

**AICHI CORPORATION**

**Annual Report**

(English Translation)

March 31, 2024

# AICHI CORPORATION

## Consolidated Balance Sheet As of March 31, 2024

	<u>In Thousands of Yen</u>
<b>Assets</b>	
<b>Current assets:</b>	
Cash and deposits	¥ 42,131,006
Notes and accounts receivable - trade, and contract assets	17,078,985
Finished goods	2,819,650
Work in process	1,643,386
Raw materials and supplies	1,562,785
Other	592,449
<b>Total current assets</b>	<u>65,828,262</u>
<b>Non-current assets:</b>	
<b>Property, plant and equipment:</b>	
Buildings and structures	6,655,773
Machinery, equipment and vehicles	1,411,784
Tools, furniture and fixtures	199,044
Land	8,522,521
Construction in progress	134,614
Other	226,317
<b>Total property, plant and equipment</b>	<u>17,150,055</u>
<b>Intangible assets</b>	651,201
<b>Investments and other assets:</b>	
Investment securities	7,066,511
Retirement benefit asset	600,466
Other	3,630,421
Allowance for doubtful accounts	(5,301)
<b>Total investments and other assets</b>	<u>11,292,097</u>
<b>Total non-current assets</b>	<u>29,093,354</u>
<b>Total assets</b>	<u>¥ 94,921,617</u>

	<u>In Thousands of Yen</u>
<b>Liabilities</b>	
<b>Current liabilities:</b>	
Notes and accounts payable - trade	¥ 7,372,886
Income taxes payable	862,617
Provision for bonuses for directors (and other officers)	38,000
Provision for product warranties	133,476
Other	2,503,070
<b>Total current liabilities</b>	<u>10,910,051</u>
<b>Non-current liabilities:</b>	
Deferred tax liabilities for land revaluation	616,302
Deferred tax liabilities	1,383,340
Other	222,859
<b>Total non-current liabilities</b>	<u>2,222,503</u>
<b>Total liabilities</b>	<u>13,132,554</u>
<b>Net assets</b>	
<b>Shareholders' equity:</b>	
Share capital	10,425,325
Capital surplus	9,923,342
Retained earnings	56,428,242
Treasury shares	(8,939)
<b>Total shareholders' equity</b>	<u>76,767,970</u>
<b>Accumulated other comprehensive income:</b>	
Valuation difference on available-for-sale securities	4,025,637
Revaluation reserve for land	(1,624,044)
Foreign currency translation adjustment	1,218,929
Remeasurements of defined benefit plans	1,400,570
<b>Total accumulated other comprehensive income</b>	<u>5,021,092</u>
<b>Total net assets</b>	<u>81,789,062</u>
<b>Total liabilities and net assets</b>	<u>¥ 94,921,617</u>

**AICHI CORPORATION**  
**Consolidated Statement of Income**  
**Fiscal Year from April 1, 2023 to March 31, 2024**

In Thousands of Yen

<b>Operating revenue:</b>	
Net sales	¥ 53,129,278
 <b>Operating costs and expenses:</b>	
Cost of sales	41,350,074
Gross profit	11,779,203
Selling, general and administrative expenses	5,437,588
Operating profit	6,341,615
 <b>Non-operating income:</b>	
Interest and dividend income	193,514
Share of profit of entities accounted for using equity method	443,652
Foreign exchange gains	7,492
Other	34,566
	679,226
 <b>Non-operating expenses:</b>	
Other	1,992
	1,992
<b>Ordinary profit</b>	7,018,849
 <b>Extraordinary income:</b>	
Gain on sale of non-current assets	763
Gain on sale of investment securities	469,008
	469,771
 <b>Extraordinary losses:</b>	
Loss on retirement of non-current assets	998
Impairment loss	415
	1,414
<b>Profit before income taxes</b>	7,487,206
Income taxes - current	1,987,427
Income taxes - deferred	229,699
	2,217,127
<b>Profit</b>	5,270,078
<b>Profit attributable to owners of parent</b>	¥ 5,270,078

