TOYOTA TSUSHO CORPORATION

Financial Section 2022

Fiscal year ended March 31, 2022

Contents

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

General Operating Environment

In the fiscal year ended March 31, 2022, global economic activity stagnated due to multiple worldwide resurgences of new COVID-19 variants and supply chain disruptions compounded by logistic challenges. While the rollout of vaccinations continued mainly in developed countries and economic activities resumed in earnest, the Ukraine crisis made the global economic outlook more uncertain, sending market prices soaring even higher.

The United States moved closer to economic normalization with economic activities recovering on the back of the ongoing rollout of COVID-19 vaccinations and large-scale economic stimulus measures. At the same time, persistently high prices caused by supply constraints and other immaterial factors led to higher inflation. In Europe, the economy had been on track for recovery as the prolonged spread of infections peaked and the manufacturing and service industries recovered, but abruptly slowed due in part to the impact of economic and financial sanctions placed on Russia in response to the Ukraine crisis. In China, rising imports and exports led to economic recovery that drove growth in the global economy, but following a resurgence in infections, the government’s zero-COVID policy, a sharp downturn in real estate sales, sluggish consumer spending, and other factors caused the economy to slow down. In emerging countries, sluggish economic conditions persisted mainly as a result of protracted restrictions on economic activity due to delays in vaccination rollouts, as well as supply chain disruptions stemming from semiconductor shortages and other factors.

Against this backdrop, the Japanese economy remained stagnant mainly due to restrictions placed on economic activity under repeated declarations of COVID-19 related states of emergency and the slump in inbound tourism demand. There was a recovery in the manufacturing and service industries. Consumer spending also temporarily showed signs of recovery, but the extent of improvements remained limited.

While prospects for the end of the pandemic remain uncertain, the Toyota Tsusho Group (the “group”) will continue to pursue achievement of its Global Vision, promoting business activities that contribute to the resolution of various social issues.

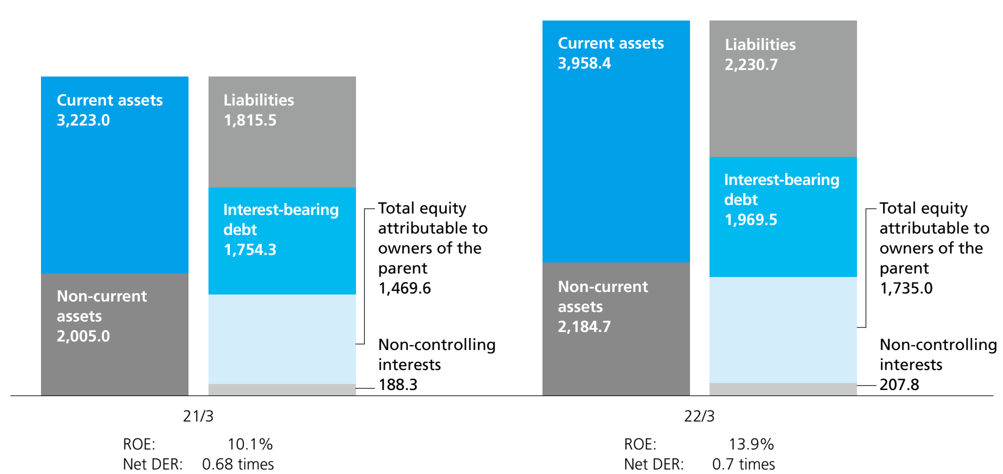
Business Performance of the Toyota Tsusho Group

The group’s consolidated revenue for the fiscal year ended March 31, 2022 increased 1,718.7 billion yen (27.2%) year on year, to 8,028 billion yen, largely as a result of increases in trading volume of automobile production-related products and automotive sales volume.

Operating profit increased 81.1 billion yen (38.1%) year on year, to 294.1 billion yen, due to an increase in gross profit, which offset higher selling, general and administrative expenses and other expenses. Profit for the year attributable to owners of the parent increased 87.6 billion yen (65.1%) year on year, to 222.2 billion yen, largely as a result of the increase in operating profit and a gain in the Metals Division on the exclusion of an equity-method affiliate and an increase in share of profit (loss) of investments accounted for using the equity method.

Balance Sheet Trends

(¥ billion)



Financial Position

As of March 31, 2022, total assets amounted to 6,143.1 billion yen, an increase of 915.1 billion yen from March 31, 2021, mainly due to an increase of 397.4 billion yen in trade and other receivables and an increase of 320.3 billion yen in inventories. Total equity as of March 31, 2022, amounted to 1,942.8 billion yen, an increase of 284.8 billion yen from March 31, 2021, mainly due to an increase of 81.4 billion yen in other components of equity and an increase of 175.0 billion yen in retained earnings accruing from profit for the year attributable to owners of the parent.

As a result, the group ended the fiscal year with a ratio of equity attributable to owners of the parent to total assets (equity ratio) of 28.2% and a net debt-equity ratio (net DER) of 0.7.

Future Issues to Address

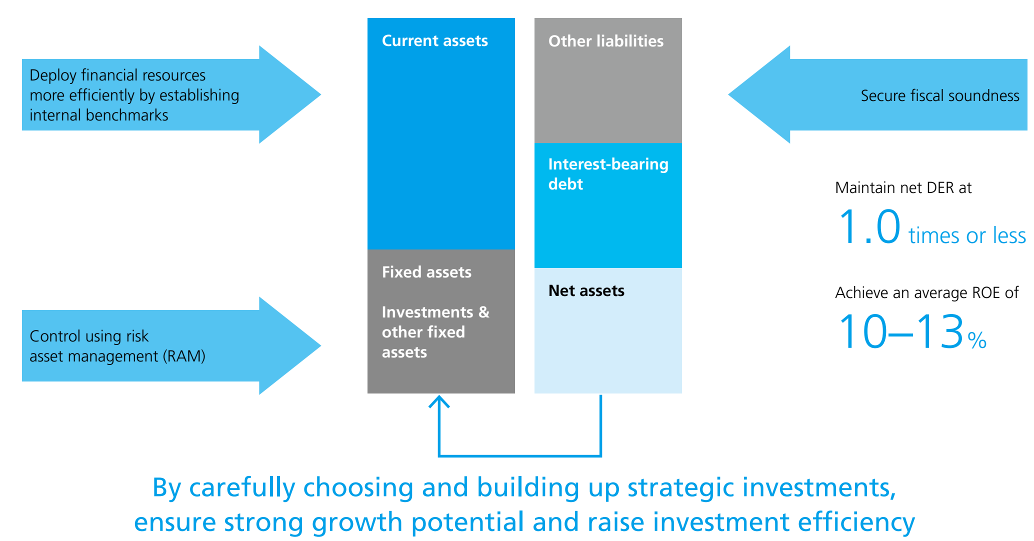
Despite the impact of the COVID-19 pandemic, the end of which is still uncertain, and the persistence of heightened geopolitical tensions, the Toyota Tsusho Group will fulfill its social and environmental responsibilities, pursuing its Global Vision to “Be the Right ONE” by ensuring that it continues to be a company favored by customers and the general public.

To that end, we intend to promote business operations in the following three fields.

<3 fields>

Mobility	• Strengthening relationships with customers by continuing to unconditionally defend our supply chains while pursuing a thoroughly lean management approach that eliminates wastefulness • Focusing on businesses that contribute to the realization of a highly convenient society in the future
Life & Community	• Contributing to the realization of a comfortable and prosperous society by creating businesses related to the “economy of life”
Resources & Environment	• Positioning businesses that can contribute to realization of a sustainable society, such as renewable energies and lithium development, as growth areas for Toyota Tsusho, and committing to actively investing in them

Financial Risk Management



The Toyota Tsusho Group has identified Key Sustainability Issues (Materiality) to be prioritized from among various social issues. We have positioned four of these areas as growth strategies for achieving our Mid-Term Business Plan, and are working to help resolve these issues through our business.

<Four priority areas>

Next Mobility Strategy	Renewable Energy Strategy	Africa Strategy	Circular Economy Strategy
• Respond rapidly to changes in the external environment • Contribute to the realization of a safe and comfortable mobility society • Accelerate MaaS[1] and CASE[2] initiatives	• Be the No.1 renewable energy provider in Japan • Expand into more countries and into more business fields as a clean electric power provider • Contribute to transition to a decarbonized society	• Further expand the mobility business and other businesses (healthcare, consumer goods, etc.) • Help resolve social issues in Africa and contribute to regional development	• Contribute to the development of a recycling-based society by reducing waste • Reuse and recycle natural resources and establish frameworks for resource recycling

1. Mobility as a Service
2. Connected, Autonomous, Shared & Services, Electric

Under the slogan "passing on a better global environment to the children of the future," the Toyota Tsusho group will also ramp up efforts at the Group-wide level for businesses that contribute to the transition to a decarbonized society based on the growth strategies envisaged in the five business fields that are strengths for the group, namely: (1) renewable energy/energy management, (2) batteries, (3) hydrogen and alternative fuels, (4) resource circulation and the "3Rs" (rebuild, reuse, recycle), and (5) the "economy of life." In addition, we recognize climate change as an important management issue, and will expand and enhance our initiatives based on the framework of the Task Force on Climate-related Financial Disclosures (TCFD).

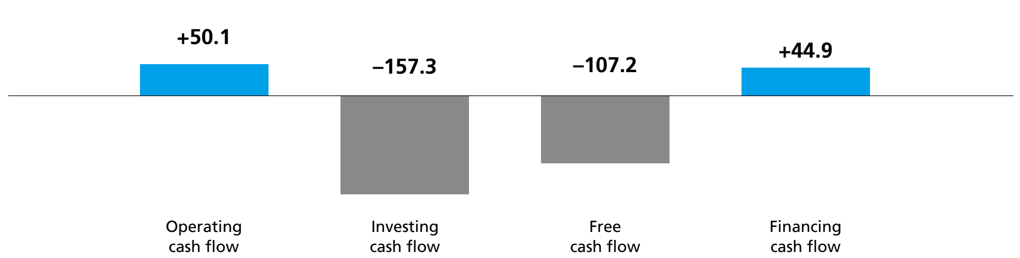
Over the course of the pandemic, we also began looking at new ways of working. While the usefulness of teleworking has been confirmed, we consider the office to be important as an environment conducive to spontaneous incidental conversations. We will therefore push ahead with office reform as well as with diversity and inclusion (D&I) initiatives in an effort to create new added value by increasing the value we provide to customers and improving our business productivity.

Cash Flows in the Fiscal Year Ended March 31, 2022

Cash and cash equivalents ("cash") as of March 31, 2022, totaled 653.0 billion yen, a decrease of 24.4 billion yen from March 31, 2021. The decrease, which was 229.1 billion yen smaller than the previous fiscal year's increase in cash, is attributable to negative cash flows from investing activities, partially offset by positive cash flows from operating and financing activities. The main factors affecting cash flows are as follows.

Cash Flow Breakdown

(¥ billion)



Net Cash Provided by Operating Activities

Net cash provided by operating activities was 50.1 billion yen, consisting mainly of profit before income taxes and an increase in working capital. Cash provided decreased by 194.9 billion yen from the previous fiscal year, mainly as a result of an increase in working capital of 257.0 billion yen.

Net Cash Used in Investing Activities

Net cash used in investing activities was 157.3 billion yen, mainly for the purchase of property, plant and equipment. This represents an increase of 55.2 billion yen from the previous fiscal year, mainly as a result of an increase in the purchase of intangible assets of 18.2 billion yen.

