

[English Translation]

SEMI-ANNUAL REPORT

From 1 April 2023
To 30 September 2023

filed on 27 December 2023 through EDINET

TOYOTA FINANCE AUSTRALIA LIMITED
(E05954)

(This English translation of the Semi-Annual Report has been prepared solely for reference purposes and shall not have any binding force.)

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PART I. CORPORATE INFORMATION

Notes:

- (1) Unless otherwise stated, in this document, all references to “TFA” are to Toyota Finance Australia Limited (ABN 48 002 435 181), and all references to the “Company” or “Group” are to the economic entity comprising TFA, the entities it controls, and special purpose securitisation trusts which it consolidates.
- (2) Unless otherwise indicated in this document, all references to:
 - “Australian dollars”, “Dollars”, “A\$” or “\$” are to the lawful currency of the Commonwealth of Australia;
 - “U.S. Dollars”, “US Dollars”, “U.S.\$” or “US\$” are to the lawful currency of the United States of America;
 - “EUR” or “€” are to the single currency of those member states of the European Union participating in European economic and monetary union from time to time;
 - “yen” or “¥” are to the lawful currency of Japan;
 - “Programme” are to the €60,000,000,000 Euro Medium Term Note Programme of TFA and others; and
 - “Programme Memorandum” are to the Programme Memorandum dated 15 September 2023 (as supplemented from time to time) for the Programme.

In this document, for the convenience of the Japanese readers, unless otherwise provided, translation into Japanese yen has been made at the exchange rate of A\$1 = 97.79 yen which was the middle rate of the telegraphic transfer selling and buying exchange rates vis-à-vis customers on the Tokyo Foreign Exchange Market as quoted by MUFG Bank, Ltd. on 1 December 2023.
- (3) Totals in certain tables in this document may differ from the sum of the individual items in such tables due to rounding.

I. Outline of Legal and Other Systems in the Home Country of the Company

There has been no material change during the relevant six-month period other than the following matters, which supersede descriptions appearing in "PART I. CORPORATE INFORMATION; I. Outline of Legal and Other Systems in the Home Country of the Company; 3. Tax Treatment" of the Annual Securities Report.

Introduction

The following is a summary of the Australian withholding tax treatment under the Income Tax Assessment Acts of 1936 and 1997 of Australia (together, the “**Australian Tax Act**”), the Taxation Administration Act 1953 of Australia and any relevant rulings, judicial decisions or administrative practice, at the date of this Semi-Annual Report, of payments of interest (as defined in the Australian Tax Act) on the Notes to be issued by TFA under the Programme (hereinafter called the “**Notes**”) and certain other Australian tax matters.

This summary applies to holders of Notes that are:

- residents of Australia for tax purposes that do not acquire their Notes in carrying on a business at or through a permanent establishment outside of Australia, and non-residents of Australia for tax purposes that acquire their Notes in carrying on a business at or through a permanent establishment in Australia (“**Australian Holders**”); and
- non-residents of Australia for tax purposes that do not acquire their Notes in carrying on a business at or through a permanent establishment in Australia, and Australian tax residents that acquire their Notes in carrying on a business at or through a permanent establishment outside of Australia (“**Non-Australian Holders**”).

The summary is not exhaustive and, in particular, does not deal with the position of certain classes of holders of the Notes (including, without limitation, dealers in securities, custodians or other third parties who hold Notes on behalf of any person). In addition, unless expressly stated, the summary does not consider the Australian tax consequences for persons who hold interests in the Notes through Euroclear Bank SA/NV (“**Euroclear**”), Clearstream Banking, S.A. (“**Clearstream, Luxembourg**”), or another clearing system.

Prospective holders of the Notes should also be aware that particular terms of issue of any Series of Notes may affect the tax treatment of that Series of Notes. Information regarding taxes in respect of Notes may also be set out in the applicable Issue Terms.

This summary is not intended to be, nor should it be construed as, legal or tax advice to any particular holder of the Notes. Each holder should seek professional tax advice in relation to their particular circumstances.

Australian interest withholding tax

The Australian Tax Act characterises securities as either “debt interests” (for all entities) or “equity interests” (for companies) including for the purposes of Australian interest withholding tax (“**Australian IWT**”) and dividend withholding tax. TFA intends to issue Notes which are to be characterised as “debt interests” for the purposes of the tests contained in Division 974 of the Australian Tax Act and the returns paid on the Notes are to be “interest” for the purpose of section 128F of the Australian Tax Act. If Notes are issued which are not so characterised, further information on the material Australian tax consequences of payments of interest and certain other amounts on those Notes will be specified in the applicable Issue Terms (or another relevant supplement to the Programme Memorandum).

For Australian IWT purposes, “*interest*” is defined to include amounts in the nature of, or in substitution for, interest and certain other amounts.

Australian Holders

Payments of interest in respect of the Notes to Australian Holders will not be subject to Australian IWT.

Non-Australian Holders

Australian IWT is payable at a rate of 10 per cent. of the gross amount of interest paid by TFA to a Non-Australian Holder, unless an exemption is available.

(a) Section 128F exemption from Australian IWT

An exemption from Australian IWT is available in respect of interest paid on the Notes if the requirements of section 128F of the Australian Tax Act are satisfied.

Unless otherwise specified in any applicable Issue Terms (or another relevant supplement to the Programme Memorandum), TFA intends to issue the Notes in a manner which will satisfy the requirements of section 128F of the Australian Tax Act.

In broad terms, the requirements are as follows:

- (i) TFA is a resident of Australia and a company (as defined in section 128F(9) of the Australian Tax Act) when it issues the Notes and when interest is paid;
- (ii) the Notes are issued in a manner which satisfies the “public offer test” in section 128F of the Australian Tax Act.

