Annual Financial Report 2025

For the Year Ended March 31, 2025

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TOYOTA INDUSTRIES CORPORATION

Financial Summary

Toyota Industries Corporation and its consolidated subsidiaries

< IFRS >

	FY2021	FY2022	FY2023	FY2024	FY2025
Net sales (Millions of yen)	2,118,302	2,705,183	3,379,891	3,833,205	4,084,984
Operating profit (Millions of yen)	118,159	159,066	169,904	200,404	221,695
Profit (Millions of yen)	141,435	185,350	198,716	236,854	271,247
Profit: attributable to owners of the parent (Millions of yen)	136,700	180,306	192,861	228,778	262,312
Comprehensive income (Millions of yen)	854,098	751,823	(26,348)	2,285,895	(938,140)
Share of equity attributable to owners of the parent (Millions of yen)	3,236,038	3,928,513	3,837,416	6,045,759	4,904,686
Total assets (Millions of yen)	6,503,986	7,627,120	7,821,185	11,078,462	9,403,481
Equity per share: attributable to owners of the parent (Yen)	10,422.64	12,653.04	12,359.66	19,472.48	16,273.00
Earnings per share－basic (Yen)	440.28	580.73	621.17	736.86	856.96
Earnings per share－diluted (Yen)	440.28	580.73	621.17	736.86	856.96
Ratio of equity attributable to owners of the parent to total assets (%)	49.75	51.51	49.06	54.57	52.16
Return on equity attributable to owners of the parent (%)	4.82	5.03	4.97	4.63	4.79
Price-to-earnings ratio (Times)	22.39	14.58	11.83	21.24	14.83
Net cash provided by (used in) operating activities (Millions of yen)	382,386	321,085	194,964	443,590	171,578
Net cash provided by (used in) investing activities (Millions of yen)	(404,164)	(229,805)	(427,642)	47,903	(43,403)
Net cash provided by (used in) financing activities (Millions of yen)	(105,477)	(92,114)	183,690	(209,491)	(198,654)
Cash and cash equivalents at end of period (Millions of yen)	238,248	247,085	202,731	496,849	378,455
Number of employees [Average number of part-time employees, not included in number of employees above]	66,947 [11,396]	71,784 [12,923]	74,887 [14,358]	77,824 [15,146]	79,454 [15,226]

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

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

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

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

The following Management's Discussion and Analysis of Financial Condition and Results of Operations is based on information known to management as of June 2025.

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

The fiscal year ended March 31, 2025 is referred to as FY2025 and other fiscal years are referred to in a corresponding manner. All references to the "Company" herein are to Toyota Industries Corporation on a stand-alone basis and references to "Toyota Industries" herein are to the Company and its 281 consolidated subsidiaries.

1. Result of Operations

(1) Operating performance

In FY2025 (ended March 31, 2025), the global economy is sustaining moderate growth due to the background of inflation easing. However, the outlook remains uncertain due to geopolitical risks, including the situations in Europe and the Middle East, as well as the policy trends of various countries. Meanwhile, the recovery of the Japanese economy was moderate despite positive economic trends such as the continuation of wage increases and companies' willingness to commit to investment. In this operating environment, Toyota Industries undertook efforts to ensure customer trust through a priority to quality as well as to expand sales by responding flexibly to market trends.

As a result, total consolidated net sales amounted to 4,084.9 billion yen, an increase of 251.7 billion yen, or 7%, from the previous fiscal year.

(2) Operating performance highlights by business segment

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

(Automobile)

The Automobile market shrank on a global basis, with a decrease in Europe and North America. Amid such operating conditions, net sales of the Automobile Segment totaled 1,160.2 billion yen, an increase of 63.8 billion yen, or 6%. Operating profit amounted to 45.0 billion yen, an increase of 26.8 billion yen, or 147%.

Within this segment, net sales of the Vehicle Business amounted to 102.5 billion yen, an increase of 1.7 billion yen, or 2%, resulting from an increase in sales of parts, despite a decrease in sales of Toyota RAV4 both for Japan and abroad.

Net sales of the Engine Business totaled 346.1 billion yen, an increase of 15.3 billion yen, or 5%, resulting from an increase in sales of gasoline engines and diesel engines.

Net sales of the Car Air-Conditioning Compressor Business totaled 480.9 billion yen, an increase of 14.8 billion yen, or 3%, due to an increase in sales of electric compressors and the impact of exchange rate fluctuations, despite a decrease in sales volumes.

Net sales of Electronics Parts and Others Business totaled 230.5 billion yen, an increase of 32.0 billion yen, or 16%, attributable primarily to an increase in sales of batteries and DC-DC converters.

(Materials Handling Equipment)

The Materials Handling Equipment market recovered slightly on a global basis, with an increase in Europe and Asia. Amid this operating climate, net sales of the Materials Handling Equipment Segment totaled 2,786.3 billion yen, an increase of 199.1 billion yen, or 8%. This was due to the increase in lift trucks prices and the impact of exchange rate fluctuations, although sales of lift trucks, a mainstay product of this segment, decreased in North America and Europe. Operating profit amounted to 166.7 billion yen, an increase of 1.1 billion yen, or 1%.

(Textile Machinery)

The Textile Machinery market remained was sluggish mainly in Asia, this segment's primary market. Net sales of the Textile Machinery Segment totaled 79.9 billion yen, a decrease of 13.4 billion yen, or 14%, as a result of a decrease in sales of spinning machinery and yarn quality measurement instruments. Operating profit amounted to 2.5 billion yen, a decrease of 5.5 billion yen, or 69%.

(3) Operating profit

Operating profit for FY2025 was 221.6 billion yen, an increase of 21.2 billion yen, or 11%, from the previous fiscal year. This was owing to an increase in sales, the impact of exchange rate fluctuations and a decrease of engine domestic certification related costs, despite an increase in labor costs, and an increase in expenses and others including depreciation and research and development expenses.

(4) Profit before income taxes

Profit before income taxes amounted to 351.4 billion yen, an increase of 42.3 billion yen, or 14%, from the previous fiscal year.

(5) Profit attributable to owners of the parent

Profit attributable to owners of the parent totaled 262.3 billion yen, an increase of 33.6 billion yen, or 15%, from the previous fiscal year.

Earnings per share－basic was 856.96 yen compared with 736.86 yen in the previous fiscal year.

2. Consolidated Financial Condition

Assets amounted to 9,403.4 billion yen, a decrease of 1,675.0 billion yen from the end of the previous fiscal year, due mainly to a decrease in fair value of investment securities. Liabilities amounted to 4,388.2 billion yen, a decrease of 536.9 billion yen from the end of the previous fiscal year, mainly due to a decrease in deferred tax liabilities. Equity amounted to 5,015.2 billion yen, a decrease of 1,138.1 billion yen from the end of the previous fiscal year.

3. Liquidity and Capital Resources

(1) Capital needs and returning profits to shareholders

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

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

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

(2) Financial policy

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

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

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

4. Cash Flows

Net cash provided by operating activities was 171.5 billion yen, due to posting profit before income taxes of 351.4 billion yen and payments for income taxes of 213.8 billion yen. Net cash provided by operating activities decreased by 272.0 billion yen compared to that of 443.5 billion yen in the same period of the previous fiscal year.

Net cash provided by investing activities was 43.4 billion yen compared with a net gain of 47.9 billion yen in the same period of the previous fiscal year, attributable primarily to payments for bank deposits of 348.5 billion yen and payments for purchases of property, plant and equipment of 211.0 billion yen, which offset proceeds from withdrawals of bank deposits of 508.6 billion yen.

Net cash used in financing activities was 198.6 billion yen, due mainly to repayments of long-term loans payable of 133.7 billion yen and repurchase of treasury stock of 109.1 billion yen, which outweighed proceeds from issuance of corporate bonds of 137.6 billion yen. Net cash used in financing activities increased by 10.8 billion yen compared to that of 209.4 billion yen in the same period of the previous fiscal year.

After adding translation adjustments, increase (decrease) in cash and cash equivalents due to transfer to assets classified as held for sale and cash and cash equivalents at beginning of period, cash and cash equivalents as of March 31, 2025 stood at 378.4 billion yen, a decrease of 118.4 billion yen, or 24%, from the end of the previous fiscal year.

5. Investment in Property, Plant and Equipment

During FY2025, Toyota Industries made a total investment of 488,579 million yen in property, plant and equipment (including materials handling equipment for operating lease) to launch new products, streamline and upgrade production equipment.

The breakdown in the operating segments is as follows.

In the Automobile Segment, investments in property, plant, and equipment was 117,608 million yen. This is primarily attributable to the Company for 82,501 million yen, Tokyu Co., Ltd. for 6,020 million yen and TD Automotive Compressor Georgia, LLC for 5,810 million yen.

In the Materials Handling Equipment Segment, investments in property, plant, and equipment was 357,428 million yen. This is primarily attributable to the Company for 9,104 million yen, Toyota Material Handling Europe AB Group for 108,088 million yen, Raymond Group for 81,649 million yen, Toyota Industries Commercial Finance, Inc. for 70,185 million yen, Toyota Material Handling Australia Pty Limited for 20,545 million yen and Toyota Material Handling, Inc. 17,137 million yen.

In the Textile Machinery Segment, investment in property, plant, and equipment was 6,809 million yen. This is primarily attributable to the Company for 5,212 million yen.

In the Others Segment, investment in property, plant, and equipment was 6,733 million yen. This is primarily attributable to Taikoh Transportation Co., Ltd. for 5,721 million yen.

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

6. Strategies and Outlook

Looking at the global economy, the outlook remains uncertain due to concerns about economic recession caused by monetary, tariff and other policies in various countries around the world, risks of exchange rate fluctuations as well as geopolitical risks such as conflicts in Europe and the Middle East. At the same time, worldwide demands to realize a sustainable society have progressively diversified, and there have been remarkable changes in the field of technology, such as the advancement of IT and digital technology. Amid this environment, the progress in the development of electrification and autonomous driving, new entrants utilizing IT and digital technologies, and changes in industry structure have triggered increasingly fierce competition among companies in the automobile and materials handling equipment fields, our core businesses. Under such circumstances, we will strive to achieve sustainable growth and increase corporate value in the future by leveraging our comprehensive capabilities linked to mobility-related manufacturing and taking on the challenges of next-generation R&D, etc., with the logistics solutions business as a cornerstone. On the other hand, on January 29, 2024, Toyota Industries announced legal violations in domestic engine certification, and on February 22, 2024, received a correction order from the Ministry of Land, Infrastructure, Transport and Tourism (MLIT). In response, on March 22, 2024, we reported to the MLIT on measures to prevent recurrences of the engine certification issue. Since then, we have been promoting company-wide efforts while seeking guidance from the MLIT. For recurrence prevention, Toyota Industries will return to the basics of providing customers with "safe and secure quality products" and continuing to contribute to society and implement the three reforms of "Culture," "Mechanism" and "Organization / Structure" to ensure that we do the right thing correctly into these preventive measures. The entire Toyota Industries will continue to work together to make a fresh start, and we are committed to the following two points.

(Thoroughly adhere to the basics again)

We will ensure compliance with laws and regulations, which is the foundation of management. In addition, we will adhere to the priorities of "safety first, quality second, and production third" in manufacturing. Moreover, we will strive to promote employees' mental and physical health, encourage open and equitable communication and create a healthy workplace and culture so that each employee can demonstrate his/her full potential.

(Transformation of management platform)

We will accurately grasp trends and changes in the world and take action against internal and external risks at an early stage. At the same time, we will endeavor to objectively understand the strengths and weaknesses of each business division and department, think about what it takes to change them for the better and make efforts with the participation of all employees.

Through these initiatives, we will build a stronger management foundation to ensure the next stage of growth.

7. Dividend Policy

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

Toyota Industries' Board of Directors meeting, held on April 25, 2025, approved a year-end cash dividend of 140.0 yen per share. Including the interim cash dividend of 140.0 yen per share, cash dividends for the year totaled 280.0 yen per share.

Toyota Industries will effectively use retained earnings for capital investment, research and development, and other activities to achieve future business growth, while flexibly implementing shareholder return programs, including repurchase of our common stock, while taking into consideration trends in stock prices and capital structure.

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

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

As stated in the Notice of Revision of Dividend Forecast (No Dividend Payment) for the Fiscal Year Ending March 31, 2026 published on June 3, 2025, the Company passed a resolution at a meeting of the Board of Directors to revise its dividend forecast for the fiscal year ended March 31, announced on April 25, 2025. The Company has decided not to pay interim and year-end dividends for the fiscal year ending March 31, 2026, considering that a joint-stock company to be established by Toyota Fudosan Co., Ltd. will initiate a tender offer for the common stock of the Company.

8. Risk Information

The following represent risks that could have a material impact on Toyota Industries' financial condition, business results and share prices. Toyota Industries judged the following as future risks as of March 31, 2025. However, the following list does not include all the risks to which Toyota Industries is exposed. There are other risks that are not listed.

(1) Compliance Risks

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

(2) Principal customers

Toyota Industries' automobile and engine products are sold primarily to Toyota Motor Corporation ("TMC"). In FY2025, net sales to TMC accounted for 12.9% of consolidated net sales. Therefore, TMC's vehicle sales could have an impact on Toyota Industries' business results. As of March 31, 2025, TMC holds 24.6% of the Company's voting rights.

(3) Product development capabilities

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

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

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

(4) Intellectual property rights

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

(5) Product defects

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

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

(6) Price competition

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

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

(7) Reliance on suppliers of raw materials and components

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

(8) Environmental regulations and Climate change

In view of its social responsibilities as a company, Toyota Industries strives to reduce any burden on the environment resulting from its production processes, as well as strives to strictly adhere to applicable environmental laws and regulations.

However, various environmental regulations could also be revised and strengthened in the future. Accordingly, any expenses necessary for continuous strict adherence to these environmental regulations could result in increased business costs and have an adverse impact on Toyota Industries' financial condition and business results.

Toyota Industries anticipates risks associated with the transition to a decarbonized society, including risks caused by the above revisions to environmental regulations and the tightening of these regulations. Physical risks are also expected, including more severe and frequent extreme weather events such as floods. The suspension of plant operations and the disruption of supply chains could have an adverse impact on Toyota Industries' financial condition and business results.

(9) Alliances with other companies

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

(10) Exchange rate fluctuations

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

(11) Share price fluctuations

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

(12) Effects of disasters, power outages and other incidents

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

(13) Latent risks associated with international activities

Toyota Industries procures raw materials and parts, manufactures and sells products and provides services in various countries. In addition to unforeseen factors as social chaos, including political disruptions, terrorism, wars and disease, as well as changes in economic conditions, there are reputational risks when human rights related to immigrant labor and raw material procurement are not appropriately protected, could have an adverse impact on Toyota Industries' financial condition and business results.

(14) Security Risks

Toyota Industries utilizes a variety of internal networks and information systems and implements various security measures for them. Toyota Industries also provides internal information security education and training to safeguard its information assets and establish proper operational practices. However, the threat of cyberattack is increasing. Unanticipated ransomware attacks or other cyberattacks could delay or stop production and delivery and may cause the leakage of confidential information. These risks could result in a decline in Toyota Industries' competitiveness and reputation, which in turn could have an adverse impact on Toyota Industries' financial condition and business results.

(15) Engine certification issue

In 2023, it was discovered that there were legal violations in the procedures for certifying multiple lift truck engine models for the domestic market, and the Ministry of Land, Infrastructure, Transport and Tourism ordered Toyota Industries to cancel and correct model designations and certifications for some products. The issues regarding the certification of engines for the North American and domestic markets is still being investigated, and the Company is consulting with relevant organizations. Furthermore, a class action lawsuit was filed in the U.S. in September 2024 allegedly due to

inappropriate acts related to this issue. In connection with this issue, the reliability of Toyota Industries' brands may decline and the Company may incur litigation expenses and expenses related to the payment of compensation for damages, which in turn could have an adverse impact on Toyota Industries' financial condition and business results.

9. Material Contract Agreements

(Conclusion of tender offer agreement with Toyota Fudosan Co., Ltd.)

At the Board of Directors meeting held on June 3, 2025, the Company resolved to express its opinion in favor of the tender offer for shares of its common stock (the "Tender Offer") initiated by a joint-stock company (the "Offering Party") to be established by Toyota Fudosan Co., Ltd. ("Toyota Fudosan") and leave the decision to its shareholders on whether to subscribe to the Tender Offer. On the same day, the Company signed an agreement regarding the Tender Offer for the delisting of its stock and a series of subsequent transactions, etc. (hereinafter, the "Transactions") with Toyota Fudosan (hereinafter, the "Agreement"). The Agreement specifies preconditions for initiating the Tender Offer, matters to be expressed and guaranteed by Toyota Fudosan, the Offering Party, and the Company, the obligations of the Company, Toyota Fudosan and the Offering Party, and reasons for terminating the Agreement. The Agreement includes an agreement to specify limitations on shareholders exercising their voting rights and obtain the approval of shareholders in advance regarding matters to be resolved at shareholders' meetings or meetings of the Board of Directors. The following items related to this Agreement are outlined below.

(1) Date of the signing of the Agreement

June 3, 2025

(2) Name and address of the other party to the Agreement

Toyota Fudosan Co., Ltd.

Name	Toyota Fudosan Co., Ltd.
Location of head office	4-7-1 Meieki, Nakamura-ku, Nagoya City, Aichi Prefecture

(3) Details of the Agreement

The Company has signed the Agreement with Toyota Fudosan, which includes the following agreements.