As a result, free cash flow was a negative 107.2 billion yen, a decrease of 250.1 billion yen from the previous fiscal year.

Net Cash Used in Financing Activities

Net cash provided by financing activities was 44.9 billion yen, consisting mainly of an increase in borrowings. This represents an increase of 20.9 billion yen from the previous fiscal year.

Financial Strategy

The group's financial strategy is focused on the efficient use of assets and fund procurement commensurate with its asset base. The goal is to achieve stable growth and to maintain a sound financial position.

With respect to the efficient use of assets, we aim to "generate maximum profit with minimum funds," we strive to use funds more efficiently by reducing the collection periods for trade receivables and reducing inventory levels to improve the efficiency of working capital. We also achieve our goal by reducing any idle or inefficient fixed assets. We aim to both enhance corporate value and improve our financial position by directing funds generated from these activities to investments in businesses with higher growth potential and to the repayment of interest-bearing debt.

With respect to conducting fund procurement commensurate with its asset base, in principle, the group finances fixed assets with long-term loans and shareholders' equity, while working capital is covered by short-term borrowings. At the same time, we have also adopted a policy of funding the less liquid portion of working capital with long-term debt. With regards to our consolidated fund management strategy, for our domestic subsidiaries, we are shifting to a unified group financing strategy by the parent company in Japan. As for fund procurement for overseas subsidiaries, we conduct group financing utilizing a cash management system whereby funds are procured centrally at overseas subsidiaries in Asia, Europe, and the United States and then supplied to other subsidiaries. By doing so we are striving to improve the efficiency of funds on a consolidated basis and further enhance our fund management system. In addition, we have developed systems for responding to unexpected events, including establishing a multi-currency revolving facility to meet the group's funding requirements.

Looking ahead, we will strive to enhance the efficient use of assets and secure funding, taking into consideration cash flows generated from the group's operating activities, the condition of assets, economic conditions, and the financial environment.

As of March 31, 2022, the current ratio was 145% on a consolidated basis, meaning that the group has maintained financial soundness in terms of liquidity. In addition, the company and its consolidated subsidiaries have established an adequate level of liquidity mainly through cash and deposits and the aforementioned credit facility.

The company's long-term and short-term credit ratings as of March 31, 2022 are as follows:

	Long-term	Short-term
Rating and Investment Information (R&I)	AA- (Stable)	a-1+
Standard & Poor's (S&P)	A (Stable)	A-1
Moody's	A3 (Stable)	–

Business Risks and Uncertainties

With regard to other data contained in this report, the following are the major risks recognized by management as having the potential to have a significant impact on the operating results, financial condition, and cash flows of the group stated in this report.

Forward-looking statements contained in this report are based on the judgment of the group as of the date of publication.

1. Risk Associated with the Changing Global Macro-economic Environment

The main business line of the group is the purchase and sale of products in domestic and overseas markets, with involvement in a wide range of businesses including manufacturing, processing and sales, business investments, and the provision of services relevant to these products. Therefore, the group is exposed to risks associated with political and economic conditions in Japan and other countries concerned. Any deteriorating or sluggish conditions in these countries may adversely affect the operating results and financial condition of the group.

2. Dependence on Specific Customers

The group consists of the company, its 772 consolidated subsidiaries, and 234 equity-method affiliates. The main business line of the group is the sale of automotive-related and other products in the domestic and overseas markets. Sales to the Toyota Group account for 12.3% of revenue for the group. Therefore, trends in transactions with the Toyota Group may affect the operating results and financial condition of the group.

3. Risk Associated with Commodities

Commodities that the group deals with in its businesses, such as non-ferrous metals, petroleum products, rubber, food, and textiles, are vulnerable to uncertainties arising from price fluctuations. Position limits are set for each commodity, and compliance with these limits is monitored periodically. While the group takes various measures to reduce such price variation risks, it may not be possible to completely avoid them, so the state of commodity markets and market price movements may affect the operating results and financial condition of the group.

4. Risk Associated with Customers' Credit

The group faces a degree of risk arising from the collection of loans and receivables associated with commercial transactions with its domestic and overseas business partners. For credit risk management, the group rates the financial status of customers using its own criteria (eight levels) and sets limits for each type of transaction, such as accounts receivable or advances. In the case of a low-rated customer, the group reviews the transaction conditions, determines the transaction policy, such as the protection of accounts receivables or withdrawal, carries out individually focused management, and endeavors to prevent losses. While the group manages credit in this way, there is no guarantee that risk associated with credit can be completely avoided, so any deterioration in the financial status of its business partners may adversely affect the operating results and financial condition of the group.

5. Risk Associated with Business Investment

The group intends to grow existing businesses, enhance functions, and take on new business through the strengthening of current partnerships and establishment of new partnerships with companies within or outside the group. Therefore, the group has established new ventures in partnership with other companies and has also invested in existing companies, and may continue to conduct such investing activities. The group discusses the strategic and group-wide priorities of any new investment and examines the investment from many angles, including investment return and various risk analyses, with participation of managers from the Administrative Division in addition to the relevant sales department. After making an investment, the group continues monitoring such factors as whether the planned investment return has been obtained and whether profit commensurate with the risk asset has been achieved. If the investment did not proceed as planned, the group then acts in line with the policies and procedures it has set for restructuring or withdrawing from such an investment. However, the group may lose all or part of such investments or be obliged to provide additional funds in the event of a decline in the corporate value or market value of the shares of invested companies. This may adversely affect the operating results and financial condition of the group.

6. Risk Associated with Exchange Rates

Of the product sales, investment, and other business activities conducted by the group, transactions conducted in foreign currencies may be affected by changes in exchange rates. While the group uses foreign exchange forward contracts and other methods to hedge against and reduce these exchange rate risks, we may be unable to completely avoid them.

Many group companies are also located overseas, so exchange rate fluctuations when converting the financial statements of these companies into Japanese yen may affect the operating results and financial condition of the group.

7. Risk Associated with Fluctuations in Interest Rates

The group secures business funding through various methods, such as acquiring loans from financial institutions in Japan and overseas, and issuing commercial papers and corporate bonds. For such activities as extending credit for trade receivables, or acquiring marketable securities or fixed assets, with a portion of this debt subject to variable interest rates. For a considerable portion of such debt, we are able to absorb the effect of changes in interest rates within working capital.

The group also works to minimize risk associated with fluctuations in interest rates through Asset Liability Management (ALM). However, a certain portion of debt cannot be avoided, so future interest rate movements may affect the operating results and financial condition of the group.

8. Risk Associated with Fluctuations in the Price of Listed Securities

The group holds securities traded in active markets to maintain and strengthen relationships with business partners, to grow business earnings, and to improve its corporate value. Share prices of securities traded in active markets are affected by price changes, and declines in share prices may adversely affect the operating results and financial condition of the group.

9. Risk Associated with Employee Retirement Benefits

Pension assets of the group are invested in stocks, bonds, and other investment vehicles in Japan and overseas, so trends in stock and bond markets may result in reduced asset values or increased costs of providing employee retirement benefits. This may adversely affect the operating results and financial condition of the group.

10. Risk Associated with Raising Funds

The group secures business funding through various methods, such as acquiring loans from financial institutions in Japan and overseas, and issuing commercial papers and corporate bonds. The group works to maintain positive transactional relationships with financial institutions, to conduct ALM, and to minimize liquidity risk by raising funds appropriate to the asset. However, any turmoil in financial markets, significant downgrades to the group's credit rating by ratings organizations, or other similar events may result in restrictions on funding for the group, or on increased funding costs. This may adversely affect the operating results and financial condition of the group.

11. Risk Associated with Personnel and Labor

The group conducts business in many countries and regions and is exposed to risk of suspension, restriction of operations, or impacts on supply chains due to labor strikes and other immaterial factors. As a result, there could be adverse impacts on the group's operating results and financial condition.

12. Risk Associated with Human Rights

In conducting business in each country and region, the group is committed to respecting human rights through human rights due diligence on group companies. In addition, we have established the Toyota Tsusho Group Human Rights Policy in accordance with such international standards as the United Nations International Bill of Human Rights, including the Universal Declaration of Human Rights, and the Guiding Principles on Business and Human Rights, and we encourage all business partners, including suppliers, to comply with this policy. If, however, unforeseeable events occur, there could be adverse impacts on the group's operating results and financial condition.

13. Risk Associated with Information Security

The group established group standard rules and guidelines on information security, and actively monitors and improves the status of responses. The group has also established systems to prepare for cyberattacks, conducts education and training, and implements prompt countermeasures based on threat information including product vulnerability information and security incidents. With regard to IT infrastructure including networks and email security, the group takes measures to efficiently raise effectiveness throughout the group through the use of shared systems. However, the possibility of leaks of confidential information or personal information due to unforeseeable unauthorized access from outside or infection by computer virus and shutdown of information systems due to failure of equipment or communications cannot be entirely eliminated. If such incidents were to occur, there could be adverse impacts on the group's operating results and financial condition.

14. Risk Associated with Compliance

The group is involved in a diverse range of businesses in Japan and overseas, with extensive restrictions imposed in various business domains. These restrictions include the Companies Act, Tax Acts, Antimonopoly Act, Financial Instruments and Exchange Act, and other laws and regulations in Japan, as well as laws and regulations in each of the countries where the group conducts business. The Compliance&Crisis Management Department is responsible for enhancing compliance systems across the group and for raising awareness of compliance with laws and regulations. However, any improper or unlawful conduct by officers or employees may damage the social trust of the group. This may adversely affect the operating results and financial condition of the group.

15. Risk Associated with Safety

Occupational accidents involving employees or service providers could interfere with the group's business activities. The group maintains equipment, establishes work standards, and conducts education and daily management to prevent accidents, but if additional countermeasure costs become necessary as a result of the occurrence of a large-scale occupational accident or the like, there could be adverse impacts on the group's operating results and financial condition.

16. Risks Associated with the Environment

Environment-related risks including climate change and preservation of water resources and forests have a significant impact on group management. Business opportunities and risks associated with climate change are deliberated on by the Global Safety & Environmental Promotion Meeting and the Sustainability Management Committee and reported to the Board of Directors from time to time, and the details of those deliberations are incorporated into business strategies and activities through their members and the responsible departments. The company and its group companies have acquired certification under ISO 14001, an international standard for environmental management systems. The Head Office monitors investment targets that have manufacturing sites by conducting internal environmental audits. In addition, six Key Sustainability Issues (Materiality) have been identified, and efforts are being made to reduce environmental impact through business. If unforeseeable events occur, there could be adverse impacts on the group's operating results and financial condition.

17. Risk Associated with Countries

The group has many transactions with overseas business partners, including imports, exports, and investments in the overseas business partners. Therefore, the group is exposed to risks arising from the manufacture and purchase of foreign products, such as regulations imposed by foreign governments, political uncertainties, and fund transfer restraints, as well as loss on investment or other reduced asset value. The group holds export and investment insurance and takes other measures to reduce risks associated with transactions in countries with a high country risk. The group identifies the risk assets, which represent the maximum anticipated amount of loss, that the group holds by country and ensures risk for each country is within the maximum defined limits in order to correct any concentration of those assets in specific regions or countries. While the group hedges against and otherwise manages risk, it is not possible to completely avoid risk related to deteriorating business environments in the countries of its business partners, or the countries where it conducts business activities. For this reason, any deterioration in those environments may adversely affect the operating results and financial condition of the group.

In addition, if prolonged, the impact of Russia's invasion of Ukraine, which started in February 2022, may adversely affect the operating results and financial condition of the group.

