AICHI CORPORATION

Audited Financial Statements

(English Translation)

March 31, 2022

AICHI CORPORATION

Consolidated Balance Sheet
As of March 31, 2022

		In Thousands of Yen
Assets		
Current assets:		
Cash and deposits	¥	1,179,626
Deposits paid		36,897,023
Notes and accounts receivable – trade, and contract assets		18,608,241
Finished goods		896,832
Work in process		1,459,508
Raw materials and supplies		1,345,329
Other		758,981
Total current assets		61,145,543
Non-current assets:		
Property, plant and equipment:		
Buildings and structures		7,051,360
Machinery, equipment and vehicles		2,080,087
Tools, furniture and fixtures		192,491
Land		8,524,007
Construction in progress		1,369
Other		331,906
Total property, plant and equipment		18,181,222
Intangible assets		665,998
Investments and other assets:		
Investment securities		7,311,005
Other		3,262,562
Allowance for doubtful accounts		(6,758)
Total investments and other assets		10,566,810
Total non-current assets		29,414,030
Total assets	¥	90,559,574

	In Thousands of Yen
Liabilities	
Current liabilities:	
Notes and accounts payable – trade	¥ 8,633,664
Income taxes payable	717,737
Provision for bonuses for directors (and other officers)	38,000
Provision for product warranties	228,271
Other	2,749,936
Total current liabilities	12,367,609
Non-current liabilities:	
Deferred tax liabilities for land revaluation	616,302
Retirement benefit liability	489,292
Deferred tax liabilities	704,782
Other	337,835
Total non-current liabilities	2,148,213
Total liabilities	14,515,822
Net assets	
Shareholders' equity:	
Share capital	10,425,325
Capital surplus	9,923,342
Retained earnings	52,416,619
Treasury shares	(646,937)
Total shareholders' equity	72,118,350
Accumulated other comprehensive income:	
Valuation difference on available-for-sale securities	4,085,430
Revaluation reserve for land	(1,624,044)
Foreign currency translation adjustment	758,735
Remeasurements of defined benefit plans	705,280
Total accumulated other comprehensive income	3,925,401
Total net assets	76,043,752
Total liabilities and net assets	¥ 90,559,574

AICHI CORPORATION
Consolidated Statement of Income
Fiscal Year from April 1, 2021 to March 31, 2022

	In Thousands of Yen
Operating revenue:	
Net sales	¥ 56,591,208
Operating costs and expenses:	
Cost of sales	43,980,901
Gross profit	12,610,306
Selling, general and administrative expenses	5,748,748
Operating profit	6,861,558
Non-operating income:	
Interest and dividend income	169,328
Share of profit of entities accounted for using equity method	639,551
Foreign exchange gains	18,752
Other	49,171
	876,802
Non-operating expenses:	
Other	2,224
	2,224
Ordinary profit	7,736,136
Extraordinary income:	
Gain on sales of non-current assets	1,054
Gain on sales of investment securities	119,079
Insurance claim income	31,920
	152,054
Extraordinary losses:	
Loss on sales of non-current assets	134
Loss on retirement of non-current assets	16,850
Impairment loss	449
	17,434
Profit before income taxes	7,870,756
Income taxes – current	1,886,607
Income taxes – deferred	339,167
	2,225,774
Profit	5,644,982
Profit attributable to owners of parent	¥ 5,644,982

AICHI CORPORATION
Consolidated Statement of Changes in Equity
Fiscal Year from April 1, 2021 to March 31, 2022

(In Thousands of Yen)

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

Items	Accumulated other comprehensive income		
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment
Balance at beginning of period	4,498,080	(1,624,044)	86,580
Changes during period			
Dividends of surplus			
Profit attributable to owners of parent			
Purchase of treasury shares			
Cancellation of treasury shares			
Transfer from retained earnings to capital surplus			
Net changes of items other than shareholders' equity	(412,650)		672,154
Total changes during period	(412,650)	－	672,154
Balance at end of period	4,085,430	(1,624,044)	758,735

