25 November 2022

Toyota Motor Finance (Netherlands) B.V.

(the "***Company***")

Half-Yearly Financial Report for the six months ended 30 September 2022

The Company was incorporated as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) under the laws of the Netherlands on 3 August 1987 and registered in the Trade Register of the Amsterdam Chamber of Commerce under number 33194984. The Company is a wholly-owned subsidiary of Toyota Financial Services Corporation ("***TFS***"), which is a wholly-owned subsidiary of Toyota Motor Corporation ("***TMC***"). The Company presents its half-yearly financial report for the six months ended 30 September 2022.

The principal activity of the Company is to act as a group finance company for some of the subsidiaries and affiliates of TMC and TFS. The Company raises funds by issuing bonds and notes in the international capital markets and from other sources and on-lends to other Toyota companies. The Company also provides guarantees for debt issuances of certain other Toyota companies. In addition, the Company generates income from other investments and deposits incidental to its primary funding activities. As a group finance company, the Company is dependent on the performance of the subsidiaries and affiliates of TMC and TFS to which the Company grants loans and in respect of which it provides guarantees.

1. Management Report

(A) Summary of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements

At 30 September 2022, a total equivalent amount of € 17.6 billion has been lent to related companies, compared to € 17.4 billion at 31 March 2022. Other assets comprise bank deposits, derivative financial instruments, collateral deposits and various less significant assets.

The Company reports a net loss of € 92.9 million for the six months ended 30 September 2022, compared to a net loss of € 2.3 million for the six months ended 30 September 2021. The increase in net loss resulted mainly from changes in the fair value of derivatives in the six months ended 30 September 2022, compared to changes in the fair value of derivatives in the six months ended 30 September 2021.

Since July 2022 outgoing cross border cash transactions exceeding RUB 10 million are prohibited by Russian authorities. The Company has assessed the loans and interest payments due to the Company from its Russian affiliates, and has concluded, based on the current situation, that the expected recoverable amount should be less than the amounts of loans and interest outstanding with its affiliates in Russia as at 30 September 2022. The Company has decided to recognize an expected credit loss of approximately € 41 million against its Russian receivables.

TFS has decided to provide an additional capital contribution to offset the impact of the expected credit loss related to loans to and accrued interest from affiliates in Russia. The contribution amount was determined at € 41 million and paid in full to the Company on 18 November 2022. The amount is recorded as share premium in the Company's books based on the agreed Share Premium Contribution Agreement between the Company and TFS.

Current assets remained at € 8.2 billion at 30 September 2022 from € 8.2 billion at 31 March 2022. Current assets mainly consist of short-term loans to related companies. Other current assets include other receivables including collateral deposits paid, derivative financial instruments and cash and cash equivalents. A decrease in short term loans to related companies was offset by increases in derivative financial instruments, collateral deposits and cash and cash equivalents.

Current liabilities increased by 16.2% to € 9.7 billion at 30 September 2022 from € 8.3 billion at 31 March 2022. This was primarily due to increases in the amount of borrowings classified as short term and derivative financial instruments.

The Company maintains its Euro Medium Term Note Programme (the "***EMTN Programme***") together with its affiliates Toyota Credit Canada Inc., Toyota Finance Australia Limited and Toyota Motor Credit Corporation (the Company and such affiliates, the "***EMTN Issuers***"), providing for the issuance of debt securities in the international capital markets. In September 2022, the EMTN Issuers renewed the EMTN Programme for a one year period. The maximum aggregate principal amount of debt securities that may be issued by the EMTN Issuers and outstanding under the EMTN Programme at any time is € 60 billion, or the equivalent in other currencies, of which € 29.6 billion was available for issuance at 30 September 2022.

During the six months to 30 September 2022, the Company entered into one bilateral bank credit agreement for a € 300 million three and a half year loan, four bilateral bank credit agreements for an aggregate amount of U.S.$ 850 million two to four year loans, one bilateral bank credit agreement for a £120 million three year loan and one bilateral bank credit agreement for a Yen 55.5 billion two year loan. The ability to make draws under these bilateral credit agreements is subject to covenants and conditions customary in transactions of this nature, including negative pledge provisions, cross default provisions and limitations on consolidations, mergers and sales of assets. The loans may be used for general corporate purposes and were fully drawn as of 30 September 2022.

For additional liquidity purposes, the Company maintains syndicated and bilateral bank credit facilities with certain banks. On 11 April 2022, the Company entered into two bilateral 364-day revolving bank credit agreements for an aggregate amount of € 300 million and on 1 June 2022, entered into a € 200 million bilateral 364-day revolving bank credit agreement. The two bilateral 364-day revolving bank credit agreements for an aggregate amount of € 300 million dated 11 March 2021, extended to 11 April 2022, terminated on 11 April 2022 and the € 200 million bilateral 364-day revolving bank credit agreement dated 2 June 2021 terminated on 1 June 2022. The € 200 million bilateral 364-day revolving bank credit agreement dated 2 July 2021 terminated on 1 July 2022.