(i) Agreement to specify limitations on the exercise of shareholders' voting rights

As part of the Transactions, if a tender offer for the treasury stock of Toyota Motor Corporation (hereinafter, "Toyota Motor"), which is implemented assuming the Tender Offer is successful and settlement for it is completed, after the reverse stock split (i.e., a reverse stock split resulting in the shares held by shareholders other than the Offering Party and Toyota Motor being fractional, so that the Offering Party and Toyota Motor are the only shareholders of the Company if the Offering Party is unable to purchase all of the shares of the Company (excluding shares of the Company held by Toyota Motor and treasury stock held by the Company); the same applies hereinafter) becomes effective, the Company will hold a shareholders' meeting as soon as practically possible within the range allowed by regulations for distributable amounts and other applicable laws and regulations and submit proposals related to the buyback of all of the Company's shares held by Toyota Motor as a result of the reverse stock split (hereinafter, the "Share Buyback") one day before the date of the implementation of the Share Buyback in order to implement the Share Buyback. Toyota Fudosan and the Offering Party will exercise their voting rights to agree to these proposals directly or through the Offering Party (including the resolution at the General Meeting of Shareholders based on the consent of all shareholders pursuant to paragraph (1), Article 319 of the Companies Act).

(ii) Agreement on requiring advance approval of shareholders for matters to be resolved at the General Meeting of Shareholders or meetings of the Board of Directors

During the period between the date of the signing the Agreement and the effective date of the reverse stock split, the Company will operate its business within the range of normal operations according to previous practices directly or through other companies belonging to its corporate group. The Company will not engage in the following acts directly or through other companies belonging to its corporate group unless otherwise expressly specified in the Agreement or agreed in writing in advance by Toyota Fudosan or the Offering Party.

(a) Change in the Articles of Incorporation

(b) Distribution or otherwise disposal of surplus (excluding the year-end dividend up to 140 yen per share paid by the Company on March 31, 2025, as the record date and distribution or otherwise disposal of surplus through the Company's wholly owned subsidiaries) or purchase of treasury stock (excluding the acceptance of claim for purchase of odd-lot shares)

(c) Stocks or securities allowing stock purchase or issuance, disposal, or granting of rights (excluding the acceptance of claims for the sale of odd-lot shares)

(d) Stock split or reverse split or allotment of shares or share acquisition rights without contribution

(e) Merger, company split, share exchange, share transfer, share issuance, or transferring in or out all or important part of business (excluding cases in which only the Company or its wholly owned subsidiaries are the parties to the transaction)

(f) Sale or purchase of the shares of important subsidiaries or acts involving other important change of subsidiaries

(g) Acts involving an increase or decrease in share capital or reserve

(h) Petitions for the commencement of the dissolution or liquidation of the Company, bankruptcy proceedings, etc.

(i) Significant change in accounting principles

(j) New borrowings, issuance of corporate bonds, or other burden of financial liabilities (excluding refinancing only of existing financial liabilities and negligible borrowings before the last day of the Tender Offer period)

(k) Instituting or withdrawing from lawsuits, etc., acknowledging, waiving, reconciling, or other acts to end lawsuits, etc. (limited to cases in which the amount of disputes exceeds 1 billion yen per person), or decision on other important policies for lawsuits, etc.

(4) Purpose of the agreement

(i) Agreement to specify limitations on the exercise of shareholders' voting rights

To limit the Company's shareholders to the Offering Party through the purchase of treasury stock as part of the Transactions

(ii) Agreement on requiring advance approval of shareholders for matters to be resolved at the General Meeting of Shareholders or meetings of the Board of Directors

To avoid a situation that would severely affect the implementation of the Transactions or other conditions that would make the achievement of the objective of the Transactions difficult

(5) Discussions by the Board of Directors and other decision-making processes by the reporting company regarding the Agreement.

Considering that the Tender Offer will be conducted as part of the Transactions to delist the Company's shares, at a meeting of the Company's Board of Directors held on January 31, 2025, the Board of Directors passed a resolution to establish a special committee (hereinafter the "Special Committee") to guarantee the fairness of the prices in the Tender Offer, eliminate arbitrariness in the decision-making regarding the Transactions, ensure that the Company's decision-making processes are fair, transparent and objective and avoid any conflict of interest. The Special Committee comprises three members, Junichi Handa (independent Outside Director of the Company and President & Representative Director of Management Wisdom Partners Japan K.K.), Shuzo Sumi (independent Outside Director of the Company and Senior Executive Advisor of Tokio Marine & Nichido Fire Insurance Co., Ltd.), and Tokiko Shimizu (independent Outside Director of the Company and President of EmEco Corporation). The Company examined the Transactions, including the signing of the Agreement, from a position independent of Toyota Fudosan in view of ensuring the fairness of the overall process of examining and making decisions regarding the legitimacy of the Transactions, the relevance of the conditions for the transactions, etc.

In light of the above, the Company has carefully contemplated and discussed whether the Transactions including the Tender Offer will contribute to an increase in the Company's corporate value and whether the conditions for the Transactions are appropriate while fully respecting the legal advice from the Company's legal adviser, Nishimura & Asahi (Gaikokuho Kyodo Jigyo), the technical advice regarding negotiations, etc. related to the Transactions from SMBC Nikko Securities Inc., the Company's financial adviser for the Transactions, the valuation report on the results of the Company's

stock valuation received on June 2, 2025, and decisions of the Special Committee presented in the report received from the Special Committee on June 3, 2025, which took into account the valuation report regarding the Company's stock valuation obtained from Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., an independent adviser to the Special Committee, before deciding to sign the Agreement with Toyota Fudosan.

(6) Impact of the Agreement on the corporate governance of the Company

(i) Agreement to specify limitations on the exercise of shareholders' voting rights

If the Share Buyback is conducted pursuant to the Agreement, the shareholder of the Company will be only the Offering Party as stated in the purpose of the Agreement in the above item (i) of section (4). While the Share Buyback will be conducted as part of the Transactions, the best and optimal way to maximize the corporate value of the Toyota Industries Group is to maximize synergy through the Transactions at an early stage and further accelerate the Company's growth by allowing it to seek medium- to long-term growth without being overly concerned with expectations for short-term financial results, which will be achieved by facilitating prompt decision-making and improved cooperation with Toyota Group companies by implementing the Transactions to delist the Company's stock. Therefore, the Transactions will likely contribute to the increase of the Company's corporate value. There will be no change to the Company's management structure or the current performance and forecast of its business operations subsequent to the execution of the transaction. Therefore, the Company believes that the impact of the Agreement on its governance will be negligible.

(ii) Agreement on requiring advance approval of shareholders for matters to be resolved at the General Meeting of Shareholders or meetings of the Board of Directors

Because the applicable range of the matters to be resolved at General Meetings of Shareholders or meetings of the Board of Directors is specified, and the period in which the prior approval of Toyota Fudosan or the Offering Party is required is limited to the period between the date of signing the Agreement and the effective date of the Reverse Stock Split, the Company believes that the impact of the agreement on its governance will be negligible.

Details of the Tender Offer are provided in 37. Subsequent Events in the Notes to Consolidated Financial Statements.

10. Toyota Industries' Relationship to Toyota Motor Corporation

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

(1) Historical background

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

(2) Capital relationship

In light of this historical background, Toyota Industries and TMC have maintained a close capital relationship. As of March 31, 2025, Toyota Industries holds 9.14% (1,192,331 thousand shares) of TMC's total shares in issue. Likewise, as of the same date, TMC holds 24.6% of Toyota Industries' total voting rights. Toyota Industries is a TMC affiliate accounted for by the equity method.

(3) Business relationship

Toyota Industries assembles certain automobiles and produces automobile engines under consignment from TMC. Additionally, Toyota Industries sells a portion of its other components and products directly or indirectly to other Toyota Group companies. In FY2025, our net sales to TMC on a stand-alone basis accounted for 12.9% of our consolidated net sales.

(4) Contributions to the Toyota Group

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

[Consolidated Financial Statements and Other]

I. [Consolidated Financial Statements]

[Consolidated Statement of Financial Position]

(Millions of yen)

	Notes	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
Assets			
Current assets			
Cash and cash equivalents	5	496,849	378,455
Time deposits with deposit terms of over three months		243,358	89,747
Trade receivables and other receivables	6	1,638,998	1,720,610
Other financial assets	7	5,564	12,185
Inventories	8	619,082	619,804
Income tax receivables		14,487	63,844
Other current assets		111,189	122,514
Subtotal		3,129,531	3,007,163
Assets held for sale	9	—	102,263
Total current assets		3,129,531	3,109,426
Non-current assets			
Property, plant and equipment	10, 31	1,448,343	1,537,333
Goodwill and intangible assets	11, 31	537,974	551,840
Trade receivables and other receivables	6	813	1,982
Investments accounted for by the equity method	12	30,016	23,797
Other financial assets	7	5,828,188	4,081,905
Net defined benefit assets	18	44,193	32,702
Deferred tax assets	26	51,597	57,315
Other non-current assets		7,803	7,177
Total non-current assets		7,948,931	6,294,055
Total assets		11,078,462	9,403,481

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

(Millions of yen)

	Notes	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
Liabilities and Equity			
Liabilities			
Current liabilities			
Trade payables and other payables	13	876,925	878,848
Corporate bonds and loans	14	424,486	497,293
Other financial liabilities	15	93,950	87,850
Accrued income taxes		110,079	32,197
Provisions	17	85,890	59,506
Other current liabilities		47,864	48,586
Subtotal		1,639,197	1,604,283
Liabilities directly associated with assets held for sale	9	—	18,001
Total current liabilities		1,639,197	1,622,284
Non-current liabilities			
Corporate bonds and loans	14	1,281,779	1,232,789
Other financial liabilities	15	142,323	157,033
Net defined benefit liabilities	18	68,767	74,080
Provisions	17	15,059	18,267
Deferred tax liabilities	26	1,730,231	1,235,275
Other non-current liabilities		47,743	48,504
Total non-current liabilities		3,285,906	2,765,950
Total liabilities		4,925,103	4,388,235
Equity			
Share of equity attributable to owners of the parent			
Capital stock	19	80,462	80,462
Capital surplus	19	99,581	99,464
Retained earnings	19	1,990,203	2,194,100
Treasury stock	19	(59,369)	(168,444)
Other components of equity	19	3,934,880	2,699,103
Total share of equity attributable to owners of the parent		6,045,759	4,904,686
Non-controlling interests		107,599	110,560
Total equity		6,153,359	5,015,246
Total liabilities and equity		11,078,462	9,403,481

[Consolidated Statement of Profit or Loss]

(Millions of yen)

	Notes	FY2024 (April 01, 2023 - March 31, 2024)	FY2025 (April 01, 2024 - March 31, 2025)
Net sales	4, 21	3,833,205	4,084,984
Cost of sales	22, 23	(2,932,058)	(3,133,410)
Gross profit		901,147	951,573
Selling, general and administrative expenses	22, 23	(656,749)	(723,853)
Other income	24	24,336	22,025
Other expenses	24	(68,330)	(28,050)
Operating profit		200,404	221,695
Financial income	25	126,899	143,014
Financial expenses	25	(21,391)	(15,869)
Share of profit (loss) of investments accounted for by the equity method	12	3,276	2,622
Profit before income taxes		309,190	351,463
Income taxes	26	(72,335)	(80,215)
Profit		236,854	271,247
Profit attributable to:			
Owners of the parent		228,778	262,312
Non-controlling interests		8,076	8,934

Earnings per share	27		
Earnings per share－basic (yen)		736.86	856.96
Earnings per share－diluted (yen)		736.86	856.96

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

[Consolidated Statement of Comprehensive Income]

(Millions of yen)

	Notes	FY2024 (April 01, 2023 - March 31, 2024)	FY2025 (April 01, 2024 - March 31, 2025)
Profit		236,854	271,247
Other comprehensive income:			
Items not to be reclassified into profit or loss			
Net changes in revaluation of FVTOCI financial assets	28, 30	1,882,239	(1,178,610)
Remeasurements of defined benefit plans	18, 28	18,766	(12,754)
Other comprehensive income of affiliates accounted for by the equity method	12, 28	116	(67)
Total items not to be reclassified into profit or loss		1,901,122	(1,191,432)
Items that can be reclassified into profit or loss			
Translation adjustments of foreign operations	28	147,969	(15,134)
Cash flow hedges	28, 30	(418)	(2,383)
Other comprehensive income of affiliates accounted for by the equity method	12, 28	366	(437)
Total items that can be reclassified into profit or loss		147,917	(17,955)
Total other comprehensive income		2,049,040	(1,209,387)
Comprehensive income		2,285,895	(938,140)
Total comprehensive income attributable to:			
Owners of the parent		2,272,126	(945,543)
Non-controlling interests		13,768	7,403

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

[Consolidated Statement of Changes in Equity]

(Millions of yen)

	Notes	Share of equity attributable to owners of the parent					
						Other components of equity	
		Capital stock	Capital surplus	Retained earnings	Treasury stock	Net changes in revaluation of FVTOCI financial assets	Remeasurements of defined benefit plans
Balance as of April 01, 2023		80,462	101,245	1,652,648	(59,345)	1,960,101	—
Profit		—	—	228,778	—	—	—
Other comprehensive income		—	—	—	—	1,882,077	18,282
Total comprehensive income		—	—	228,778	—	1,882,077	18,282
Repurchase of treasury stock	19	—	—	—	(24)	—	—
Disposal of treasury stock	19	—	0	—	0	—	—
Dividends	20	—	—	(62,095)	—	—	—
Changes in ownership interest of subsidiaries		—	(0)	—	—	—	—
Changes in non-controlling interests as a result of change in scope of consolidation		—	—	—	—	—	—
Reclassified into retained earnings		—	—	170,872	—	(152,590)	(18,282)
Other increases (decreases)		—	(1,663)	—	—	—	—
Total transactions with owners		—	(1,663)	108,776	(24)	(152,590)	(18,282)
Balance as of March 31, 2024		80,462	99,581	1,990,203	(59,369)	3,689,589	—
Profit		—	—	262,312	—	—	—
Other comprehensive income		—	—	—	—	(1,178,553)	(12,531)
Total comprehensive income		—	—	262,312	—	(1,178,553)	(12,531)
Repurchase of treasury stock	19	—	(115)	—	(109,074)	—	—
Disposal of treasury stock	19	—	—	—	—	—	—
Dividends	20	—	—	(86,336)	—	—	—
Changes in ownership interest of subsidiaries		—	354	—	—	—	—
Changes in non-controlling interests as a result of change in scope of consolidation		—	—	—	—	—	—
Reclassified into retained earnings		—	—	27,919	—	(40,451)	12,531
Other increases (decreases)		—	(356)	—	—	—	—
Total transactions with owners		—	(117)	(58,416)	(109,074)	(40,451)	12,531
Balance as of March 31, 2025		80,462	99,464	2,194,100	(168,444)	2,470,583	—

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

(Millions of yen)

	Notes	Share of equity attributable to owners of the parent				Non-controlling interests	Total equity
		Other components of equity			Total		
		Translation adjustments of foreign operations	Cash flow hedges	Total			
Balance as of April 01, 2023		96,032	6,269	2,062,404	3,837,416	97,985	3,935,401
Profit		—	—	—	228,778	8,076	236,854
Other comprehensive income		143,406	(418)	2,043,348	2,043,348	5,692	2,049,040
Total comprehensive income		143,406	(418)	2,043,348	2,272,126	13,768	2,285,895
Repurchase of treasury stock	19	—	—	—	(24)	—	(24)
Disposal of treasury stock	19	—	—	—	0	—	0
Dividends	20	—	—	—	(62,095)	(3,167)	(65,262)
Changes in ownership interest of subsidiaries		—	—	—	(0)	(986)	(986)
Changes in non-controlling interests as a result of change in scope of consolidation		—	—	—	—	—	—
Reclassified into retained earnings		—	—	(170,872)	—	—	—
Other increases (decreases)		—	—	—	(1,663)	—	(1,663)
Total transactions with owners		—	—	(170,872)	(63,783)	(4,154)	(67,937)
Balance as of March 31, 2024		239,439	5,851	3,934,880	6,045,759	107,599	6,153,359
Profit		—	—	—	262,312	8,934	271,247
Other comprehensive income		(14,387)	(2,383)	(1,207,856)	(1,207,856)	(1,531)	(1,209,387)
Total comprehensive income		(14,387)	(2,383)	(1,207,856)	(945,543)	7,403	(938,140)
Repurchase of treasury stock	19	—	—	—	(109,190)	—	(109,190)
Disposal of treasury stock	19	—	—	—	—	—	—
Dividends	20	—	—	—	(86,336)	(4,145)	(90,482)
Changes in ownership interest of subsidiaries		—	—	—	354	(296)	57
Changes in non-controlling interests as a result of change in scope of consolidation		—	—	—	—	—	—
Reclassified into retained earnings		—	—	(27,919)	—	—	—
Other increases (decreases)		—	—	—	(356)	—	(356)
Total transactions with owners		—	—	(27,919)	(195,528)	(4,442)	(199,971)
Balance as of March 31, 2025		225,051	3,468	2,699,103	4,904,686	110,560	5,015,246

[Consolidated Statement of Cash Flows]

(Millions of yen)

	Notes	FY2024 (April 01, 2023 - March 31, 2024)	FY2025 (April 01, 2024 - March 31, 2025)
Cash flows from operating activities:			
Profit before income taxes		309,190	351,463
Depreciation and amortization		284,939	324,055
Impairment losses		5,977	1,147
Interest and dividends income		(121,757)	(141,635)
Interest expenses		16,988	11,172
Share of (profit) loss of investments accounted for by the equity method		(3,276)	(2,622)
(Increase) decrease in inventories		(28,391)	(4,840)
(Increase) decrease in trade receivables and other receivables		(82,985)	(91,207)
Increase (decrease) in trade payables and other payables		7,692	13,070
Others		30,083	(206,689)
Subtotal		418,459	253,914
Interest and dividends income received		122,212	142,631
Interest expenses paid		(18,107)	(11,107)
Income taxes paid		(78,974)	(213,860)
Net cash provided by (used in) operating activities		443,590	171,578
Cash flows from investing activities:			
Payments for purchases of property, plant and equipment		(348,926)	(211,032)
Proceeds from sales of property, plant and equipment		28,021	5,419
Payments for purchases of investment securities		(9,170)	(4,614)
Proceeds from sales of investment securities		241,530	76,698
Payments for acquisition of subsidiaries' stock resulting in change in scope of consolidation		(7,924)	(7,756)
Payments for bank deposits		(807,285)	(348,584)
Proceeds from withdrawals of bank deposits		995,054	508,697
Payments for transfer of businesses		(6,290)	(1,184)
Others		(37,105)	(61,046)
Net cash provided by (used in) investing activities		47,903	(43,403)
Cash flows from financing activities:			
Net increase (decrease) in short-term loans payable (within three months)	32	(77,738)	(12,570)
Proceeds from short-term loans payable (over three months)	32	64,482	67,433
Repayments of short-term loans payable (over three months)	32	(33,130)	(71,651)
Net increase (decrease) in commercial paper	32	(62,884)	34,410
Proceeds from long-term loans payable	32	165,533	93,662
Repayments of long-term loans payable	32	(167,058)	(133,744)
Proceeds from issuance of corporate bonds	32	142,470	137,618
Repayments of corporate bonds	32	(149,183)	(76,428)
Repayments of lease liabilities	32	(44,852)	(55,495)
Payments for repurchase of treasury stock		(24)	(109,190)
Cash dividends paid	20	(62,095)	(86,336)
Cash dividends paid to non-controlling interests		(3,167)	(4,145)
Others		18,156	17,783
Net cash provided by (used in) financing activities		(209,491)	(198,654)
Translation adjustments of cash and cash equivalents		12,114	(1,042)
Increase (decrease) in cash and cash equivalents due to transfer to assets classified as held for sale	9	—	(46,871)
Net increase (decrease) in cash and cash equivalents		294,118	(118,394)
Cash and cash equivalents at beginning of period		202,731	496,849
Cash and cash equivalents at end of period	5	496,849	378,455

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

Notes to Consolidated Financial Statements

1. Reporting Entity

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

2. Basis of Presentation

(1) Conformance of consolidated financial statements with IFRS

As the Company meets the requirements of "Specified Company Applying Designated International Financial Reporting Standards" pursuant to Article 1-2, Item 1 of the Ordinance on Consolidated Financial Statements, the consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as permitted by the provision of Article 312 of the Ordinance.