18. Effect of Natural Disasters and Other Events

The group's businesses could be impacted by natural disasters such as fires, earthquakes, and floods. To minimize the impact, the group establishes, maintains, and improves business continuity plans (BCPs), takes measures to earthquake-proof its equipment, establishes employee safety confirmation systems, and implements other measures, but a large-scale natural disaster could result in additional costs that may adversely affect the operating results and financial condition of the group.

Furthermore, infection of employees and business partners, the impact on supply chains, and sluggish consumption due to the spread of unknown viruses or bacteria have the potential to adversely affect the operating results and financial condition of the group.

The group will take measures that prioritize preventing the spread of COVID-19 within and outside the group and that ensure the safety and health of all group employees, implementing responses based on government guidance.

Consolidated Statement of Financial Position

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries
As of March 31, 2022 and 2021

	Notes	Millions of Yen 2022	Millions of Yen 2021	Thousands of U.S. Dollars 2022
Assets				
Current assets:				
Cash and cash equivalents	9	¥ 653,013	¥ 677,478	$ 5,335,509
Trade and other receivables	6, 9, 14	1,797,084	1,404,988	14,683,258
Other financial assets	9	154,700	139,373	1,263,992
Inventories	7	1,161,022	840,709	9,486,248
Other current assets		188,289	159,698	1,538,434
Subtotal		3,954,111	3,222,248	32,307,467
Assets held for sale	8	4,276	752	34,937
Total current assets		3,958,387	3,223,000	32,342,405
Non-current assets:				
Investments accounted for using the equity method	4, 10	273,993	269,181	2,238,687
Other investments	9	622,537	590,794	5,086,502
Trade and other receivables	6, 9, 14	40,195	34,843	328,417
Other financial assets	9	37,213	31,805	304,052
Property, plant and equipment	11, 14	941,880	840,629	7,695,726
Intangible assets	12	182,155	162,540	1,488,316
Investment property	13	18,854	18,740	154,048
Deferred tax assets	26	27,073	19,770	221,202
Other non-current assets		40,833	36,697	333,630
Total non-current assets		2,184,737	2,005,003	17,850,616
Total assets	4	¥6,143,125	¥5,228,004	$50,193,030

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

	Notes	Millions of Yen 2022	Millions of Yen 2021	Thousands of U.S. Dollars 2022
Liabilities and Equity				
Liabilities				
Current liabilities:				
Trade and other payables	9, 14, 15	¥1,704,376	¥1,318,252	$13,925,778
Bonds and borrowings	9, 16	740,936	571,542	6,053,893
Other financial liabilities	9	69,504	70,561	567,889
Income taxes payable		31,551	24,677	257,790
Provisions	17	6,831	6,034	55,813
Other current liabilities		173,082	157,651	1,414,184
Total current liabilities		2,726,283	2,148,720	22,275,373
Non-current liabilities:				
Bonds and borrowings	9, 16	1,115,728	1,071,951	9,116,169
Trade and other payables	9, 14, 15	86,088	84,993	703,390
Other financial liabilities	9	16,784	27,741	137,135
Retirement benefits liabilities	19	44,361	43,371	362,456
Provisions	17	46,810	41,068	382,465
Deferred tax liabilities	26	113,279	116,051	925,557
Other non-current liabilities	18	50,928	36,090	416,112
Total non-current liabilities		1,473,981	1,421,268	12,043,312
Total liabilities		4,200,265	3,569,988	34,318,694
Equity				
Share capital	21	64,936	64,936	530,566
Capital surplus	20, 21	156,047	147,128	1,274,997
Treasury shares	20, 21	(3,769)	(3,760)	(30,794)
Other components of equity		217,444	136,026	1,776,648
Retained earnings	21	1,300,352	1,125,326	10,624,658
Total equity attributable to owners of the parent		1,735,011	1,469,657	14,176,084
Non-controlling interests		207,848	188,358	1,698,243
Total equity		1,942,860	1,658,015	15,874,336
Total liabilities and equity		¥6,143,125	¥5,228,004	$50,193,030

Consolidated Statement of Profit or Loss and Consolidated Statement of Comprehensive Income

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries
For the years ended March 31, 2022 and 2021

Consolidated Statement of Profit or Loss	Notes	Millions of Yen 2022	Millions of Yen 2021	Thousands of U.S. Dollars 2022
Revenue:				
Sales of goods		¥ 7,875,272	¥ 6,182,737	$ 64,345,714
Sales of services and others		152,728	126,565	1,247,879
Total revenue	4, 22	8,028,000	6,309,303	65,593,594
Cost of sales		(7,268,763)	(5,701,677)	(59,390,170)
Gross profit	4	759,237	607,626	6,203,423
Selling, general and administrative expenses	23	(450,294)	(400,086)	(3,679,173)
Other income (expenses):				
Gain on sale and disposals of fixed assets, net		662	1,354	5,408
Impairment losses on fixed assets	4, 11, 12	(6,398)	(1,452)	(52,275)
Other, net	24	(9,064)	5,616	(74,058)
Total other income (expenses)		(14,801)	5,518	(120,933)
Operating profit		294,141	213,058	2,403,309
Finance income (costs):				
Interest income	25	8,998	8,341	73,519
Interest expenses	25	(26,650)	(24,706)	(217,746)
Dividend income	9, 25	19,041	16,180	155,576
Other, net	25	13,913	1,027	113,677
Total finance income (costs)		15,303	842	125,034
Share of profit of investments accounted for using the equity method	4, 10	20,686	7,523	169,017
Profit before income taxes		330,132	221,425	2,697,377
Income tax expense	4, 26	(81,531)	(64,978)	(666,157)
Profit for the year		¥ 248,601	¥ 156,447	$ 2,031,219
Profit for the year attributable to:				
Owners of the parent	4	¥ 222,235	¥ 134,602	$ 1,815,793
Non-controlling interests		26,365	21,844	215,417
		Yen		U.S. Dollars
Earnings per share attributable to owners of the parent:				
Basic earnings per share	28	¥631.63	¥382.56	$5.16
Diluted earnings per share	28	–	–	–

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income	Notes	Millions of Yen 2022	Millions of Yen 2021	Thousands of U.S. Dollars 2022
Profit for the year:		¥248,601	¥156,447	$2,031,219
Other comprehensive income				
Items that will not be reclassified to profit or loss:				
Remeasurements of defined benefit pension plans	19, 27	6,402	8,133	52,308
Financial assets measured at fair value through other comprehensive income (loss)	9, 27	(15,903)	134,690	(129,937)
Share of other comprehensive income (loss) of investments accounted for using the equity method	10, 27	(313)	1,480	(2,557)
Items that may be reclassified to profit or loss:				
Cash flow hedges	9, 27	6,765	3,138	55,274
Exchange differences on translation of foreign operations	27	88,426	34,966	722,493
Share of other comprehensive income of investments accounted for using the equity method	10, 27	10,175	15	83,135
Other comprehensive income for the year, net of tax	27	95,553	182,425	780,725
Total comprehensive income for the year		¥344,154	¥338,872	$2,811,945
Total comprehensive income for the year attributable to:				
Owners of the parent		¥304,647	¥311,354	$2,489,149
Non-controlling interests		39,506	27,518	322,787

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries
For the years ended March 31, 2022 and 2021

		Millions of Yen											
		Equity attributable to owners of the parent											
					Other components of equity								
For the year ended March 31, 2022	Notes	Share capital	Capital surplus	Treasury shares	Remeasurements of defined benefit pension plans	Financial assets measured at fair value through other comprehensive income (loss)	Cash flow hedges	Exchange differences on translation of foreign operations	Total	Retained earnings	Total	Non-controlling interests	Total equity
Balance at the beginning of the year		¥64,936	¥147,128	¥(3,760)	¥ –	¥291,447	¥(3,283)	¥(152,137)	¥136,026	¥1,125,326	¥1,469,657	¥188,358	¥1,658,015
Profit for the year										222,235	222,235	26,365	248,601
Other comprehensive income:													
Remeasurements of defined benefit pension plans					6,597				6,597		6,597	29	6,627
Financial assets measured at fair value through other comprehensive income (loss)						(16,502)			(16,502)		(16,502)	60	(16,441)
Cash flow hedges							5,368		5,368		5,368	2,560	7,929
Exchange differences on translation of foreign operations								86,947	86,947		86,947	10,490	97,438
Comprehensive income (loss) for the year		–	–	–	6,597	(16,502)	5,368	86,947	82,411	222,235	304,647	39,506	344,154
Dividends	21									(46,471)	(46,471)	(14,348)	(60,820)
Acquisition (disposal) of treasury shares	20, 21		52	(9)							43		43
Acquisition (disposal) of non-controlling interests			8,867								8,867	(7,634)	1,232
Reclassification to retained earnings					(6,597)	5,603			(994)	994	–		–
Other										(1,732)	(1,732)	1,966	234
Transactions with owners		–	8,919	(9)	(6,597)	5,603	–	–	(994)	(47,209)	(39,293)	(20,016)	(59,310)
Balance at the end of the year		¥64,936	¥156,047	¥(3,769)	¥ –	¥280,549	¥ 2,084	¥ (65,190)	¥217,444	¥1,300,352	¥1,735,011	¥207,848	¥1,942,860

		Millions of Yen											
		Equity attributable to owners of the parent											
					Other components of equity								
For the year ended March 31, 2021	Notes	Share capital	Capital surplus	Treasury shares	Remeasurements of defined benefit pension plans	Financial assets measured at fair value through other comprehensive income (loss)	Cash flow hedges	Exchange differences on translation of foreign operations	Total	Retained earnings	Total	Non-controlling interests	Total equity
Balance at the beginning of the year		¥64,936	¥149,807	¥(3,735)	¥ –	¥148,792	¥(6,443)	¥(182,151)	¥ (39,802)	¥1,025,429	¥1,196,635	¥175,856	¥1,372,491
Profit for the year										134,602	134,602	21,844	156,447
Other comprehensive income:													
Remeasurements of defined benefit pension plans					7,980				7,980		7,980	60	8,041
Financial assets measured at fair value through other comprehensive income (loss)						135,597			135,597		135,597	665	136,263
Cash flow hedges							3,160		3,160		3,160	227	3,387
Exchange differences on translation of foreign operations								30,013	30,013		30,013	4,719	34,733
Comprehensive income (loss) for the year		–	–	–	7,980	135,597	3,160	30,013	176,751	134,602	311,354	27,518	338,872
Dividends	21									(35,205)	(35,205)	(12,691)	(47,897)
Acquisition (disposal) of treasury shares	21		0	(24)							(24)		(24)
Acquisition (disposal) of non-controlling interests			(2,679)								(2,679)	132	(2,546)
Reclassification to retained earnings					(7,980)	7,057			(922)	922	–		–
Other										(422)	(422)	(2,457)	(2,880)
Transactions with owners		–	(2,678)	(24)	(7,980)	7,057	–	–	(922)	(34,706)	(38,332)	(15,016)	(53,348)
Balance at the end of the year		¥64,936	¥147,128	¥(3,760)	¥ –	¥291,447	¥(3,283)	¥(152,137)	¥136,026	¥1,125,326	¥1,469,657	¥188,358	¥1,658,015