On 18 November 2022, the Company and other Toyota affiliates entered into U.S.$ 5.0 billion 364 day, U.S.$ 5.0 billion three year and U.S.$ 5.0 billion five year syndicated bank credit agreements. The U.S.$ 5.0 billion 364 day syndicated bank credit agreement, which was extended on 4 November 2022 to 21 November 2022, and the U.S.$ 5.0 billion three year and U.S.$ 5.0 billion five year syndicated bank credit agreements each dated as of 5 November 2021, were all terminated on 18 November 2022.

The ability to make drawdowns under all of the above revolving credit agreements is subject to covenants and conditions customary in transactions of this nature, including negative pledge provisions, cross default provisions and limitations on consolidations, mergers and sales of assets and the proceeds may be used for general corporate purposes and were not drawn upon as of 25 November 2022.

It is expected that the nature of the activities of the Company will remain unchanged during the remaining six months of the financial year. Future financial performance will depend largely on the net interest margin earned on loans and investments, funded by existing and possible further issues of medium-term notes, commercial paper and funds from other sources.

(B) Risks and uncertainties for the remaining six months of the financial year

Unless otherwise specified in this section, "TFS group" means TFS and its subsidiaries and affiliates and "Toyota" means TMC and its consolidated subsidiaries.

The Company, TFS and Toyota may be exposed to certain risks and uncertainties, summarised below, that could have a material adverse impact directly or indirectly on its business, results of operations and financial condition. The Company's role as a group financing company exposes it to a variety of financial risks that include credit risk, liquidity risk, interest rate risk and foreign currency exchange rate risk.

The TFS group's business, through its financial subsidiaries and affiliates, including the Company, is substantially dependent upon the sale of Toyota, Lexus and private label vehicles and its ability to offer competitive financing. The Company's business is also dependent upon the performance of TFS companies to which the Company grants loans and/or in respect of which it grants guarantees and, thereby, sales of Toyota, Lexus and private label vehicles by Toyota companies.

The COVID-19 pandemic has, and may continue to, adversely impact the Company's business, financial condition, results of operations and cash flows of the Company and Toyota. The long-term and ultimate impacts of the social, economic and financial disruptions caused by the COVID-19 pandemic are unknown. The ultimate duration or possible resurgence of the COVID-19 pandemic or similar public health issues is also uncertain.

Geopolitical conditions and other market events may also impact the Company's results of operations and financial condition. Restrictive exchange or import controls or other disruptive trade policies, disruption of operations as a result of systemic political or economic instability, adverse changes to tax laws and regulations, social unrest, outbreak of war or expansion of hostilities (including the current conflict in Ukraine), health epidemics and other outbreaks, climate-related risks, and acts of terrorism, could lead to, among other things, declines in market liquidity and activity levels, delays or cancellations of payments due to the Company in respect of loans made by the Company to its affiliates due to regulatory restrictions, volatile market conditions, a contraction of available credit, inflation, fluctuations in interest rates, weaker economic growth, and reduced business confidence on an international level, each of which could have a material adverse effect on the Company's results of operations and financial condition.

Factors which could affect the volume of sales of Toyota, Lexus and private label vehicles by Toyota distributors, include changes in governmental regulation or trade policies, changes in consumer demand, new vehicle incentive programmes, recalls, the actual or perceived quality, safety or reliability of Toyota, Lexus and private label vehicles, changes in economic conditions, inflation, increased competition, increases in the price of vehicles due to increased raw material costs, changes in import fees or tariffs on raw materials or imported vehicles, changes to, or withdrawals from, trade agreements, currency fluctuations, fluctuations in interest rates, decreased or delayed vehicle production due to extreme weather conditions, natural disasters, supply chain interruptions, including shortages of parts, components or raw materials, or other events. For the Company, a decrease in the level of sales will have primarily a negative impact on the level of the Company's financing volume, which could in turn have an adverse effect on the Company's results of operations and financial condition.

The Company has no control over how the other Toyota companies to which the Company on-lends funds source their financing. The Company competes with other providers of finance to such Toyota companies and any increases in competitive pressures, such as cost of funding, could have an adverse impact on the Company's financing volume, revenues and margins. Further, the financial condition of the Toyota companies to which the Company on-lends funds or provides guarantees in respect of their debt issuances, may have an impact on the financial services the Company provides to such subsidiaries and affiliates of TMC and TFS or such Toyota companies. This could have an adverse impact on the Company's results of operations and financial condition.