**AICHI CORPORATION**  
**Consolidated Statement of Changes in Equity**  
**Fiscal Year from April 1, 2023 to March 31, 2024**

(In Thousands of Yen)

Items	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 of 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

Items	Accumulated other comprehensive income		
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment
Balance at beginning of period	3,882,938	(1,624,044)	808,182
Changes during period			
Dividends of surplus			
Profit attributable to owners of parent			
Purchase of treasury shares			
Cancellation of treasury shares			
Transfer from retained earnings to capital surplus			
Net changes of items other than shareholders' equity	142,698		410,747
Total changes during period	142,698	–	410,747
Balance at end of period	4,025,637	(1,624,044)	1,218,929

Items	Accumulated other comprehensive income		Total net assets
	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	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 of items other than shareholders' equity	848,531	1,401,977	1,401,977
Total changes during period	848,531	1,401,977	3,215,315
Balance at end of period	1,400,570	5,021,092	81,789,062

# AICHI CORPORATION

## Notes to Consolidated Financial Statements

### Summary of Significant Accounting Policies

#### 1. Basis of consolidation

The accounts of AICHI CORPORATION (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 as of December 24, 2023, and therefore it has been excluded from the scope of consolidation.

#### 2. Application of equity method

##### (1) Overview of affiliates accounted for by the equity method

One affiliate is accounted for by the equity method.

Name of the affiliate

Hangzhou Aichi Engineering Vehicles Co., Ltd.

##### (2) Special matters concerning application procedures of the equity method

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) Inventories

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

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

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

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

###### (ii) 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 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.

###### (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 leases other than those for which the ownership of the leased items is transferred to the lessee 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 appropriate for the fiscal year under review.

(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) 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.

(6) Other important matters for preparing consolidated financial statements

Accounting standards for revenue and expense recognition

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

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

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

**Notes to Accounting Estimates**

## Provision for product warranties

The balance of provision for product warranties at the end of the fiscal year ended March 31, 2024 was ¥133,476 thousand.

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 an 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.

## Notes to Consolidated Balance Sheet

	<u>In Thousands of Yen</u>	
1. Accumulated depreciation of property, plant and equipment	¥	25,634,923
2. Balances of receivables from contracts with customers and contract assets		
Notes receivable - trade	¥	5,388,054
Accounts receivable - trade	¥	11,690,930
Contract assets	¥	-
3. Balance of contract liabilities within other of current liabilities	¥	226,462
4. Land revaluation		
Pursuant to the Law Concerning Revaluation of Land (Law No. 34, March 31, 1998) and the Law to Partially Amend the Law Concerning Revaluation of Land (Law No. 19, March 31, 2001), the Company revalued land used for business activities on March 31, 2002.		
Pursuant to the Law to Partially Amend the Law Concerning Revaluation of Land (Law No. 24, March 31, 1999), the effect of this revaluation has been recorded as deferred tax liabilities for land revaluation in liabilities and as revaluation reserve for land in net assets.		
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 Ordinance Implementing the Law Concerning Revaluation of Land (No. 119 of the 1998 Cabinet Order, promulgated on March 31, 1998), respectively.		
Revaluation date		March 31, 2002
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		¥(2,138,913) thousand

## Notes to Consolidated Statement of Income

	<u>In Thousands of Yen</u>	
1. Amount of revenue from contracts with customers within net sales	¥	53,129,278
2. Write-down due to decreased profitability of inventories held for sale in the ordinary course of business		
Cost of sales	¥	11,872

## Notes to Consolidated Statement of Changes in Equity

### 1. Class and number of issued shares

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

(Major cause of changes)

Decrease due to cancellation of treasury shares based on a resolution made at a board meeting held on February 28, 2024

641,400 shares

### 2. Share acquisition rights, etc.

There are no applicable items.