		Thousands of U.S. Dollars											
		Equity attributable to owners of the parent											
					Other components of equity								
For the year ended March 31, 2022	Notes	Share capital	Capital surplus	Treasury shares	Remeasurements of defined benefit pension plans	Financial assets measured at fair value through other comprehensive income (loss)	Cash flow hedges	Exchange differences on translation of foreign operations	Total	Retained earnings	Total	Non-controlling interests	Total equity
Balance at the beginning of the year		$530,566	$1,202,124	$(30,721)	$ –	$2,381,297	$(26,824)	$(1,243,050)	$1,111,414	$ 9,194,591	$12,007,982	$1,538,998	$13,546,980
Profit for the year										1,815,793	1,815,793	215,417	2,031,219
Other comprehensive income:													
Remeasurements of defined benefit pension plans					53,901				53,901		53,901	236	54,146
Financial assets measured at fair value through other comprehensive income (loss)						(134,831)			(134,831)		(134,831)	490	(134,332)
Cash flow hedges							43,859		43,859		43,859	20,916	64,784
Exchange differences on translation of foreign operations								710,409	710,409		710,409	85,709	796,127
Comprehensive income (loss) for the year		–	–	–	53,901	(134,831)	43,859	710,409	673,347	1,815,793	2,489,149	322,787	2,811,945
Dividends	21									(379,696)	(379,696)	(117,231)	(496,936)
Acquisition (disposal) of treasury shares	20, 21		424	(73)							351		351
Acquisition (disposal) of non-controlling interests			72,448								72,448	(62,374)	10,066
Reclassification to retained earnings					(53,901)	45,779			(8,121)	8,121	–		–
Other										(14,151)	(14,151)	16,063	1,911
Transactions with owners		–	72,873	(73)	(53,901)	45,779	–	–	(8,121)	(385,725)	(321,047)	(163,542)	(484,598)
Balance at the end of the year		$530,566	$1,274,997	$(30,794)	$ –	$2,292,254	$ 17,027	$ (532,641)	$1,776,648	$10,624,658	$14,176,084	$1,698,243	$15,874,336

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries
For the years ended March 31, 2022 and 2021

	Notes	Millions of Yen		Thousands of U.S. Dollars
		2022	2021	2022
Cash flows from operating activities:				
Profit before income taxes		¥ 330,132	¥ 221,425	$ 2,697,377
Depreciation and amortization		110,885	104,349	905,997
Impairment losses on fixed assets		6,398	1,452	52,275
Finance income (costs)		(15,303)	(842)	(125,034)
Share of profit of investments accounted for using the equity method		(20,686)	(7,523)	(169,017)
Gain on sale and disposals of fixed assets, net		(662)	(1,354)	(5,408)
Increase in trade and other receivables		(318,338)	(126,033)	(2,601,013)
Increase in inventories		(260,900)	(29,526)	(2,131,710)
Increase in trade and other payables		306,743	140,090	2,506,275
Other		(5,717)	(4,081)	(46,711)
Subtotal		132,551	297,954	1,083,021
Interest received		8,425	8,642	68,837
Dividends received		37,240	27,964	304,273
Interest paid		(26,246)	(24,452)	(214,445)
Income taxes paid		(101,832)	(65,053)	(832,028)
Net cash provided by operating activities		50,137	245,055	409,649
Cash flows from investing activities:				
Decrease in time deposits		14,113	24,253	115,311
Purchase of property, plant and equipment		(135,769)	(124,327)	(1,109,314)
Proceeds from sale of property, plant and equipment		10,350	16,542	84,565
Purchase of intangible assets		(31,517)	(13,385)	(257,512)
Proceeds from sale of intangible assets		219	641	1,789
Purchase of investment property		(477)	(720)	(3,897)
Purchase of investments		(29,200)	(19,482)	(238,581)
Proceeds from sale of investments		5,157	7,080	42,135
Payments for acquisition of subsidiaries	29	(633)	(86)	(5,171)
Proceeds from (payments for) sale of subsidiaries	29	370	(250)	3,023
Payments for loans receivable		(5,976)	(7,678)	(48,827)
Collection of loans receivable		4,896	5,568	40,003
Proceeds from government grants		9,705	8,115	79,295
Other		1,427	1,553	11,659
Net cash used in investing activities		(157,333)	(102,176)	(1,285,505)
Cash flows from financing activities:				
Net increase in short-term borrowings	29	94,336	44,073	770,781
Proceeds from long-term borrowings	29	168,558	160,088	1,377,220
Repayment of long-term borrowings	29	(108,745)	(112,006)	(888,512)
Proceeds from issuance of bonds	29	10,000	20,000	81,706
Redemption of bonds	29	(30,000)	(10,000)	(245,118)
Purchase of treasury shares		(31)	(25)	(253)
Dividends paid	21	(46,471)	(35,205)	(379,696)
Dividends paid to non-controlling interests		(14,348)	(12,691)	(117,231)
Proceeds from non-controlling interests		1,012	694	8,268
Payments for acquisition of subsidiaries' interest from non-controlling interests		(2,405)	(2,971)	(19,650)
Proceeds from sale of subsidiaries' interest to non-controlling interests		1,426	85	11,651
Other	14, 29	(28,430)	(27,966)	(232,290)
Net cash provided by financing activities		44,901	24,073	366,868
Net (decrease) increase in cash and cash equivalents		(62,294)	166,952	(508,979)
Cash and cash equivalents at the beginning of the year		677,478	496,372	5,535,403
Effect of exchange rate changes on cash and cash equivalents		37,829	14,153	309,085
Cash and cash equivalents at the end of the year	29	¥ 653,013	¥ 677,478	$ 5,335,509

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to Consolidated Financial Statements

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries
For the years ended March 31, 2022 and 2021

NOTE 1. Reporting Entity

TOYOTA TSUSHO CORPORATION (the "company") is a company located in Japan. The consolidated financial statements of the company as of and for the year ended March 31, 2022 comprise the company and its consolidated subsidiaries (collectively, the "group"), and the group's interest in associated companies and jointly controlled entities.

The group primarily engages in trading of various products in Japan and overseas as well as manufacturing, processing, marketing, investments and providing services in relation to these products.

Based on the group's corporate philosophy: "Living and prospering together with people, society, and the planet, we aim to be a value-generating corporation that contributes to the creation of prosperous societies," the group's fundamental management philosophy is to (i) strive for open and fair corporate activities, (ii) be socially responsible and strive for conservation of the environment, and (iii) be creative, and strive to provide added value to all stakeholders, including customers, shareholders, employees and communities.

NOTE 2. Basis of Preparing Consolidated Financial Statements

(1) Statement of compliance with IFRSs

The company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") pursuant to the provision of Article 93 of the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements as the company fulfills all the requirements of the "Specified Company for Designated IFRSs" set forth in Article 1-2 of said Ordinance.

The consolidated financial statements were authorized for issue by Ichiro Kashitani, President & CEO, and Hideyuki Iwamoto, Director & CFO, on June 24, 2022.

(2) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for assets and liabilities such as financial instruments measured at fair value as stated in Note 3. "Significant Accounting Policies."

(3) Functional currency and presentation currency

The consolidated financial statements are presented in Japanese yen, which is the company's functional currency.

All financial information presented in Japanese yen has been rounded down to the nearest million. The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made at the rate of ¥122.39 to U.S.$1, the approximate exchange rate at March 31, 2022. Such translation should not be construed as a representation that the Japanese yen amounts could be converted into U.S. dollars at the above or any other rate.

(4) Significant accounting judgments, estimates and assumptions

Upon preparation of the consolidated financial statements in accordance with IFRSs, the company's management is required to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. The effect of a change in an accounting estimate is recognized in the period of the change and in future periods.

The following notes include information on critical judgments in the application of accounting policies that have a significant effect on the amounts recognized in the consolidated financial statements:

- Note 3. Significant Accounting Policies, (1) Basis of consolidation
- Note 3. Significant Accounting Policies, (16) Revenue recognition

The following notes include information on uncertainties of assumptions and estimates that have a significant risk to cause material revisions in the next fiscal year:

- Note 11. Property, Plant and Equipment
- Note 12. Intangible Assets

(5) Changes in accounting policies

The group has applied the accounting standards and interpretations of which application became mandatory effective for the year ended March 31, 2022. There is no significant impact on the group's financial statements from the changes.

NOTE 3. Significant Accounting Policies

(1) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities which are controlled by the group. The group controls the entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

When the accounting policies adopted by a subsidiary are different from the group accounting policies, the financial statements of the subsidiary are adjusted as necessary.

All intra-group balances of assets and liabilities, income, unrealized profit and loss are eliminated in consolidation.

Changes in the ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the adjustment to non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity attributable to owners of the company.

If the group loses control of a subsidiary, the group derecognizes the assets, liabilities, any non-controlling interests and other components of equity related to the former subsidiary. Any gain or loss arising from such loss of control is recognized in profit or loss. Any investment retained in the former subsidiary is recognized at fair value at the date that control is lost.

(ii) Business combinations

Business combinations are accounted for using the acquisition method. Non-controlling interests are measured at fair value or at the non-controlling interests' proportionate share of the acquiree's net assets. The company determines the measurement method for each business combination.

If the aggregate amount of the consideration transferred and the amount of non-controlling interests in the acquiree exceeds the net identifiable assets acquired and liabilities assumed at the acquisition date, the company recognizes the excess amount as goodwill; however, if such aggregate amount does not exceed, the company recognizes the amount in profit or loss. Acquisition-related costs are recognized in profit or loss as incurred.

(iii) Associates and joint ventures

An associate, an entity over which the group has significant influence over the decisions on financial and operating policies but does not control, is accounted for using the equity method. Significant influence is the power to participate in the financial and operating policy decisions of the entity but not fall under the control. The group presumes to have significant influence over the entity when the group holds 20% or more and 50% or less of voting rights of the entity.

A joint venture is an entity under a joint arrangement whereby multiple parties, including the group, have joint control for significant economic operations of the entity and the group has a right to net assets of the entity. Joint ventures are accounted for using the equity method.

When accounting policies adopted by associates and joint ventures differ from those adopted by the group, adjustments are made to the financial accounts of such associates and joint ventures as necessary.

In addition, significant unrealized profit and loss are eliminated to the extent of the group's interest in the associates and joint ventures.

(2) Foreign currency translation

(i) Translation of foreign currency transactions

Foreign currency transactions are translated into functional currency using the spot exchange rate at the date of the transactions.

Monetary items denominated in foreign currencies are translated into functional currency using the spot exchange rate at the fiscal year-end. Exchange differences arising from translation and settlement are recognized in profit or loss.

Non-monetary items in foreign currency, which are measured on a historical cost basis, are translated into functional currency using the spot exchange rate at the date of transaction. Non-monetary items in foreign currency, which are measured at fair value, are translated into functional currency using the spot exchange rate at the date of fair value measurement. With respect to exchange differences of non-monetary items, when a gain or loss on non-monetary items is recognized in other comprehensive income, the foreign exchange component of the gain or loss is also recognized in other comprehensive income. When a gain or loss on non-monetary items is recognized in profit or loss, the foreign exchange component of the gain or loss is also recognized in profit or loss.

(ii) Translation of foreign operations

Assets and liabilities of foreign operations are translated into functional currency using the spot exchange rate at the fiscal year-end. Income and expenses are translated into functional currency using the average exchange rate for the reporting period unless exchange rates fluctuate significantly during the period. Exchange differences on translation are recognized in other comprehensive income and the cumulative amount of exchange differences is included in other components of equity. When the group disposes of a foreign operation, the cumulative amount of the exchange differences related to the foreign operation, which has been recognized as other components of equity, is reclassified to profit or loss upon disposals.