The consolidated financial statements have been approved by Koichi Ito, president of the Company, on July 25, 2025.

(2) Basis of measurement

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

(3) Functional currency and presentation currency

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

(4) Use of estimates and judgments

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

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

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

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

11. Goodwill and Intangible Assets (impairment losses)
18. Employee Benefits (Actuarial assumptions)

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

Of the new accounting standards and the new interpretations that have been newly issued or amended by the date of approval of the consolidated financial statements, the major ones that have not yet been adopted by Toyota Industries as of March 31, 2025 are as follows.

The Company is currently evaluating the impact of the adoption of the new standards on the Toyota Industries Group's consolidated financial statements and is unable to provide an estimation at this time.

IFRS	Title	Mandatory effective date (Fiscal year beginning on or after)	To be adopted by Toyota Industries	Description of new issue and amendments
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027	FY2028	New standards that will replace the current IAS 1 requirements, the accounting standards for the presentation of financial statements

3. Material Accounting Policies

(1) Basis of Consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method. Goodwill is measured as the difference between the aggregate of the acquisition-date fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree and, in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree, and the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If the difference is negative, it is immediately recognized in profit or loss. If the initial accounting for a business combination is incomplete by the end of the fiscal year in which the combination occurs, provisional amounts of incomplete items are measured, which are adjusted during the measurement period within one year from the date of acquisition. Acquisition-related costs incurred are recognized as expenses. For intangible assets acquired through a business combination, see "(6) Intangible Assets (iii) Intangible assets acquired in business combinations". For policy on impairment losses of non-financial assets including goodwill, see "(16) Impairment Losses (ii) Non-financial assets".

(ii) Subsidiaries

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

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

(iii) Affiliates

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

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

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

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

(2) Foreign Currencies

(i) Foreign currency transactions

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

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

(ii) Foreign operations

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

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

(3) Cash and Cash Equivalents

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

(4) Inventories

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

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

(5) Property, Plant and Equipment

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

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

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

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

For the policy on impairment of property, plant and equipment, see "(16) Impairment Losses (ii) Non-financial assets".

(6) Intangible Assets

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

(i) Intangible assets acquired separately

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

(ii) Internally generated intangible assets

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

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

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

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

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

(iii) Intangible assets acquired in business combinations

The cost of intangible assets acquired in a business combination is measured at fair value at the acquisition date. After initial recognition, intangible assets acquired in a business combination are carried at cost less accumulated amortization and accumulated impairment losses.
Intangible assets acquired in business combinations with indefinite useful lives are carried at cost less accumulated impairment losses, without being amortized but tested for impairment, in the same way as goodwill.

(iv) Amortization of intangible assets

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

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

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

(v) Derecognition of intangible assets

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

For policies on impairment of intangible assets, see "(16) Impairment Losses (ii) Non-financial assets".

(7) Leases

(i) Leases as lessee

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

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

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

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

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

(ii) Leases as lessor

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

For financial leases, an amount equal to the net investment in the lease by discounting the total amount of lease payments and unguaranteed residual value with the interest rate implicit in the lease is recorded as lease investment assets. If Toyota Industries is a manufacturer or distributor lessor in a lease, selling profit or loss in a financial lease is recognized at the commencement date of the lease. Financial income is allocated to each period over the lease term so that the interest rate is proportional to an amount equal to the net investment in the lease. If Toyota Industries is not a manufacturer or distributor lessor in a lease, financial income is allocated to each period over the lease term so that the interest rate will be proportional to an amount equal to the net investment in the lease.

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

(8) Non-current assets or disposal groups held for sale

If the carrying amount of non-current assets or disposal groups will be recovered principally through a sale transaction rather than through continuing use, the Company classifies such non-current assets or disposal groups as held for sale, and reclassifies them into current assets and current liabilities.

Non-current assets or disposal groups classified as held for sale are measured at the lower of their carrying amount or fair value less costs to sell. However, this excludes those that are subject to measurement requirements in accordance with standards other than IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations."

(9) Provisions

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

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

(10) Government Grants

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

(11) Employee Benefits

(i) Post-employment benefits

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

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

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

(ii) Short-term employee benefits

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

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

(iii) Other long-term employee benefits

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

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

(iv) Share-based compensation

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

(12) Financial Instruments

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

(i) Non-derivative financial assets

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

For details of fair value measurement, see "30. Financial Instruments (3) Fair value of financial instruments".

(Financial assets measured at amortized cost)

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

(Financial assets measured at fair value)

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

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

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

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

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

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

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

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

(ii) Non-derivative financial liabilities

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

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

(iii) Derivatives

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

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

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

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

(iv) Offsetting financial assets and liabilities

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

(13) Revenues

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

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

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

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

(14) Financial Income and Financial Expenses

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

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

(15) Income Taxes

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

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

Deferred tax assets and liabilities are recognized on temporary differences between the carrying amounts of assets and liabilities for accounting purposes and their tax basis. Deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of an asset or liability in a transaction not related to a business combination and affects neither accounting profit nor taxable profit at the time of transaction or in a transaction that does not make a temporary taxable difference and a temporary deductible difference of the same amount at the time of transaction.

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

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

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

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

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

(16) Impairment Losses

(i) Financial assets

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

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

For details, see "30. Financial Instruments (2) Matters concerning risk management".

(ii) Non-financial assets

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

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

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

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

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

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

(17) Earnings per Share

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

(18) Reporting by Segment

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

4. Segment Information

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

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

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

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

(1) Operating segment information

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

FY2024 (April 01, 2023 - March 31, 2024)

(Millions of yen)

	Automobile	Materials Handling Equipment	Textile Machinery	Others	Total	Adjustments	Consolidated
Sales							
Outside customer sales	1,096,416	2,587,211	93,361	56,216	3,833,205	—	3,833,205
Inter-segment sales and transfers	23,068	2,414	218	33,498	59,199	(59,199)	—
Total	1,119,485	2,589,626	93,579	89,715	3,892,405	(59,199)	3,833,205
Segment profit	18,230	165,616	8,066	8,813	200,726	(321)	200,404
Segment assets	895,226	3,551,751	112,291	301,318	4,860,588	6,217,873	11,078,462
Financial income							126,899
Financial expenses							(21,391)
Share of profit of investments accounted for by the equity method							3,276
Profit before income taxes							309,190

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

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

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

Other material items

(Millions of yen)

	Automobile	Materials Handling Equipment	Textile Machinery	Others	Total	Adjustments	Consolidated
Depreciation and amortization	67,912	210,099	4,171	2,755	284,939	—	284,939
Impairment losses (amount in parenthesis has been reversed)	257	5,719	0	—	5,977	—	5,977
Investments accounted for by the equity method	6,823	23,136	49	6	30,016	—	30,016
Increase in property, plant and equipment and intangible assets	121,923	334,518	3,289	3,508	463,239	—	463,239

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

FY2025 (April 01, 2024 - March 31, 2025)

(Millions of yen)

	Automobile	Materials Handling Equipment	Textile Machinery	Others	Total	Adjustments	Consolidated
Sales							
Outside customer sales	1,160,238	2,786,321	79,994	58,428	4,084,984	—	4,084,984
Inter-segment sales and transfers	19,562	3,162	161	35,435	58,322	(58,322)	—
Total	1,179,801	2,789,484	80,156	93,864	4,143,306	(58,322)	4,084,984
Segment profit	45,057	166,729	2,513	7,657	221,958	(262)	221,695
Segment assets	941,687	3,752,654	112,748	342,454	5,149,543	4,253,938	9,403,481
Financial income							143,014
Financial expenses							(15,869)
Share of profit of investments accounted for by the equity method							2,622
Profit before income taxes							351,463

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

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

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

Other material items

(Millions of yen)

	Automobile	Materials Handling Equipment	Textile Machinery	Others	Total	Adjustments	Consolidated
Depreciation and amortization	72,631	243,775	4,540	3,107	324,055	—	324,055
Impairment losses (amount in parenthesis has been reversed)	1	911	1	232	1,147	—	1,147
Investments accounted for by the equity method	6,867	16,870	49	11	23,797	—	23,797
Increase in property, plant and equipment and intangible assets	130,172	397,238	7,797	7,808	543,017	—	543,017

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

(2) Sales by product

Outside customer sales by product consist of the following.

(Millions of yen)

	FY2024 (April 01, 2023 - March 31, 2024)	FY2025 (April 01, 2024 - March 31, 2025)
Automobile	1,096,416	1,160,238
Vehicle	100,846	102,560
Engine	330,848	346,156
Car air-conditioning compressor	466,152	480,976
Electronics parts and others	198,569	230,545
Materials Handling Equipment	2,587,211	2,786,321
Textile Machinery	93,361	79,994
Others	56,216	58,428
Total	3,833,205	4,084,984

(3) Geographical information

Outside customer sales by geography consist of the following.

(Millions of yen)

	FY2024 (April 01, 2023 - March 31, 2024)	FY2025 (April 01, 2024 - March 31, 2025)
Japan	918,848	1,008,112
U.S.A.	1,325,236	1,415,207
Others	1,589,120	1,661,664
Total	3,833,205	4,084,984

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

Non-current assets by geography consist of the following.

(Millions of yen)

	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
Japan	637,898	679,774
U.S.A.	622,349	673,609
Netherlands	210,116	205,215
Others	523,509	537,610
Total	1,993,874	2,096,210

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

(4) Principal customer information

Toyota Industries sells goods and provides services to Toyota Motor Corporation and its subsidiaries. Sales from Toyota Motor Corporation and its subsidiaries amounted to 549,186 million yen and 588,587 million yen for the fiscal years ended March 31, 2024 and 2025, respectively and were included in the outside customer sales of the Automobile, Materials Handling Equipment and Others segments.

Toyota Industries sells goods to DENSO Corporation and its subsidiaries. Sales from DENSO and its subsidiaries amounted to 517,846 million yen and 543,857 million yen for the fiscal years ended March 31, 2024 and 2025, respectively and were included in the outside customer sales of the Automobile, Materials Handling Equipment and Others segments.

5. Cash and Cash Equivalents

Cash and cash equivalents consist of the following.

(Millions of yen)

	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
Cash and deposits	496,849	378,455
Short-term investments (securities) which have an original maturity within three months	—	—
Total	496,849	378,455

The balance of cash and cash equivalents on the consolidated statement of financial position as of the end of the fiscal years ended March 31, 2024 and 2025 are consistent with the balances of cash and cash equivalents on the consolidated statement of cash flows.

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

6. Trade Receivables and Other Receivables

Trade receivables and other receivables consist of the following.

(Millions of yen)

	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
Trade notes and accounts receivable	638,464	628,508
Contract assets	61,294	81,853
Loans for sales financing	351,273	348,435
Accounts receivable - other	48,004	58,572
Lease investment assets	559,666	626,558
Others	12	10
Elimination: Allowance for doubtful accounts	(18,902)	(21,345)
Total	1,639,811	1,722,592

These receivables are mainly financial assets measured at amortized cost.

Amounts by collection or settlement period consist of the following.

(Millions of yen)

	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
Due within 12 months	1,003,111	1,048,386
Due after 12 months	636,700	674,206
Total	1,639,811	1,722,592

7. Other Financial Assets

(1) Outline of other financial assets

Other financial assets consist of the following.

(Millions of yen)

	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
Loans	2,912	2,984
Stock	5,768,383	4,028,952
Derivative assets	36,812	32,313
Others	25,643	29,840
Total	5,833,752	4,094,090

Current assets	5,564	12,185
Non-current assets	5,828,188	4,081,905
Total	5,833,752	4,094,090

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

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

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

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

(Millions of yen)

Name	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
Toyota Motor Corporation	4,521,318	3,119,137
Toyota Tsusho Corporation	404,083	294,411
DENSO Corporation	454,665	290,809
TOYOTA FUDOSAN Co., Ltd.	131,588	190,489
AISIN Corporation	128,845	37,717
Ibiden Co., Ltd.	41,375	24,822
Toyota Boshoku Corporation	19,927	15,424
Aisan Industry Co., Ltd.	8,119	9,993
Aichi Steel Corporation	5,421	9,537
Others	58,650	42,328
Total	5,773,995	4,034,671

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

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

Fair value at the time of sale and cumulative profit or loss recognized as other comprehensive income for each fiscal year consist of the following. Concerning the dividends recognized during the fiscal year ended March 31, 2024, those relating to the investment whose recognition was suspended during the fiscal year were immaterial. Cumulative profit or loss related to the disposal of financial liabilities is fully reclassified into retained earnings.

(Millions of yen)

	FY2024 (April 01, 2023 - March 31, 2024)	FY2025 (April 01, 2024 - March 31, 2025)
Fair value at the time of termination of recognition	241,317	76,577
Cumulative profit or loss related to disposal	220,787	58,489

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

8. Inventories

Inventories consist of the following.

(Millions of yen)

	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
Merchandise and finished goods	327,575	355,376
Work in process	142,605	123,233
Raw materials and supplies	148,900	141,194
Total	619,082	619,804

Expenses reclassified from inventories amount to 2,932,058 million yen and 3,133,410 million yen for the fiscal years ended March 31, 2024 and 2025, respectively.

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

(Millions of yen)

	FY2024 (April 01, 2023 - March 31, 2024)	FY2025 (April 01, 2024 - March 31, 2025)
Amount of write-down	7,296	9,421
Reversal amount of write-down	1,073	931

9. Assets held for sale

As described in "37. Subsequent Events," since Aichi Corporation, a consolidated subsidiary of the Company's in the Materials Handling Equipment Segment, was scheduled to be excluded from the scope of consolidation and become an affiliate accounted for by the equity method on May 14, 2025, it was highly likely that it would be sold at the end of the fiscal year under review. Due to its handover being scheduled within one year, its assets and liabilities are categorized in the disposal group classified as assets and liabilities held for sale. These disposal groups are measured based on book value because the fair value after deducting selling cost (estimated selling price) exceeds the book value. On May 14, Aichi Corporation was excluded from the scope of consolidation and became an affiliate accounted for by the equity method.

The breakdown of assets classified as those held for sale and liabilities reclassified as those directly related to assets held for sale are as follows.

(Millions of yen)

	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
Cash and cash equivalents	—	46,871
Property, plant and equipment	—	21,337
Trade receivables and other receivables	—	16,590
Inventories	—	7,057
Others	—	10,405
Total assets	—	102,263
Trade payables and other payables	—	13,401
Others	—	4,599
Total liabilities	—	18,001

10. Property, Plant and Equipment

(1) Increase (decrease)

Acquisition cost (Millions of yen)

	Other than leases as lessor					Leases as lessor	Total
	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Machinery and vehicles	
Balance as of April 01, 2023	679,614	1,199,086	193,376	159,933	59,090	729,178	3,020,280
Acquisition	36,864	55,883	12,235	3,976	126,281	181,472	416,713
Disposal	(9,003)	(54,503)	(11,812)	(636)	(99)	(82,957)	(159,012)
Transfer from Construction in progress	26,395	42,691	7,428	3,245	(107,468)	27,706	—
Foreign currency translation difference	33,184	53,223	12,458	2,353	3,490	93,896	198,606
Others	1,702	3,243	(5)	(811)	998	(47,367)	(42,240)
Balance as of March 31, 2024	768,758	1,299,625	213,681	168,060	82,293	901,929	3,434,348
Acquisition	48,061	63,047	14,042	1,814	165,124	202,502	494,592
Disposal	(23,576)	(53,673)	(13,137)	(853)	(464)	(17,401)	(109,107)
Transfer from Construction in progress	31,377	44,306	8,155	966	(123,143)	38,338	—
Foreign currency translation difference	(3,792)	(6,729)	(1,429)	(110)	(911)	(16,833)	(29,806)
Transfer to assets classified as held for sale	(21,507)	(10,983)	(3,215)	(11,049)	(1,519)	—	(48,275)
Others	2,213	(776)	38	64	(4,980)	(155,214)	(158,654)
Balance as of March 31, 2025	801,534	1,334,816	218,134	158,891	116,398	953,321	3,583,097

(Notes) 1. The amount related to property, plant and equipment in progress is presented as "Construction in progress".