### 3. Cash dividends

#### (1) Amount of cash dividends

Resolution	Class of shares	Amount of cash dividends	Cash dividends per share	Record date	Effective date of distribution
Board meeting on April 25, 2023	Common shares	(Thousands of Yen) 1,429,009	(Yen) 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 falls in the fiscal year ended March 31, 2024, but the effective date of distribution falls in the fiscal year ending March 31, 2025

Resolution (Planned)	Class of shares	Source of dividends	Amount of cash dividends	Cash dividends per share	Record date	Effective date of distribution
Board meeting on April 23, 2024	Common shares	Retained earnings	(Thousands of Yen) 1,565,766	(Yen) 21.00	March 31, 2024	May 30, 2024

## Notes to Financial Instruments

### 1. Status of financial instruments held by the Group

The Group's fund management is limited primarily to short-term deposits while working capital and capital investments are financed by the Group's own funds without borrowings from banks or other financial institutions.

Credit risk of customers in respect to notes and accounts receivable - trade is mitigated by credit control. Investment securities held by the Group are mainly shares in companies, and the fair value of listed shares are verified on a quarterly basis.

Regarding derivative transactions, we use forward exchange contracts in order to mitigate the exchange risks associated with export transactions in the normal course of our business.

### 2. Fair value of financial instruments

Consolidated balance sheet amounts, fair values and their differences as of March 31, 2024 are as follows. Shares, etc., that do not have a market price (with consolidated balance sheet amount of ¥355,660 thousand) are not included in available-for-sale securities under investment securities. Notes to cash are omitted. Notes to deposits, notes and accounts receivable - trade, and contract assets, 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.

(In 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	-

### 3. Breakdown of fair value of financial instrument by appropriate classifications

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 (unadjusted) quoted prices in active markets for the same assets or liabilities.

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

Level 3 fair value: Fair value measured using unobservable material 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 assets measured at fair value

(In Thousands of Yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities	6,710,851	-	-	6,710,851

#### (2) Financial assets and financial liabilities of which book value is not measured at fair value

Notes are omitted due to their insignificance.

Note: A description of the valuation technique(s) and inputs used in the fair value measurements

Investment securities

Listed shares are valued using quoted prices. As listed shares are traded in active markets, their fair value is classified as Level 1.

## Notes to Rental Property

Disclosure is omitted as the information is insignificant.

## Notes to Revenue Recognition

### 1. Information about breakdown of revenue from contracts with customers

#### (1) Major regional markets

(In 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.

#### (2) Timing of revenue recognition

(In Thousands of Yen)

	Reportable segment			Other (Note 1)	Total
	Specially equipped vehicles	Parts & repair	Subtotal		
Goods or services transferred at a point in time	40,202,618	12,261,918	52,464,537	610,387	53,074,924
Goods or services 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 or services transferred over time are those related to maintenance contracts.

### 2. Useful information in understanding revenue

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. Information for understanding revenue amount of the current and subsequent fiscal years

(1) Balances of receivables from contracts with customers and contract liabilities

The balances of receivables from contracts with customers and contract liabilities at the beginning and end of period are as follows:

	(In Thousands of Yen)
	Current fiscal year (from April 1, 2023 to 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 current fiscal year 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 current fiscal year 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:

	(In Thousands of Yen)
	Current fiscal year (as of March 31, 2024)
Within one year	533,377
Over one year and within two years	454,902
Over two years and within three years	267,706
Over three years	559,642
Total	1,815,628

**Per Share Information**

	In Yen	
Net assets per share	¥	1,096.95
Profit per share		70.26

**Notes to Subsequent Events**

There are no applicable items.

**Other Notes**

There are no applicable items.