Items	Accumulated other comprehensive income		Total net assets
	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	773,869	3,734,486	73,321,669
Changes during period			
Dividends of surplus			(2,444,671)
Profit attributable to owners of parent			5,644,982
Purchase of treasury shares			(669,142)
Cancellation of treasury shares			－
Transfer from retained earnings to capital surplus			－
Net changes of items other than shareholders' equity	(68,588)	190,915	190,915
Total changes during period	(68,588)	190,915	2,722,083
Balance at end of period	705,280	3,925,401	76,043,752

AICHI CORPORATION

Notes to Consolidated Financial Statements

Summary of Significant Accounting Policies

1. Basis of consolidation

The accounts of AICHI CORPORATION (the “Company”) and all of its 3 subsidiaries are included in the consolidated financial statements.

Name of the consolidated subsidiaries
Zhejiang Aichi Industrial Machinery Co., Ltd.
AICHI NZ LIMITED
AICHI AUS PTY LTD

2. Application of equity method

(1) Overview of affiliates accounted for by the equity method
One affiliate is accounted for by the equity method.
Name of the affiliate
Hangzhou Aichi Engineering Vehicles Co., Ltd.

(2) Special matters concerning application procedures of the equity method
Although the fiscal year end date of Hangzhou Aichi Engineering Vehicles Co., Ltd. is December 31, when preparing the consolidated financial statements, the Company uses the affiliate’s provisional financial statements, which are calculated assuming the fiscal year end date is March 31.

3. Fiscal year of consolidated subsidiaries

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

4. Accounting policies

(1) Valuation method of significant assets

(i) Inventories
Inventories are stated at cost (write-down due to decreased profitability).
Finished goods and work in process are evaluated using the specific identification method.
Raw materials are mainly stated at cost, cost being determined by the moving average method.
Supplies are stated at cost, cost being determined by the last purchase price method.

(ii) Securities
Available-for-sale securities
Securities other than shares, etc., that do not have a market price:
Stated at fair value
(Net unrealized gains or losses are reported as a separate component in net assets, net of applicable income taxes. Gains and losses on disposition are computed based on the moving average method.)
Shares, etc., that do not have a market price:
Stated at cost, cost mainly being determined by the moving average method.

(iii) Derivatives
Derivatives are stated at fair value.

(2) Method of depreciation or amortization

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

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

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

(3) Significant allowances and provisions

(i) Allowance for doubtful accounts

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

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

The Company provides for estimated payment of bonuses to directors.

(iii) Provision for product warranties

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

(4) Retirement benefits

(i) Method of attributing projected benefit obligation to periods

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

(ii) Calculation treatment for actuarial gains or losses

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

(5) Hedge accounting

Deferred hedge accounting is applied.

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

(6) Other important matters for preparing consolidated financial statements

Accounting standards for revenue and expense recognition

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

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

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

Additional Information

(Accounting estimates associated with the impact of the spread of COVID-19)

There are many uncertainties related to COVID-19, and it is difficult to predict the period required for measures to prevent the spread of the disease and its impact. Accounting estimates have been reflected in the accounting process on the assumption that the impact of the pandemic will continue for at least a certain period of time. However, there are many uncertain factors about the impact of the spread of COVID-19, and the stagnation of activities due to a subsequent spread of infection may affect the Company's future financial position and business results.

Changes in Accounting Policies due to Revision of Accounting Standard, etc.

(Adoption of Accounting Standard for Revenue Recognition, etc.)

The Group has adopted "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020; hereinafter "Revenue Recognition Standard") and other standards from the beginning of the current fiscal year to recognize revenue at the amount expected to be received in exchange for the promised goods or services when the control of those goods or services is transferred to customers.

As a result, for parts supply transactions for fees relating to specially equipped vehicles for which manufacturing consignment agreements are received from customers, the Group used to record the total amounts of net sales and cost of sales as the sales of products after processing the parts supplied from customers, but now recognizes revenue from the sales of specially equipped vehicles for which manufacturing consignment agreements are received at the amounts excluding the amounts of parts supplied for fees.