2. "Others" includes "Inventories" related to materials handling equipment for operating lease and others.

Accumulated depreciation and accumulated impairment losses (Millions of yen)

	Other than leases as lessor					Leases as lessor	Total
	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Machinery and vehicles	
Balance as of April 01, 2023	360,043	902,696	155,039	3,505	—	361,454	1,782,739
Depreciation	33,418	70,381	17,255	309	—	127,667	249,032
Disposal	(8,290)	(52,199)	(11,596)	(7)	—	(53,783)	(125,877)
Impairment losses (Reversal of impairment losses)	368	1,078	0	26	—	2,622	4,095
Foreign currency translation difference	14,548	42,701	9,688	29	—	45,523	112,492
Others	852	8,042	(106)	(1,088)	—	(44,178)	(36,478)
Balance as of March 31, 2024	400,940	972,702	170,280	2,775	—	439,306	1,986,005
Depreciation	39,009	78,494	18,501	306	—	146,274	282,587
Disposal	(15,554)	(50,771)	(12,590)	(165)	—	(11,056)	(90,138)
Impairment losses (Reversal of impairment losses)	(264)	(36)	0	(20)	—	1,244	923
Foreign currency translation difference	(1,941)	(5,387)	(1,186)	4	—	(9,029)	(17,540)
Transfer to assets classified as held for sale	(14,569)	(9,074)	(2,903)	(389)	—	—	(26,937)
Others	315	9,528	290	184	—	(99,455)	(89,135)
Balance as of March 31, 2025	407,935	995,454	172,393	2,694	—	467,284	2,045,763

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

Carrying amount (Millions of yen)

	Other than leases as lessor					Leases as lessor	Total
	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Machinery and vehicles	
Balance as of April 01, 2023	319,571	296,389	38,336	156,427	59,090	367,724	1,237,540
Balance as of March 31, 2024	367,817	326,922	43,400	165,285	82,293	462,623	1,448,343
Balance as of March 31, 2025	393,598	339,361	45,740	156,197	116,398	486,037	1,537,333

11. Goodwill and Intangible Assets

(1) Increase (decrease)

Acquisition cost (Millions of yen)

	Goodwill	Intangible assets recognized through business combination	Development assets	Software	Others	Total
Balance as of April 01, 2023	231,608	229,162	64,239	126,101	23,880	674,992
Acquisition	—	—	—	19,622	250	19,872
Increase through in-house development	—	—	16,104	10,548	—	26,653
Disposal	—	—	(682)	(1,701)	(31)	(2,416)
Foreign currency translation difference	30,039	29,282	5,829	7,272	2,839	75,263
Others	6,088	—	(659)	(632)	(959)	3,837
Balance as of March 31, 2024	267,736	258,445	84,831	161,210	25,979	798,202
Acquisition	—	—	—	13,406	707	14,113
Increase through in-house development	—	—	17,488	16,822	—	34,311
Disposal	—	—	(2,597)	(2,914)	(846)	(6,359)
Foreign currency translation difference	(1,713)	(1,516)	(92)	(114)	48	(3,388)
Others	7,077	8,268	(234)	(602)	2,459	16,968
Balance as of March 31, 2025	273,099	265,197	99,396	187,807	28,348	853,849

(Note) In the fiscal year ended March 31, 2025, "Others" includes a decrease resulting from the transfer of assets held by Aichi Corporation, which was one of the consolidated subsidiaries of the Company, to assets classified as held for sale. The transfer amounts are as follows: "Development assets" 661 million yen, "Software" 1,689 million yen, and "Others" 46 million yen.

Accumulated amortization and accumulated impairment losses (Millions of yen)

	Goodwill	Intangible assets recognized through business combination	Development assets	Software	Others	Total
Balance as of April 01, 2023	—	74,973	34,850	83,492	13,307	206,624
Amortization	—	12,209	10,732	10,342	2,621	35,906
Disposal	—	—	(262)	(1,512)	(24)	(1,799)
Impairment losses (Reversal of impairment losses)	—	—	1,752	128	—	1,881
Foreign currency translation difference	—	10,219	3,126	4,231	1,292	18,869
Others	—	—	1,819	(653)	(2,421)	(1,254)
Balance as of March 31, 2024	—	97,403	52,019	96,029	14,775	260,228
Amortization	—	12,795	12,762	13,278	2,631	41,467
Disposal	—	—	(2,597)	(2,857)	(878)	(6,333)
Impairment losses (Reversal of impairment losses)	—	—	—	223	—	223
Foreign currency translation difference	—	(693)	(51)	(275)	(80)	(1,100)
Others	—	8,268	(172)	(1,681)	1,108	7,522
Balance as of March 31, 2025	—	117,773	61,959	104,717	17,556	302,008

(Notes) 1. Amortization of intangible assets is included in "Cost of sales" and "Selling, general and administrative expenses" in the consolidated statement of profit or loss.
2. In the fiscal year ended March 31, 2025, "Others" includes a decrease resulting from the transfer of assets held by Aichi Corporation, which was one of the consolidated subsidiaries of the Company, to assets classified as held for sale. The transfer amounts are as follows: "Development assets" 599 million yen, "Software" 1,444 million yen, and "Others" 35 million yen.

Carrying amount (Millions of yen)

	Goodwill	Intangible assets recognized through business combination	Development assets	Software	Others	Total
Balance as of April 01, 2023	231,608	154,189	29,388	42,608	10,573	468,368
Balance as of March 31, 2024	267,736	161,041	32,812	65,180	11,203	537,974
Balance as of March 31, 2025	273,099	147,423	37,436	83,089	10,791	551,840

(Notes) 1. Intangible assets recognized through business combination include customer-related assets and technology-related assets.
2. Development assets in progress included in development assets amounts to 4,680 million yen and 10,940 million yen as of the end of the fiscal years ended March 31, 2024 and 2025, respectively. Software in progress included in software amounts to 30,425 million yen and 35,518 million yen as of the end of the fiscal years ended March 31, 2024 and 2025, respectively.

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

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

Value in use is calculated by discounting the estimated amount of cash flows based on the business plan for the next five years that has been primarily approved by the management in present value. The estimation of cash flows is based on the assumption that cash flows of more than five years will increase at a certain growth rate. The growth rate is determined by referencing the long-term expected growth rate of the market in which cash-generating units belong (about 1 to 3%). The discount rate is calculated based on the weighted-average capital cost before tax of cash-generating units (about 9 to 14%).

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

With respect to the balance of goodwill as of the end of the fiscal years ended March 31, 2024 and 2025, major items include: goodwill recognized in conjunction with the acquisition of the Cascade Corporation Group in the Materials Handling Equipment Segment; goodwill recognized in conjunction with the business transfer of Toyota Industries Commercial Finance, Inc. (TICF); goodwill recognized in conjunction with the acquisition of the Vanderlande Group; goodwill recognized in conjunction with the acquisition of the Bastian Group; goodwill recognized in conjunction with the acquisition of the viastore Group; and goodwill recognized in conjunction with the acquisition of the Uster Technologies AG Group in the Textile Machinery Segment. Goodwill recognized in conjunction with the acquisition of the Cascade Corporation Group is allocated to the Materials Handling Equipment Business which is functioning as the cash-generating unit and amounts to 36,993 million yen and 36,394 million yen as of the end of the fiscal years ended March 31, 2024 and 2025, respectively. Goodwill recognized in conjunction with the business transfer of TICF is allocated to the Materials Handling Equipment Business in North America which is functioning as the cash-generating unit and amounts to 35,514 million yen and 35,071 million yen as of the end of the fiscal years ended March 31, 2024 and 2025, respectively. Goodwill recognized in conjunction with the acquisition of the Vanderlande Group is allocated to the Material Handling Equipment Business which is functioning as the cash-generating unit and amounts to 81,017 million yen and 80,466 million yen as of the end of the fiscal years ended March 31, 2024 and 2025, respectively. Goodwill recognized in conjunction with the acquisition of the Bastian Group is allocated to the Material Handling Equipment Business which is functioning as the cash-generating unit and amounts to 20,407 million yen and 20,152 million yen as of the end of the fiscal years ended March 31, 2024 and 2025, respectively. Goodwill recognized in conjunction with the acquisition of the viastore Group is allocated to the Material Handling Equipment Business which is functioning as the cash-generating unit and amounts to 27,277 million yen and 27,083 million yen as of the end of the fiscal year ended March 31, 2024 and 2025, respectively. Goodwill recognized in conjunction with the acquisition of the Uster Technologies AG Group is allocated to Uster Technologies AG group and amounts to 23,702 million yen and 24,307 million yen as of the end of the fiscal years ended March 31, 2024 and 2025, respectively.

Intangible assets with an indefinite useful life included in intangible assets recognized on business combinations amounted to 51,198 million yen and 50,864 million yen at the end of the fiscal years ended March 31, 2024 and 2025, respectively. These assets are primarily related to trademark recognized in connection with the acquisition of the Vanderlande Group in the Materials Handling Equipment Segment. The Toyota Industries Group determined the useful life to be indefinite because the trademark will survive for as long as the business continues. Intangible assets with an indefinite useful life recognized in connection with the acquisition of the Vanderlande Group were allocated on the basis that the Vanderlande Group is a group of cash-generating units and amounted to 29,546 million yen and 29,336 million yen at the end of the fiscal years ended March 31, 2024 and 2025, respectively.

12. Investments Accounted for by the Equity Method

There are no affiliates of individual significance in the fiscal years ended March 31, 2024 and 2025. The carrying amounts of investments in affiliates consist of the following.

(Millions of yen)

	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
Total carrying amount	30,016	23,797

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

(Millions of yen)

	FY22024 (April 01, 2023- March 31, 2024)	FY2025 (April 01, 2024 - March 31, 2025)
Amount of equity in profit	3,276	2,622
Amount of equity in other comprehensive income	482	(504)
Amount of equity in comprehensive income	3,759	2,117

13. Trade Payables and Other Payables

Trade payables and other payables consist of the following.

(Millions of yen)

	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
Trade notes and accounts payable	441,691	422,943
Accounts payable - other	52,711	46,889
Contract liabilities	151,300	165,976
Others	231,221	243,038
Total	876,925	878,848

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

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

(Millions of yen)

	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
Due within 12 months	876,925	878,833
Due after 12 months	0	15
Total	876,925	878,848

14. Corporate Bonds and Loans

Corporate bonds and loans consist of the following.

(Millions of yen)

	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)	Average interest rate (%)	Repayment due
Short-term loans	77,647	60,725	4.10	—
Commercial paper	143,038	173,661	—	—
Long-term loans repaid within one year	127,299	233,003	1.48	—
Corporate bonds redeemed within one year	76,501	29,904	—	—
Long-term loans	929,988	779,716	2.56	April 2026 - August 2039
Corporate bonds	351,791	453,073	—	—
Total	1,706,266	1,730,083	—	—

(Note) The average interest rate reflects the weighted-average interest rate against the balance at the end of the fiscal year ended March 31, 2025. Rates for corporate bonds are indicated in the summary of issuance terms of corporate bonds.

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

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

(Millions of yen)

Company name	Name	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)	Interest rate (%)	Collateral	Issuance date	Maturity date
The Company	29th issuance of corporate bonds without collateral	19,984	19,991	0.080	None	July 15, 2016	June 19, 2026
The Company	33rd issuance of corporate bonds without collateral	9,998	—	—	—	—	—
The Company	2nd issuance of U.S. dollar-denominated senior unsecured notes	75,547 [USD498 million]	74,642 [USD499 million]	3.566	None	March 16, 2018	March 16, 2028
The Company	37rd issuance of corporate bonds without collateral	—	9,976	0.680	None	September 11, 2024	September 20, 2029

(Millions of yen)

Company name	Name	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)	Interest rate (%)	Collateral	Issuance date	Maturity date
Toyota Industries Finance International AB	Medium-term notes	7,000	27,000	0.679 - 0.900	None	November 20, 2023 - September 24, 2024	June 18, 2027 - November 21, 2028
Toyota Industries Finance International AB	Medium-term notes	43,918 [EUR270 million]	27,575 [EUR170 million]	0.427 - 2.994	None	May 23, 2019 - February 14, 2022	May 22, 2026 - February 12, 2027
Toyota Industries Finance International AB	Medium-term notes	2,830 [SEK200 million]	—	—	—	—	—
Toyota Industries Finance International AB	Medium-term notes	8,327 [USD55 million]	—	—	—	—	—
Toyota Industries Finance International AB	Medium-term notes	18,735 [AUD190 million]	25,371 [AUD270 million]	1.830 - 5.360	None	July 6, 2020 - October 25, 2024	July 6, 2027 - October 25, 2029
Toyota Industries Finance International AB	Medium-term notes	—	7,752 [GBP40 million]	4.852	None	November 27, 2024	November 27, 2029
Toyota Industries Commercial Finance, Inc.	Medium-term notes	241,950 [USD1,597 million]	290,666 [USD1,944 million] (29,904)	1.502 - 5.929	None	June 9, 2020 - March 28, 2025	May 19, 2025 - March 3, 2032
Total	—	428,293	482,977 (29,904)	—	—	—	—

(Notes) 1. The figure in parentheses in the "FY2025" is the amount to be redeemed within one year.

2. "Interest rate" indicates the interest rate against the balance at the end of the fiscal year ended March 31, 2025.
3. "Collateral" indicates any collateral associated with the balance at the end of the fiscal year ended March 31, 2025.
4. "Issuance date" indicates the issuance date associated with the balance at the end of the fiscal year ended March 31, 2025.
5. "Maturity date" indicates the maturity date associated with the balance at the end of the fiscal year ended March 31, 2025.

15. Other Financial Liabilities

Other financial liabilities consist of the following.

(Millions of yen)

	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
Lease liabilities	180,053	192,710
Derivative liabilities	18,621	12,016
Deposits payable	37,598	40,156
Total	236,273	244,883

Current liabilities	93,950	87,850
Non-current liabilities	142,323	157,033
Total	236,273	244,883

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

16. Assets Pledged as Collateral and Secured Liabilities

Assets pledged as collateral consist of the following.

(Millions of yen)

	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
Trade receivables and other receivables	56,743	48,875
Inventories	5,604	6,526
Property, plant and equipment	4	1
Investment securities	306,480	52,320
Total	368,832	107,723

Secured liabilities consist of the following.

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

(Millions of yen)

	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
Short-term loans	36,312	33,589
Others	32,123	31,875
Total	68,435	65,465

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

17. Provisions

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

Increase (decrease) of provisions in the fiscal years ended March 31, 2024 and 2025 consist of the following.

(Millions of yen)

	Warranty provision	Asset retirement obligation	Others	Total
Balance as of April 01, 2023	28,814	2,379	21,660	52,853
Increase due to provisions	12,596	369	59,361	72,327
Decrease due to intended use	(9,718)	(88)	(15,704)	(25,511)
Decrease due to reversal	(179)	(38)	(950)	(1,168)
Interest expenses based on discount calculation, foreign currency translation difference and others	865	137	1,444	2,447
Balance as of March 31, 2024	32,379	2,759	65,811	100,950
Increase due to provisions	23,699	702	30,572	54,974
Decrease due to intended use	(11,662)	(176)	(56,811)	(68,649)
Decrease due to reversal	(1,339)	(140)	(8,405)	(9,884)
Interest expenses based on discount calculation, foreign currency translation difference and others	691	(121)	(188)	382
Balance as of March 31, 2025	43,769	3,025	30,978	77,773

The warranty provision is recorded by recognizing the amount of expected expense payments required for future repairs. It is expected in many cases that a repair or a payment is made within a year, while repairs or payments for some items are made over a longer period of time because customers take longer to physically return defective products. Regarding specific products for which the implementation of countermeasures against failures has been determined, the warranty provision is recorded by individually assessing the amounts expected to be incurred, based on estimates of fault rectification cost per unit, the number of units subject to fault rectification, and other market measures. Moreover, the number of units subject to fault rectification is estimated based on the actual result of past recalls and other market measures. In the event that a warranty obligation arises due to defects in the Company's products which were not anticipated in the initial estimate of the provision or that the amount of warranty expense exceeds the amount of the provision, there is a possibility that an additional warranty provision will be required. On the other hand, if the actual warranty expense is lower than the initial estimate, a reversal of the warranty provision will be recorded.