(3) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, demand deposits and short-term highly liquid investments with maturities of three months or less from the date of acquisition which are readily convertible to cash and subject to an insignificant risk of changes in value.

(4) Inventories

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to completion and the estimated costs necessary to make the sale.

The acquisition cost of inventories is determined by the specific identification method when inventory items are not ordinarily interchangeable and mainly by the moving-average method when inventory items are interchangeable.

Inventories acquired with the purpose of generating profits from short-term fluctuations in price are measured at fair value less costs to sell, where any changes in fair value are recognized in profit or loss.

(5) Assets held for sale

The group classifies an asset as held for sale if its carrying amount will be recovered through a sale transaction rather than through continuing use, and if it is highly probable to sell within one year. Assets held for sale are recognized at the lower of their carrying amount and fair value less costs to sell. In addition, the group does not depreciate or amortize assets held for sale.

(6) Financial instruments

(i) Non-derivative financial assets

Non-derivative financial assets are classified into financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income ("FVTOCI financial assets") or financial assets measured at fair value through profit or loss ("FVTPL financial assets") upon initial recognition at the date of transaction.

The group derecognizes a financial asset when (a) the contractual rights to the cash flows from the financial assets expire, or (b) the contractual rights to receive the cash flows from the financial asset are transferred and all risks and rewards of ownership of the financial assets are substantially transferred.

(a) Financial assets measured at amortized cost

The group classifies financial assets as financial assets measured at amortized cost if the following conditions are met:

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interests on the principal amount outstanding.

At initial recognition, financial assets measured at amortized cost are measured at fair value plus transaction costs that are directly attributable to the acquisition. After initial recognition, such financial assets are measured at amortized cost using the effective interest method.

(b) FVTOCI financial assets

The group classifies equity instruments held for the purpose of maintaining and strengthening business and collaborative relationships with investees as FVTOCI financial assets. At initial recognition, FVTOCI financial assets are measured at fair value plus transaction costs that are directly attributable to the acquisition. After initial recognition, such financial assets are measured at fair value and any subsequent changes in fair value are recognized in other comprehensive income. If the asset is derecognized or its fair value substantially decreases, the group reclassifies the cumulative amounts recognized in other comprehensive income to retained earnings. Dividends are recognized in profit or loss.

(c) FVTPL financial assets

The group classifies equity instruments not classified as FVTOCI financial assets or financial assets measured at amortized cost as FVTPL financial assets. After initial recognition, such financial assets are measured at fair value and any changes in fair value are recognized in profit or loss.

(ii) Impairment of non-derivative financial assets

The group assumes the loss allowance for trade receivables, one of the financial assets measured at amortized cost, at amounts equivalent to lifetime expected credit losses. For loan receivables, the group measures a loss allowance at an amount equivalent to expected credit losses for 12 months when its credit risk has not significantly increased since initial recognition. However, when credit risk has significantly increased since initial recognition, the allowance is measured at an amount equivalent to lifetime expected credit losses. The group assumes that there is no significant increase in credit risk if a receivable is not delinquent more than 30 days or a receivable is from a customer with an investment-grade or equivalent credit profile based on an internal credit rating system. On the other hand, the group assumes that a receivable is in default if the receivable is delinquent over 90 days or a receivable is from a customer with a highly speculative credit profile based on the internal credit rating system. After taking into consideration forward-looking information related to credit risk, the group measures a loss allowance for a financial asset by evaluating expected credit losses individually if the financial asset is individually significant, and by evaluating expected credit losses collectively by asset groups with similar credit risk profiles, based on the internal credit rating system, if financial assets are individually insignificant.

The group assesses a financial asset as "credit-impaired" based on objective evidence such as a borrower's significant financial difficulty, default or delinquency of interest or principal payments, and bankruptcy.

The group writes off the gross carrying value of a financial asset when the group has no reasonable expectations of recovering the contractual cash flows on the asset.

(iii) Non-derivative financial liabilities

At initial recognition, non-derivative financial liabilities are classified as financial liabilities measured at amortized cost, and measured at fair value less transaction costs that are directly attributable to incurring the liability. After initial recognition, such financial liabilities are measured at amortized cost using the effective interest method.

The financial liabilities are derecognized when the contractual obligation is fulfilled, discharged, canceled or expired.

(iv) Derivatives and hedge accounting

The group uses derivatives transactions including foreign exchange forward contracts, interest rate swaps, commodity futures and forwards transactions, in order to hedge foreign currency fluctuation risk, interest rate fluctuation risk and commodity price fluctuation risk.

At initial recognition, derivatives are measured at fair value and the related transaction costs are recognized in profit and loss as incurred. After initial recognition, derivatives are measured at fair value and any subsequent changes in value are recognized in profit and loss.

When qualified for hedge accounting, derivatives are accounted for as follows:

(a) Fair value hedges

The group recognizes the changes in the fair value of a derivative used as a hedging instrument in profit or loss, and the changes in the fair value of a hedged item in profit or loss by adjusting the carrying amount of the hedged item.

(b) Cash flow hedges

Of the changes in the fair value of a derivative used as a hedging instrument, the portion determined to be an effective hedge is recognized in other comprehensive income, and the portion determined to be ineffective is recognized in profit and loss. The amount recognized in other comprehensive income is reclassified from other components of equity to profit or loss in the fiscal year that the hedged transaction affects profit or loss. However, if hedging on a forecasted transaction subsequently results in the recognition of a non-financial asset or liability, the amount recognized in other comprehensive income is then accounted for as an adjustment to the initial carrying amount of the non-financial asset or liability.

When future cash flows from a hedging instrument are no longer expected, the group discontinues hedge accounting and reclassifies the amounts recognized in other comprehensive income from other components of equity to profit or loss.

(c) Hedges of net investments in foreign operations

For non-derivative financial liabilities such as borrowings, which are hedging instruments to hedge a foreign exchange fluctuation risk on investments in foreign operations, the same treatment as cash flow hedges is applied. The portion determined to be an effective hedge and recognized in other comprehensive income is reclassified from other components of equity to profit or loss upon disposals of the foreign operation.

(v) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount of such offset is presented in the consolidated statement of financial position only when the group has a legally enforceable right to offset the recognized amounts and intends either to settle them on a net basis or realize the assets and settle the liabilities simultaneously.

(vi) Application of Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS16)

(a) Interest Rate Benchmark Reform – Phase 1

In September 2019, the International Accounting Standards Boards issued "Interest Rate Benchmark Reform (Phase 1 amendments to IFRS 9, IAS 39 and IFRS 7)."

The amendments help companies to provide useful financial information during the period of uncertainty arising from the incremental phase-out of interbank offered rates (IBORs) and other financial benchmarks. To this end, the amendments involve the addition of assumptions such as the following:

- When determining whether a scheduled transaction is highly probable, a company shall assume that the interest rate benchmark on which the hedged cash flows are based is not altered as a result of Interest Rate Benchmark Reform.
- The interest rate benchmark related to the hedged item or the hedged risk, or the interest rate benchmark related to the hedging instrument are not altered as a result of Interest Rate Benchmark Reform.

The group has applied the amendments to IFRS 9 and IFRS 7 retrospectively to hedging relationships that existed at the start of the year ended March 31, 2021 or that were designated thereafter, and to the amount accumulated in the cash flow hedge reserve at the start of the year ended March 31, 2021.

(b) Interest Rate Benchmark Reform – Phase 2

Effective for the year ended March 31, 2022, the Company has applied "Interest Rate Benchmark Reform – Phase 2 which amended requirements in IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16" and has applied mainly the following practical expedients:

- When a change in the basis for determining the contractual cash flows of a financial instrument is necessary as a direct consequence of interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis (i.e., the basis immediately preceding the change), the company does not treat it as the derecognition or adjustment of the carrying amount, but replaces the effective interest rate with an alternative benchmark rate as a practical expedient.
- When the application of amendments to the hedge accounting requirements in "Interest Rate Benchmark Reform – Phase 1" is over, it is not necessary to discontinue hedge accounting only for the reason that changes in hedge designation and hedge documentation are made to meet requirements of Interest Rate Benchmark Reform.

(7) Property, plant and equipment

Property, plant and equipment is initially recognized at acquisition cost including costs directly attributable to the acquisition, dismantling and removal costs, restoration costs, and borrowing costs directly attributable to the acquisition and construction of assets which require a significant period of time to complete. After initial recognition, property, plant and equipment is measured at cost less any accumulated depreciation and any accumulated impairment loss based on a cost model.

Depreciation on property, plant and equipment, other than land and construction in progress, is calculated on a straight-line basis over the following estimated useful lives.

Buildings and structures	2 to 60 years
Machinery and vehicles	2 to 40 years

Depreciation method, estimated useful lives and residual values are reviewed at the fiscal year-end and amended as necessary.

(8) Intangible assets

(i) Goodwill

After initial recognition, goodwill is not amortized but measured at cost less accumulated impairment losses.

(ii) Intangible assets other than goodwill

Intangible assets other than goodwill are initially recognized at acquisition cost if acquired individually or at fair value at the acquisition date if acquired through a business combination. After initial recognition, the assets are measured at acquisition cost less any accumulated amortization and applicable accumulated impairment loss based on a cost model.

Mining rights are generally amortized utilizing a unit-of-production method based on the estimated volume of reserves. Except for mining rights, intangible assets other than goodwill are amortized on a straight-line basis over the estimated useful life as follows:

Marketing rights, customer-related, etc.	10 to 15 years
Software	2 to 15 years

Amortization method, estimated useful lives and residual values are reviewed at the fiscal year-end and amended as necessary.

(9) Investment property

An investment property is a property held to earn rent or for capital appreciation, or both.

An investment property is initially recognized at acquisition cost including direct costs incurred for acquisition and borrowing costs to be capitalized. After initial recognition, it is measured at cost less accumulated depreciation and accumulated impairment losses based on a cost model.

Investment property is amortized on a straight-line basis over estimated useful lives (10 to 47 years).

Depreciation method, estimated useful lives and residual values are reviewed at the fiscal year-end and amended as necessary.

(10) Leases

The group determines whether an agreement is, or contains, a lease based on the substance of the agreement at inception of the lease. If a contract transfers the right of control of the use of a specified asset in exchange for consideration over specified period of time, the agreement is, or contains, a lease.

(i) Lessee

At the commencement date of the lease, a lessee shall recognize an asset that represents a lessee's right to use an underlying asset for the lease term (a right-of-use asset) and an obligation to make lease payments (a lease liability).

Then, a lessee recognizes depreciation expenses arising from the right-of-use asset and interest expenses arising from the lease liability separately. For a short-term lease with a lease term of 12 months or less and a lease with an underlying asset of low value, the company recognizes lease payments as expenses over the lease terms either on a straight-line basis or other systematic basis, instead of recognizing the right-of-use asset and the lease liability.

(ii) Lessor

Lease transactions are classified as finance leases if they transfer substantially all the risks and rewards incidental to ownership of an underlying asset, otherwise they are classified as operating leases.

(a) Finance lease

At the commencement date of the lease, assets held under a finance lease are recognized as a receivable in the consolidated statement of financial position, at an amount equal to the net investment in the lease. Financial income is recognized based on a pattern reflecting a constant rate of return on the lessor's net investment in the lease.

(b) Operating lease

The underlying assets subject to the leases are recognized in the consolidated statement of financial position and depreciated in a manner consistent with similar assets held by the company. Lease payments earned are recognized on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished.