The adoption of the Revenue Recognition Standard and other standards follows the transitional treatment prescribed in the proviso of Paragraph 84 of the Revenue Recognition Standard. The cumulative effect of retroactive adoption of the new accounting policy prior to the beginning of the current fiscal year is added to or subtracted from retained earnings at the beginning of the current fiscal year, and the new accounting policy is adopted from the beginning balance. However, the new accounting policy has not been adopted retrospectively to contracts which recognized almost all amounts of revenue in accordance with the previous treatment prior to the beginning of the current fiscal year by adopting the method prescribed in Paragraph 86 of the Revenue Recognition Standard. In addition, by adopting the method prescribed in Paragraph 86 (1) of the Revenue Recognition Standard, changes in contracts made prior to the beginning of the current fiscal year are accounted for based on the contract terms after reflecting all changes in contracts, and the cumulative effect is added to or deducted from retained earnings at the beginning of the current fiscal year.

As a result, net sales and cost of sales for the current fiscal year decreased ¥631,034 thousand, respectively, and there is no impact on operating profit, ordinary profit, or profit before income taxes. There is no impact of this change on the balance of retained earnings at the beginning of the current fiscal year.

There is no impact of this change on per share information.

(Adoption of Accounting Standard for Fair Value Measurement)

The Group has adopted "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019; hereinafter "Fair Value Measurement Standard") and other standards from the beginning of the current fiscal year, and in accordance with the transitional treatment prescribed in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019), the new accounting policy prescribed by the Fair Value Measurement Standard and other standards will be adopted prospectively.

There is no impact on the consolidated financial statements.

In addition, the Group will include notes on breakdown of fair value of financial instrument by level, etc., in Notes to Financial Instruments.

Notes to Accounting Estimates

Provision for product warranties

The balance of provision for product warranties at the end of the fiscal year ended March 31, 2022 was ¥228,271 thousand.

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

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

For specific products subject to measures for rectifying defects, expected product warranty expenses are estimated and recognized individually based on the number of units to be rectified, the estimated cost of repair per unit, the percentage of the units that have actually been repaired, and the percentage of the liability shared with suppliers.

If liabilities arise due to product defects that were not expected when the estimates were made for the provision, or if warranty expenses exceed the provision, it may become necessary to recognize an additional provision for product warranties. Meanwhile, if the actual warranty expenses turn out to be smaller than the provision, a reversal of the provision will be recognized.

Notes to Consolidated Balance Sheet

			In Thousands of Yen
1.	Accumulated depreciation of property, plant and equipment	¥	23,216,451
2.	Balances of receivables from contracts with customers and contract assets		
	Notes receivable – trade	¥	2,856,931
	Accounts receivable – trade	¥	15,751,309
	Contract assets	¥	—
3.	Balance of contract liabilities within other of current liabilities	¥	249,678

4. Land revaluation

Pursuant to the Law Concerning Revaluation of Land (Law No. 34, March 31, 1998) and the Law to Partially Amend the Law Concerning Revaluation of Land (Law No. 19, March 31, 2001), the Company revalued land used for business activities on March 31, 2002.

Pursuant to the Law to Partially Amend the Law Concerning Revaluation of Land (Law No. 24, March 31, 1999), the effect of this revaluation has been recorded as deferred tax liabilities for land revaluation in liabilities and as revaluation reserve for land in net assets.