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

"Others" mainly includes provision for litigation. Provision of 49,984 million yen related to the certification issue of engines for the domestic market is recorded in the fiscal year ended March 31, 2024 under review. The Company estimated the expenses related to the suspension of shipments of lift trucks and engines due to the certification issue in Japan, including compensation for customers who purchased engines for automobiles and industrial vehicles, expenses for addressing issues with domestic lift truck customers, and compensation for suppliers. During the fiscal year ended March 31, 2025, provisions of 13,092 million yen related to the certification issue of engines for the domestic market is recorded. The provisions are for estimated expenses arising from the suspension of lift truck shipments due to the domestic engine certification issue, including expenses for responding to domestic lift truck customers and compensation paid to suppliers. Subsequently, the Company recorded the provision based on the estimate. The estimated amount is based on the monthly cost incurred. This calculation is based on estimates and is inherently subject to uncertainty. Accordingly, actual expenses may differ from estimates, and there is a possibility that additional provisions or a reversal of provisions will be necessary. These costs arising from suspension of shipments are expected to be paid during the next fiscal year.

In addition, interest expenses arising from discount calculations for the fiscal year under review and foreign exchange gains and losses include a decrease due to the transfer of liabilities held by AICHI, the Company's subsidiary, to liabilities held for sale.

18. Employee Benefits

In regard to total expenses for employee benefits plans including other than post-employment plans, refer to "22. Breakdown of Expenses by Nature".

(1) Overview of post-employment plans adopted

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

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

(2) Defined benefit plans

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

(Millions of yen)

	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
Retirement benefit obligations	293,925	280,225
Fair value of plan assets	311,610	287,641
Difference	(17,684)	(7,415)
Effect of asset ceiling	42,258	48,794
Net defined benefit assets	44,193	32,702
Net defined benefit liabilities	68,767	74,080

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

(i) Fluctuations of present value of defined benefit obligations

(Millions of yen)

	Japan		Outside Japan	
	FY2024 (April 01, 2023 - March 31, 2024)	FY2025 (April 01, 2024 - March 31, 2025)	FY2024 (April 01, 2023 - March 31, 2024)	FY2025 (April 01, 2024 - March 31, 2025)
Balance at beginning of period	177,110	170,594	104,361	123,330
Service cost	8,540	8,165	2,533	2,431
Interest cost	2,134	2,614	4,691	5,079
Remeasurements				
Actuarial gains (losses) arising from changes in demographic assumptions	(143)	1,175	(8)	(259)
Actuarial gains (losses) arising from changes in financial assumptions	(6,913)	(13,809)	957	(5,865)
Difference arising from revised results	985	(220)	1,813	1,476
Prior service cost	29	(9)	—	(5)
Retirement benefits paid	(10,916)	(8,773)	(5,724)	(6,164)
Effect of foreign currency translation	—	—	14,110	1,035
Others	(233)	(906)	594	334
Balance at end of period	170,594	158,831	123,330	121,393

The weighted-average duration associated with Toyota Industries' defined benefit obligation is 14.1 years in Japan and 15.5 years outside Japan for the fiscal year ended March 31, 2024 and 13.9 years in Japan and 15.1 years outside Japan for the fiscal year ended March 31, 2025.

(ii) Fluctuations of fair value of plan assets

(Millions of yen)

	Japan		Outside Japan	
	FY2024 (April 01, 2023 - March 31, 2024)	FY2025 (April 01, 2024 - March 31, 2025)	FY2024 (April 01, 2023 - March 31, 2024)	FY2025 (April 01, 2024 - March 31, 2025)
Balance at beginning of period	184,988	222,774	73,264	88,835
Interest income	2,405	3,534	3,316	3,548
Revenue associated with plan assets (excluding interest income above)	36,095	(30,165)	(21)	465
Employer contributions	4,814	3,994	3,594	4,274
Return to employer	—	—	—	—
Benefit payment	(5,533)	(4,366)	(4,500)	(5,099)
Exchange impact	—	—	13,400	1,171
Others	3	(1,377)	(218)	51
Balance at end of period	222,774	194,392	88,835	93,248

The projected amount of contributions to plan assets in the fiscal year ending March 31, 2026 is 6,387 million yen.

(iii) Classes of plan asset

The classes of plan assets for the fiscal year ended March 31, 2024 consisted of the following.

(Millions of yen)

	Japan			Outside Japan		
	Items with published value in an active market	Items with no published value in an active market	Total	Items with published value in an active market	Items with no published value in an active market	Total
Stock	78,680	—	78,680	21,672	—	21,672
Jointly managed trust (Stock)	—	33,333	33,333	—	2,350	2,350
Bonds	—	225	225	—	17,200	17,200
Jointly managed trust (Bonds)	—	55,702	55,702	—	24,472	24,472
Life insurance general account	—	25,771	25,771	—	3,854	3,854
Others	8,658	20,402	29,060	18,804	481	19,285
Total plan assets	87,339	135,435	222,774	40,476	48,359	88,835

(Notes) 1. "Stock" includes 78,394 million yen in retirement benefits trusts established for the lump-sum retirement benefits plans.
2. "Others" includes cash and deposits, etc.

The classes of plan assets for the fiscal year ended March 31, 2025 consisted of the following.

(Millions of yen)

	Japan			Outside Japan		
	Items with published value in an active market	Items with no published value in an active market	Total	Items with published value in an active market	Items with no published value in an active market	Total
Stock	49,507	—	49,507	25,475	—	25,475
Jointly managed trust (Stock)	—	33,153	33,153	—	2,620	2,620
Bonds	—	244	244	—	17,131	17,131
Jointly managed trust (Bonds)	—	56,533	56,533	—	25,144	25,144
Life insurance general account	—	26,036	26,036	—	4,171	4,171
Others	9,940	18,977	28,917	18,223	480	18,704
Total plan assets	59,448	134,944	194,392	43,698	49,549	93,248

(Notes) 1. "Stock" includes 50,142 million yen in retirement benefits trusts established for the lump-sum retirement benefits plans.
2. "Others" includes cash and deposits, etc.

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

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

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

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

(iv) Actuarial assumptions

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

	Japan		Outside Japan	
	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
Discount rate	1.63%	2.40%	4.49%	4.96%

In cases where the discount rate fluctuates at the ratios indicated below, assuming there are no changes to other assumptions, the defined benefit obligation as of the end of the fiscal year ended March 31, 2024 and 2025 would have been impacted as follows. While the sensitivity analysis assumes that there are no changes in other assumptions, it is possible that changes in other assumptions could impact the sensitivity analysis.

(Millions of yen)

			FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
Discount rate	Japan	0.5% increase	(8,615)	(7,474)
		0.5% decrease	9,603	8,297
	Outside Japan	0.5% increase	(6,823)	(6,744)
		0.5% decrease	7,257	5,659

(3) Defined contribution pension plan

The amount of contributions paid for the defined contribution pension plan for the fiscal years ended March 31, 2024 and 2025 were 19,051 million yen and 23,828 million yen, respectively. Welfare insurance premiums are accounted for in the defined contribution pension plan and included in employee benefits expenses.

(4) Multi-employer plan

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

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

(Millions of yen)

	FY2024 (April 01, 2023 - March 31, 2024)	FY2025 (April 01, 2024 - March 31, 2025)
Contributions	58	58

The projected contribution in the fiscal year ending March 31, 2026 is 58 million yen.

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

(Millions of yen)

	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
Plan assets	45,700	50,683
Actuarial liability based on pension plan finance calculation and minimum actuarial reserve	47,692	48,135
Funded/(Unfunded) amount	(1,992)	2,547

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

	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
Rate of contribution	5.71%	5.80%

19. Equity and Other Equity Items

(1) Capital stock and capital surplus

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

The number of shares authorized in the fiscal years ended March 31, 2024 and 2025 is 1,100,000,000 shares, respectively.

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

	Number of shares (Shares)	Capital stock (Millions of yen)	Capital surplus (Millions of yen)
Beginning of FY2024 (As of April 01, 2023)	325,840,640	80,462	101,245
Increase (decrease) during period	—	—	(1,663)
FY2024 (As of March 31, 2024)	325,840,640	80,462	99,581
Increase (decrease) during period	—	—	(117)
FY2025 (As of March 31, 2025)	325,840,640	80,462	99,464

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

(2) Retained earnings

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

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

(3) Treasury stock

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

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

	Number of shares (Shares)	Amount (Millions of yen)
Beginning of FY2024 (As of April 01, 2023)	15,361,522	59,345
Increase (decrease) during period	2,083	24
FY2024 (As of March 31, 2024)	15,363,605	59,369
Increase (decrease) during period	9,076,729	109,074
FY2025 (As of March 31, 2025)	24,440,334	168,444

(4) Other components of equity

(i) Net changes in revaluation of FVTOCI financial assets

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

(ii) Remeasurements of defined benefit plans

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

(iii) Translation adjustments of foreign operations

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

(iv) Cash flow hedges

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

20. Cash Dividends

(1) Dividends paid

FY2024 (April 01, 2023 - March 31, 2024)

Resolutions	Class of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Board of Directors meeting held on April 27, 2023	Common stock	31,047	100	March 31, 2023	May 25, 2023
Board of Directors meeting held on October 31, 2023	Common stock	31,047	100	September 30, 2023	November 27, 2023

FY2025 (April 01, 2024 - March 31, 2025)

Resolutions	Class of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Board of Directors meeting held on April 26, 2024	Common stock	43,466	140	March 31, 2024	May 27, 2024
Board of Directors meeting held on October 31, 2024	Common stock	42,869	140	September 30, 2024	November 26, 2024

(2) Dividends with a record date in the fiscal year ended March 31, 2025 for which the effective date falls in the following fiscal year

Resolutions	Class of shares	Source of dividends	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Board of Directors meeting held on April 25, 2025	Common stock	Retained earnings	42,196	140	March 31, 2025	May 26, 2025

21. Revenues

(1) Disaggregation of revenues

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

FY2024 (April 01, 2023 - March 31, 2024)

(Millions of yen)

		Japan	U.S.A.	Others	Total
Automobile	Vehicle	100,846	—	—	100,846
	Engine	264,057	298	66,492	330,848
	Car Air-Conditioning Compressor	100,791	154,347	211,300	466,439
	Electronics Parts and Others	164,022	15,231	19,314	198,569
Materials Handling Equipment		226,539	903,228	981,800	2,111,568
Textile Machinery		1,414	3,155	88,791	93,361
Others		55,979	—	237	56,216
Revenues from contracts with customers		913,651	1,076,261	1,367,936	3,357,849
Revenues from other sources		5,197	248,974	221,184	475,356
Total		918,848	1,325,236	1,589,120	3,833,205

(Notes) 1. Revenues from contracts with customers is recognized in the Materials Handling Equipment Segment and amounted to 510,575 million yen.
2. Revenues from other sources includes lease income based on IFRS 16 and it is recognized mainly in the Materials Handling Equipment Segment.

FY2025 (April 01, 2024 - March 31, 2025)

(Millions of yen)

		Japan	U.S.A.	Others	Total
Automobile	Vehicle	102,560	—	—	102,560
	Engine	277,370	768	68,016	346,156
	Car Air-Conditioning Compressor	129,677	145,965	205,254	480,897
	Electronics Parts and Others	192,254	15,140	23,150	230,545
Materials Handling Equipment		241,912	942,036	1,028,923	2,212,872
Textile Machinery		1,723	3,286	74,984	79,994
Others		57,321	—	1,107	58,428
Revenues from contracts with customers		1,002,821	1,107,196	1,401,438	3,511,456
Revenues from other sources		5,291	308,010	260,225	573,527
Total		1,008,112	1,415,207	1,661,664	4,084,984

(Notes) 1. Revenues from contracts with customers is recognized in the Materials Handling Equipment Segment and amounted to 563,465 million yen.
2. Revenues from other sources includes lease income based on IFRS 16 and it is recognized mainly in the Materials Handling Equipment Segment.

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

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

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

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

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

(2) Contract balances

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

(Millions of yen)

	Receivables from contracts with customers	Contract assets	Contract liabilities
Balance of as April 01, 2023	579,620	74,386	120,428
Balance of as March 31, 2024	625,705	61,294	151,300
Balance of as March 31, 2025	614,911	81,853	165,976

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

Revenue recognized in the years ended March 31, 2024 and 2025, which was included in the balance at beginning of period of contract liabilities, amounted to 115,951 million yen and 148,624 million yen, respectively. During the fiscal year ended March 31, 2024 and 2025, the profit amounts recognized from performance obligations satisfied (or partially satisfied) in previous fiscal years were immaterial.

(3) Transaction price allocated to remaining performance obligations

The total transaction price allocated to remaining performance obligations and periods when the revenue is expected to be recognized at the end of the year ended March 31, 2024 and 2025 consist of the following. As Toyota Industries applies the allowable practical expedient, the below amounts do not include a transaction for unsatisfied performance obligations with an individual expected contract period of one year or less.

(Millions of yen)

	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
Within one year	393,514	411,821
Over one year but within five years	384,706	549,611
Over five years	26,985	10,063
Total	805,206	971,495

22. Breakdown of Expenses by Nature

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

(Millions of yen)

	FY2024 (April 01, 2023 - March 31, 2024)	FY2025 (April 01, 2024- March 31, 2025)
Purchase of raw materials and goods	1,820,300	1,885,771
Employee benefit expenses	925,470	1,026,439
Depreciation and amortization	283,136	321,701

23. Research and Development Expenses

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

(Millions of yen)

	FY2024 (April 01, 2023 - March 31, 2024)	FY2025 (April 01, 2024- March 31, 2025)
Research and development expenses	116,743	122,614

24. Other income and Expenses

Other income consist of the following.

(Millions of yen)

	FY2024 (April 01, 2023 - March 31, 2024)	FY2025 (April 01, 2024- March 31, 2025)
Rental fees for fixed assets	892	978
Gain on sales of fixed assets	1,671	1,801
Others	21,773	19,245
Total	24,336	22,025

Other expenses consist of the following.

(Millions of yen)

	FY2024 (April 01, 2023 - March 31, 2024)	FY2025 (April 01, 2024- March 31, 2025)
Loss on disposal of fixed assets	1,992	1,563
Loss on sales of fixed assets	802	597
Depreciation and amortization	1,802	2,353
Domestic certification-related loss	49,387	11,830
Others	14,344	11,704
Total	68,330	28,050

25. Financial Income and Financial Expenses

Financial income consists of the following.

(Millions of yen)

	FY2024 (April 01, 2023 - March 31, 2024)	FY2025 (April 01, 2024- March 31, 2025)
Interest income		
Financial assets measured at amortized cost	9,926	9,587
Financial assets measured at fair value through profit or loss	4,837	2,870
Others	—	—
Dividends income		
Financial assets measured at fair value through other comprehensive income	106,993	129,178
Gains on foreign currency translation	1,844	—
Others	3,298	1,378
Total	126,899	143,014

Financial expenses consist of the following.

(Millions of yen)

	FY2024 (April 01, 2023 - March 31, 2024)	FY2025 (April 01, 2024- March 31, 2025)
Interest expenses		
Financial liabilities measured at amortized cost	15,802	9,897
Financial liabilities measured at fair value through profit or loss	—	—
Others	1,186	1,275
Losses on foreign currency translation	—	2,014
Others	4,402	2,682
Total	21,391	15,869

26. Income Taxes

(1) Income tax expenses

Income tax expenses consist of the following.

(Millions of yen)

	FY2024 (April 01, 2023 - March 31, 2024)	FY2025 (April 01, 2024 - March 31, 2025)
Current tax expenses	101,935	72,681
Deferred tax expenses	(29,600)	7,533
Total	72,335	80,215

(Note) Deferred tax expenses is due primarily to taxable temporary differences that arose and reversed for the fiscal year ended March 31, 2024, and the fiscal year ended March 31, 2025.

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

(%)

	FY2024 (April 01, 2023 - March 31, 2024)	FY2025 (April 01, 2024 - March 31, 2025)
Statutory effective tax rate	30.9	30.9
Dividends income and others permanently not recognized as taxable income	(4.5)	(4.8)
Effect of reassessment on recoverability of deferred tax assets	1.0	(0.2)
Share of profit of investments accounted for by the equity method	(0.3)	(0.2)
Others	(3.7)	(2.9)
Actual tax rate	23.4	22.8

(Note) Toyota Industries has mainly had to pay income, inhabitants and enterprise taxes, and the statutory effective tax rate calculated based on these taxes was 30.9% for the fiscal years ended March 31, 2024 and 2025. Subsidiaries outside Japan, pay income and other taxes depending on their locations.

(2) Deferred tax assets and deferred tax liabilities

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

FY2024 (April 01, 2023 - March 31, 2024)

(Millions of yen)

	Balance at beginning of period	Recognized in profit or loss	Recognized in other comprehensive income	Balance at end of period
Deferred tax assets				
Net defined benefit liabilities	29,270	(1,002)	(4,586)	23,681
Allowance for compensated absences	9,257	355	—	9,613
Allowance for bonuses	9,083	1,248	—	10,331
Net operating loss carry-forwards for tax purposes	5,111	906	—	6,018
Accrued expenses	19,568	14,680	—	34,248
Inventories	4,535	4,488	—	9,024
Others	48,302	16,901	256	65,459
Total deferred tax assets	173,896	53,649	(4,330)	223,215
Deferred tax liabilities				
Financial assets at fair value through other comprehensive income	880,435	—	774,076	1,654,511
Depreciation	79,689	8,611	—	88,300
Others	77,723	6,895	4,085	88,705
Total deferred tax liabilities	1,088,864	34,823	778,161	1,901,850
Net amount	(914,967)	18,825	(782,492)	(1,678,634)

(Notes) 1. The difference between the amount recognized through net profit or loss and deferred tax expenses is due to foreign currency translation adjustments.

2. Changes in deferred tax assets and deferred tax liabilities recognized through other comprehensive income include amounts transferred to retained earnings from accumulated other comprehensive income due to the derecognition of equity instruments measured at fair value through other comprehensive income.