*Notice to Readers:*

*Figures below the unit of presentation are discarded from the amounts in the accompanying financial statements stated in thousands of yen.*

**AICHI CORPORATION**  
**Non-consolidated Balance Sheet**  
**As of March 31, 2024**

In Thousands of Yen

**Assets**

**Current assets:**

Cash and deposits	¥	40,839,768
Notes receivable - trade		3,301,753
Electronically recorded monetary claims - operating		2,086,301
Accounts receivable - trade		11,715,904
Finished goods		2,770,963
Work in process		1,570,699
Raw materials and supplies		1,329,006
Other		550,542
<b>Total current assets</b>		<b>64,164,939</b>

**Non-current assets:**

**Property, plant and equipment:**

Buildings		5,907,638
Structures		473,129
Machinery and equipment		1,209,509
Vehicles		28,069
Tools, furniture and fixtures		177,207
Land		8,522,521
Construction in progress		134,614
Other		226,317
<b>Total property, plant and equipment</b>		<b>16,679,007</b>

**Intangible assets:**

Right to use water facilities		658
Software		265,866
Other		20,156
<b>Total intangible assets</b>		<b>286,680</b>

**Investments and other assets:**

Investment securities		7,066,511
Investments in capital		1,080
Investments in capital of subsidiaries and affiliates		1,420,530
Long-term prepaid expenses		94,767
Guarantee deposits		53,455
Other		15,625
Allowance for doubtful accounts		(5,301)
<b>Total investments and other assets</b>		<b>8,646,668</b>
<b>Total non-current assets</b>		<b>25,612,356</b>
<b>Total assets</b>	<b>¥</b>	<b>89,777,295</b>

**Liabilities**

**Current liabilities:**

Notes payable - trade	¥ 1,097,968
Electronically recorded obligations - operating	2,817,383
Accounts payable - trade	3,590,069
Accounts payable - other	611,060
Income taxes payable	862,617
Accrued expenses	1,349,944
Deposits received	324,503
Unearned revenue	475
Provision for bonuses for directors (and other officers)	38,000
Provision for product warranties	133,476
Notes payable - facilities	48,617
Electronically recorded obligations - facilities	12,569
Other	72,642

<b>Total current liabilities</b>	10,959,328
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**Non-current liabilities:**

Deferred tax liabilities for land revaluation	616,302
Provision for retirement benefits	1,414,234
Deferred tax liabilities	526,201
Other	222,859

<b>Total non-current liabilities</b>	2,779,599
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<b>Total liabilities</b>	13,738,927
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**Net assets**

**Shareholders' equity:**

<b>Share capital</b>	10,425,325
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**Capital surplus:**

Legal capital surplus	9,941,842
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<b>Total capital surplus</b>	9,941,842
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**Retained earnings:**

Other retained earnings	53,278,547
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Retained earnings brought forward	53,278,547
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<b>Total retained earnings</b>	53,278,547
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**Treasury shares**

	(8,939)
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<b>Total shareholders' equity</b>	73,636,774
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**Valuation and translation adjustments:**

Valuation difference on available-for-sale securities	4,025,637
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Revaluation reserve for land	(1,624,044)
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<b>Total valuation and translation adjustments</b>	2,401,593
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<b>Total net assets</b>	76,038,368
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<b>Total liabilities and net assets</b>	¥ 89,777,295
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**AICHI CORPORATION**  
**Non-consolidated Statement of Income**  
**Fiscal Year from April 1, 2023 to March 31, 2024**

	<u>In Thousands of Yen</u>
<b>Operating revenue:</b>	
Net sales	¥ 52,956,747
<b>Operating costs and expenses:</b>	
Cost of sales	41,562,121
<b>Gross profit</b>	<u>11,394,626</u>
<b>Selling, general and administrative expenses</b>	5,176,021
<b>Operating profit</b>	<u>6,218,605</u>
<b>Non-operating income:</b>	
Interest and dividend income	186,590
Foreign exchange gains	16,175
Other	33,385
	<u>236,152</u>
<b>Non-operating expenses:</b>	
Other	1,987
	<u>1,987</u>
<b>Ordinary profit</b>	<u>6,452,770</u>
<b>Extraordinary income:</b>	
Gain on sale of non-current assets	763
Gain on sale of investment securities	469,008
	<u>469,771</u>
<b>Extraordinary losses:</b>	
Loss on retirement of non-current assets	998
Impairment loss	415
	<u>1,414</u>
<b>Profit before income taxes</b>	6,921,127
Income taxes - current	1,984,865
Income taxes - deferred	234,780
	<u>2,219,645</u>
<b>Profit</b>	<u>¥ 4,701,481</u>