Further risks include changes to the credit ratings of TMC and certain of its affiliates (including the Company) which may result in higher borrowing costs as well as reduced access to the capital markets. Liquidity risk arising from the inability of the TFS group (including the Company) to maintain the capacity to fund assets and repay liabilities in a timely and cost-effective manner would have a negative impact on the Company's ability to refinance maturing debt and fund new asset growth. Changes in interest rates or foreign currency exchange rates cause volatility in the Company's results of operations, financial condition and cash flows. The failure of any of the financial institutions and other counterparties to which the Company has exposure, directly or indirectly, to perform their contractual obligations, and any losses resulting from that failure, may materially and adversely affect the Company's liquidity, results of operations and financial condition.

Further, inadequate or failed processes or systems or internal controls, models, estimates or assumptions, human error, employee misconduct, catastrophic events, security breaches, acts of vandalism, computer viruses, malware, ransomware, misplaced or lost data or other events could disrupt its normal operating procedures, damage its reputation and have an adverse effect on the Company's business, results of operations and financial condition. The Company's failure to prevent security breaches or cyber-attacks could subject it to liability, decrease its profitability and damage its reputation.

The worldwide automotive market is highly competitive and volatile, and the worldwide financial services industry is also highly competitive. Toyota's future success depends on its ability to offer new, innovative and competitively priced products that meet customer demand on a timely basis. Toyota's ability to market and distribute effectively is an integral part of Toyota's successful sales. Toyota relies on suppliers for the provision of certain supplies including parts, components and raw materials. High prices of raw materials and strong pressure on Toyota's suppliers could negatively impact Toyota's profitability. Toyota may also be adversely affected by natural calamities, political and economic instability, fuel shortages or interruptions in social infrastructure, wars, terrorism and labour strikes.

In addition, changes to the laws, regulations or to the policies of governments (federal, state or local) of the Netherlands or of any other national governments (federal, state or local) of any other jurisdiction in which the Company conducts its business or international organisations (and the actions flowing from such changes to policies) may have a negative impact on the Company's business or require significant expenditure by the Company, or significant changes to its processes and procedures, to ensure compliance with those laws, regulations or policies so that it can effectively carry on its business. Toyota may also become subject to various legal proceedings.

Climate change or other environmental matters may result in new or increased legal and regulatory requirements which may require the Company and other Toyota companies to alter their proposed business plans, lead to increased compliance costs and changes to their operations and could have an adverse effect on the Company's business, results of operations and financial condition.

The Company's principal risks and uncertainties for the remaining six months of the financial year have not changed since the issuance of the Company's 2022 Annual Financial Report. The detailed discussion of these risks and uncertainties and the Company's objectives, policies and processes for managing these risks and uncertainties were disclosed in the Management Report, as well as Note 31 in the Notes to the Financial Statements, in the Annual Financial Report of the Company for the financial year ended 31 March 2022.

2. Condensed Interim Financial Statements for the six month-period ended 30 September 2022

TOYOTA MOTOR FINANCE (NETHERLANDS) B.V.
REGISTERED NUMBER: 33194984

Condensed Interim Financial Statements for the six month-period ended 30 September 2022

Contents

BOARD OF MANAGEMENT

George Juganar
Akihiko Sekiguchi
Toshiaki Kawai
Kazuo Noda

Statement of comprehensive income

	Note	Unaudited Six-month period ended 30 September 2022 €'000	Unaudited Six-month period ended 30 September 2021 €'000
Interest income		116,764	57,347
Guarantee fee income		2,243	2,206
Commitment facility fees		1,215	-
Dividend income		268	163
Revenue	3	**120,490**	**59,716**
Interest expense		(86,653)	(30,164)
Fee expenses		(9,943)	(10,219)
Cost of funding		**(96,596)**	**(40,383)**
Gross margin		23,894	19,333
Administration expenses		(3,636)	(4,229)
Net result on financial instruments (loss)/gain	4	(100,140)	(16,986)
Expected credit losses financial instruments	5	(44,133)	485
Result before tax		**(124,015)**	**(1,397)**
Taxation	6	31,091	(917)
Result after tax		**(92,924)**	**(2,314)**
Net gain/(loss) on equity instruments designated at fair value through other comprehensive income		(93)	(15)
Total comprehensive income for the period, net of tax		**(93,017)**	**(2,329)**
Attributable to:			
Equity holder		**(93,017)**	**(2,329)**

The notes on pages 7 to 16 are an integral part of these condensed interim financial statements

TOYOTA MOTOR FINANCE (NETHERLANDS) B.V.