In relation to the Notes, there are five principal methods of satisfying the public offer test, the purpose of which is to ensure that lenders in capital markets are aware that TFA is offering the Notes for issue. In summary, the five methods are:

- offers to 10 or more unrelated persons carrying on a business of providing finance, or investing or dealing in securities, in the course of operating in financial markets;
 - offers to 100 or more investors of a certain type;
 - offers of listed Notes;
 - offers via publicly available information sources; or
 - offers to a dealer, manager or underwriter who offers to sell the Notes within 30 days by one of the preceding methods;
- (iii) TFA does not know, or have reasonable grounds to suspect, at the time of issue, that the Notes (or interests in the Notes) were being, or would later be, acquired, directly or indirectly, by an “associate” of TFA, except as permitted by section 128F(5) of the Australian Tax Act (see below); and
 - (iv) at the time of the payment of interest, TFA does not know, or have reasonable grounds to suspect, that the payee is an “associate” of TFA, except as permitted by section 128F(6) of the Australian Tax Act (see below).

An “associate” of TFA for the purposes of section 128F of the Australian Tax Act includes:

- (A) a person or entity which holds more than 50 per cent. of the voting shares of, or otherwise controls, TFA;

- (B) an entity in which more than 50 per cent. of the voting shares are held by, or which is otherwise controlled by, TFA;
- (C) a trustee of a trust where TFA is capable of benefiting (whether directly or indirectly) under that trust; and
- (D) a person or entity who is an “associate” of another person or entity which is an “associate” of TFA under paragraph (A) above.

However, for the purposes of sections 128F(5) and 128F(6) of the Australian Tax Act (see paragraphs (iii) and (iv) above), a permitted “associate” of TFA includes:

- an Australian Holder; or
- a Non-Australian Holder that is acting in the capacity of:
 - (A) in the case of section 128F(5), a dealer, manager or underwriter in relation to the placement of the relevant Notes, or a clearing house, custodian, funds manager or responsible entity of a registered scheme (for the purposes of the Corporations Act 2001 of the Commonwealth of Australia (“**Corporations Act**”)); or
 - (B) in the case of section 128F(6), a clearing house, paying agent, custodian, funds manager or responsible entity of a registered scheme (for the purposes of the Corporations Act).

ACCORDINGLY, NOTES ISSUED BY TFA MUST NOT BE PURCHASED BY OFFSHORE ASSOCIATES OF TFA OTHER THAN THOSE ACTING IN THE PERMITTED CAPACITIES DESCRIBED ABOVE.

(b) Exemptions under certain double tax conventions

The Australian government has signed double tax conventions (“**Specified Tax Treaties**”) with particular countries (each a “**Specified Country**”) that contain certain exemptions from Australian IWT. The Specified Tax Treaties apply to interest derived by a resident of a Specified Country.

Broadly, the Specified Tax Treaties effectively prevent Australian IWT applying to interest derived by:

- governments of the Specified Countries and certain governmental authorities and agencies in a Specified Country; and
- a “*financial institution*” resident in a Specified Country which is unrelated to and dealing wholly independently with TFA. The term “*financial institution*” refers to either a bank or any other enterprise which substantially derives its profits by carrying on a business of raising and providing finance. However, interest paid under a back to back loan or an economically equivalent arrangement will not qualify for this exemption.

(c) *Notes in bearer form*

Section 126 of the Australian Tax Act imposes a type of withholding tax, currently at the rate of 45 per cent., on the payment of interest on debentures (such as the Notes) in bearer form if the issuer fails to disclose the names and addresses of the holders of the debentures to the Australian Taxation Office (“*ATO*”).

Section 126 does not, however, apply to the payment of interest on Notes in bearer form held by non-residents of Australia who do not carry on business at or through a permanent establishment in Australia where the issue of those Notes has satisfied the requirements of section 128F of the Australian Tax Act or Australian IWT is payable.

In addition, the ATO has confirmed that for the purposes of section 126, the holder of debentures in bearer form is the person in possession of the debentures. Section 126 is, therefore, limited in its application to persons in possession of Notes in bearer form who are residents of Australia or non-residents of Australia who are engaged in carrying on business at or through a permanent establishment in Australia. Where interests in Notes in bearer form are held through Euroclear, Clearstream, Luxembourg or another clearing system, TFA intends to treat the relevant operator of the clearing system (or its nominee) as the bearer of the Notes for the purposes of section 126.

(d) *Payment of additional amounts*

As set out in more detail in the relevant terms and conditions for the Notes, and unless otherwise expressly provided in the applicable Issue Terms (or another relevant supplement to the Programme Memorandum), if TFA is at any time required by law to withhold or deduct an amount in respect of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of the Commonwealth of Australia or any territory or other political subdivision or any authority thereof or therein having the power to tax in respect of the Notes, TFA must, subject to certain exceptions, pay such additional amounts as shall be necessary in order to ensure that the net amounts receivable by the holders of the Notes or Coupons after such deduction or withholding are equal to the respective amounts of principal and interest which would have been received had no such deduction or withholding been required. If TFA is required, by change in law, to pay an additional amount in respect of the Notes, TFA will have the option to redeem the Notes in whole, but not in part, in accordance with the relevant terms and conditions for the Notes.

Other tax matters

Under Australian laws as presently in effect:

- *death duties* - no Notes will be subject to death, estate or succession duties imposed by Australia, or by any political subdivision or authority therein having power to tax, if held at the time of death;
- *stamp duty and other taxes* - no ad valorem stamp, issue, registration or similar taxes are payable in Australia on the issue, transfer or redemption of any Notes;
- *additional withholdings from certain payments to non-residents* - the Governor-General may make regulations requiring withholding from certain payments to non-

residents of Australia (other than payments of interest and other amounts which are already subject to the current Australian IWT rules or specifically exempt from those rules). Regulations may only be made if the responsible Minister is satisfied the specified payments are of a kind that could reasonably relate to assessable income of foreign residents. The possible application of any future regulations to the proceeds of any sale of the Notes will need to be monitored;

- *garnishee directions by the Commissioner of Taxation* - the Commissioner of Taxation may give a direction requiring TFA to deduct from any payment to a holder of the Notes any amount in respect of Australian tax payable by the holder. If TFA is served with such a direction, then TFA will comply with that direction and make any deduction required by that direction;
- *supply withholding tax* - payments in respect of the Notes can be made free and clear of any “supply withholding tax” imposed under section 12-190 of Schedule 1 to the Taxation Administration Act 1953 of Australia; and
- *goods and services tax (“GST”)* - neither the issue nor receipt of the Notes will give rise to a liability for GST in Australia on the basis that the supply of Notes will comprise either an input taxed financial supply or (in the case of an offshore subscriber that is a non-resident of Australia) a GST-free supply. Furthermore, neither the payment of principal or interest by TFA, nor the disposal of the Notes, would give rise to any GST liability in Australia.