FY2025 (April 01, 2024 - March 31, 2025)

(Millions of yen)

	Balance at beginning of period	Recognized in profit or loss	Recognized in other comprehensive income	Balance at end of period
Deferred tax assets				
Net defined benefit liabilities	23,681	435	1,850	25,967
Allowance for compensated absences	9,613	682	—	10,295
Allowance for bonuses	10,331	1,734	—	12,066
Net operating loss carry-forwards for tax purposes	6,018	(1,217)	—	4,801
Accrued expenses	34,248	(7,706)	—	26,542
Inventories	9,024	444	—	9,469
Lease liabilities	64,838	11,933	—	76,772
Others	65,459	5,570	596	71,625
Total deferred tax assets	223,215	11,878	2,446	237,540
Deferred tax liabilities				
Financial assets at fair value through other comprehensive income	1,654,511	—	(496,234)	1,158,277
Depreciation	88,300	(3,183)	—	85,117
Right-of-use assets	37,714	11,420	—	49,134
Lease investment assets	32,618	2,188	—	34,806
Others	88,705	3,587	(4,128)	88,164
Total deferred tax liabilities	1,901,850	14,012	(500,362)	1,415,500
Net amount	(1,678,634)	(2,134)	502,809	(1,177,959)

(Notes) 1. The difference between the amount recognized through net profit or loss and deferred tax expenses is due to foreign currency translation adjustments.

2. Changes in deferred tax assets and deferred tax liabilities recognized through other comprehensive income include amounts transferred to retained earnings from accumulated other comprehensive income due to the derecognition of equity instruments measured at fair value through other comprehensive income.

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

(Millions of yen)

	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
Deferred tax assets	51,597	57,315
Deferred tax liabilities	1,730,231	1,235,275
Net amount	(1,678,634)	(1,177,959)

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

(Millions of yen)

	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
Net operating loss carry-forwards for tax purposes	23,251	20,654
Unused tax credits	1,778	2,239
Deductible temporary differences	4,413	4,701
Total	29,443	27,596

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

(Millions of yen)

	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
First year	1,292	62
Second year	665	28
Third year	884	45
Fourth year	621	252
Beyond fifth year	19,786	20,265
Total	23,251	20,654

The total amount of taxable temporary differences associated with investments in subsidiaries not recognized as deferred tax liabilities as of the end of the fiscal year ended March 31, 2024 and 2025, was 1,149,847 million yen and 1,255,512 million yen, respectively.

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

(Global minimum tax)

Pillar 2 model rules for global minimum tax have been established in certain jurisdictions where the Toyota Industries Group operates. The Group must adhere to the Pillar 2 model rules that have been established or effectively established and has therefore assessed the potential impact of Pillar 2 on its corporate income tax. The assessment is based on the Group companies' latest tax returns and reports by country. The assessment shows that the Group's effective tax rate exceeds 15% under the Pillar 2 model rules in almost all relevant jurisdictions. Additionally, the Group has determined that Pillar 2 has no significant impact on its corporate income tax in the jurisdictions where its effective tax rate is below 15%. This conclusion is based on the tax rates and projected income in the jurisdictions.

(Special defense corporation tax)

The Act for Partial Amendment of the Income Tax Act, etc. (Act No. 13 of 2025) was promulgated on March 31, 2025, and provides that a special corporation tax for defense will be imposed for fiscal years beginning on or after April 1, 2026. As a result, the effective statutory tax rate, which is used to calculate deferred tax assets and deferred tax liabilities, will be increased from the previous 30.9% to 31.8% for temporary differences that are expected to be eliminated in the fiscal year starting on or after April 1, 2026. As a result of this change in tax rate, deferred tax assets increased by 63 million yen and deferred tax liabilities increased by 33,189 million yen.

27. Earnings per Share

(1) Basis of calculation for basic earnings per share

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

(Millions of yen)

	FY2024 (April 01, 2023 - March 31, 2024)	FY2025 (April 01, 2024 - March 31, 2025)
Profit attributable to owners of common stock of the parent	228,778	262,312

(ii) Weighted-average number of common stock

(Thousands)

	FY2024 (April 01, 2023 - March 31, 2024)	FY2025 (April 01, 2024 - March 31, 2025)
Weighted-average number of common stock	310,478	306,096

(2) Basis of calculation for diluted earnings per share

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

28. Other Comprehensive Income

(Millions of yen)

	FY2024 (April 01, 2023 - March 31, 2024)	FY2025 (April 01, 2024 - March 31, 2025)
Net changes in revaluation of FVTOCI financial assets		
Amount arising during the period	2,724,101	(1,658,246)
Before tax effect adjustment	2,724,101	(1,658,246)
Tax effect	(841,861)	479,636
Net changes in revaluation of FVTOCI financial assets	1,882,239	(1,178,610)
Remeasurements of defined benefit plans		
Amount arising during the period	27,439	(18,733)
Before tax effect adjustment	27,439	(18,733)
Tax effect	(8,672)	5,978
Remeasurements of defined benefit plans	18,766	(12,754)
Translation adjustments of foreign operations		
Amount arising during the period	147,969	(15,134)
Recycling	—	—
Translation adjustments of foreign operations	147,969	(15,134)
Cash flow hedges		
Amount arising during the period	(339)	2,425
Recycling	(334)	(5,405)
Before tax effect adjustment	(674)	(2,979)
Tax effect	256	596
Cash flow hedges	(418)	(2,383)
Share of other comprehensive income of affiliates accounted for by equity method		
Amount arising during the period	1,547	(16)
Recycling	(1,065)	(488)
Share of other comprehensive income of affiliates accounted for by equity method	482	(504)
Total other comprehensive income	2,049,040	(1,209,387)

29. Important Non-Cash Transactions

Important non-cash transactions (investments and financial transactions which do not use cash and cash equivalents) are presented in "31. Leases" for the increase in right-of-use assets.

30. Financial Instruments

(1) Capital management

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

The Company is not subject to external capital controls as of March 31, 2025.

(2) Matters concerning risk management

(i) Risk management policy

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

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

i) Credit risk

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

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

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

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

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

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

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

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

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

FY2024 (As of March 31, 2024)

(Millions of yen)

	Before due date	Within 30 days after due date	Over 30 days but within 90 days after due date	Over 90 days after due date	Total
Expected credit loss rate	0.4%	0.4%	5.6%	40.4%	—
Accounts receivable and lease investment assets	1,203,106	54,749	24,767	24,806	1,307,429
Lifetime expected credit losses	4,767	239	1,375	10,021	16,404

FY2025 (As of March 31, 2025)

(Millions of yen)

	Before due date	Within 30 days after due date	Over 30 days but within 90 days after due date	Over 90 days after due date	Total
Expected credit loss rate	0.4%	0.4%	5.6%	46.5%	—
Accounts receivable and lease investment assets	1,301,409	48,749	21,970	23,363	1,395,492
Lifetime expected credit losses	4,992	185	1,231	10,865	17,275

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

(Millions of yen)

	Stage 1 12-month expected credit losses	Stage 2 Lifetime expected credit losses	Stage 3 Credit impaired financial assets	Total
FY2024 (As of March 31, 2024)	349,888	1,175	318	351,382
FY2025 (As of March 31, 2025)	347,576	538	428	348,543

Changes in expected credit loss consist of the following.

FY2024 (As of March 31, 2024)

(Millions of yen)

	Accounts receivable and lease investment assets	Loans receivable related to the sales financing business, and others		
	Lifetime expected credit losses	Stage 1 12-month expected credit losses	Stage 2 Lifetime expected credit losses	Stage 3 Credit impaired financial assets
Balance at beginning of period	12,331	572	506	110
New financial assets composed or purchased	7,756	1,732	—	—
Transfer to lifetime expected credit losses	—	—	—	—
Transfer to credit impaired financial assets	—	—	—	—
Transfer to 12-month expected credit losses	—	—	—	—
Financial assets with recognition suspended during the period	(5,551)	(1,667)	(759)	(235)
Others	1,867	910	885	442
Balance at end of period	16,404	1,548	632	318

FY2025 (As of March 31, 2025)

(Millions of yen)

	Accounts receivable and lease investment assets	Loans receivable related to the sales financing business, and others		
	Lifetime expected credit losses	Stage 1 12-month expected credit losses	Stage 2 Lifetime expected credit losses	Stage 3 Credit impaired financial assets
Balance at beginning of period	16,404	1,548	632	318
New financial assets composed or purchased	6,535	2,835	—	—
Transfer to lifetime expected credit losses	—	—	—	—
Transfer to credit impaired financial assets	—	—	—	—
Transfer to 12-month expected credit losses	—	—	—	—
Financial assets with recognition suspended during the period	(6,302)	(953)	(652)	(214)
Others	637	(65)	297	324
Balance at end of period	17,275	3,364	277	428

ii) Liquidity risk

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

Financial liabilities by remaining contract maturities consist of the following.

FY2024 (As of March 31, 2024)

(Millions of yen)

	Due within one year	Due after one year but within two years	Due after two years but within three years	Due after three years but within four years	Due after four years but within five years	Due after five years	Total
Non-derivative financial liabilities							
Trade payables and other payables	474,352	35	0	1	—	5	474,394
Corporate bonds and loans	468,122	284,260	253,964	416,171	265,444	166,735	1,854,699
Lease liabilities	58,433	41,876	33,407	22,211	15,066	23,500	194,495
Deposits payable	37,598	—	—	—	—	—	37,598
Derivative financial liabilities							
Derivative liabilities	15,093	42	2,305	1,179	—	—	18,621

FY2025 (As of March 31, 2025)

(Millions of yen)

	Due within one year	Due after one year but within two years	Due after two years but within three years	Due after three years but within four years	Due after four years but within five years	Due after five years	Total
Non-derivative financial liabilities							
Trade payables and other payables	449,950	5	1	0	—	7	449,965
Corporate bonds and loans	541,512	265,686	445,689	276,335	241,454	98,378	1,869,057
Lease liabilities	63,673	43,390	35,093	27,199	19,493	21,945	210,796
Deposits payable	40,156	—	—	—	—	—	40,156
Derivative financial liabilities							
Derivative liabilities	8,113	2,635	1,266	—	—	—	12,016

iii) Market risk

(a) Foreign currency risk

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

Exposure to foreign currency risk consists of the following.

	FY2024 (As of March 31, 2024)		FY2025 (As of March 31, 2025)	
	Thousands of U.S. dollars	Thousands of euros	Thousands of U.S. dollars	Thousands of euros
Net exposure	77,892	113,517	221,078	359,861

(Exchange rate sensitivity analysis)

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

(Millions of yen)

	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
U.S. dollar	97	232
Euro	145	440

(b) Interest rate risk

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

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

(c) Price fluctuation risk of equity financial instruments

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

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

If Toyota Industries assumes a 1% decline in the prices of listed shares held by Toyota Industries on the fiscal years ended March 31, 2024 and 2025, decreases in other comprehensive income (before adjusting tax effect) would have been 56,167 million yen and 38,154 million yen, respectively.

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

(3) Fair value of financial instruments

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

(Level 1)

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

(Level 2)

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

(Level 3)

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

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

(i) Financial instruments measured at amortized cost

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

FY2024 (As of March 31, 2024)

(Millions of yen)

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Loans receivable and Loans receivables related to the sales financing business	354,185	—	—	376,830	376,830
Lease investment assets	559,666	—	—	541,597	541,597
Financial liabilities					
Corporate bonds	428,293	—	425,612	—	425,612
Long-term loans	1,057,287	—	1,050,726	—	1,050,726

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

FY2025 (As of March 31, 2025)

(Millions of yen)

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Loans receivable and Loans receivable related to the sales financing business	351,419	—	—	363,514	363,514
Lease investment assets	626,558	—	—	615,945	615,945
Financial liabilities					
Corporate bonds	482,977	—	482,721	—	482,721
Long-term loans	1,012,719	—	1,003,126	—	1,003,126

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

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

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

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

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

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

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

FY2024 (As of March 31, 2024)

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Derivative assets	—	36,812	—	36,812
Others	3,743	—	6,475	10,219
Financial assets measured at fair value through other comprehensive income	5,617,499	785	155,709	5,773,995
Total	5,621,243	37,598	162,185	5,821,027
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	—	18,621	—	18,621
Total	—	18,621	—	18,621

FY2025 (As of March 31, 2025)

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Derivative assets	—	32,313	—	32,313
Others	3,944	—	6,889	10,833
Financial assets measured at fair value through other comprehensive income	3,816,229	770	217,671	4,034,671
Total	3,820,174	33,083	224,560	4,077,818
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	—	12,016	—	12,016
Total	—	12,016	—	12,016

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

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

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

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

(Millions of yen)

	FY2024 (April 01, 2023 - March 31, 2024)	FY2025 (April 01, 2024 - March 31, 2025)
Balance at beginning of period	155,549	162,185
Gains and losses included in other comprehensive income	7,097	61,018
Purchase	653	3,527
Sales	(1,147)	(713)
Others	33	(1,457)
Balance at end of period	162,185	224,560

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

(4) Offsetting of financial assets and financial liabilities

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

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

FY2024 (As of March 31, 2024)

(Millions of yen)

	Total financial assets	Total offset	Financial assets on the consolidated statement of financial position, net	Amount that could be offset in the future based on master netting agreements and others (Including collateral)	Net amount
Financial assets					
Trade receivables and other receivables	236,757	138,141	98,616	—	98,616
Derivative assets	9,357	—	9,357	5,727	3,630
Total	246,115	138,141	107,973	5,727	102,246

(Millions of yen)

	Total financial liabilities	Total offset	Financial liabilities on the consolidated statement of financial position, net	Amount that could be offset in the future based on master netting agreements and others (Including collateral)	Net amount
Financial liabilities					
Trade payables and other payables	244,432	138,141	106,290	—	106,290
Derivative liabilities	9,340	—	9,340	5,727	3,613
Total	253,772	138,141	115,630	5,727	109,903

FY2025 (As of March 31, 2025)

(Millions of yen)

	Total financial assets	Total offset	Financial assets on the consolidated statement of financial position, net	Amount that could be offset in the future based on master netting agreements and others (Including collateral)	Net amount
Financial assets					
Trade receivables and other receivables	236,682	152,583	84,098	—	84,098
Derivative assets	10,912	—	10,912	4,370	6,542
Total	247,594	152,583	95,011	4,370	90,640

(Millions of yen)

	Total financial liabilities	Total offset	Financial liabilities on the consolidated statement of financial position, net	Amount that could be offset in the future based on master netting agreements and others (Including collateral)	Net amount
Financial liabilities					
Trade payables and other payables	230,300	152,583	77,716	—	77,716
Derivative liabilities	7,273	—	7,273	4,370	2,902
Total	237,573	152,583	84,989	4,370	80,619

(5) Derivative transactions and hedging activities

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

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

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

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

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

(i) Notional principals and average prices of hedging instruments

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

FY2024 (As of March 31, 2024)

	Risk	Hedge Instruments	Unit	Notional principal				Average price or Average rate
				Within one year	Over one year but within five years	Over five years	Total	
Cash flow hedges	Foreign currency risk	Foreign currency forward contract transactions	Millions of					
		BUY JPY / SELL USD	USD	81	—	—	81	JPY 145.92
		BUY EUR / SELL USD	EUR	36	—	—	36	USD 1.10
		BUY SEK / SELL USD	USD	5	—	—	5	SEK 10.10
		BUY USD / SELL EUR	EUR	28	—	—	28	USD 1.09
		BUY SEK / SELL EUR	EUR	64	—	—	64	SEK 11.58
		BUY SEK / SELL GBP	GBP	84	—	—	84	SEK 13.24
		BUY SEK / SELL AUD	AUD	35	—	—	35	SEK 6.97
		BUY USD / SELL SEK	USD	17	—	—	17	SEK 10.56
		BUY EUR / SELL SEK	EUR	5	—	—	5	SEK 11.18
		Currency option transactions						
		BUY JPY / SELL USD	USD	104	—	—	104	JPY 144.89
		BUY JPY / SELL EUR	EUR	72	—	—	72	JPY 158.68
		BUY JPY / SELL AUD	AUD	20	—	—	20	JPY 96.38
		Currency swap transactions						
		Pay JPY / Receive USD	USD	710	400	—	1,110	JPY 133.91
		Pay USD / Receive JPY	JPY	—	8,169	—	8,169	JPY 110.70
		Pay EUR / Receive USD	USD	—	100	—	100	USD 1.00
	Interest rate risk	Interest rate swap transactions						
		Pay Fix / Receive Float	USD	308	1,439	—	1,747	—
		Interest rate and currency swap transactions						
		Pay USD Fix / Receive JPY Float	JPY	10,860	—	—	10,860	JPY 108.60
		Pay JPY Fix / Receive USD Float	USD	30	42	—	72	JPY 110.42
		Interest options						
		Interest cap	HKD	200	—	—	200	% 3.00
Fair value hedges	Interest rate risk	Interest rate swap transactions						
		Pay Fix / Receive Float	EUR	30	731	—	762	—
			AUD	25	—	—	25	—
			GBP	9	7	—	16	—

FY2025 (As of March 31, 2025)