Statement of financial position as at 30 September 2022 after appropriation of the result

	Note	Unaudited 30 September 2022 €'000	Audited 31 March 2022 €'000
Assets			
Current assets			
Loans to related companies	8	6,708,888	6,948,689
Other receivables		215,797	108,859
Financial guarantee assets		7,380	9,154
Current tax asset		7,549	-
Derivative financial instruments	10	197,966	156,346
Cash and cash equivalents		1,049,235	952,524
Total current assets		**8,186,815**	**8,175,572**
Non-current assets			
Loans to related companies	8	10,883,361	10,403,770
Derivative financial instruments	10	778,813	288,735
Equity investment – related company		1,176	1,270
Property, plant and equipment		14	15
Intangible assets		140	166
Deferred tax assets	9	54,565	27,827
Total non-current assets		**11,718,069**	**10,721,783**
Liabilities			
Current liabilities			
Borrowings	11	9,000,866	8,027,056
Derivative financial instruments	10	171,729	148,651
Financial guarantee liability		7,380	9,154
Current tax liability		-	9,124
Other liabilities and accrued expenses		510,204	146,892
Bank overdraft		-	3
Total current liabilities		**9,690,179**	**8,340,880**
Net current liabilities		**(1,503,364)**	**(165,308)**
Non-current liabilities			
Borrowings	11	9,627,310	10,163,405
Derivative financial instruments	10	565,175	277,833
Total non-current liabilities		**10,192,485**	**10,441,238**
Net assets		**22,220**	**115,237**
Shareholder's equity			
Equity attributable to owners of the parent			
Share capital	15	908	908
Retained earnings		20,891	113,815
Other reserves for equity instruments FVOCI		421	514
Total shareholder’s equity		**22,220**	**115,237**

The notes on pages 7 to 16 are an integral part of these condensed interim financial statements

Statement of changes in equity

	Share Capital €'000	Retained Earnings €'000	Fair Value Reserves €'000	Total €'000
Balance at 31 March 2022	908	113,815	514	115,237
Net change in fair value of equity instruments at FVOCI	-	-	(93)	(93)
Result for the period	-	(92,924)	-	(92,924)
Total comprehensive income for the period	**-**	**(92,924)**	**(93)**	**(93,017)**
Balance at 30 September 2022 (unaudited)	**908**	**20,891**	**421**	**22,220**

	Share Capital €'000	Retained Earnings €'000	Fair Value Reserves €'000	Total €'000
Balance at 31 March 2021	908	212,732	493	214,133
Net change in fair value of equity instruments at FVOCI	-	-	(15)	(15)
Result for the period	-	(2,314)	-	(2,314)
Total comprehensive income for the period	**-**	**(2,314)**	**(15)**	**(2,329)**
Balance at 30 September 2021 (unaudited)	**908**	**210,418**	**478**	**211,804**

The notes on pages 7 to 16 are an integral part of these condensed interim financial statements

Condensed interim statement of cash flow

	Unaudited Six-month period ended 30 September 2022 €'000	Unaudited Six-month period ended 30 September 2021 €'000
Cash flows from operating activities		
Cash used in operations	(239,574)	(797,526)
Interest received	96,673	56,707
Interest paid	(60,274)	(37,484)
Tax paid	(12,321)	(2,970)
Net cash used in operating activities	**(215,496)**	**(781,273)**
Cash flows from investing activities		
Purchase of equipment and software	(2)	(26)
Dividend received	268	163
Net cash generated from investing activities	**266**	**137**
Cash flows from financing activities		
Proceeds from borrowings	11,900,346	11,320,330
Repayment of borrowings	(11,600,253)	(10,714,271)
Net cash generated from financing activities	**300,093**	**606,059**
Net increase/(decrease) in cash and cash equivalents	84,863	(175,077)
Cash and cash equivalents at beginning of period	952,524	903,636
Exchange gains on cash and cash equivalents	11,848	1,120
Cash and cash equivalents at 30 September	**1,049,235**	**729,679**

The notes on pages 7 to 16 are an integral part of these condensed interim financial statements

Notes to the condensed interim financial statements

1. General information

Toyota Motor Finance (Netherlands) B.V. ('the Company') is a wholly-owned subsidiary of Toyota Financial Services Corporation ("TFSC"). The principal activity of the Company is to act as a group finance company. The Company raises funds by issuing bonds and notes in the international capital markets and from other sources and on-lends to other Toyota companies. The Company also issues guarantees for debt issuances of other Toyota companies.

The Company is incorporated and domiciled in the Netherlands. The address of its registered office is World Trade Center, Tower H, Level 10, Zuidplein 90, 1077 XV Amsterdam, the Netherlands.