(11) Impairment of non-financial assets

The group assesses whether there is any indication that any of the following non-financial assets may be impaired as of the fiscal year-end: property, plant and equipment, intangible assets other than goodwill, investment property and right-of-use assets. If any such indication of impairment exists, the group estimates the recoverable amount of the asset or the cash-generating unit. The group examines impairment of goodwill by comparing carrying amount and recoverable amount on an annual basis, or on a timely basis if there is an indication that the goodwill may be impaired. The recoverable amount of an asset or a cash-generating unit is measured at the higher of its fair value less costs of disposals and value in use. If the carrying amount of the asset or cash-generating unit exceeds its recoverable amount, the carrying amount of the asset is reduced to its recoverable amount and that reduction is recognized as an impairment loss.

In addition, as of the fiscal year-end the group assesses whether there is any indication that an impairment loss recognized in the past no longer exists or may have decreased. If such indication exists, the group assesses the recoverable amount of the asset or cash-generating unit. If the recoverable amount exceeds the carrying amount of the asset or cash-generating unit, an impairment loss is reversed to the extent of the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset. Impairment losses recognized for goodwill are not reversed for subsequent periods.

The total amount of investment accounted for using the equity method is tested for impairment as a single asset.

Although the resolution of the COVID-19 pandemic remains still uncertain as of March 31, 2022, the group determines whether there are any impairment indicators and measures recoverable amounts based on the assumption that the impact of the pandemic on each business segment of the group would be insignificant, in view of the group's recent business performance.

On the other hand, due to the high degree of uncertainty in estimating the spread of COVID-19 and timing of its convergence, actual results may differ from these estimates.

(12) Provisions

The group recognizes a provision when (a) the group has a present legal obligation or constructive obligation as a result of a past event, (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and (c) a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material, the group measures the amount of a provision at the present value using the discount rate which reflects risks specific to the liability.

(13) Employee benefits

(i) Defined benefit plans

For each of the defined benefit plans, the present value of the obligations and fair value of the plan assets are calculated and the net of those values is accounted for as either an asset or a liability. The discount rate is determined by reference to the market yields on highly rated corporate bonds at the fiscal year-end that have the same or similar maturity terms and currencies as those of the group's defined benefit obligations. Past service cost is charged to profit or loss when recognized.

The group recognizes the changes in the net defined benefit liability (asset) due to remeasurements in other comprehensive income and immediately reclassifies them from other components of equity to retained earnings.

(ii) Defined contribution plans

The group recognizes contributions under the defined contribution plans as expenses in the period when the employees render the related services.

(iii) Short-term employee benefits

The group recognizes short-term benefits as expenses, when the related service is rendered, at an amount assumed without discounting. The group also recognizes the estimated amount as a liability when it has present legal or constructive obligations to pay as a result of past employee service and when the amount of the obligations can be reliably estimated.

(14) Stock compensation

The company adopts the restricted stock compensation plan for the company's directors (excluding outside directors) and senior managements who do not concurrently serve as directors. Compensation expenses for the plan is measured based on the fair value of the company's shares on the grant date.

(15) Equity

(i) Share capital and capital surplus

The total amount of equity instruments issued by the group is recognized as share capital and capital surplus. Issuance costs directly attributable to the issuance of equity instruments are recognized as a deduction from capital surplus.

(ii) Treasury shares

When the group repurchases treasury shares, the acquisition cost including costs directly attributable to the acquisition of shares is recognized as a deduction of equity. When the group sells treasury shares, the consideration received is recognized as an increase in equity.

(16) Revenue recognition

(i) Basis of revenue recognition and measurement

The company measures and recognizes revenues based on the following five-step approach.

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

(ii) Timing of revenue recognition

Based on the aforementioned five-step approach, revenues are recognized when the group satisfies its performance obligations.

The group sells merchandise and products such as metals, automobiles, automotive components, machinery, chemicals and foods. Performance obligations on the sales of goods are satisfied at the point in time at which the control of the merchandise or product is transferred to a customer. In other words, at the point in time at which the good is handed over to the customer or inspected by the customer at the destination specified in the contract, the group has the right to receive payment for the merchandise or products provided. Thus, the group recognizes revenues at the point in time at which the significant risks and rewards in connection with ownership, including the legal title and physical possession of the goods, as well as economic value of the goods are transferred to the customers.

Further, the group engages in providing services, including construction contracts and software development. For these transactions, the performance obligations are satisfied over time based on the contract terms and conditions. The group measures progress toward complete satisfaction of performance obligations for the purpose of depicting the group's performance in transferring control of goods or services promised to the customer, and recognizes revenues by measuring the progress toward completion. Principally using input methods based on the costs incurred for measuring progress, the group determines the appropriate method for measuring progress after considering the details of each transaction as well as the nature of the goods or services.

(iii) Gross versus net presentation of revenues

When the group acts as a principal in sales or service transactions, revenues are recognized as the gross amount of consideration received. When the group acts as an agent, revenues are recognized net. The group comprehensively determines whether it is a principal or an agent based on the following three indicators:

- If the group has inventory risk before or after a customer's order, during shipment or on returning the goods;
- If the group has discretion in establishing the price for the specified goods or services, and if the group's benefits to be received from the goods or services are limited; and
- If the group is primarily responsible for fulfilling the contract.

(17) Income taxes

Income tax expenses comprise current tax expense and deferred tax expense. The group recognizes each in profit or loss, except when the related expense is recognized directly in other comprehensive income, equity or from a business combination.

Current tax expense is measured by the amount expected to be paid to or received from the tax authorities. The tax rates or tax laws that are used to calculate the tax amounts are those that have been enacted or substantially enacted by the fiscal year-end.

The group recognizes deferred tax assets and deferred tax liabilities for temporary differences between the carrying amounts of assets and liabilities and its tax base, with the unused tax losses carried forward and unused tax credits carried forward. The amounts of deferred tax assets and deferred tax liabilities are calculated by applying the expected tax rate or tax law applicable for the fiscal year in which those assets are realized or liabilities are settled in accordance with a statutory tax rate or a substantially enacted statutory tax rate and the tax law as of the fiscal year-end. The group does not recognize deferred tax assets and deferred tax liabilities in the following cases:

- When future taxable temporary differences arise from the initial recognition of goodwill;
- When future taxable temporary differences arise from the initial recognition of an asset or liability in a transaction which is not a business combination and affects neither accounting profit nor taxable profit (tax loss) on the transaction date;
- With respect to future taxable temporary differences associated with investments in subsidiaries and associates and interests in joint arrangements, when the group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future; or
- With respect to future deductible temporary differences associated with investments in subsidiaries and associates and interests in joint arrangements, when it is probable that the temporary differences will not reverse in the foreseeable future or it is remote that taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets are recognized for deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that they can be used against future taxable profit. At the fiscal year-end, the group reviews the carrying amount of deferred tax assets and reduces it to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit to be utilized. The group also reviews items unrecognized as deferred tax assets at the fiscal year-end and recognizes them to the extent that it becomes probable that future taxable profits will be available to allow the benefits to be utilized.

The deferred tax assets and deferred tax liabilities are offset and presented net on the consolidated statement of financial position only if (a) the group has a legally enforceable right to set off current tax assets against current tax liabilities, and (b) the income taxes are levied by the same taxation authority on either (i) the same taxable entity or (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously.

(18) Government grants

Government grants are recognized when there is reasonable assurance that the group will comply with conditions of the grant and receive the grants. The government grants are measured at fair value. The amount of grants related to an asset is deducted from acquisition cost of the asset.

(19) Adoption of the consolidated taxation system

The company and some consolidated subsidiaries apply the consolidated taxation system.

(20) Accounting standards and interpretations issued but not yet applied

Of major standards and interpretations issued prior to the date of authorization of the consolidated financial statements, there are no standards and interpretations which may have material impact on the group.

NOTE 4. Segment Information

(1) Description of reportable segments

The group's reportable segments are components of the group about which separate financial information is available and such information is evaluated regularly by the company's Board of Directors in order to decide how to allocate resources and assess performance.

The main business of the group is buying and selling various goods in Japan and overseas. The group also engages in a wide range of businesses including manufacturing, processing and selling products, investments and providing services. The group's operations are classified into seven segments: Metals, Global Parts & Logistics, Automotive, Machinery, Energy & Project, Chemicals & Electronics, Food & Consumer Services and Africa. These segments correspond to the group's business divisions. The business of each segment is conducted by the company's business divisions and subsidiaries and associates directly supervised by each business division.

The businesses of each division are listed below.

(i) Metals Division

The Metals Division mainly handles steel products, steel specialty products, steel construction materials, non-ferrous metal ingots, precious metals, aluminum products, copper alloy products, iron and steel scrap, non-ferrous metals scrap, ferro-alloy products, pig iron, recycling of end-of-life vehicles (ELVs) and auto parts, waste catalysts, rare earth resources and rare metals. The division manufactures, processes, sells and disposes of the products listed above.

(ii) Global Parts & Logistics Division

The Global Parts & Logistics Division mainly manufactures, sells and provides services for component parts for automotive production, as well as runs the logistics business and tire assembly business.

(iii) Automotive Division

The Automotive Division mainly handles passenger vehicles, commercial vehicles, motorcycles, trucks, buses, industrial vehicles and automotive parts. The division exports, sells and provides services for the products listed above. The division also engages in various business related to automotive sales, including small and medium-scale vehicle assembly, body mounting and conversion, used vehicle sales and captive finance and leases.

(iv) Machinery, Energy & Project Division

The Machinery, Energy & Project Division sells products primarily used in the automotive industry, such as manufacturing and logistics facilities, parts and tools and construction machinery, and provides services relevant to those products. The division also engages in the renewable power generation business, such as wind power, solar power, hydropower, geothermal and biomass energy, as well as sales of natural gas, petroleum products and biofuels, and the infrastructure business including electric power plants, airports and ports.

(v) Chemicals & Electronics Division

The Chemicals & Electronics Division sells and provides services for component parts for automobile production, semiconductors, electronic parts, modular products, automotive embedded software development, network integration and support, electronic equipment, overseas IT infrastructure exports, PCs, PC peripherals and software, and ITS (Intelligent Transport Systems). The division also handles plastics, rubber, batteries and electronic materials, specialty and inorganic chemicals, fat and oil products, chemical additives, and pharmaceuticals and pharmaceutical ingredients. The division processes, manufactures, sells and provides services relevant to the products listed above.

(vi) Food & Consumer Services Division

The Food & Consumer Services Division manufactures, processes, sells and provides services relevant to products such as feed and oilseeds, grains, processed foods, food ingredients, agricultural, marine and livestock products, and alcoholic beverages. The division also sells and provides services relevant to products such as property, casualty and life insurance, brokered securities, textile products, apparel, nursing care and medical products, construction and housing materials, and office furniture. In addition, the division also engages in the general hospital business and hotel residence business.

(vii) Africa Division

The Africa Division manufactures, sells and provides services mainly in the automobile, healthcare, consumer goods & retail businesses operated in Africa. The division also develops new businesses designed to solve Africa's social issues, including energy & infrastructure, agriculture and ICT.

(2) Reportable segment information

The accounting policies of each reportable segment are consistent with those in Note 3. "Significant Accounting Policies."