**AICHI CORPORATION**  
**Non-consolidated Statement of Changes in Equity**  
**Fiscal Year from April 1, 2023 to March 31, 2024**

(In Thousands of Yen)

Items	Shareholders' equity			
	Share capital	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
Balance at beginning of period	10,425,325	9,941,842	–	9,941,842
Changes during period				
Dividends of surplus				
Profit				
Purchase of treasury shares				
Cancellation of treasury shares			(590,100)	(590,100)
Transfer from retained earnings to capital surplus			590,100	590,100
Net changes of items other than shareholders' equity				
Total changes during period	–	–	–	–
Balance at end of period	10,425,325	9,941,842	–	9,941,842

Items	Shareholders' equity			
	Retained earnings		Treasury shares	Total shareholders' equity
	Other retained earnings	Total retained earnings		
	Retained earnings brought forward			
Balance at beginning of period	52,025,180	52,025,180	(313)	72,392,034
Changes during period				
Dividends of surplus	(2,858,014)	(2,858,014)		(2,858,014)
Profit	4,701,481	4,701,481		4,701,481
Purchase of treasury shares			(598,726)	(598,726)
Cancellation of treasury shares			590,100	–
Transfer from retained earnings to capital surplus	(590,100)	(590,100)		–
Net changes of items other than shareholders' equity				
Total changes during period	1,253,366	1,253,366	(8,625)	1,244,740
Balance at end of period	53,278,547	53,278,547	(8,939)	73,636,774

Items	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments	
Balance at beginning of period	3,882,938	(1,624,044)	2,258,894	74,650,928
Changes during period				
Dividends of surplus				(2,858,014)
Profit				4,701,481
Purchase of treasury shares				(598,726)
Cancellation of treasury shares				–
Transfer from retained earnings to capital surplus				–
Net changes of items other than shareholders' equity	142,698		142,698	142,698
Total changes during period	142,698	–	142,698	1,387,439
Balance at end of period	4,025,637	(1,624,044)	2,401,593	76,038,368

**AICHI CORPORATION**  
**Notes to Non-consolidated Financial Statements**

**Significant Accounting Policies**

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

(3) Depreciation of leased assets regarding finance leases other than those for which the ownership of the leased items is transferred to the lessee is computed by the straight-line method over the lease period with no residual value.

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

5. Allowances and provisions

(1) Allowance for doubtful accounts

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

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

The Company provides for estimated payment of bonuses to directors.

(3) Provision for product warranties

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

(4) Provision for retirement benefits

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

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

Accounting treatment for retirement benefits

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

## **Notes to Accounting Estimates**

### Provision for product warranties

The balance of provision for product warranties at the end of the fiscal year ended March 31, 2024 was ¥ 133,476 thousand.

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.

## Notes to Non-consolidated Balance Sheet

	<u>In Thousands of Yen</u>
1. Accumulated depreciation of property, plant and equipment	¥ 24,361,724
2. Receivables from and payables to subsidiaries and affiliates:	
Short-term receivables	¥ 608,596
Short-term payables	¥ 284,312
3. Land revaluation	
<p>Pursuant to the Law Concerning Revaluation of Land (Law No. 34, March 31, 1998) and the Law to Partially Amend the Law Concerning Revaluation of Land (Law No. 19, March 31, 2001), the Company revalued land used for business activities on March 31, 2002.</p> <p>Pursuant to the Law to Partially Amend the Law Concerning Revaluation of Land (Law No. 24, March 31, 1999), the effect of this revaluation has been recorded as deferred tax liabilities for land revaluation in liabilities and as revaluation reserve for land in net assets.</p> <p>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 Ordinance Implementing the Law Concerning Revaluation of Land (No. 119 of the 1998 Cabinet Order, promulgated on March 31, 1998), respectively.</p>	
Revaluation date	March 31, 2002
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	¥ (2,138,913) thousand