The ultimate holding company and controlling party and the largest undertaking into which the Company's results are consolidated is Toyota Motor Corporation ('TMC'), which is incorporated in Japan.

The smallest undertaking into which the Company's results are consolidated is Toyota Financial Services Corporation, which is incorporated in Japan.

The latest financial statements of Toyota Motor Corporation can be obtained from https://global.toyota/en/.

The audited financial statements of the Company for the year ended 31 March 2022 have been filed with the Chamber of Commerce in Amsterdam, and the independent auditor's report is unqualified.

2. Basis of preparation and significant accounting policies

These condensed interim financial statements for the six month-period ended 30 September 2022 have been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the European Union. The condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual financial statements for the year ended 31 March 2022, which have been prepared in accordance with IFRS and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the European Union and also in accordance with the statutory provisions of Part 9, Book 2 of the Dutch Civil Code.

The accounting policies adopted in the preparation of the condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 March 2022, except for the adoption of new standards effective as of 1 April 2022. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Changes in accounting policy and disclosures

New standards, amendments and interpretations, relevant to the Company, issued but not effective for the financial year beginning 1 April 2022 and not early adopted

On 23 January 2020, the IASB issued *Classification of Liabilities as Current or Non-current*, which amended IAS 1 *Presentation of Financial Statements*. The amendments clarified how an entity classifies debt and other financial liabilities as current or non-current in particular circumstances. The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

On 12 February 2021, the IASB issued 'Definition of Accounting Estimates (Amendments to IAS 8)' to help entities to distinguish between accounting policies and accounting estimates. The amendments are effective for annual periods beginning on or after 1 January 2023

On 12 February 2021, the IASB issued 'Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)' with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The amendments are effective for annual periods beginning on or after 1 January 2023.

On 7 May 2021, the IASB issued *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*. The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The amendments are effective for annual periods beginning on or after 1 January 2023.

The new standards, amendments and interpretations issued are not expected to have a material effect on the Company. There are no other IFRS or IFRIC interpretations that would be expected to have a material impact on the Company.

Fair value estimation of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses a variety of methods and market assumptions that are based on market conditions existing at each reporting date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine the fair value for the remaining financial instruments. The fair value of interest rate swaps, cross currency swaps and forward foreign exchange contracts is calculated as the present value of the estimated future cash flows.

The nominal value less impairment provision of other receivables and payables, normally maturing within 30 days, are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

Risk management

The Board of Management utilises risk management policies and receives regular reports from the business to enable prompt identification of financial risks so that appropriate actions may be taken. The Company employs written policies and procedures that set out specific guidelines to manage foreign exchange risk, interest rate risk, credit risk and the use of financial instruments to manage these risks. The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Company's annual financial statements as at 31 March 2022. There has been no material change in the risk management department or in any risk management policies since the year-end.

The Company addressed the legal, operational, system and (interest) risk related consequences of the discontinuation of the Libor rates and permanently monitored the market for best practices and developments around the discontinued rates, the proposed successors and alternate benchmarks. As a result the Company is now prepared for the discontinuation: contracts have been repapered where necessary, all contracts with external parties have fallback clauses for the interest determination, systems have been prepared, tested and installed to be able to handle the new Risk Free Rates (e.g. SOFR) and the policies have been reviewed and updated. The impact of the change on the result is expected to be limited, even under stressed circumstances, due to the (hedged) positions.

Ukraine crisis

The Company is paying close attention to the developments related to the current Ukraine crisis. As per the start of this geopolitical crisis the Company has been in close contact with its Russian affiliates to coordinate and manage the developments this situation has on its loans outstanding to the affiliates and related accrued interest. Since July 2022 outgoing cross border cash transactions exceeding RUB 10 million are prohibited by Russian authorities. The Company has assessed the loans and interest payments due to the Company from its Russian affiliates, and has concluded, based on the current situation, that the expected recoverable amount should be less than the amounts of loans and interest outstanding with its affiliates in Russia as at 30 September 2022. Despite the healthy financial position of its Russian affiliates, the Company has decided to recognize an expected credit loss of approx. € 41 million against its Russian receivables. The expected credit loss is based on management best estimate due to the specific circumstances for this individual situation. The remaining amount of the exposure as at 30 September 2022 to Russian affiliates was approx. € 63 million. The Company intends to perform its role within the TFSC group as a group finance company under the agreed strategy, whilst complying to all the relevant regulations and sanctions. The Company will keep monitoring the Ukraine situation closely and will adapt strategy whenever required by a change in the situation.

Credit Ratings

The credit ratings for TMFNL, TFSC as well as for TMC as at 30 September 2022 were Moody's A1 (31 March 2022 A1) and Standard & Poor's A+ (31 March 2022 A+).