Millions of Yen

For the year ended March 31, 2022	Reportable segments: Metals	Global Parts & Logistics	Automotive	Machinery, Energy & Project	Chemicals & Electronics	Food & Consumer Services	Africa	Total	Other (Note 1)	Adjustments (Note 2)	Consolidated
Revenue:											
External customers	¥2,101,644	¥922,677	¥685,596	¥689,864	¥1,898,098	¥591,155	¥1,133,256	¥8,022,293	¥ 5,706	¥ –	¥8,028,000
Inter-segment	2,993	31,078	1,337	3,400	4,717	618	117	44,262	3,463	(47,726)	–
Total	2,104,637	953,756	686,933	693,264	1,902,815	591,773	1,133,374	8,066,556	9,170	(47,726)	8,028,000
Gross profit	133,113	81,431	96,569	72,637	133,853	47,212	198,496	763,315	(505)	(3,572)	759,237
Profit for the year attributable to owners of the parent	¥ 72,982	¥ 25,621	¥ 28,539	¥ 21,201	¥ 43,061	¥ 5,488	¥ 26,010	¥ 222,904	¥ (640)	¥ (28)	¥ 222,235
Segment assets	¥1,431,850	¥564,452	¥346,328	¥936,359	¥ 864,287	¥518,121	¥ 713,531	¥5,374,931	¥1,115,229	¥(347,034)	¥6,143,125
Other items:											
(1) Investments accounted for using the equity method	¥ 26,737	¥ 39,228	¥ 28,531	¥ 71,887	¥ 73,727	¥ 28,003	¥ 5,535	¥ 273,650	¥ 343	¥ –	¥ 273,993
(2) Share of profit (loss) of investments accounted for using the equity method	2,489	1,269	3,226	10,117	7,086	(2,623)	(898)	20,667	18	0	20,686
(3) Depreciation and amortization	13,022	8,615	10,577	23,949	5,361	6,308	28,408	96,243	14,642	–	110,885
(4) Impairment losses on fixed assets	1,709	24	–	3,370	739	4	–	5,848	550	–	6,398
(5) Capital expenditures	18,520	11,495	16,441	82,579	9,233	5,755	28,537	172,564	13,891	–	186,455
(6) Income tax expense	21,642	9,445	9,535	(1,956)	16,497	3,298	15,670	74,133	7,410	(12)	81,531

Thousands of U.S. Dollars

	Reportable segments: Metals	Global Parts & Logistics	Automotive	Machinery, Energy & Project	Chemicals & Electronics	Food & Consumer Services	Africa	Total	Other (Note 1)	Adjustments (Note 2)	Consolidated
Revenue:											
External customers	$17,171,697	$7,538,826	$5,601,732	$5,636,604	$15,508,603	$4,830,092	$9,259,383	$65,546,964	$ 46,621	$ –	$65,593,594
Inter-segment	24,454	253,925	10,924	27,780	38,540	5,049	955	361,647	28,294	(389,950)	–
Total	17,196,151	7,792,760	5,612,656	5,664,384	15,547,144	4,835,141	9,260,348	65,908,619	74,924	(389,950)	65,593,594
Gross profit	1,087,613	665,340	789,026	593,488	1,093,659	385,750	1,621,831	6,236,743	(4,126)	(29,185)	6,203,423
Profit for the year attributable to owners of the parent	$ 596,306	$ 209,338	$ 233,180	$ 173,224	$ 351,834	$ 44,840	$ 212,517	$ 1,821,259	$ (5,229)	$ (228)	$ 1,815,793
Segment assets	$11,699,076	$4,611,912	$2,829,708	$7,650,616	$ 7,061,745	$4,233,360	$5,829,977	$43,916,422	$9,112,092	$(2,835,476)	$50,193,030
Other items:											
(1) Investments accounted for using the equity method	$ 218,457	$ 320,516	$ 233,115	$ 587,360	$ 602,393	$ 228,801	$ 45,224	$ 2,235,885	$ 2,802	$ –	$ 2,238,687
(2) Share of profit (loss) of investments accounted for using the equity method	20,336	10,368	26,358	82,661	57,896	(21,431)	(7,337)	168,861	147	0	169,017
(3) Depreciation and amortization	106,397	70,389	86,420	195,677	43,802	51,540	232,110	786,363	119,633	–	905,997
(4) Impairment losses on fixed assets	13,963	196	–	27,534	6,038	32	–	47,781	4,493	–	52,275
(5) Capital expenditures	151,319	93,921	134,332	674,720	75,439	47,021	233,164	1,409,951	113,497	–	1,523,449
(6) Income tax expense	176,828	77,171	77,906	(15,981)	134,790	26,946	128,033	605,711	60,544	(98)	666,157

Notes: 1. "Other" comprises businesses, such as a professional division that supports group-wide operations not included in reportable segments. "Other" also includes profit or loss not allocated to other specific reportable segments.
2. Figures in "Adjustments" represent the amounts of inter-segment transactions.
3. Prices of inter-segment transactions are individually determined based on negotiation.
4. Revenue from external customers in the Africa segment mainly consists of revenue from contracts with customers in automobile business (distribution/marketing of vehicles and industrial machinery), followed by those in healthcare business (manufacturing and wholesale of pharmaceuticals).
5. Profit for the year attributable to owners of the parent in the Metals Division includes ¥16,066 million ($131,268 thousand) of an impact from excluding the associate, which engages in the mineral resources business in South America, from the scope of associates accounted for using the equity method for the consolidation purpose.

Millions of Yen

For the year ended March 31, 2021	Reportable segments: Metals	Global Parts & Logistics	Automotive	Machinery, Energy & Project	Chemicals & Electronics	Food & Consumer Services	Africa	Total	Other (Note 1)	Adjustments (Note 2)	Consolidated
Revenue:											
External customers	¥1,519,540	¥779,910	¥500,770	¥689,743	¥1,462,943	¥487,030	¥865,100	¥6,305,038	¥ 4,265	¥ –	¥6,309,303
Inter-segment	1,799	27,078	1,177	3,211	2,998	606	91	36,963	1,979	(38,943)	–
Total	1,521,339	806,989	501,947	692,954	1,465,941	487,636	865,192	6,342,001	6,244	(38,943)	6,309,303
Gross profit	89,976	66,392	69,787	83,550	101,202	45,894	155,121	611,925	(1,123)	(3,175)	607,626
Profit for the year attributable to owners of the parent	¥ 22,549	¥ 20,089	¥ 15,114	¥ 23,014	¥ 27,285	¥ 8,271	¥ 15,368	¥ 131,694	¥ 2,839	¥ 68	¥ 134,602
Segment assets	¥1,016,053	¥510,179	¥287,670	¥847,325	¥ 751,864	¥378,938	¥606,657	¥4,398,689	¥1,111,868	¥(282,553)	¥5,228,004
Other items:											
(1) Investments accounted for using the equity method	¥ 34,218	¥ 37,406	¥ 26,017	¥ 71,723	¥ 67,506	¥ 29,461	¥ 2,674	¥ 269,008	¥ 172	¥ –	¥ 269,181
(2) Share of profit (loss) of investments accounted for using the equity method	(7,248)	2,501	2,737	4,005	6,460	485	(1,351)	7,590	(67)	0	7,523
(3) Depreciation and amortization	12,388	8,352	10,424	21,444	4,691	5,886	27,223	90,410	13,938	–	104,349
(4) Impairment losses on fixed assets	310	1,001	–	288	–	–	–	1,600	(148)	–	1,452
(5) Capital expenditures	16,652	8,205	18,548	67,245	8,592	5,725	22,186	147,157	10,292	–	157,449
(6) Income tax expense	14,010	6,646	4,431	14,221	11,652	4,848	10,482	66,293	(1,370)	54	64,978

Notes: 1. "Other" comprises businesses, such as a professional division that supports group-wide operations not included in reportable segments. "Other" also includes profit or loss not allocated to other specific reportable segments.
2. Figures in "Adjustments" represent the amounts of inter-segment transactions.
3. Prices of inter-segment transactions are individually determined based on negotiation.
4. Revenue from external customers in the Africa segment mainly consists of revenue from contracts with customers in automobile business (distribution/marketing of vehicles and industrial machinery), followed by those in healthcare business (manufacturing and wholesale of pharmaceuticals).

(3) Information on products and services

Products and services are the same as that of reportable segments noted above.

(4) Geographic information

(i) External revenue

	Millions of Yen 2022	Millions of Yen 2021	Thousands of U.S. Dollars 2022
Japan	¥2,285,100	¥1,944,941	$18,670,643
China	1,159,729	905,688	9,475,684
U.S.	813,680	618,836	6,648,255
Other	3,769,489	2,839,836	30,798,995
Total	¥8,028,000	¥6,309,303	$65,593,594

Revenue is classified based on the locations of customers.

(ii) Non-current assets (excluding financial assets and deferred tax assets, etc.)

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Japan	¥ 512,566	¥ 465,230	$4,187,972
U.S.	92,956	84,908	759,506
Other	553,709	490,649	4,524,135
Total	¥1,159,232	¥1,040,788	$9,471,623

(5) Information on major customers

The major customer of the group is Toyota Motor Corporation Group. Each of the group's segments reports revenues from them. The total revenues recognized from Toyota Motor Corporation Group for the years ended March 31, 2022 and 2021 are ¥984,204 million ($8,041,539 thousand) and ¥949,142 million, respectively.

NOTE 5. Business Combinations

There is no major business combination for the years ended March 31, 2022 and 2021.

NOTE 6. Trade and Other Receivables

The breakdown of trade and other receivables is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Notes and accounts receivable	¥1,723,576	¥1,343,964	$14,082,653
Other	162,460	139,774	1,327,396
Loss allowance	(48,757)	(43,906)	(398,374)
Total	1,837,279	1,439,832	15,011,675
Current assets	1,797,084	1,404,988	14,683,258
Non-current assets	40,195	34,843	328,417
Total	¥1,837,279	¥1,439,832	$15,011,675

NOTE 7. Inventories

The breakdown of inventories is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Merchandise and finished goods	¥1,100,129	¥800,605	$8,988,716
Work in progress	12,247	9,728	100,065
Raw materials and supplies	48,646	30,375	397,467
Total	¥1,161,022	¥840,709	$9,486,248

The carrying amount of inventories measured at fair value after deducting direct selling cost and the revaluation loss of inventories recognized as expense during the year are not significant. Inventory primarily consists of direct costs incurred during the year as recorded in cost of sales on the consolidated statement of profit or loss.

NOTE 8. Assets Held for Sale and Liabilities Directly Associated

The breakdown of assets held for sale and liabilities directly associated with such assets is shown below.

(1) Assets held for sale

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Investments accounted for using the equity method	¥4,276	¥752	$34,937

As of March 31, 2021, the company's assets held for sale are the investments in heavy oil-fired power generation entity in Pakistan, which are held by the company's consolidated subsidiaries under the Machinery, Energy & Project Division. As a policy of the "Key Sustainability Issues," the company is committed to contributing to the transition to a low-carbon society. In accordance with the policy, the company decided to sell that entity and focus its business on the clean energy sector. The sale was completed in February 2022.

As of March 31, 2022, the company's assets held for sale are the investments in certain entity engaged in chartering business for gas field in offshore Egypt, which are held by the Machinery, Energy & Project Division. The charter contract with the entity expired in the year ended March 31, 2022. Based on the agreement among shareholders under which the company shall sell all of its shares held as of the end of the chartering period, it is expected to conclude the sale within one year from March 31, 2022; thus, the company classifies the investments as assets held for sale.

As of March 31, 2022, the company recognized ¥121 million ($988 thousand) of exchange differences on translation of foreign operations as other components of equity associated with assets held for sale.

(2) Liabilities directly associated with assets held for sale

There are no liabilities directly associated with assets held for sale as of March 31, 2022 and 2021.