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

Revaluation date	March 31, 2002
Difference between the fair value at the end of the fiscal year ended March 31, 2022 and the book value of the land after the revaluation	¥(2,299,939) thousand

Notes to Consolidated Statement of Income

			In Thousands of Yen
1.	Amount of revenue from contracts with customers within net sales	¥	56,591,208
2.	Write-down due to decreased profitability of inventories held for sale in the ordinary course of business		
	Cost of sales	¥	59,942

Notes to Consolidated Statement of Changes in Equity

1. Class and number of issued shares

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

(Major cause of movement)
Decrease due to cancellation of treasury shares based on a resolution made at a board meeting held on October 27, 2021 1,829,449 shares

2. Share acquisition rights, etc.
There are no applicable items.

3. Cash dividends

(1) Amount of cash dividends

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

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

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

Notes to Financial Instruments

1. Status of financial instruments held by the Group

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

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

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

2. Fair value of financial instruments

Consolidated balance sheet amounts, fair values and their differences as of March 31, 2022 are as follows. Shares, etc., that do not have a market price (with consolidated balance sheet amount of ¥356,560 thousand) are not included in available-for-sale securities under investment securities. Notes to cash are omitted. Notes to deposits, deposits paid, notes and accounts receivable – trade, and contract assets, notes and accounts payable – trade, and income taxes payable are omitted, because they are settled on short-term basis and their book values approximate their fair values.

(In Thousands of Yen)

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

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

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

Level 1 fair value: Fair value measured using (unadjusted) quoted prices in active markets for the same assets or liabilities.

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

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

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

(1) Financial assets measured at fair value

(In Thousands of Yen)

Category	Faire value			
	Level 1	Level 2	Level 3	Total
Investment securities Available-for-sale securities	6,954,445	–	–	6,954,445

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

Notes are omitted due to their insignificance.

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

Investment securities

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

Notes to Rental Property

Disclosure is omitted as the information is insignificant.

Notes to Revenue Recognition

1. Information about breakdown of revenue from contracts with customers

(1) Major regional markets

(In Thousands of Yen)

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

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

(2) Timing of revenue recognition

(In Thousands of Yen)

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

(Notes)

1. The category "Other" is a business segment not included in the reportable segment and includes the used vehicles sales of aerial work platforms, etc., and education business, etc.
2. Goods or services transferred over time are those related to maintenance contracts.

2. Useful information in understanding revenue

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

Consideration for these performance obligations is received generally within one year after the performance obligations are satisfied under separately prescribed payment terms, and includes no significant financing components.

Under sales contracts related to specially equipped vehicles, the Group has warranty obligations that promise to repair faults that arise within the warranty period without fee. The warranty provides assurance that the product complies with agreed-upon specifications and will operate as promised, and thus, is recognized as a provision for product warranties.

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

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

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

(In Thousands of Yen)

	Current fiscal year (from April 1, 2021 to March 31, 2022)
Receivables from contracts with customers (balance at beginning of period)	19,464,344
Receivables from contracts with customers (balance at end of period)	18,608,241
Contract assets (balance at beginning of period)	—
Contract assets (balance at end of period)	—
Contract liabilities (balance at beginning of period)	68,728
Contract liabilities (balance at end of period)	249,678

Contract liabilities are recorded under other of current liabilities. Contract liabilities are related to advances received from customers based on the payment terms agreed with customers for contracts in which revenue from the sales, repair, etc., of specially equipped vehicles or their parts is recognized when those products or services are accepted by customers, and for contracts in which revenue is recognized over time as the performance obligations for after-sales services are satisfied. Contract liabilities are reversed upon recognition of revenue.

Revenue recognized in the current fiscal year that was included in the contract liability balance at the beginning of the period was ¥68,253 thousand.

The amount of revenue recognized in the current fiscal year from performance obligations that were satisfied in previous periods is immaterial.

(2) Transaction price allocated to the remaining performance obligations

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

(In Thousands of Yen)

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

Per Share Information

	In Yen
Net assets per share	¥ 1,006.05
Profit per share	74.09

Notes to Subsequent Events

There are no applicable items.

Other Notes

There are no applicable items.

Notice to Readers:
Figures below the unit of presentation are discarded from the amounts in the accompanying financial statements stated in thousands of yen.

