5,907,638	10,582,632
	Structures	529,424	44,363	46	100,612	473,129	2,323,812
	Machinery and equipment	1,468,358	288,361	0	547,210	1,209,509	8,235,665
	Vehicles	27,250	17,460	0	16,640	28,069	81,339
	Tools, furniture and fixtures	149,994	109,742	0	82,530	177,207	2,632,337
	Land	8,523,400 [(1,007,741)]	–	879 (415)	–	8,522,521 [(1,007,741)]	–
	Construction in progress	341,940	337,312	544,638	–	134,614	–
	Other	262,839	42,189	–	78,711	226,317	505,936
	Subtotal	17,096,745	1,360,954	553,421 (415)	1,225,271	16,679,007	24,361,724
Intangible assets	Right to use water facilities	752	–	–	94	658	–
	Software	214,072	182,216	33,145	97,276	265,866	–
	Other	33,249	–	–	13,093	20,156	–
	Subtotal	248,074	182,216	33,145	110,464	286,680	–

- (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	6,653	321	1,673	5,301
Provision for bonuses for directors (and other officers)	38,000	34,591	34,591	38,000
Provision for product warranties	153,065	62,169	81,758	133,476

(2) Components of Major Assets and Liabilities

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

(3) Other

There are no applicable items.