## Notes to Non-consolidated Statement of Income

	<u>In Thousands of Yen</u>
1. Transactions with subsidiaries and affiliates:	
Operating transactions	
Net sales	¥ 2,684,052
Goods purchased	¥ 3,111,991
Selling, general and administrative expenses	¥ 12,506
Non-operating transactions	¥ 13,006
2. Amount of revenue from contracts with customers within net sales	¥ 52,956,747
3. Write-down due to decreased profitability of inventories held for sale in the ordinary course of business	
Cost of sales	¥ (7,026)

## Notes to Non-consolidated Statement of Changes in Equity

### Class and number of treasury shares

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

#### (Major causes of changes)

Increase due to acquisition of treasury shares based on a resolution made at a board meeting held on November 29, 2023	650,000 shares
Increase due to acquisition of shares less than one unit	722 shares
Decrease due to cancellation of treasury shares based on a resolution made at a board meeting held on February 28, 2024	641,400 shares

## Deferred Tax Assets and Liabilities

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

	<u>In Thousands of Yen</u>
Deferred tax assets	
Inventories	¥ 99,715
Accrued enterprise tax and business office tax	61,950
Provision for product warranties	40,657
Provision for retirement benefits	437,727
Accrued bonuses	300,654
Buildings, structures, machinery and equipment, software	42,645
Land	569,871
Investment securities	120,482
Others	332,567
Subtotal	<u>2,006,271</u>
Valuation allowance	<u>(929,690)</u>
Total deferred tax assets	1,076,581
Deferred tax liabilities	
Valuation difference on available-for-sale securities	¥ (1,593,903)
Others	(8,880)
Total deferred tax liabilities	<u>(1,602,783)</u>
Deferred tax liabilities (Net)	<u>(526,201)</u>

2. Deferred tax assets in relation to revaluation reserve for land

	<u>In Thousands of Yen</u>
Deferred tax assets	
Unrealized loss on land revaluation	¥ 923,260
Subtotal	923,260
Valuation allowance	<u>(923,260)</u>
Total deferred tax assets	-
Deferred tax liabilities	
Unrealized gain on land revaluation	¥ (616,302)
Total deferred tax liabilities	<u>(616,302)</u>
Deferred tax liabilities (Net)	<u>(616,302)</u>

## Related Party Transactions

Related party transactions are as follows:

Parent company and major corporate shareholders, etc.

Type	Name of the related company	Capital (in thousands of Yen)	Description of business or occupation	Equity ownership percentage	Relationship of related company		Nature of transactions	Transaction amount (in thousands of Yen)	Account	Balance at year-end (in thousands of Yen)
					Interlocking directorate	Business relationship				
Parent company	Toyota Industries Corporation	80,462,672	Manufacture and sale of automobiles, industrial vehicles, and textile machinery, etc.	(owned) direct 54.3%	Cross-company transfer 2 persons Employee 1 person	Sale of specially equipped vehicles as well as sale and purchase of their parts; 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.

However, as a result of comprehensive consideration of future cash needs and the environment surrounding the Company, the Company has transferred the full amount of deposits paid under CMS to a bank.

The transaction amount is indicated on a net value basis.

## Notes to Revenue Recognition

Useful information in understanding revenue

This note is omitted, as the same information has been stated in Notes to Consolidated Financial Statements.

## Per Share Information

	<u>In Yen</u>	
Net assets per share	¥	1,019.82
Profit per share		62.68

## Notes to Subsequent Events

There are no applicable items.

## Notes to Companies Subject to the Restriction on Consolidated Dividends

There are no applicable items.

## Other Notes

There are no applicable items.

*Notice to Readers:*

*Figures below the unit of presentation are discarded from the amounts in the accompanying financial statements stated in thousands of yen.*