II. Outline of the Company

1. Trends in Major Business Indices

The following table sets out certain changes in principal indicators of the Company’s business operations for the periods/dates indicated.

Fiscal period		As at or for 6 mths ended/ 30 September 2021	As at or for 6 mths ended/ 30 September 2022	As at or for 6 mths ended/ 30 September 2023 (1)	As at or for 12 mths ended/ 31 March 2022	As at or for 12 mths ended/ 31 March 2023
Financing and Similar Revenue	A\$ in Thousands	600,186	676,190	964,520	1,201,085	1,492,330
	Yen in Thousands	58,692,189	66,124,620	94,320,411	117,454,102	145,934,951
Net Financing and Similar Revenue	A\$ in Thousands	257,371	95,198	316,288	589,492	190,864
	Yen in Thousands	25,168,310	9,309,412	30,929,804	57,646,423	18,664,591
Profit Attributable to Owners of Toyota Finance Australia Limited	A\$ in Thousands	130,976 (2)	31,330 (3)	141,035 (4)	314,996 (5)	14,890 (6)
	Yen in Thousands	12,808,143	3,063,761	13,791,813	30,803,459	1,456,093
Contributed Equity	A\$ in Thousands	120,000	120,000	120,000	120,000	120,000
	Yen in Thousands	11,734,800	11,734,800	11,734,800	11,734,800	11,734,800
Issued Outstanding Shares	Number of shares	120,000,000	120,000,000	120,000,000	120,000,000	120,000,000
Net Assets	A\$ in Thousands	1,826,985	1,921,197	2,051,112	1,996,485	1,910,711
	Yen in Thousands	178,660,863	187,873,855	200,578,242	195,236,268	186,848,429
Total Assets	A\$ in Thousands	23,051,814	26,194,377	29,442,945	25,192,049	27,067,629
	Yen in Thousands	2,254,236,891	2,561,548,127	2,879,225,592	2,463,530,472	2,646,943,440
Net Assets Per Share	A\$	15.225	16.010	17.093	16.637	15.923
	Yen	1,488.853	1,565.618	1,671.524	1,626.932	1,557.110
Earnings Per Share (7)	A\$	1.091	0.261	1.175	2.625	0.124
	Yen	106.689	25.523	114.903	256.699	12.126
Equity Ratio (8)	%	7.926	7.334	6.966	7.925	7.059
Return On Equity (9)	%	7.169	1.631	6.876	15.778	0.779

Fiscal period		As at or for 6 mths ended/ 30 September 2021	As at or for 6 mths ended/ 30 September 2022	As at or for 6 mths ended/ 30 September 2023 (1)	As at or for 12 mths ended/ 31 March 2022	As at or for 12 mths ended/ 31 March 2023
Net Cash Flows from Operating Activities	A\$ in Thousands	(534,080)	(495,684)	(1,755,881)	(1,451,385)	(1,420,916)
	Yen in Thousands	(52,227,683)	(48,472,938)	(171,707,603)	(141,930,939)	(138,951,376)
Net Cash Flows from Investing Activities	A\$ in Thousands	(11,472)	(3,235)	(14,121)	(20,418)	(24,564)
	Yen in Thousands	(1,121,847)	(316,351)	(1,380,893)	(1,996,676)	(2,402,114)
Net Cash Flows from Financing Activities	A\$ in Thousands	(1,418,818)	329,994	1,640,884	198,219	1,352,102
	Yen in Thousands	(138,746,212)	32,270,113	160,462,046	19,383,836	132,222,055
Cash and Cash Equivalents	A\$ in Thousands	1,506,658	2,028,519	1,974,948	2,197,444	2,104,066
	Yen in Thousands	147,336,086	198,368,873	193,130,165	214,888,049	205,756,614
Number of Employees (10)	No. of employees	840.69	999.37	1,044.68	898.80	1,033.18

Note

1. The Company has prepared unaudited semi-annual financial statements for the six-month period ended 30 September 2023. The financial information included in the above table has been extracted from the annual financial statements prepared in accordance with the Australian Accounting Standards issued by the Australian Accounting Standards Board (AASB) or interim financial statements for the six-month period prepared in accordance with AASB 134 *Interim Financial Reporting*.
2. Includes A\$ 3,656 thousand share of net profit from associates.
3. Includes A\$ 5,712 thousand share of net profit from associates.
4. Includes A\$ 6,051 thousand share of net profit from associates.
5. Includes A\$ 10,783 thousand share of net profit from associates.
6. Includes A\$ 16,050 thousand share of net profit from associates.
7. Profit attributable to owners of Toyota Finance Australia Limited / number of issued outstanding shares.
8. Net assets / Total assets.
9. Profit attributable to owners of Toyota Finance Australia Limited / Net assets.

10. Number of adjusted full-time equivalent employees of the economic entity comprising TFA and the entities it controlled at the relevant balance date. Adjusted full-time equivalent employees includes staff on maternity leave, outbound secondments and part time employees but does not include temporary or contractor staff.

The financial statements in “VI. Financial Condition” are prepared only on a consolidated basis. All financial statistics and information contained herein are presented as the consolidated operations and results of the Company, rather than TFA alone, unless otherwise expressly provided herein or required by the context.

2. Nature of the Business

There has been no material change in the nature of business of the Company during the relevant six-month period.

3. Status of Related Companies

There has been no material change in the related companies of TFA during the relevant six-month period.

4. Employees

At 30 September 2023, the Company had 1,044.68 adjusted full-time equivalent employees. Adjusted full-time equivalent employees includes staff on maternity leave, outbound secondments and 37* part time employees but does not include temporary or contractor staff.