AICHI CORPORATION
Non-consolidated Balance Sheet
As of March 31, 2022

	In Thousands of Yen	
Assets		
Current assets:		
Cash and deposits	¥	219,606
Deposits paid		36,897,023
Notes receivable – trade		1,477,282
Electronically recorded monetary claims – operating		1,379,649
Accounts receivable – trade		15,779,964
Finished goods		721,950
Work in process		1,400,117
Raw materials and supplies		1,035,640
Short-term loans receivable		214,390
Other		735,061
Allowance for doubtful accounts		(92,000)
Total current assets		59,768,686
Non-current assets:		
Property, plant and equipment:		
Buildings		6,097,662
Structures		628,390
Machinery and equipment		1,832,268
Vehicles		1,941
Tools, furniture and fixtures		161,365
Land		8,524,007
Construction in progress		1,369
Other		331,906
Total property, plant and equipment		17,578,912
Intangible assets:		
Right to use water facilities		846
Software		253,736
Other		47,300
Total intangible assets		301,883
Investments and other assets:		
Investment securities		7,311,005
Investments in capital		1,010
Investments in capital of subsidiaries and affiliates		1,420,530
Long-term prepaid expenses		125,397
Guarantee deposits		56,129
Other		101,060
Allowance for doubtful accounts		(86,486)
Total investments and other assets		8,928,646
Total non-current assets		26,809,442
Total assets	¥	86,578,128

	In Thousands of Yen
Liabilities	
Current liabilities:	
Notes payable – trade	¥ 1,004,225
Electronically recorded obligations – operating	3,406,319
Accounts payable – trade	4,315,166
Accounts payable – other	770,587
Income taxes payable	712,036
Accrued consumption taxes	21,044
Accrued expenses	1,343,175
Deposits received	311,251
Unearned revenue	365
Provision for bonuses for directors (and other officers)	38,000
Provision for product warranties	228,271
Notes payable – facilities	41,647
Electronically recorded obligations – facilities	25,267
Other	102,516
Total current liabilities	12,319,875
Non-current liabilities:	
Deferred tax liabilities for land revaluation	616,302
Provision for retirement benefits	1,504,152
Deferred tax liabilities	179,344
Other	337,835
Total non-current liabilities	2,637,635
Total liabilities	14,957,511
Net assets	
Shareholders' equity:	
Share capital	10,425,325
Capital surplus:	
Legal capital surplus	9,941,842
Total capital surplus	9,941,842
Retained earnings:	
Other retained earnings	49,439,001
Retained earnings brought forward	49,439,001
Total retained earnings	49,439,001
Treasury shares	(646,937)
Total shareholders' equity	69,159,232
Valuation and translation adjustments:	
Valuation difference on available-for-sale securities	4,085,430
Revaluation reserve for land	(1,624,044)
Total valuation and translation adjustments	2,461,385
Total net assets	71,620,617
Total liabilities and net assets	¥ 86,578,128

AICHI CORPORATION
Non-consolidated Statement of Income
Fiscal Year from April 1, 2021 to March 31, 2022

	In Thousands of Yen
Operating revenue:	
Net sales	¥ 56,099,093
Operating costs and expenses:	
Cost of sales	43,680,822
Gross profit	12,418,270
Selling, general and administrative expenses	5,560,071
Operating profit	6,858,198
Non-operating income:	
Interest and dividend income	161,818
Foreign exchange gains	41,872
Other	35,132
	238,822
Non-operating expenses:	
Other	1,871
	1,871
Ordinary profit	7,095,149
Extraordinary income:	
Gain on sales of non-current assets	1,054
Gain on sales of investment securities	119,079
Insurance claim income	31,920
	152,054
Extraordinary losses:	
Loss on sales of non-current assets	38
Loss on retirement of non-current assets	16,778
Impairment loss	449
	17,266
Profit before income taxes	7,229,937
Income taxes – current	1,881,459
Income taxes – deferred	279,628
	2,161,087
Profit	¥ 5,068,850

AICHI CORPORATION
Non-consolidated Statement of Changes in Equity
Fiscal Year from April 1, 2021 to March 31, 2022

(In Thousands of Yen)