3. Revenue

The Company consists of a single operating reporting segment as defined under IFRS 8. Income generation is principally from lending to related companies, with other income generation from guarantees of related companies, committed facility fees and from other investment and deposit income incidental to the primary funding activities.

Income can be categorised geographically as follows:

	Unaudited six-month period ended 30 September 2022 €'000	Unaudited six-month period ended 30 September 2021 €'000
UK (group)	34,647	11,153
Norway (group)	14,228	8,375
Poland (group)	10,844	2,187
Thailand (group)	8,095	6,178
Germany (group)	7,011	3,276
Italy (group)	6,286	3,857
Sweden (group)	6,054	3,579
South Africa (group)	5,762	6,586
Russia (group)	5,466	3,921
Spain (group)	5,269	2,942
France (group)	3,096	1,467
Other countries (group)	10,221	4,037
Interest received from others	3,511	2,158
Total	**120,490**	**59,716**

All income, apart from interest received from others, is derived from group companies controlled by TMC. Income is shown by area. In some countries there are more than one group company borrowing from the Company.

4. Net gains / (losses) on financial instruments

Items included in the report are measured using the functional currency of the Company which is the euro as this is the currency of the primary economic environment in which the Company operates, which is also the presentation currency. Transactions arising in foreign currencies are translated into the functional currency at the spot exchange of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rates of exchange ruling on balance sheet date. Resulting gains or losses are recognised in the Statement of comprehensive income and presented in the net gains and losses on financial instruments. In this account also the interest movements relating to the financial instruments are recognised. The Company measures derivatives at fair value whereas the other financial assets and liabilities are measured at amortised cost. The Company did not apply hedge accounting. Therefore, the effect of interest movements on the market value of the derivative financial instruments is not offset by an opposite movement on the underlying financial assets and liabilities leading to volatility in the Statement of comprehensive income.

See Note 10, Derivative financial instruments, for more information on the fair value of the derivative portfolio.

5. Expected credit losses financial instruments

As per the start of the geopolitical crisis between Russia and Ukraine the Company's loans to affiliates in Russia have been continuously compliant to the various sanction legislation, and their updates, imposed by the European Union and the Governments of the United Kingdom and the United States of America. In parallel, payments due from affiliates in Russia were in certain occasions subject to Russian regulatory constraints where cash transfers outside Russia above RUB 10 million were prohibited. This has resulted in interest payments and loan repayments from Russian affiliates now past due for more than 90 days. The Company has developed scenarios assessing future economic and political conditions to identify the expected credit loss on its portfolio of loans to the affiliates in Russia including accrued interest. The scenarios were based on a discounted cash flow analysis utilising the original effective interest on loans the Company had agreed with its affiliates in Russia. For 30 September 2022 the Company has booked expected credit loss for the amount of € 41 million against Russian loans and accrued interest. See also note 8 Loans to related parties.

6. Income tax

The income tax for the period is based on the estimated average annual effective income tax rate of 25.8% (six month-period ended 30 September 2021: 25%).

7. Dividends

No dividends were paid or proposed in the current or comparative periods by the Company.

8. Loans to related companies

Under IFRS 9 the Company has developed an impairment model for financial assets. The expected credit loss ('ECL') is calculated over all outstanding loan assets (current and non-current). The total calculated amount is deducted from outstanding current loan assets.

	Unaudited 30 September 2022 €'000	**Audited 31 March 2022 €'000**
Current assets		
Loans to related companies	6,755,731	6,951,400
Expected credit loss	(46,843)	(2,711)
Current loans to related companies	**6,708,888**	**6,948,689**

	Unaudited 30 September 2022 €'000	**Audited 31 March 2022 €'000**
Current loans to related companies	6,708,888	6,948,689
Non-current loans to related companies	10,883,361	10,403,770
Total	**17,592,249**	**17,352,459**

The entire portfolio of financial assets, excluding loans to affiliates in Russia, is classified as stage 1. A portion of the loans and interest payments due from affiliates in Russia were subject to impact of the sanctions imposed by governments on Russia and are transferred to stage 3 in September 2022. Of the total stage 3 expected credit loss of € 41.1 million an amount of € 39.9 million relates to loans to Russian affiliates. The remainder of the stage 3 expected credit loss, € 1.2 million, relates to interest receivable.

The total gross amount outstanding to Russian affiliates as at 30 September 2022 was € 104 million or 0.59% of the total outstanding loan amount of the Company.

	Unaudited 30 September 2022				Audited 31 March 2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	€'000	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
Loan assets								
Gross outstanding	17,534,799	-	104,293	17,639,092	17,355,170	-	-	17,355,170
Expected credit loss	(5,713)	-	(41,130)	(46,843)	(2,711)	-	-	(2,711)
Net outstanding	17,529,086	-	63,163	17,592,249	17,352,459	-	-	17,352,459

Interest rates on group lending can be either fixed or floating. The interest range for group lending on 30 September 2022 was between (0.143) % and 13.6 % per annum, depending on the currency of the loan.