*37 part time employees equals 24.18 FTE

The number of employees by business cost centre as of 30 September 2023 is as follows:

Business Cost Centre	Adjusted FTE Employees	Temporary Staff	Contractor Staff
Executive	18	0	0
Corporate Services	77.50	13.07	0
Support Services	534.98	91.86	0
Risk Management	45	0	0
Dealer Distribution	173	4.40	0
Fleet Management	174.20	17	0
Kinto	10	0	0
Strategic Alliances	6	0	0
One Toyota Alliance	6	0	0
Total	1,044.68	126.33	0

There has been no significant increase or decrease in staff numbers over the relevant six-month period.

There has been no material change in the relationship between the Company and its employees.

III. Status of Business

1. Management Policy, Business Environment, and Problems to Be Coped With, etc.

There has been no material change in the Management Policy, Business Environment, and Problems to Be Coped With, etc. of TFA during the relevant six-month period.

2. Risk Factors

There has been no material change since the filing of TFA's Annual Securities Report for the year ended 31 March 2023 filed on 11 July 2023.

3. Management's Analysis of Financial Conditions, Operating Results and Cash Flow

(1) Outline of Results of Operations

Financial information within the tables of this section has been derived from the Company's interim financial report for the six-month period ended 30 September 2023. These financial statements have not been audited.

(a) Profit from Ordinary Activities

The Company's earnings are primarily impacted by the level of average earning assets, (comprised primarily of investments in finance receivables and operating leases), earning asset yields, outstanding borrowings, the related borrowing cost, the impact of credit losses and impairment of residual values.

The following table summarises the Company's profit before income tax by operating segment for the financial half years ended 30 September 2023 and 30 September 2022.

	6 months ended 30 September	
	2023	2022
	(A\$ in Thousands)	
Net financing revenue		
- Retail ⁽¹⁾	214,024	187,976
- Fleet ⁽²⁾	53,389	47,176
Unallocated items	48,875	(139,954)
Total net financing revenue	316,288	95,198
Total reporting segment operating profit		
- Retail ⁽¹⁾	71,016	118,858
- Fleet ⁽²⁾	39,447	64,798
Share of net profits of associates accounted for using the equity method	6,051	5,712
Fair value gain/(loss)	36,220	(173,010)
Other unallocated net income ⁽³⁾	46,152	25,951
Profit before income tax	198,886	42,309

Income tax expense	(57,851)	(10,979)
Profit attributable to owners of Toyota Finance Australia Limited	141,035	31,330

Note

1. Retail segment comprises of loans and leases to personal and commercial customers, including wholesale finance which comprises of loans and bailment to motor vehicle dealerships.
2. Fleet segment comprises of loans and leases to small business and Fleet customers, which consists of medium to large commercial clients and government bodies.
3. Other unallocated net income comprises of revenues and expenses which cannot be allocated to either the Retail or Fleet segments on a reasonable basis.

Retail net financing revenue increased by 14% for the half year ended 30 September 2023 compared to the half year ended 30 September 2022. This was primarily due to the increase in portfolio size (\$21.7 billion for the half year ended 30 September 2023 compared to \$18.7 billion for the half year ended 30 September 2022).

The Retail segment recorded an operating profit of \$71.0 million before income tax for the half year ended 30 September 2023 compared to an operating profit of \$118.9 million for the half year ended 30 September 2022. This was mainly attributable to higher financing expenses and no credit provision release.

Fleet net financing revenue increased by 13% for the half year ended 30 September 2023 compared to the half year ended 30 September 2022. This was primarily due to the increase in portfolio size (\$5.0 billion for the half year ended 30 September 2023 compared to \$4.4 billion for the half year ended 30 September 2022).

Fleet segment operating profit decreased by 39% for the half year ended 30 September 2023 compared to the half year ended 30 September 2022. The decrease in Fleet segment operating profit for the half year ended 30 September 2023 was mainly attributable to higher financing expenses and no credit provision release.

(b) Financing Assets

Loans and Receivables

	30 September 2023	31 March 2023
(A\$ in Thousands)		
Finance leases	1,255,136	1,113,333
Unearned income on finance leases	(100,952)	(73,228)
Finance leases - net	1,154,184	1,040,105
Bailment stock	4,147,379	2,921,785
Term loans - net	18,840,145	17,816,838
Term purchase - net	600,323	614,915
Net loans and receivables (net of unearned income)	24,742,031	22,393,643
Provision for impairment of loans and receivables	(140,967)	(140,967)
Net loans and receivables	24,601,064	22,252,676

There was an increase of 10% in net loans and receivables (net of unearned income), illustrated by a balance of \$24.7 billion as at 30 September 2023 compared to a balance of

\$22.4 billion as at 31 March 2023. Overall, net loans and receivables as at 30 September 2023 increased by 11% compared to 31 March 2023. The increase was predominately driven by new business volume growth in the Retail and Fleet segments contributed by combination of improvement of stock delivery and campaign volume.

Bailment stock, comprising motor vehicles financed by the Company on behalf of dealerships, increased by 42% as at 30 September 2023 compared to 31 March 2023.

Term loans increased by 6% as at 30 September 2023 compared to 31 March 2023.

Term purchase decreased by 2% and finance leases increased by 11% as at 30 September 2023 compared to 31 March 2023 respectively.

A maturity analysis of net loans and receivables (net of unearned income) is as follows:

	30 September 2023	31 March 2023
	(A\$ in Thousands)	
Maturing within 12 months	9,547,655	8,014,206
Maturing beyond 12 months	15,194,376	14,379,437
	24,742,031	22,393,643

Motor Vehicles under Operating Lease

	30 September 2023	31 March 2023
	(A\$ in Thousands)	
Operating lease - at cost	3,339,960	3,069,879
Impairment loss	(8,750)	(8,750)
Accumulated depreciation	(1,267,572)	(1,196,916)
Total motor vehicles under operating lease	2,063,638	1,864,213

Motor vehicles under operating lease increased by 11% as at 30 September 2023 compared to 31 March 2023. The increase was attributable to the high demand by businesses securing and expanding Fleet sizes to cater for the vehicle shortages in the market.