Items	Shareholders' equity			
	Share capital	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
Balance at beginning of period	10,425,325	9,941,842	—	9,941,842
Changes during period				
Dividends of surplus				
Profit				
Purchase of treasury shares				
Cancellation of treasury shares			(1,170,188)	(1,170,188)
Transfer from retained earnings to capital surplus			1,170,188	1,170,188
Net changes of items other than shareholders' equity				
Total changes during period	—	—	—	—
Balance at end of period	10,425,325	9,941,842	—	9,941,842

Items	Shareholders' equity			
	Retained earnings		Treasury shares	Total shareholders' equity
	Other retained earnings	Total retained earnings		
	Retained earnings brought forward			
Balance at beginning of period	47,985,012	47,985,012	(1,147,983)	67,204,195
Changes during period				
Dividends of surplus	(2,444,671)	(2,444,671)		(2,444,671)
Profit	5,068,850	5,068,850		5,068,850
Purchase of treasury shares			(669,142)	(669,142)
Cancellation of treasury shares			1,170,188	—
Transfer from retained earnings to capital surplus	(1,170,188)	(1,170,188)		—
Net changes of items other than shareholders' equity				
Total changes during period	1,453,989	1,453,989	501,046	1,955,036
Balance at end of period	49,439,001	49,439,001	(646,937)	69,159,232

Items	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments	
Balance at beginning of period	4,498,080	(1,624,044)	2,874,036	70,078,232
Changes during period				
Dividends of surplus				(2,444,671)
Profit				5,068,850
Purchase of treasury shares				(669,142)
Cancellation of treasury shares				—
Transfer from retained earnings to capital surplus				—
Net changes of items other than shareholders' equity	(412,650)		(412,650)	(412,650)
Total changes during period	(412,650)	—	(412,650)	1,542,385
Balance at end of period	4,085,430	(1,624,044)	2,461,385	71,620,617

AICHI CORPORATION
Notes to Non-consolidated Financial Statements

Significant Accounting Policies

1. Valuation of securities
Securities other than shares, etc., that do not have a market price:
Stated at fair value
(Net unrealized gains or losses are reported as a separate component in net assets, net of applicable income taxes. Gains and losses on disposition are computed based on the moving average method.)
Shares, etc., that do not have a market price:
Stated at cost, cost mainly being determined by the moving average method.

2. Valuation of inventories
Inventories are stated at cost (write-down due to decreased profitability).
(1) Finished goods and work in process are evaluated using the specific identification method.
(2) Raw materials are evaluated using the moving average method.
(3) Supplies are stated at cost, cost being determined by the last purchase price method.

3. Valuation of derivatives
Derivatives are stated at fair value.

4. Method of depreciation or amortization of non-current assets
(1) Property, plant and equipment (except for leased assets) are depreciated by the declining-balance method. In addition, buildings (except for facilities attached to buildings) acquired on and after April 1, 1998 and facilities attached to buildings and structures acquired on and after April 1, 2016 are depreciated by the straight-line method.
(2) Intangible assets (except for leased assets) are amortized by the straight-line method. In addition, software for internal use is amortized by the straight-line method over their estimated useful lives (five years).
(3) Depreciation of leased assets regarding finance leases other than those for which the ownership of the leased items is transferred to the lessee is computed by the straight-line method over the lease period with no residual value.
(4) Long-term prepaid expenses are amortized by the straight-line method.

5. Allowances and provisions
(1) Allowance for doubtful accounts
The Company provides for estimated losses on accounts receivable based on prior bad debt experience and a review of existing receivable balances. The Company reviews individual financial conditions for doubtful or troubled receivables and provides for losses on uncollectible amounts. In addition, a general reserve for other accounts receivable is provided based on historical loss experience for certain past periods.
(2) Provision for bonuses for directors (and other officers)
The Company provides for estimated payment of bonuses to directors.
(3) Provision for product warranties
The Company provides for estimated warranty costs based on the Company’s prior experience and estimated costs to be incurred individually calculated for certain products.