	Risk	Hedge Instruments	Unit	Notional principal				Average price or Average rate
				Within one year	Over one year but within five years	Over five years	Total	
Cash flow hedges	Foreign currency risk	Foreign currency forward contract transactions	Millions of					
		BUY JPY / SELL USD	USD	53	—	—	53	JPY 150.69
		BUY EUR / SELL USD	EUR	26	—	—	26	USD 1.08
		BUY SEK / SELL USD	USD	0	—	—	0	SEK 10.83
		BUY JPY / SELL EUR	EUR	60	—	—	60	JPY 162.27
		BUY USD / SELL EUR	EUR	43	—	—	43	USD 1.08
		BUY SEK / SELL EUR	EUR	70	—	—	70	SEK 11.27
		BUY SEK / SELL GBP	GBP	85	—	—	85	SEK 13.35
		BUY JPY / SELL AUD	AUD	12	—	—	12	JPY 95.33
		BUY SEK / SELL AUD	AUD	41	—	—	41	SEK 6.78
		BUY USD / SELL SEK	USD	21	—	—	21	SEK 10.65
		BUY EUR / SELL SEK	EUR	9	—	—	9	SEK 11.40
		Currency option transactions						
		BUY JPY / SELL USD	USD	110	—	—	110	JPY 150.40
		BUY JPY / SELL EUR	EUR	42	—	—	42	JPY 159.71
		BUY JPY / SELL AUD	AUD	27	—	—	27	JPY 94.71
		Currency swap transactions						
		Pay JPY / Receive USD	USD	—	400	—	400	JPY 114.98
		Pay USD / Receive JPY	JPY	49,737	8,169	—	57,907	JPY 143.41
		Pay EUR / Receive USD	USD	—	100	—	100	USD 1.00
		Pay EUR / Receive JPY	JPY	21,118	—	—	21,118	JPY 162.45
	Interest rate risk	Interest rate swap transactions						
		Pay Fix / Receive Float	USD	355	1,598	—	1,953	—
		Interest rate and currency swap transactions						
		Pay JPY Fix / Receive USD Float	USD	—	42	—	42	JPY 109.00
Fair value hedges	Interest rate risk	Interest rate swap transactions						
		Pay Fix / Receive Float	EUR	30	947	—	977	—
			GBP	2	—	—	2	—

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

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

FY2024 (As of March 31, 2024)

(Millions of yen)

	Risk	Hedge instruments	Carrying amount of hedging instruments		Line items on the consolidated statement of financial position
			Assets	Liabilities	
Cash flow hedges	Foreign currency risk	Foreign currency forward contract transactions	959	1,898	Other financial assets and liabilities
		Currency option transactions	6	220	Other financial assets and liabilities
		Currency swap transactions	10,708	1,468	Other financial assets and liabilities
	Interest rate risk	Interest rate swap transactions	13,421	218	Other financial assets and liabilities
		Interest rate and currency swap transactions	3,215	6,567	Other financial assets and liabilities
		Interest option transactions	97	—	Other financial assets
Fair value hedges	Interest rate risk	Interest rate swap transactions	2,837	321	Other financial assets and liabilities
Total			31,246	10,696	Other financial assets and liabilities

FY2025 (As of March 31, 2025)

(Millions of yen)

	Risk	Hedge instruments	Carrying amount of hedging instruments		Line items on the consolidated statement of financial position
			Assets	Liabilities	
Cash flow hedges	Foreign currency risk	Foreign currency forward contract transactions	2,883	678	Other financial assets and liabilities
		Currency option transactions	144	50	Other financial assets and liabilities
		Currency swap transactions	13,078	3,999	Other financial assets and liabilities
	Interest rate risk	Interest rate swap transactions	5,674	657	Other financial assets and liabilities
		Interest rate and currency swap transactions	1,847	—	Other financial assets
Fair value hedges	Interest rate risk	Interest rate swap transactions	742	1,524	Other financial assets and liabilities
Total			24,371	6,910	Other financial assets and liabilities

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

(Millions of yen)

	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
Surplus in cash flow hedges	5,851	3,468

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

FY2024 (As of March 31, 2024)

(Millions of yen)

	Carrying amount of hedged items		Accumulated amount of fair value hedge adjustments		Line items on the Consolidated Statement of Financial Position
	Assets	Liabilities	Assets	Liabilities	
Interest rate risk	165,724	—	(489)	—	Trade receivables and other receivables

FY2025 (As of March 31, 2025)

(Millions of yen)

	Carrying amount of hedged items		Accumulated amount of fair value hedge adjustments		Line items on the Consolidated Statement of Financial Position
	Assets	Liabilities	Assets	Liabilities	
Interest rate risk	186,796	—	3,137	—	Trade receivables and other receivables

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

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

FY2024 (April 01, 2023 - March 31, 2024)

(Millions of yen)

	Changes in the value of hedging instruments recognized in other comprehensive income	Amount transferred from surplus in cash flow hedges to profit or loss	Line items affected by transfers in profit or loss
Foreign currency risk	6,616	1,980	Net sales, Financial income, Financial expenses
Interest rate risk	(6,569)	(2,446)	Cost of sales, Financial income, Financial expenses

FY2025 (April 01, 2024 - March 31, 2025)

(Millions of yen)

	Changes in the value of hedging instruments recognized in other comprehensive income	Amount transferred from surplus in cash flow hedges to profit or loss	Line items affected by transfers in profit or loss
Foreign currency risk	(4,271)	(1,700)	Net sales, Financial income, Financial expenses
Interest rate risk	5,921	(2,333)	Cost of sales, Financial income, Financial expenses

31. Leases

(1) As lessor

Toyota Industries leases machinery and vehicles.

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

(i) Finance Leases

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

(Millions of yen)

	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
Within one year	186,803	203,746
Over one year but within two years	136,683	155,870
Over two years but within three years	100,721	116,539
Over three years but within four years	68,073	77,163
Over four years but within five years	35,474	40,733
Over five years	15,698	18,403
Total	543,455	612,457
Elimination : Unearned finance income	(44,666)	(52,314)
Unguaranteed residual value (discounted)	60,878	66,416
Net investment in the lease	559,666	626,558

Financial income on net investment in the lease for the fiscal year ended March 31, 2024 and 2025 amounted to 25,980 million yen and 34,870 million yen respectively, and are included in "Net Sales" on the consolidated statement of profit or loss.

(ii) Operating leases

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

(Millions of yen)

	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025
Within one year	101,275	115,891
Over one year but within two years	66,020	69,543
Over two years but within three years	49,585	50,320
Over three years but within four years	35,033	34,353
Over four years but within five years	22,343	21,687
Over five years	7,696	9,698
Total	281,954	301,494

Lease income from operating leases consists of the following.

(Millions of yen)

	FY2024 (April 01, 2023 - March 31, 2024)	FY2025 (April 01, 2024 - March 31, 2025)
Lease income relating to variable lease payments that do not depend on an index or a rate	13,724	16,464
Others	177,073	197,993
Total	190,798	214,458

(2) As lessee

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

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

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

(Millions of yen)

	Property, Plant and Equipment					Goodwill and Intangible Assets	Total
	Other than leases as lessor				Leases as lessor		
	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Land	Machinery and vehicles	Other intangible assets	
FY2024 (As of March 31, 2024)	57,755	33,924	478	5,570	72,141	148	170,019
FY2025 (As of March 31, 2025)	58,332	40,370	428	4,524	82,235	623	186,513

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

(Millions of yen)

	Property, Plant and Equipment					Goodwill and Intangible Assets	Total
	Other than leases as lessor				Leases as lessor		
	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Land	Machinery and vehicles	Other intangible assets	
FY2024 (April 01, 2023 - March 31, 2024)	13,083	12,881	248	309	13,596	50	40,170
FY2025 (April 01, 2024 - March 31, 2025)	15,963	17,077	269	306	13,352	78	47,047

Increase of right-of-use assets for the fiscal year ended March 31, 2024 and 2025 is 67,716 million yen and 72,770 million yen respectively.

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

(Millions of yen)

	FY2024 (April 01, 2023 - March 31, 2024)	FY2025 (April 01, 2024 - March 31, 2025)
Interest expenses for lease liabilities	3,349	4,977
Expenses for short-term leases	5,424	5,525
Income from sub-leasing right-of-use assets	27,154	31,740
Total cash outflow for leases	60,512	68,541

32. Changes in Liabilities arising from Financing Activities

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

(Millions of yen)

	Short-term loans	Commercial paper	Long-term loans	Corporate bonds	Lease liabilities
Balance as of April 01, 2023	110,132	180,605	1,015,019	393,382	140,933
Changes from financing cash flows	(46,386)	(62,884)	(1,524)	(6,712)	(44,852)
Non-cash changes					
Increase through commencement of lease	—	—	—	—	55,887
Foreign currency translation difference and others	13,901	25,317	43,792	41,622	28,085
Balance as of March 31, 2024	77,647	143,038	1,057,287	428,293	180,053
Changes from financing cash flows	(16,788)	34,410	(40,081)	61,189	(55,495)
Non-cash changes					
Increase through commencement of lease	—	—	—	—	73,901
Foreign currency translation difference and others	(133)	(3,787)	(4,486)	(6,505)	(5,748)
Balance as of March 31, 2025	60,725	173,661	1,012,719	482,977	192,710

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

33. Related Party Transactions

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

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

Toyota Industries has transactions with the following related parties.

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

(Millions of yen)

	FY2024 (April 01, 2023 - March 31, 2024)	FY2025 (April 01, 2024 - March 31, 2025)
Toyota Motor Corporation and its subsidiaries		
Sales of goods and provision of services	549,186	588,587
Purchase of parts and receipt of services	51,167	51,996

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

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

(Millions of yen)

	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
Toyota Motor Corporation and its subsidiaries		
Trade receivables and other receivables	88,847	87,496
Allowance for doubtful accounts	—	—
Trade payables and other payables	98,708	81,706

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

(2) Principal management personnel compensation

FY2024 (April 01, 2023 - March 31, 2024)

(Millions of yen)

	Total amount of compensation	Total compensation by type		
		Fixed Remuneration	Performance-linked Remuneration	
		Basic Remuneration	Bonuses	Share-based Payment
Principal management personnel	442	308	133	—

FY2025 (April 01, 2024 - March 31, 2025)

(Millions of yen)

	Total amount of compensation	Total compensation by type		
		Fixed Remuneration	Performance-linked Remuneration	
		Basic Remuneration	Bonuses	Share-based Payment
Principal management personnel	487	319	117	50

34. Contingencies

FY2024 (April 01, 2023 - March 31, 2024)

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

Subsequently, the Company confirmed the excess over the domestic (Japanese) emissions regulation values due to aging degradation, and potential violation of regulations related to Japanese certification of emissions, from engines for forklifts within the Japanese market. On March 17, 2023, Toyota Industries decided to suspend the shipping in Japan of forklifts equipped with two models of diesel engines and one model of gasoline engines, a total of three models, and made a report to the Japanese Ministry of Land, Infrastructure, Transport and Tourism (MLIT), the Japanese Ministry of the Environment, and the Japanese Ministry of Economy, Trade and Industry. Of these models for which shipments have been suspended, the two diesel engine models and any folklifts with these engines installed were subject to an administrative action imposed by the MLIT on April 26, 2023, and the designation and certification of the said types of engines were revoked.

On January 29, 2024, the Company received the results of the domestic engine certification by a Special Investigation Committee made up of outside experts and made report to MLIT and other relevant ministries, of the content of such investigation and of the initiatives the Company is promoting to prevent recurrence. It was newly discovered in this investigation that there were violation of domestic laws and regulations in domestic certification relating to emissions performance involving six models of engines for forklifts (of which, five were old types) and one engine for construction machinery (old type), as well as violations of laws and regulations in the output test of three models of engines for automobiles. In addition, regarding one current model of engine for construction machinery shipping of which was suspended, it was learned that emission regulation values had been exceeded. One model of engine for forklifts for the Japanese market that have been under a suspension of shipping since March 17, 2023, shipping has been stopped as of January 29, 2024, for one model of engines for forklifts for the Japanese market, forklifts in which said engines were installed and three models of diesel engines for automobiles which in this investigation were newly found to involve violations of domestic laws and regulations.

On February 22, 2024, the Company received correction order from MLIT urging to make fundamental changes to our system to prevent misconduct from occurring. On March 5, 2024, MLIT notified the Company of its decision to impose administrative sanction of revoking the Type Approval for two models of engines forklifts and one model of engines for construction machinery. On February 27, 2024, MLIT announced that three models of automobile diesel engines comply with the domestic standards, and it has lifted its instruction to suspend shipments of subject engine models, and the Company resumed production and shipment of diesel engines for automobiles for the Japanese market from March 4, 2024. On March 22, 2024, the Company considered the recommendations provided by the Special Investigation Committee and summarized the fundamental preventive measures and reported to MLIT.

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

FY2025 (April 01, 2024 - March 31, 2025)

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

Subsequently, the Company confirmed the excess over the domestic (Japanese) emissions regulation values due to aging

degradation, and potential violation of regulations related to Japanese certification of emissions, from engines for forklifts within the Japanese market. On March 17, 2023, Toyota Industries decided to suspend the shipping in Japan of forklifts equipped with two models of diesel engines and one model of gasoline engines, a total of three models, and made a report to the Japanese Ministry of Land, Infrastructure, Transport and Tourism (MLIT), the Japanese Ministry of the Environment, and the Japanese Ministry of Economy, Trade and Industry. Of these models for which shipments have been suspended, the two diesel engine models and any folklifts with these engines installed were subject to an administrative action imposed by the MLIT on April 26, 2023, and the designation and certification of the said types of engines were revoked.

On January 29, 2024, the Company received the results of the domestic engine certification by a Special Investigation Committee made up of outside experts and made report to MLIT and other relevant ministries, of the content of such investigation and of the initiatives the Company is promoting to prevent recurrence. It was newly discovered in this investigation that there were violation of domestic laws and regulations in domestic certification relating to emissions performance involving six models of engines for forklifts (of which, five were old types) and one engine for construction machinery (old type), as well as violations of laws and regulations in the output test of three models of engines for automobiles. In addition, regarding one current model of engine for construction machinery shipping of which was suspended, it was learned that emission regulation values had been exceeded. One model of engine for forklifts for the Japanese market that have been under a suspension of shipping since March 17, 2023, shipping has been stopped as of January 29, 2024, for one model of engines for forklifts for the Japanese market, forklifts in which said engines were installed and three models of diesel engines for automobiles which in this investigation were newly found to involve violations of domestic laws and regulations.

After that, on February 22, 2024, the Company received correction order from MLIT urging to make fundamental changes to our system to prevent misconduct from occurring. On March 5, 2024, MLIT notified the Company of its decision to impose administrative sanction of revoking the Type Approval for two models of engines forklifts and one model of engines for construction machinery. On February 27, 2024, MLIT announced that three models of automobile diesel engines comply with the domestic standards, and it has lifted its instruction to suspend shipments of subject engine models, and the Company resumed production and shipment of diesel engines for automobiles for the Japanese market from March 4, 2024. On March 22, 2024, the Company considered the recommendations provided by the Special Investigation Committee and summarized the fundamental preventive measures and reported to MLIT.

Of the diesel-engine forklift trucks whose shipment had been suspended, for 2.0-ton to 3.5-ton diesel engine forklifts (off-road vehicles), the Company has newly submitted applications for Type Approval for specified special vehicles based on the Off-Road Act (Act on Regulation, Etc. of Emissions from Non-Road Special Motor Vehicles) and resumed shipments from Wednesday, January 8, 2025.

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

In addition, a class action lawsuit was filed against the Company, Toyota Material Handling North America, Inc. and Toyota Material Handling, Inc. (hereinafter, the "Group") as of September 22, 2024 (local time) in the Northern District Court of California in the United States. Although the complaint against the Group filed by the plaintiffs in the case requests the payment of damages, punitive damages, the cancellation of sales contracts, etc., the plaintiffs have not presented the specific amounts billed. As it is difficult to predict the impact of this class action lawsuit on the Company's consolidated financial statements of the Company at this moment, it is not reflected in the Company's consolidated financial statements.

35. Commitments

Regarding the acquisition of property, plant and equipment, important capital expenditures (commitments) which are contracted but not yet recognized on the consolidated financial statements are 84,986 million yen and 85,434 million yen as of the end of the fiscal year ended March 31, 2024 and the end of the fiscal year ended March 31, 2025, respectively.

36. Major Consolidated Subsidiaries

The Company's major subsidiaries are listed below. There are no subsidiaries of individual significance for which the Company has non-controlling interests during the fiscal years ended March 31, 2024 and 2025.