The future minimum lease receipts under non-cancellable operating lease are as follows:

	30 September 2023	31 March 2023
	(A\$ in Thousands)	
Within 12 months	376,471	338,226
Beyond 12 months	497,804	461,539
	874,275	799,765

TFA has two domestic securitisation programs. Under each program, vehicle finance receivables up to a specified maximum total amount may be sold into a special-purpose securitisation trust. TFA provides subordinated funding to each trust. The accounts of each trust are included in TFA's consolidated financial statements.

Details of each program are as follows:

Date	Limit (A\$ million)	Commitment	TFA subordinated funding	Balance at 30 September 2023 (A\$ million)
November 2009	\$4,733	Uncommitted	25%	\$3,534.35
March 2012	\$3,400	Uncommitted	15%	\$2,814.70

(c) Net Financing Revenue

	6 months ended 30 September	
	2023	2022
	(A\$ in Thousands)	
Interest revenue	687,800	436,061
Rental income on motor vehicles under operating lease	247,629	213,679
Fee income	29,091	26,450
Financing and similar revenue	964,520	676,190
Interest expense and similar charges	(445,577)	(398,994)
Depreciation expense on motor vehicles under operating lease	(202,655)	(181,998)
Financing expense and similar charges	(648,232)	(580,992)
Net financing and similar revenue	316,288	95,198

The following table shows the amounts of each of the Company's major categories of financing revenue and expense.

	6 months ended 30 September	
	2023	2022
	(A\$ in Thousands)	
a) Interest revenue and expense		
Interest revenue		
Interest revenue	773,204	526,127
Fee income recognised using the effective interest rate method	48,364	45,137
Fee expense recognised using the effective interest rate method	(133,768)	(135,203)
Total interest revenue	687,800	436,061
Interest expense and similar charges		
Interest expense	452,832	177,538
Net loss on translation of foreign currency debt	228,527	759,630
Fair value gain on derivative financial instruments at fair value through profit or loss	(250,826)	(551,905)
Transaction costs	14,605	13,244
Interest on lease liabilities	439	487
Total interest expense and similar charges	445,577	398,994
b) Fee income earned on originated assets		

	6 months ended 30 September	
	2023	2022
	(A\$ in Thousands)	
Administration and management fee	27,932	25,428
Other fees	1,159	1,022
Total fee income	29,091	26,450

Total interest revenue increased by 58% for the half year ended 30 September 2023 compared to the half year ended 30 September 2022. The increase was primarily attributed to the increase in the level of average earning assets.

Total interest expense and similar charges increased by 12% for the half year ended 30 September 2023 compared to the half year ended 30 September 2022. This was mainly attributable to financial market conditions which impacted foreign exchange and interest rates.

(d) Depreciation, Write-off and Amortisation

	6 months ended 30 September	
	2023	2022
	(A\$ in Thousands)	
Depreciation on property, plant and equipment		
Right-of-use assets	3,453	3,579
Leasehold improvements	1,152	1,164
Plant and equipment	204	368
Motor vehicles	1,068	1,037
Write-off on property, plant and equipment	17	-
Total depreciation and write-off	5,894	6,148
Amortisation of intangible assets		
Computer software development*	8,419	5,766
Total amortisation and write-off	8,419	5,766
Total depreciation, write-off and amortisation	14,313	11,914

Note

* The amortisation of computer software development as at 30 September 2023 includes amortisation of software as a service arrangements amounting to \$3,109,000 (2022: nil).

(e) Impairment of Financing Assets

The Company's level of credit losses is influenced primarily by two factors: the total number of contracts that default ("frequency of occurrence") and loss per occurrence ("loss severity"). The Company maintains an allowance for credit losses to cover probable losses.

The following tables provide information related to the Company's credit loss experience.

	30 September 2023	31 March 2023
	(A\$ in Thousands)	

a) Provision for credit impairment of loans and receivables		
Opening balance	140,967	161,450
Decrease in impairment loss provision	-	(20,483)
Closing balance	140,967	140,967

	30 September 2023	30 September 2022
	(A\$ in Thousands)	
b) Credit impairment loss		
Bad debts written off	34,111	32,104
Recovery of bad debts written off	(12,053)	(11,660)
Decrease in impairment loss provision	-	(45,950)
Total impairment loss/(reversal)	22,058	(25,506)

	30 September 2023	31 March 2023
	(A\$ in Thousands)	
c) Provision for non-credit impairment loss on motor vehicle under operating lease		
Opening balance	8,750	30,350
Decrease in impairment loss provision	-	(21,600)
Closing balance	8,750	8,750

The Group has two types of financial assets that are subject to AASB 9:

- Retail and Wholesale receivables which are subject to the general impairment model; and
- Fleet receivables which are subject to the simplified impairment model.

Provision for impairment on motor vehicles under operating leases is based on AASB 136.

(f) Cash Flows

Abridged Condensed Consolidated Statement of Cash Flows

	6 months ended 30 September	
	2023	2022
	(A\$ in Thousands)	
Net cash outflow from lending and other operating activities	(2,379,397)	(923,253)
Interest received	773,108	523,778
Short term lease payments	-	(140)
Rental income received	247,633	213,679
Interest paid	(442,562)	(203,679)
Income taxes refunded/(paid)	45,337	(106,069)
Net cash outflow from operating activities	(1,755,881)	(495,684)
Net cash outflow from investing activities	(14,121)	(3,235)
Net cash inflow from financing activities	1,640,884	329,994
Net decrease in cash and cash equivalents	(129,118)	(168,925)

Cash flows provided by operating, investing and financing activities have been used primarily to support asset growth.

The Company believes that cash provided by operating and financing activities as well as access to domestic and international capital markets will provide sufficient liquidity to meet future funding requirements.

(g) Critical Accounting Estimates and Assumptions Used to Make Such Estimates

There has been no material change in the critical accounting estimates and assumptions used to make such estimates of the Company during the relevant six-month period.

(2) Status of Production, Orders and Sales

See “(1) Outline of Results of Operations”.