(4)Provision for retirement benefits

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

(i) Method of attributing projected benefit obligation to periods

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

(ii) Calculation treatment for actuarial gains or losses

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

6. Accounting standards for revenue and expense recognition

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

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

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

7. Hedge accounting

Deferred hedge accounting is applied.

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

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

Accounting treatment for retirement benefits

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

Additional Information

(Accounting estimates associated with the impact of the spread of COVID-19)

There are many uncertainties related to COVID-19, and it is difficult to predict the period required for measures to prevent the spread of the disease and its impact. Accounting estimates have been reflected in the accounting process on the assumption that the impact of the pandemic will continue for at least a certain period of time. However, there are many uncertain factors about the impact of the spread of COVID-19, and the stagnation of activities due to a subsequent spread of infection may affect the Company’s future financial position and business results.

Changes in Accounting Policies due to Revision of Accounting Standard, etc.

(Adoption of Accounting Standard for Revenue Recognition, etc.)

The Company has adopted "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020; hereinafter "Revenue Recognition Standard") and other standards from the beginning of the current fiscal year to recognize revenue at the amount expected to be received in exchange for the promised goods or services when the control of those goods or services is transferred to customers.

As a result, for parts supply transactions for fees relating to specially equipped vehicles for which manufacturing consignment agreements are received from customers, the Company used to record the total amounts of net sales and cost of sales as the sales of products after processing the parts supplied from customers, but now recognizes revenue from the sales of specially equipped vehicles for which manufacturing consignment agreements are received at the amounts excluding the amounts of parts supplied for fees.

The adoption of the Revenue Recognition Standard and other standards follows the transitional treatment prescribed in the proviso of Paragraph 84 of the Revenue Recognition Standard. The cumulative effect of retroactive adoption of the new accounting policy prior to the beginning of the current fiscal year is added to or subtracted from retained earnings at the beginning of the current fiscal year, and the new accounting policy is adopted from the beginning balance. However, the new accounting policy has not been adopted retrospectively to contracts which recognized almost all amounts of revenue in accordance with the previous treatment prior to the beginning of the current fiscal year by adopting the method prescribed in Paragraph 86 of the Revenue Recognition Standard. In addition, by adopting the method prescribed in Paragraph 86 (1) of the Revenue Recognition Standard, changes in contracts made prior to the beginning of the current fiscal year are accounted for based on the contract terms after reflecting all changes in contracts, and the cumulative effect is added to or deducted from retained earnings at the beginning of the current fiscal year.

As a result, net sales and cost of sales for the current fiscal year decreased ¥631,034 thousand, respectively, and there is no impact on operating profit, ordinary profit, or profit before income taxes. There is no impact of this change on the balance of retained earnings at the beginning of the current fiscal year.

There is no impact of this change on per share information.

(Adoption of Accounting Standard for Fair Value Measurement)

The Company has adopted "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019; hereinafter "Fair Value Measurement Standard") and other standards from the beginning of the current fiscal year, and in accordance with the transitional treatment prescribed in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019), the new accounting policy prescribed by the Fair Value Measurement Standard and other standards will be adopted prospectively.

There is no impact on the financial statements.

Notes to Accounting Estimates

Provision for product warranties

The balance of provision for product warranties at the end of the fiscal year ended March 31, 2022 was ¥228,271 thousand.

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

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

For specific products subject to measures for rectifying defects, expected product warranty expenses are estimated and recognized individually based on the number of units to be rectified, the estimated cost of repair per unit, the percentage of the units that have actually been repaired, and the percentage of the liability shared with suppliers.

If liabilities arise due to product defects that were not expected when the estimates were made for the provision, or if warranty expenses exceed the provision, it may become necessary to recognize additional provision for product warranties. Meanwhile, if the actual warranty expenses turn out to be smaller than the provision, a reversal of the provision will be recognized.