9. Deferred tax assets

Below is presented a roll forward of the deferred tax asset position.

	Unaudited 30 September 2022	Audited 31 March 2022
	€'000	**€'000**
Deferred tax b/f 1 April	27,827	(13,761)
Impact from expected credit loss adjustment	775	300
Fair valuation of assets and liabilities through profit or loss	25,963	41,288
Total	**54,565**	**27,827**

10. Derivative financial instruments

The derivative financial instruments are categorised as carried at fair value through profit or loss. The fair values of derivative contracts are shown in the table below.

	Unaudited 30 September 2022 €'000	Audited 31 March 2022 €'000
Derivative financial instruments		
Current assets		
Interest swaps	36,341	7,348
Cross-currency swaps	158,013	132,305
Forward foreign exchange contracts	3,612	16,693
Total current assets	**197,966**	**156,346**
Derivative financial instruments		
Non-current assets		
Interest swaps	287,819	113,550
Cross-currency swaps	490,994	175,185
Total non-current assets	**778,813**	**288,735**
Derivative financial instruments		
Total assets	**976,779**	**445,081**

	Unaudited 30 September 2022 €'000	Audited 31 March 2022 €'000
Derivative financial instruments		
Current liabilities		
Interest swaps	19,449	1,680
Cross-currency swaps	136,577	146,635
Forward foreign exchange contracts	15,703	336
Total current liabilities	**171,729**	**148,651**
Derivative financial instruments		
Non-current liabilities		
Interest swaps	324,103	132,976
Cross-currency swaps	241,072	144,857
Total non-current liabilities	**565,175**	**277,833**
Derivative financial instruments		
Total liabilities	**736,904**	**426,484**

Derivative assets and liabilities are recognised at fair value through profit and loss. All derivative contracts have collateral agreements attached. Therefore, the credit valuation adjustment is not considered material and is not considered in determining the fair value of derivative assets and liabilities. Fair value gains / losses in financial derivatives are based upon changes in interest rates, foreign exchange movements, and instrument maturity and origination.

11. Borrowings

The Company's principal borrowings are from short-term commercial paper programmes, a medium term note programme and long-term bank borrowing. Commercial paper is a short-term debt instrument normally issued at a discount and repaid at face value. The Company can issue commercial paper with maturities between 1 day and 364 days. Commercial paper, medium term notes and bank borrowings are valued at amortised costs.

	Unaudited 30 September 2022		**Audited 31 March 2022**	
	Current	**Non-current**	**Current**	**Non-current**
	€'000	**€'000**	**€'000**	**€'000**
Commercial paper	3,356,095	-	3,758,575	-
Medium term notes	4,502,492	5,867,406	2,778,766	7,939,293
Bank borrowings	1,142,279	3,759,904	1,489,715	2,224,112
Total	**9,000,866**	**9,627,310**	**8,027,056**	**10,163,405**

Interest rates on bank borrowings are fixed or floating based on the relevant reference rates plus spread. The interest range on bank borrowings on 30 September 2022 was between 0.02% and 4.76% per annum.

Borrowings	**Unaudited**	**Audited**
	01 Apr. 22 - 30 Sept. 22	**01 Apr. 21 - 31 Mar. 22**
	€'000	**€'000**
Commercial paper		
Start	3,758,575	4,367,244
Accrued interest	-	(232)
Issue	9,606,297	16,527,048
Redemption	(9,984,938)	(17,056,681)
Amortisation	15,109	2,916
FX revaluation	(38,948)	(81,720)
Total	**3,356,095**	**3,758,575**
Medium term notes		
Start	10,718,059	9,257,325
Accrued interest	(331)	(1,729)
Issue	613,924	4,570,776
Redemption	(1,049,298)	(3,310,224)
Amortisation	(2,719)	(5,168)
FX revaluation	90,263	207,079
Total	**10,369,898**	**10,718,059**
Bank loans		
Start	3,713,827	2,626,691
Accrued interest	6,986	77
Issue	1,680,125	1,528,756
Redemption	(566,017)	(465,212)
Amortisation	496	911
FX revaluation	66,766	22,604
Total	**4,902,183**	**3,713,827**

12. Related-party transactions

Parent and ultimate controlling party

The Company is a wholly-owned subsidiary of Toyota Financial Services Corporation (‘TFSC’), a company incorporated in Japan. The ultimate management company and controlling party is Toyota Motor Corporation (‘TMC’), a company incorporated in Japan.