(3) Management Discussion and Analysis

See “(1) Outline of Results of Operations”.

4. Material Contracts Relating to the Business, etc.

Not applicable.

5. Research and Development Activities

Not applicable.

IV. Statements of Facilities

1. Principal Facilities

There has been no material change in principal facilities of the Company during the six-month period ended 30 September 2023.

2. Plans for Establishment, Removal, etc. of Facilities

The Company has no plans for the establishment or disposal of any material facilities. However, in the normal course of business, the leases of certain facilities will expire and may be renewed or certain additional new facilities may be leased.

V. Statements of the Company

1. Shares, etc.

(1) Aggregate Number of Shares, etc.

(i) Aggregate Number of Shares

(As of 30 September 2023)

Number of Shares Authorised to be Issued (shares)	Aggregate Number of Issued Shares (shares)	Number of Unissued Shares (shares)
120,000,000	120,000,000	-

(ii) Issued Shares

(As of 30 September 2023)

Bearer or Non-bearer	Par Value Shares or Shares without Par Value	Type	Number of Shares Issued (shares)	Name of Financial Instruments Exchange on which the Shares are Listed	Content of Shares
Non-bearer	Shares without Par Value	Fully Paid Ordinary Shares	120,000,000	None	Ordinary Shares
Total	-	-	120,000,000	-	-

(2) Information Concerning Exercise of Bonds with Stock Acquisition Rights, etc. with Moving Strike Clause

Not applicable.

(3) Number of Outstanding Shares; Share Capital, etc.

There has been no change in the number of outstanding shares and the amount of share capital and capital reserves during the relevant six-month period.

(4) Major Shareholders

(As of 30 September 2023)

Name	Address	Number of Shares Held (shares)	Ratio of Stockholding to Total Issued Shares
Toyota Financial Services Corporation	6-1, Ushijima-cho, Nishi-ku, Nagoya City	120,000,000	100%
Total	-	120,000,000	100%

2. Directors

There has been no change of Directors since the filing of TFA's Annual Securities Report for the year ended 31 March 2023 filed on 11 July 2023 (as amended by the Amendment to Annual Securities Report filed on 18 July 2023) to the filing date of this Semi-Annual Report.

VI. Financial Condition

The semi-annual consolidated financial statements of the Company included herewith have been prepared in accordance with the Australian Accounting Standards (“**AAS**”) issued by the Australian Accounting Standards Board (“**AASB**”) AASB 134 *Interim Financial Reporting* and also comply with International Accounting Standard (“**IAS**”) 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board (“**IASB**”).

The accompanying semi-annual consolidated financial statements of the Company comply with Article 76, paragraph 1 of “Regulations Relating to Terminology, Form and Methods of Preparation of Interim Financial Statements, etc.” (Ministry of Finance (“**MOF**”) Ordinance No.38 of 1977 - hereinafter called as “Regulations Relating to Interim Financial Statements”).

Major differences between accounting principles, procedures and presentation adopted for preparing the semi-annual consolidated financial statements by the Company and those generally accepted in Japan have been hereafter explained in “3. Differences in Accounting Principles and Practices between Australia and Japan.”

The original semi-annual consolidated financial statements of the Company are presented in Australian dollars. All amounts presented in yen in the accompanying semi-annual financial statements are translated from the amounts in Australian dollars at the exchange rate of 97.79 yen to 1 Australian dollar, the middle rate of the telegraphic transfer selling and buying exchange rates as quoted by MUFG Bank, Ltd. on 1 December 2023, in accordance with the provision of Article 79 of the Regulation Relating to Interim Financial Statements. Fractions are rounded to the nearest million yen. The amounts in Japanese Yen may not total due to rounding.

The accompanying semi-annual consolidated financial statements of the Company have not been audited by an independent auditor.

1. Semi-Annual Financial Statements

[Financial statements for the six-month periods ended 30 September 2022 and 2023 and for the year ended 31 March 2023 to be translated and inserted here.]

2. Other Matters

(1) Subsequent events

Inflation and rising interest rates present a challenge to the Australian households, with impacts felt across various sectors of the economy. As a result of the macro-economic environment, management continues to monitor bad debts, loans and lease delinquencies. To date, no material escalation in the default trends has been observed.

Other than as set out above, the directors are not aware of any other matters or circumstances that has occurred since 30 September 2023 that has significantly affected or may significantly affect the operations of the consolidated entity, the results of these operations or the state of affairs of the consolidated entity in subsequent financial periods.

(2) Legal proceedings

From time to time, there may be litigation or regulatory proceedings against the Group. The Board continues to monitor each of these actions or investigations. We are not aware of any pending litigation, proceedings, hearings or claims negotiations which may result in significant loss to the Group.

3. Differences in Accounting Principles and Practices between Australia and Japan

The accompanying semi-annual consolidated financial statements have been prepared in accordance with AASB 134 *Interim Financial Reporting* as issued by the AASB and also comply with IAS 34 *Interim Financial Reporting* as issued by the IASB and, accordingly, differ from those prepared in conformity with accounting principles and practices generally accepted in Japan. If the Company was to present its semi-annual financial statements in accordance with Japanese GAAP, the Company would be required to make a number of subjective determinations and elections concerning the presentation of its financial statements with retroactive effect. The Company has not made any such determinations or elections.

The Company has not made any attempt to reconcile its financial statements to Japanese GAAP or to quantify the differences between AAS and Japanese GAAP. In addition to the specific differences mentioned in the subsequent paragraphs, there may be other differences not mentioned which could be of greater significance than the differences mentioned. The Company has no intention of reconciling such financial statements or quantifying such differences in the future.

If the Company was to change the presentation of its semi-annual financial statements to Japanese GAAP, the Company would expect that differences might arise under AAS as a result of, among other matters, the following:

(1) Classification and Measurement of Financial Instruments

In Australia, the classification and measurement of financial assets depends on how these are managed (the entity's business model) and their contractual cash flow characteristics. These factors determine whether the financial assets are measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss. (AASB 9)

In Japan, financial assets are classified as securities, receivables, money held in trust, derivatives etc., based on their legal forms in principle. Furthermore, securities are classified into securities held for trading, securities held to maturity, equity investment in subsidiaries and affiliates, and other securities.