Company Name	Location	Principal Business	Percentage of Voting Rights of The Company (%)
Tokyu Co., Ltd.	Oguchi-cho, Niwa-gun, Aichi	Automobile	100.00
Tokaiseiki Co., Ltd.	Iwata-shi, Shizuoka	Automobile	100.00
IZUMI MACHINE MFG. CO., LTD.	Obu-shi, Aichi	Automobile	100.00
TOYOTA L&F Tokyo Co., Ltd.	Shinagawa-ku, Tokyo	Materials Handling Equipment	100.00
Taikoh Transportation Co., Ltd.	Kariya-shi, Aichi	Others	54.16
Aichi Corporation	Ageo-shi, Saitama	Materials Handling Equipment	54.46
Toyota Material Handling Manufacturing France S.A.S	Ancenis, France	Materials Handling Equipment	100.00
Michigan Automotive Compressor Inc.	Michigan, U.S.A.	Automobile	60.00
Toyota Industries Europe AB	Mjölby, Sweden	Materials Handling Equipment	100.00
Toyota Material Handling Europe AB	Mjölby, Sweden	Materials Handling Equipment	100.00
Toyota Industries North America, Inc.	Indiana, U.S.A.	Others	100.00
Toyota Material Handling, Inc.	Indiana, U.S.A.	Materials Handling Equipment	100.00
TD Deutsche Klimakompressor GmbH	Sachsen, Germany	Automobile	65.00
Toyota Material Handling Australia Pty Limited	New South Wales, Australia	Materials Handling Equipment	100.00
TD Automotive Compressor Georgia, LLC	Georgia, U.S.A.	Automobile	77.40
Uster Technologies AG	Zurich, Switzerland	Textile Machinery	100.00
Industrial Components and Attachments, Inc.	Oregon, U.S.A.	Materials Handling Equipment	100.00
Cascade Corporation	Oregon, U.S.A.	Materials Handling Equipment	100.00
Toyota Industry (Kunshan) Co., Ltd.	Jiangsu, China	Automobile	63.40
Toyota Industries Commercial Finance, Inc.	Texas, U.S.A.	Materials Handling Equipment	100.00
Yantai Shougang TD Automotive Compressor Co., Ltd.	Shandong, China	Automobile	50.10
TD Automotive Compressor Kunshan Co., Ltd.	Jiangsu, China	Automobile	78.80
P.T. TD Automotive Compressor Indonesia	West Java, Indonesia	Automobile	50.10
Bastian Solutions LLC	Indiana, U.S.A.	Materials Handling Equipment	100.00
Vanderlande Industries Holding B.V.	North Brabant, Netherlands	Materials Handling Equipment	100.00
Toyota Industries Engine India Pvt Ltd.	Karnataka, India	Automobile	98.80
Toyota Industries Electric Systems North America, Inc.	Michigan, U.S.A.	Automobile	100.00
Toyota Material Handling Midwest, Inc.	Kentucky, U.S.A.	Materials Handling Equipment	87.20

37. Subsequent Events

(Share buyback and transfer of subsidiary)

At the Board of Directors' meeting held on March 19, 2025, by AICHI CORPORATION ("AICHI"), a consolidated subsidiary of the Company, AICHI resolved to conduct a repurchase of its shares and a tender offer for the shares (the "Subsidiary Tender Offer") as a specific method of repurchasing its shares. In addition, on the same date, the Company entered into a tender offer application agreement with AICHI to apply for the Subsidiary Tender Offer. The Company tendered 40,521,000 shares of AICHI common stock that it held in the Subsidiary Tender Offer, of which 9,092,100 shares were determined to be purchased as a result of the Subsidiary Tender Offer period conducted on April 17, 2025. In addition, the Company announced that its Board of Directors resolved at a meeting held on March 19, 2025 to transfer a portion of the common stock of its consolidated subsidiary, AICHI, to ITOCHU Corporation ("ITOCHU"; that transaction, the "Share Transfer") and on the same date executed a share transfer agreement. The Company also announced that Board of Directors resolved at a meeting held on the same date to execute a three-way business alliance agreement with AICHI and ITOCHU, and that the agreement was executed on the same date. The Share Transfer is planned to be implemented as a series of transactions (the "Transactions") combining the Subsidiary Tender Offer and the Company's tendering of shares in the Subsidiary Tender Offer, after the completion of the settlement of the Subsidiary Tender Offer. It should be noted that it is planned that AICHI will cease to be a subsidiary of the Company and will become an affiliate subject to the equity method as of May 14, 2025, the day that settlement of the Subsidiary Tender Offer will commence.

(1) Reason for the Company's tendering of shares in the Subsidiary Tender Offer and share transfer and business alliance

The Company has provided various management resources to AICHI as its parent company to support its growth to date and has deeply collaborated with it. For its further growth and enhancement of corporate value, the Company has come to believe that it is best to invite a new partner that, together with the Company, can support AICHI's growth from a medium- to long-term perspective, while maintaining its independence as a listed company. The Company has been believing that ITOCHU has the potential to be the optimal partner in light of its strengths, including its ability to use its strong network and abundant know-how in the domestic leasing/rental, used vehicle distribution, the existing network it has established around the world and its expertise based on extensive experience in creating new revenue opportunities through collaboration with manufacturers, the Company has decided to tender shares in AICHI's Tender Offer and transfer a portion of its shares held to ITOCHU to welcome ITOCHU as a shareholder of AICHI. Furthermore, a threeway business alliance agreement has been concluded between AICHI, ITOCHU, and the Company.

(2) Profile of tender offeror, deconsolidated subsidiary and business alliance partner

(i) Name: AICHI CORPORATION

(ii) Address: 1152-10 Ryoke, Ageo-shi, Saitama

(iii) Name and title of representative: President Toshiya Yamagishi

(iv) Business activities: Manufacture and sales of mechanical vehicles for the electric utilities, telecommunications, construction, cargo handling, shipbuilding, and rail industries

(v) Capital: 10,425 million yen (as of March 31, 2025)

(3) Transaction overview

(i) Number of shares held before change: 40,521,000 shares

(Number of voting rights: 405,210)

(Percentage of voting rights held: 54.35% (see Note 1))

(ii) Number of shares to be transferred

Number of shares to be transferred in the Tender Offer: 9,092,100 shares

(Number of voting rights: 90,921)

(Percentage of voting rights held: 12.19% (see Note 1))

(iii) Transfer price

Transfer Price in the Tender Offer: 11,665 million yen (1,283 yen per share)

(iv) Number of shares owned after the transfer: 31,428,900 shares

(Number of voting rights: 314,289)

(Percentage of voting rights held: 48.68% (see Note 2))

Note 1: The "percentage of voting rights held" prior to the change refers to the number of voting rights pertaining to the shares of AICHI held by the Company expressed as a percentage (rounded to the second decimal place) of the number of voting rights based on the total number of issued shares of AICHI as of March 31, 2025 (74,570,000 shares), as stated in the "Consolidated Financial Results Ended March 31, 2025 [Japanese GAAP]" announced by AICHI on April 23, 2025, less the number of treasury shares held by AICHI as of that date (9,922 shares). The resulting number of shares (74,560,078 shares) corresponds to 745,600 voting rights.

Note 2: The "percentage of voting rights held" prior to the change refers to the number of voting rights pertaining to the shares of AICHI held by the Company expressed as a percentage (rounded to the second decimal place) of the number of voting rights based on the total number of issued shares of AICHI as of March 31, 2025 (74,570,000 shares), as stated in the "Consolidated Financial Results Ended March 31, 2025 [Japanese GAAP]" announced by AICHI on April 23, 2025, less the number of treasury shares held by AICHI as of that date (9,922 shares) and the number of treasury shares acquired through the Subsidiary Tender Offer (10 million shares). The resulting number of shares (64,560,078 shares) corresponds to 645,600 voting rights.

(4) Schedule

(i) Date of commencement of settlement of the Subsidiary Tender Offer: May 14, 2025

(ii) Date of implementation of the Share Transfer: May 15, 2025

(5) Future outlook

In conjunction with implementation of the Transactions, the Company plans to record approximately 9,188 million yen in gains on the sale of shares of subsidiaries and affiliates as operating profit in its consolidated financial statements for the fiscal year ending March 31, 2026.

(Tender offer for the Company's shares)

Toyota Industries Corporation (the "Company") hereby announces as set forth below that, in relation to a tender offer (the "Tender Offer") for common shares of the Company (the "Company Shares") through a stock company (the "Offeror") to be founded by Toyota Fudosan Co., Ltd. ("Toyota Fudosan"), at the Board of Directors meeting of the Company held on June 3, 2025, a resolution was adopted that the current position of the Company is that if the Tender Offer commences, it will express an opinion in support of the Tender Offer and that it will leave the decision as to whether to tender their shares in the Tender Offer to the discretion of each shareholder of the Company.

The above resolution of the Board of Directors of the Company is based on the premise that the Offeror contemplates to make itself the sole shareholder of the Company through the Tender Offer and a series of subsequent procedures, and that the Company Shares will be delisted.

(1) Summary of the Offeror

According to the Offeror Press Release, the Offeror will be established by the commencement date of the Tender Offer for the primary purpose of acquiring and holding the share certificates, etc. of the Company after the completion of the Tender Offer. Toyota Fudosan will establish a stock company separately from the Offeror (the "Offeror's Parent Company") and, as of the commencement date of the Tender Offer, Toyota Fudosan will hold all of the issued shares of the Offeror's Parent Company and the Offeror's Parent Company will hold all of the issued shares of the Offeror.

Name, address, name and title of representative director, businesses, capital, date of foundation, major shareholders and

shareholding ratios, and relationships between the Company and the Offeror have not been determined.

(2) Outline of the Tender Offer

As part of the Transactions, the Tender Offer will reportedly be conducted to acquire all of the Company's shares (excluding 74,100,604 shares of the Company held by Toyota Motor Corporation (hereinafter, "Toyota Motor") as of June 3, 2025 (ownership ratio of 24.66%; hereinafter the "Company's Shares Held by Toyota Motor") and treasury stock held by the Company (hereinafter the "Shares Subject to the Tender Offer") through the Offering Party.

The Transactions consist of the following procedures:

(i) the Tender Offer;

(ii) the Common Shares Contribution (Toyota Fudosan), the Preferred Shares Contribution, and the Common Shares Contribution (Offeror's Parent Company (First Contribution)), each to be conducted during the period from the successful completion of the Tender Offer to the business day immediately prior to the commencement date of the settlement of the Tender Offer;

(iii) the capital increase by a third-party allotment of common shares through which shares are allotted by the Offeror's Parent Company to Mr. Akio Toyoda ("Mr. Toyoda"), who is the Chairman of the Board of Directors of TMC and Toyota Fudosan (the "Common Shares Contribution (Mr. Toyoda)")(Note 5), and the capital increase by a third-party allotment of common shares through which shares are allotted by the Offeror to the Offeror's Parent Company (the "Common Shares Contribution (Offeror's Parent Company (Second Contribution))"), both to be conducted after the settlement of the Tender Offer;

(iv) subject to the successful completion of the Tender Offer and the settlement thereof, (a) the tender offer by TMC for its own shares (the "Tender Offer for Own Shares (TMC)"), (b) the tender offer by Denso Corporation ("Denso") for its own shares (the "Tender Offer for Own Shares (Denso)"), (c) the tender offer by Toyota Tsusho for its own shares (the "Tender Offer for Own Shares (Toyota Tsusho)"), and (d) the tender offer by Aisin Corporation ("Aisin"; Denso, Toyota Tsusho, and Aisin are collectively referred to as the "Three Toyota Group Companies") for its own shares (the "Tender Offer for Own Shares (Aisin)") (procedures (a) through (d) are collectively referred to as the "Tender Offers for Own Shares") as well as the tendering of shares by the Company in the Tender Offers for Own Shares;

(v) in the case that the Offeror is unable to acquire all of the Shares Subject to the Tender Offer through the Tender Offer, a share consolidation to be conducted in accordance with Article 180 of the Companies Act for the purpose of making the Offeror and TMC the only shareholders of the Company (the "Share Consolidation"; the series of procedures aimed at making the Offeror and TMC the only shareholders of the Company and taking the Company Shares private through the Share Consolidation are referred to as the "Squeeze-Out Procedures"); and(vi) the share repurchase of the Company Shares Held by TMC to be conducted by the Company on the condition that the Squeeze-Out Procedures have been completed (the "Share Repurchase").

i) Period of purchase, etc.

Because Toyota Fudosan requires a certain period of time for the implementation of procedures and responses required by domestic and overseas laws and regulations regarding competition, the EU regulations related to foreign subsidies, investment laws and regulations, etc. and financial laws and regulations, etc., the Offering Party reportedly aims to commence the Tender Offer around early December 2025.

ii) Price of the Tender Offer

16,300 yen per common share (the "Tender Offer Price").

iii) The number of the shares to be purchased in the Tender Offer

The number of the shares to be purchased: 226,374,702 shares

The minimum number of the shares to be purchased: 126,216,300 shares

The maximum number of the shares to be purchased: -shares

(Note) The above number of shares to be purchased and the minimum number of shares to be purchased are tentative values based on information as of June 3, 2025, which may differ from the actual values in the Tender Offer due to changes in the number of treasury stock held by the Company after June 3, 2025. The number of shares to be purchased and the minimum number of shares to be purchased will reportedly be finalized before the Tender Offer in light of the latest information available at the time of the commencement of the Tender Offer.

II. [Other]

Quarterly information in the fiscal year ended March 31, 2025

(Cumulative period)	First quarter	Second quarter	Third quarter	Full year
Net sales (Millions of yen)	1,025,758	2,015,491	3,022,727	4,084,984
Profit before income taxes for the Interim (Quarterly) (Current) Period (Millions of yen)	139,888	192,840	312,668	351,463
Profit attributable to owners of the parent for the Interim (Quarterly) (Current) Period (Millions of yen)	111,206	147,421	248,382	262,312
Earnings per share for the Interim (Quarterly) (Current) Period (Yen)	358.18	477.47	808.11	856.96

(Accounting period)	First quarter	Second quarter	Third quarter	Fourth quarter
Quarterly earnings per share (Yen)	358.18	117.94	331.47	46.09

Independent Auditor's Report

To the Board of Directors of Toyota Industries Corporation

THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Toyota Industries Corporation and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at March 31, 2025, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

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

Emphasis of Matter

As described in Note 37 "Subsequent Events" of the Notes to the Consolidated Financial Statements, a resolution in relation to a tender offer (the "Tender Offer") for the Company's common shares through a stock company to be founded by Toyota Fudosan Co., Ltd., was adopted at the Board of Directors meeting of the Company held on June 3, 2025. When the Tender Offer commences, the Company will express an opinion in support of the Tender Offer and the Company will leave the decision as to whether to tender its shares in the Tender Offer to the discretion of each shareholder of the Company. This matter does not affect our opinion.

Key Audit Matters

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

Valuation of goodwill and intangible assets with indefinite useful lives	
Key audit matter description	How our audit addressed the key audit matter
The Group develops energy-efficient electric lift trucks, next-generation models of lift trucks, automation technology for materials handling equipment and materials handling systems to provide logistics solutions in its Materials Handling Equipment Business. In order to further strengthen the business, the Group acquired	We performed the following procedures over the impairment assessment for the goodwill and intangible assets with indefinite useful lives: · Assessed the appropriateness of cash-generating units identified by management, considering the lowest level used by the Group for internal management purposes.

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Vanderlande Group (Vanderlande), a global logistics solutions provider, and Bastian Group (Bastian), a leading logistics system integrator in North America, during the year ended March 31, 2018, and viastore Group (viastore), a German logistics solutions provider, during the year ended March 31, 2023. As a result, the Group recorded goodwill of 80,466 million yen and intangible assets with indefinite useful lives of 29,336 million yen arising from the acquisition of Vanderlande, goodwill of 20,152 million yen arising from the acquisition of Bastian and goodwill of 27,083 million yen arising from the acquisition of viastore as of March 31, 2025 (Note 11 "Goodwill and Intangible Assets"). Goodwill as a result of the Vanderlande, Bastian and viastore acquisitions is allocated to Materials Handling Equipment Business, a cash-generating unit, and the intangible assets with indefinite useful lives of Vanderlande are allocated to Vanderlande, a cash-generating unit. Net sales for Materials Handling Equipment segment is 2,789,484 million yen and segment profit is 166,729 million yen for the year ended March 31, 2025 (Note 4 "Segment Information"). The Group performs an annual impairment test for goodwill and intangible assets with indefinite useful lives, and more frequently if there are indicators of impairment. In the impairment test, the recoverable amount of a cash-generating unit is determined based on value in use. The Group calculates the value in use as the present value of the future cash flows expected to be derived from the Materials Handling Equipment CGU and the Vanderlande CGU principally based on the five-year business plan approved by management. An assumed increasing growth rate is used to extrapolate cash flows beyond the five-year period. The business plan is prepared based on production and sales strategies including the launch of new products according to local market conditions based on customer location as well as capital expenditure plans. The increasing growth rate used for cash flows beyond the five-year period is determined with reference to the expected long-term growth rate of markets to which the Materials Handling Equipment CGU and the Vanderlande CGU belong. The discount rate is determined based on the weighted average cost of capital (pre-tax) of the Materials Handling Equipment CGU and the Vanderlande CGU. The Group concludes that it is highly unlikely that these assets will be significantly impaired even if these assumptions change within a reasonable and predictable range (Note 11 "Goodwill and Intangible Assets"). The goodwill and intangible assets with indefinite useful lives are material to the consolidated financial statements. In addition, the calculation of value in use in impairment testing uses assumptions such as estimates of future cash flows based on the five-year business plan, growth rates, and discount rates, all of which involve management's subjective judgment. Therefore, we considered the audit of the impairment assessment for goodwill and intangible assets with indefinite useful lives for these CGUs to be a key audit matter.	· Performed the following procedures over the five-year business plans approved by management for the Materials Handling Equipment CGU and the Vanderlande CGU: - Compared the business plans used in the prior-year impairment assessment with the actual results. - Obtained an understanding of the production and sales strategies according to local market conditions based on customer location as well as the capital expenditure plans and assessed whether the business plans were consistent with the understanding and the historical trends in net sales and profit. · Performed the following procedures over the growth rate used to extrapolate cash flows beyond the five-year period: - Assessed whether the growth rate was consistent with the historical growth rate. - Assessed whether the growth rate was reasonable compared with data of the expected long-term growth rate of the market which was provided by a third party independent from the Group. · Performed the following procedures over the discount rate: - Assessed whether the discount rate was reasonable and recalculated the underlying analysis supporting the discount rate. - Assessed whether the market data used to determine the discount rate was consistent with the data provided by a pricing vendor independent from the Group. - Involved valuation specialists to perform independent recalculations of the discount rate and compared the calculation with the discount rate determined by the management.

Other Information

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

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

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

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

We have nothing to report in this regard.

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

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

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

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

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

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

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

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

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

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

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

FEE-RELATED INFORMATION

In connection with our audit of the consolidated financial statements for the year ended March 31, 2025, the amounts of fees for the audit and the other services charged to Toyota Industries Corporation and its controlled entities by PricewaterhouseCoopers Japan LLC and other PwC Network firms are ¥200 million and ¥2,536 million, respectively.

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

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

小林 正英

Masahide Kobayashi
Designated Engagement Partner
Certified Public Accountant

市原 順二

Junji Ichihara
Designated Engagement Partner
Certified Public Accountant

July 25, 2025

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