Transactions with parent companies

TMC provides credit support to TFSC in respect of the Company’s debt issuance in the capital markets and related party guarantees.

TFSC provides credit support to the Company in respect of debt issuance in the capital markets and related party guarantees.

TFSC agrees in its Credit Support Agreements with the Company to make available to the Company funds sufficient to make its payment obligations on securities issued by it and agrees to ensure that the Company always has at least €100,000 in tangible net worth, so long as the Company has securities outstanding. Tangible net worth means the aggregate amount of issued capital, capital surplus and retained earnings less any intangible assets.

Guarantees

The Company earned € 2,243,000 (six months period ended 30 Sept. 2021: € 2,206,000) from TMC subsidiaries as guarantee fees. The total amount was outstanding at period-end, bears no interest and the payment term is 30 days.

Loans to related companies

The Company lends to other TMC subsidiaries on both a fixed rate and a floating rate basis. All fixed rate lending is swapped into floating rate, in line with the Company's risk management policy.

The loans to related companies, excluding expected credit losses, have increased by 1.7% from 31 March 2022 to 30 September 2022 (€ 17.3 billion at 31 March 2022, € 17.6 billion at 30 September 2022).

Loans from related companies

The Company has borrowed € nil at 30 September 2022 (€ nil at 31 March 2022) from related companies and as a result, there is no interest expense in the cost of funding on related party borrowing from related companies.

13. Contingent liabilities

The Company issues guarantees to debt holders of other TMC subsidiaries. The Company receives guarantee fees from TMC subsidiaries in respect of the guaranteed debt in issuance.

The Company assesses the need for provisions by reviewing the net assets and profitability of the companies for the period ended 30 September 2022. The accounts of the respective debt issuers indicate that there are adequate assets to cover the borrowings. The guaranteed bonds issued by AO Toyota Bank are Russian domestic bonds and there are no restrictions for AO Toyota Bank to make payments related to its bonds. AO Toyota Bank has sufficient liquidity to meet its obligations under these bonds.

No provisions have been required against contingent liabilities in either the current or prior fiscal years.

The nature of the guarantees is that they are unconditional guarantees issued to the debt holders. If for any reason the issuer is unable to pay as and when the debt falls due, the Company may be required to repay the debt on behalf of the issuer. The guarantees are for commercial paper and medium-term notes.

The contingent liability for the guarantees at 30 September 2022 was € 2.6 billion (€ 2.6 billion at 31 March 2022).

14. Financial assets and liabilities at fair value in the condensed interim statement of financial position

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets and liabilities;
Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is derived from prices);
Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Level 2 trading and hedging derivatives comprise forward exchange contracts and interest rate swaps. These forward foreign exchange contracts have been fair valued using forward exchange rates that are quoted in an active market. Interest rate swaps are fair valued using forward interest rates from observable yield curves.

Management will continually assess whether its understanding of the valuation method hierarchy remains accurate for each financial instrument and if a change is deemed to occur it will disclose the date of the event and the change in circumstances in addition to the reporting period it is applicable to.

	Unaudited 30 September 2022				Audited 31 March 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Financial assets								
Equity instruments - related company	-	-	1,176	1,176	-	-	1,270	1,270
Derivative financial instruments	-	976,779	-	976,779	-	445,081	-	445,081
Financial liabilities								
Derivative financial instruments	-	736,904	-	736,904	-	426,484	-	426,484

15. Share capital

	Unaudited 30 September 2022	Audited 31 March 2022
	€'000	€'000
Authorised		
10,000 (31 March 2022: 10,000) ordinary shares of Euro 454 each	4,540	4,540
Issued and fully paid up		
2,000 (31 March 2022: 2,000) ordinary shares of Euro 454 each	908	908

16. Events occurring after the reporting period

TFSC decided to provide an additional capital contribution to offset the impact of the expected credit loss related to loans to and accrued interest from affiliates in Russia. The contribution amount was determined at € 41 million and paid in full to the Company on 18 November 2022. The amount is recorded as share premium in the Company's books based on the agreed Share Premium Contribution Agreement between the Company and TFSC.

Other information

There are no additional events after the reporting period to disclose.

Board of Management

The board of management has the power to amend the condensed interim financial statements after issue, if applicable

George Juganar

Akihiko Sekiguchi

Toshiaki Kawai

Kazuo Noda

3. Responsibility Statement

The members of the Company's Board of Management confirm that to the best of their knowledge:

(a) the condensed interim financial statements for the six month-period ended 30 September 2022, which have been prepared in accordance with IAS 34 as adopted by the European Union give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company as required by DTR 4.2.4; and

(b) the interim management report includes a fair review of the information required by DTR 4.2.7.