- Securities held for trading are measured at fair value with changes in fair value recognised in profit or loss.
- Securities held to maturity are measured at cost or amortized cost.
- Equity investments in subsidiaries and affiliates in non-consolidated financial statements are stated at cost.
- Other securities are measured at fair value. Changes in fair value are recognized either a) in the net assets section and recycled to the income statement when sold, impaired or collected, or b) in the net assets section where the fair value exceeds historical cost, and in income statement where the fair value is lower than historical cost for each security. However, equity securities with no market prices are measured at cost.

(2) Provision for impairment of loans and receivables

In Australia, in accordance with AASB 9, ECL model has been introduced for recognition of impairment losses and a "three-stage" impairment model based on changes in credit quality since initial recognition has been used. Assets move through three stages according to changes in credit quality, and the stage determines how companies measure impairment losses and apply the effective interest method. In this "three-stage" approach, if, at each reporting date, credit risk on a financial instruments has not increased significantly since initial recognition, the loss allowance shall be measured at an amount equal to 12-month ECL. If, at each reporting date, credit risk on a financial instruments has increased significantly since initial recognition, the loss allowance shall be measured at an amount equal to lifetime ECL rather than 12-month ECL.

Credit risk assessment and ECL estimate should reflect an unbiased and probability-weighted amount, and incorporate reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. When estimating ECL, the time value of money should also be considered.

In Japan, future credit losses on receivables are estimated using the following methods, depending on the following classification of receivables. With regard to normal receivables, allowance for doubtful accounts is estimated by applying the historical credit loss rates or another appropriate base, depending on the status of receivables. With regard to doubtful receivables, allowance for doubtful accounts is estimated using one of the following methods, depending on the status of receivables; 1) future credit losses are estimated by

first deducting future cash inflows to be generated from foreclosure or guarantors from the recorded receivable amount, and then by considering the debtor's financial condition and operating results for the remaining amount, 2) regarding receivables for which cash flows from principal and interest are reasonably estimable, future credit losses are estimated as the difference between the cash flow discounted at the originally contracted interest rate and the recorded amount. With regard to the failed receivables and other similar receivables, allowance for doubtful accounts is estimated as the recorded receivable amount less cash inflows from foreclosures or guarantors.

(3) Fees on loans

In Australia, all fees relating to the successful origination or settlement of a loan (together with the related direct costs) are deferred and recognised as an adjustment to the effective interest rate on the loan.

In Japan, fees on loans are generally recorded on an accrual basis.

(4) De-recognition of financial instruments

In Australia, financial instruments are de-recognised when the rights to receive cash flows from the financial assets have expired or if an entity transfers substantially all the risks and rewards of ownership of the asset (for example, an unconditional sale of a financial asset). If an entity retains substantially all the risks and rewards of ownership of the asset, the financial instruments are not de-recognised and the transaction is accounted for as a collateralised borrowing. If an entity neither transfers nor retains substantially all the risks and rewards of ownership of the asset, it needs to determine whether it has retained control. Control is based on the transferee's practical ability to sell the asset. The asset is derecognised if the entity has lost control. If the entity has retained control, it continues to recognise the asset to the extent of its continuing involvement.

The difference between the amount received and the carrying amount of the asset is recognised in the income statement on de-recognition. Any fair value adjustments of the assets formerly reported in equity are recycled to the income statement. Any new assets or liabilities arising from the transaction are recognised at fair value.

In Japan, the following three requirements need to be met in order to derecognise financial assets: (1) the contractual rights of the transferee over the transferred financial assets are secured legally from transferors and their creditors; (2) the transferee can enjoy contractual rights on financial assets directly and indirectly in the normal way; and (3) the transferor does not have the right or the obligation to repurchase the transferred financial assets before their maturity date.

(5) Property, plant and equipment

In Australia, property, plant and equipment are recorded at cost less accumulated depreciation. Any write-downs to recoverable value of an asset are recognised as an impairment charge in the income statement. Impairment losses may be reversed if the impairment loss decreases in future years.

In Japan, property, plant and equipment are recorded at cost less accumulated depreciation. Under Japanese GAAP, when amounts of undiscounted future cash flows of long-lived assets are less than their carrying amounts, the difference between the carrying amounts and the recoverable amounts are recognized as impairment losses.

(6) Financial Instruments: Disclosure

In Australia, information on the valuation techniques and inputs used to measure financial instruments carried at fair value on the balance sheet and, for recurring fair value measurements using significant unobservable inputs (Level 3), the effect of the measurements on profit or loss or other comprehensive income is required to be disclosed.

In Japan, in accordance with the accounting standard for fair value measurement, etc., in certain cases, information of the valuation techniques and inputs are disclosed, and for the financial assets and liabilities whose fair value is categorized in level 3, the amounts recorded in profit or loss or other comprehensive income are required to be disclosed separately in the notes to the financial statements.

(7) Leases

In Australia, under AASB 16, lessees are required to recognize an asset (the right to use the leased item) and a financial liability to pay rentals for almost all lease contracts.

In Japan, lease transactions are classified as operating leases and finance leases. Finance lease transactions shall be accounted for in a manner similar to the accounting for ordinary sale or purchase transactions. Operating lease transactions shall be accounted for in a manner similar to the accounting for ordinary rental transactions. A lease transaction needs to meet the criteria of non-cancellability and full-payout to be finance lease. Also while determination as to whether a lease transaction is a finance lease or not is made based on the economic substance.

In Japan, a lease transaction deems to be a finance lease, either when its non-cancelable lease term covers more than approximately 75% of the economic life of the leased property, or when its present value of the total lease payment during the non-cancelable lease term is more than approximately 90% of reasonably estimated amount if a lessee would purchase the leased property in cash. Finance leases are recorded as lease assets and liabilities for leased property and related liabilities using the similar method to that adopted for usual sales transactions in the financial statements of the lessee.