Notes to Non-consolidated Balance Sheet

	In Thousands of Yen
1. Accumulated depreciation of property, plant and equipment	¥ 22,196,567
2. Receivables from and payables to subsidiaries and affiliates:	
Short-term receivables	¥ 38,027,942
Short-term payables	¥ 248,248

3. Land revaluation

Pursuant to the Law Concerning Revaluation of Land (Law No. 34, March 31, 1998) and the Law to Partially Amend the Law Concerning Revaluation of Land (Law No. 19, March 31, 2001), the Company revalued land used for business activities on March 31, 2002.

Pursuant to the Law to Partially Amend the Law Concerning Revaluation of Land (Law No. 24, March 31, 1999), the effect of this revaluation has been recorded as deferred tax liabilities for land revaluation in liabilities and as revaluation reserve for land in net assets.

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

Revaluation date	March 31, 2002
Difference between the fair value at the end of the fiscal year ended March 31, 2022 and the book value of the land after the revaluation	¥ (2,299,939) thousand

Notes to Non-consolidated Statement of Income

	In Thousands of Yen
1. Transactions with subsidiaries and affiliates:	
Operating transactions	
Net sales	¥ 3,123,532
Goods purchased	¥ 2,498,510
Selling, general and administrative expenses	¥ 7,557
Non-operating transactions	¥ 19,196
2. Amount of revenue from contracts with customers within net sales	¥ 56,099,093
3. Write-down due to decreased profitability of inventories held for sale in the ordinary course of business	
Cost of sales	¥ 49,985

Notes to Non-consolidated Statement of Changes in Equity

Class and number of treasury shares

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

(Major causes of movement)

Increase due to acquisition of treasury shares based on a resolution made at a board meeting held on October 27, 2021	809,100 shares
Increase due to acquisition of shares less than one unit	371 shares
Decrease due to cancellation of treasury shares based on a resolution made at a board meeting held on October 27, 2021	1,829,449 shares

Deferred Tax Assets and Liabilities

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

	In Thousands of Yen
Deferred tax assets	
Inventories	¥ 124,704
Accrued enterprise tax and business office tax	59,148
Provision for product warranties	69,531
Provision for retirement benefits	735,350
Accrued bonuses	288,603
Buildings, structures, machinery and equipment	47,385
Land	569,560
Investment securities	138,288
Others	425,366
Subtotal	2,457,939
Valuation allowance	(1,044,090)
Total deferred tax assets	1,413,849
Deferred tax liabilities	
Valuation difference on available-for-sale securities	¥ (1,584,313)
Others	(8,880)
Total deferred tax liabilities	(1,593,193)
Deferred tax assets (Net)	(179,344)

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

	In Thousands of Yen
Deferred tax assets	
Unrealized loss on land revaluation	¥ 923,260
Valuation allowance	(923,260)
Deferred tax assets (Net)	—
Deferred tax liabilities	
Unrealized gain on land revaluation	¥ (616,302)
Deferred tax liabilities (Net)	(616,302)

Related Party Transactions

Related party transactions are as follows:

Parent company and major corporate shareholders, etc.

Type	Name of the related company	Capital (in thousands of Yen)	Description of business or occupation	Equity ownership percentage	Relationship of related company		Nature of transactions	Transaction amount (in thousands of Yen)	Account	Balance at year-end (in thousands of Yen)
					Interlocking directorate	Business relationship				
Parent company	Toyota Industries Corporation	80,462,672	Manufacture and sale of automobiles, industrial vehicles, and textile machinery, etc.	(owned) direct 53.6%	Cross-company transfer 1 person Employee 1 person	Sale of specially equipped vehicles as well as sale and purchase of their parts; deposits of funds	Deposits paid (Net) ※	360,848	Deposits paid	36,897,023

Note: Commercial terms and conditions

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

Notes to Revenue Recognition

Useful information in understanding revenue

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

Per Share Information

	In Yen
Net assets per share	¥ 947.53
Profit per share	66.52

Notes to Subsequent Events

There are no applicable items.

Notes to Companies Subject to the Restriction on Consolidated Dividends

There are no applicable items.

Other Notes

There are no applicable items.

Notice to Readers:
Figures below the unit of presentation are discarded from the amounts in the accompanying financial statements stated in thousands of yen.