VII. Changes in Exchange Rate

This description is omitted since the exchange rates between the Australian dollar, which is the currency used in the financial statements of TFA, and the currency of Japan, have been stated in more than one daily newspaper reporting general affairs in Japan during the relevant six-month period.

VIII. Information for Reference of the Company

The documents filed during the period from the commencement date of the relevant business year through the filing date of this Semi-Annual Report, and the filing dates thereof, are as follows:

- | | | |
|-----|----------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|
| 1. | Amendment to Shelf Registration Statement and attachment thereto
(amendment to the Shelf Registration Statement filed on 1 February 2022) | filed on 28 April 2023 |
| 2. | Supplemental Document to Shelf Registration Statement and attachments thereto | filed on 22 May 2023 |
| 3. | Annual Securities Report and attachments thereto | filed on 11 July 2023 |
| 4. | Amendment to Annual Securities Report | filed on 18 July 2023 |
| 5. | Amendment to Shelf Registration Statement
(amendment to the Shelf Registration Statement filed on 1 February 2022) | filed on 18 July 2023 |
| 6. | Amendment to Shelf Registration Statement and attachment thereto
(amendment to the Shelf Registration Statement filed on 1 February 2022) | filed on 1 August 2023 |
| 7. | Amendment to Shelf Registration Statement
(amendment to the Shelf Registration Statement filed on 1 February 2022) | filed on 10 August 2023 |
| 8. | Supplemental Document to Shelf Registration Statement and attachments thereto | filed on 18 August 2023 |
| 9. | Amendment to Shelf Registration Statement and attachment thereto
(amendment to the Shelf Registration Statement filed on 1 February 2022) | filed on 31 October 2023 |
| 10. | Amendment to Shelf Registration Statement
(amendment to the Shelf Registration Statement filed on 1 February 2022) | filed on 10 November 2023 |

11. Supplemental Document to Shelf Registration Statement and attachments thereto filed on 20 November 2023
12. Shelf Registration Statement and attachments thereto filed on 8 December 2023

PART II. INFORMATION CONCERNING GUARANTOR, ETC. OF FILING COMPANY

I. Information Concerning Guarantor

Not applicable.

II. Information Concerning Companies other than the Guarantor

1. Reason Why Disclosure of Information Concerning Such Companies Is Necessary

Holders of debt securities issued by TFA may have the benefit of Credit Support Agreements governed by Japanese law, one between TMC and TFS dated 14 July 2000 (as supplemented), and the other between TFS and TFA dated 7 August 2000 (together, the “**Credit Support Agreements**”).

Securities with respect to which a Trustee is appointed

The Trustee, Union Bank of California N.A., will have the right to claim in favour of holders of such securities directly against TFS and/or TMC, as the case may be, to perform their respective obligations under the Credit Support Agreements by making a written claim together with a declaration to the effect that such holders will have recourse to the rights given under the Credit Support Agreements. If TFS and/or TMC receives such a claim from the Trustee, TFS and/or TMC shall indemnify, without any further action or formality, the holders against any loss or damage resulting from the failure of TFS and/or TMC to perform any of their respective obligations under the Credit Support Agreements. The Trustee may then enforce the indemnity directly against TFS and/or TMC in favour of such holders. If the Trustee, having become bound to proceed directly against TFS and/or TMC, fails to do so within a reasonable period thereafter to protect the interests of the holders of such securities, and such failure shall be continuing, the holders of such securities may themselves take the actions mentioned above. TMC’s obligations under its Credit Support Agreement rank *pari passu* with its direct, unconditional, unsubordinated and unsecured debt obligations.

Securities with respect to which a Trustee is not appointed

Holders of such securities will have the right to claim directly against TFS and/or TMC, as the case may be, to perform their respective obligations under the Credit Support Agreements by making a written claim together with a declaration to the effect that the holder will have recourse to the rights given under the Credit Support Agreements. If TFS and/or TMC receives such a claim from any holder of such securities, TFS and/or TMC shall indemnify, without any further action or formality, the holder against any loss or damage resulting from the failure of TFS and/or TMC to perform any of their respective obligations under the Credit Support Agreements. The holder of such securities who made the claim may then enforce the indemnity directly against TFS and/or TMC. TMC’s obligations under its Credit Support Agreement rank *pari passu* with its direct, unconditional, unsubordinated and unsecured debt obligations.

2. Matters Relating to Such Company Which Is Subject to Continuous Disclosure Obligations

TMC is subject to continuous disclosure obligations.

(1) Documents Filed by Such Company

(i) *Annual Securities Report and Attachments Thereto*

Fiscal Year: From: 1 April 2022
To: 31 March 2023

Filed with the Director of the Kanto Local Finance Bureau on 30 June 2023.

(ii) *Quarterly Report or Semi-Annual Report*

Quarterly Report

Three Months ended September 2023: From: 1 July 2023
To: 30 September 2023

Filed with the Director of the Kanto Local Finance Bureau on 10 November 2023.

(iii) *Extraordinary Reports*

Not applicable.

(iv) *Amendment to Reports*

Amendment Report (Amendment to the Annual Securities Report listed in (i) above) was filed with the Director of the Kanto Local Finance Bureau on 30 June 2023.

(2) Places Where the Above Reports Are Made Available for Public Inspection

<u>Name</u>	<u>Address</u>
Toyota Motor Corporation - Headquarters	1, Toyota-cho, Toyota, Aichi
Tokyo Stock Exchange, Inc.	2-1, Nihonbashi Kabuto-cho, Chuo-ku, Tokyo
Nagoya Stock Exchange, Inc.	8-20, Sakae 3-chome, Naka-ku, Nagoya

(3) Outline of Business and Changes in Principal Indicators of Business Operations

(i) *Outline of Business*

[Taken from TMC's Quarterly Report]

(ii) *Changes in Principal Indicators of Business Operations*

[Taken from TMC's Quarterly Report]

3. Matters Relating to Such Company Which Is Not Subject to Continuous Disclosure Obligations

TFS is not subject to continuous disclosure obligations.

[Taken from the latest Semi-Annual Report filed by TFC.]

III. Information of Index, etc.

Not applicable.