NOTE 9. Financial Instruments

(1) Capital management

The group performs capital management aiming to maximize its corporate value through continuous growth. The group's main key performance indicator (KPI) used for capital management is the net debt-equity ratio (net DER), which is a ratio of (a) the net interest-bearing debt calculated by deducting the amounts of cash and cash equivalents and time deposits from the amount of interest-bearing debt to (b) the total equity attributable to owners of the parent. The group's target ratio is no more than 1.0. As of March 31, 2022 and 2021, net DER is 0.7 and 0.7, respectively.

The group is not subject to the significant capital adequacy requirement but is subject to the general requirement under the Companies Act.

(2) Classification of financial instruments

The breakdown of financial instruments for each classification is shown as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Financial assets:			
Financial assets measured at amortized cost:			
Cash and cash equivalents	¥ 653,013	¥ 677,478	$ 5,335,509
Trade and other receivables	1,837,279	1,439,832	15,011,675
Other financial assets			
Time deposits	78,228	83,451	639,169
Guarantee deposits and membership	13,262	12,614	108,358
Financial assets measured at amortized cost, total	2,581,784	2,213,377	21,094,729
FVTPL financial assets:			
Other investments			
Shares and investments in capital	8,533	6,742	69,719
Other financial assets			
Derivatives	100,423	75,113	820,516
FVTPL financial assets, total	108,956	81,855	890,236
FVTOCI financial assets:			
Other investments			
Shares and investments in capital	614,003	584,052	5,016,774
FVTOCI financial assets, total	614,003	584,052	5,016,774
Total	¥3,304,745	¥2,879,284	$27,001,756
Financial liabilities:			
Financial liabilities measured at amortized cost:			
Trade and other payables	¥1,677,590	¥1,292,348	$13,706,920
Bonds and borrowings			
Bonds	292,253	300,395	2,387,882
Borrowings	1,514,412	1,303,098	12,373,657
Commercial papers	50,000	40,000	408,530
Financial liabilities measured at amortized cost, total	3,534,256	2,935,842	28,876,999
Financial liabilities measured at fair value through profit or loss:			
Other financial liabilities			
Derivatives	86,289	98,302	705,033
Financial liabilities measured at fair value through profit or loss, total	86,289	98,302	705,033
Total	¥3,620,546	¥3,034,144	$29,582,041

(3) Fair value of financial instruments

(i) Fair value hierarchy

The group classifies financial instruments measured at fair value into the following three categories depending on the inputs used to measure fair value.

Level 1: Quoted prices in active markets for identical assets or liabilities
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Inputs not based on observable market data

(ii) Financial instruments measured at amortized cost

The following summarizes the carrying amount and fair value of financial instruments measured at amortized cost.

	Millions of Yen				Thousands of U.S. Dollars	
	2022		2021		2022	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:						
Cash and cash equivalents	¥ 653,013	¥ 653,013	¥ 677,478	¥ 677,478	$ 5,335,509	$ 5,335,509
Trade and other receivables	1,837,279	1,837,383	1,439,832	1,440,031	15,011,675	15,012,525
Other financial assets						
Time deposits	78,228	78,228	83,451	83,451	639,169	639,169
Guarantee deposits and membership	13,262	13,262	12,614	12,614	108,358	108,358
Total	¥2,581,784	¥2,581,888	¥2,213,377	¥2,213,576	$21,094,729	$21,095,579
Financial liabilities:						
Trade and other payables	¥1,677,590	¥1,677,590	¥1,292,348	¥1,292,348	$13,706,920	$13,706,920
Bonds and borrowings						
Bonds	292,253	297,224	300,395	312,109	2,387,882	2,428,499
Borrowings	1,514,412	1,519,171	1,303,098	1,313,424	12,373,657	12,412,541
Commercial papers	50,000	50,000	40,000	40,000	408,530	408,530
Total	¥3,534,256	¥3,543,986	¥2,935,842	¥2,957,881	$28,876,999	$28,956,499

The methods of determining fair value are described as follows: Each is classified into Level 2 of the fair value hierarchy.

(a) Cash and cash equivalents

Cash and cash equivalents mainly consist of cash on hand, cash in checking accounts and time deposits with short maturities. Since the fair value approximates the carrying amount, the carrying amount is used as fair value.

(b) Trade and other receivables

The fair value of short-term receivables and receivables with floating interest rates approximates the carrying amount; thus, the carrying amount is used as fair value. The fair value of other receivables is measured by discounting future estimated cash flows by interest rates which would have been applied for new receivables with similar maturities and credit risk.

(c) Other financial assets

Other financial assets consist mainly of time deposits with a maturity of more than three months and no more than one year. The carrying amount is used as fair value.

(d) Trade and other payables

For payables settled in no more than one year, the carrying amount is used as fair value.

(e) Bonds and borrowings

The fair value of bonds is measured based on the published reference price. The fair value of borrowings is measured by discounting future cash flows using a rate which may be applied for a new loan with similar terms and conditions.

(iii) Financial instruments measured at fair value

Fair value hierarchy of financial instruments measured at fair value on a recurring basis is as shown below. There are no financial instruments measured at fair value on a non-recurring basis.

As of March 31, 2022	Millions of Yen			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Other financial assets				
Derivatives	¥ 18,252	¥82,170	¥ –	¥100,423
Other investments				
Shares and investments in capital	404,832	–	217,704	622,537
Total	¥423,084	¥82,170	¥217,704	¥722,960
Financial liabilities:				
Other financial liabilities				
Derivatives	¥ 12,704	¥73,585	¥ –	¥ 86,289

	Thousands of U.S. Dollars			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Other financial assets				
Derivatives	$ 149,129	$671,378	$ –	$ 820,516
Other investments				
Shares and investments in capital	3,307,721	–	1,778,772	5,086,502
Total	$3,456,851	$671,378	$1,778,772	$5,907,018
Financial liabilities:				
Other financial liabilities				
Derivatives	$ 103,799	$601,233	$ –	$ 705,033

As of March 31, 2021	Millions of Yen			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Other financial assets				
Derivatives	¥ 11,191	¥63,921	¥ –	¥ 75,113
Other investments				
Shares and investments in capital	364,575	–	226,218	590,794
Total	¥375,767	¥63,921	¥226,218	¥665,907
Financial liabilities:				
Other financial liabilities				
Derivatives	¥ 15,900	¥82,401	¥ –	¥ 98,302

The methods of determining fair value are described as follows:

(a) Other financial assets

Financial instruments classified into Level 1 are derivatives traded in active markets and measured based on their quoted price as of each fiscal year-end. Financial instruments classified into Level 2 are over-the-counter derivatives and measured based on the offered prices by brokers or observable inputs.

(b) Other investments

Financial instruments classified into Level 1 are equity securities traded in active markets and measured based on their quoted price as of each fiscal year-end. Financial instruments classified into Level 3 are equity securities and capital contributions without a quoted price in active markets, and are measured individually by selected methods in accordance with the pre-approved internal policies and procedures of fair value measurement. Certain investments in capital are measured at fair value through profit or loss, since they are investments in partnership of which duration of the existence is provided in the partnership agreement. The measurement methods include the comparable peer company analysis, net asset approach and other evaluation methods. The Price Book-value Ratio (PBR) and illiquidity discount and other methods are also used for measurement.

(c) Other financial liabilities

Financial instruments classified into Level 1 are derivatives traded in active markets and measured based on their quoted price as of each fiscal year-end. Financial instruments classified into Level 2 are over-the-counter derivatives and measured based on the offered prices by brokers or observable inputs.

The changes in financial instruments classified into Level 3 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
	Other investments	Other investments	Other investments
Balance at the beginning of the year	¥226,218	¥156,901	$1,848,337
Other comprehensive income (loss)	(32,202)	65,912	(263,109)
Purchases	24,797	7,876	202,606
Sales	(820)	(3,391)	(6,699)
Foreign exchange translation	1,366	1,069	11,161
Other	(1,655)	(2,148)	(13,522)
Balance at the end of the year	¥217,704	¥226,218	$1,778,772

Significant unobservable inputs used for measurement of financial instruments classified into Level 3 are as follows:

	2022	2021
PBR	0.4 to 4.6 times	0.4 to 5.0 times
Illiquidity discount	30.0%	30.0%

When PBR increases (decreases), the fair value also increases (decreases). When illiquidity discount increases (decreases), the fair value decreases (increases).

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

(i) Fair value by major issuers

Investments held for the main purpose of maintaining and strengthening business relationships are measured at fair value through other comprehensive income and accounted for as "Other investments." The names of major issuers are as follows:

As of March 31, 2022

Name of issuer	Millions of Yen	Thousands of U.S. Dollars
Toyota Industries Corporation	¥129,540	$1,058,419
Toyota Motor Corporation	111,968	914,845
ALLKEM LIMITED	41,322	337,625
Towa Real Estate Co., Ltd. (current TOYOTA FUDOSAN CO., LTD.)	32,186	262,979
TOYOTA BOSHOKU CORPORATION	9,143	74,703
Indus Motor Company Ltd.	8,594	70,218
TUBE INVESTMENTS OF INDIA LIMITED	7,150	58,419
TIANJIN DENSO ELECTRONICS CO., LTD.	6,912	56,475
TON YI INDUSTRIAL CORP.	6,840	55,886
Koito Manufacturing Co., Ltd.	6,503	53,133

As of March 31, 2021

Name of issuer	Millions of Yen
Toyota Industries Corporation	¥150,799
Toyota Motor Corporation	86,747
TIANJIN DENSO ELECTRONICS CO., LTD.	25,731
P.T. ASTRA DAIHATSU MOTOR	18,126
Towa Real Estate Co., Ltd. (current TOYOTA FUDOSAN CO., LTD.)	16,684
Koito Manufacturing Co., Ltd.	9,699
TOYOTA BOSHOKU CORPORATION	8,357
Indus Motor Company Ltd.	8,291
Lion Corporation	7,569
JTEKT Corporation	6,776

(ii) Dividend income

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Investments derecognized during the year	¥ 211	¥ 29	$ 1,723
Investments held at the year-end	18,830	16,150	153,852
Total	¥19,041	¥16,180	$155,576

(iii) FVTOCI equity instruments that were derecognized during the year

FVTOCI equity instruments are derecognized during the year when they are sold due to changes in business strategy. The fair value at the date of sale and cumulative gain or loss upon sale, before tax, is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Fair value at the date of sale	¥2,659	¥4,968	$21,725
Cumulative gain or loss upon sale	1,502	1,126	12,272

(iv) Reclassification to retained earnings

Cumulative gain or loss from changes in fair value of FVTOCI equity instruments is reclassified to retained earnings when the investment is disposed or impaired. The cumulative gains or losses in other comprehensive income reclassified to retained earnings, after tax, are a loss of ¥5,603 million ($45,779 thousand) and ¥7,057 million for the years ended March 31, 2022 and 2021, respectively.

(5) Derivatives

The following is the breakdown of derivative transactions.

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Commodity-related derivatives	¥ 9,256	¥ (6,644)	$ 75,627
Currency-related derivatives	5,279	(1,800)	43,132
Interest-related derivatives	(402)	(14,743)	(3,284)
Total	¥ 14,133	¥(23,189)	$ 115,475
Other financial assets (current)	¥ 76,600	¥ 56,221	$ 625,868
Other financial assets (non-current)	23,822	18,891	194,640
Other financial liabilities (current)	(69,504)	(70,561)	(567,889)
Other financial liabilities (non-current)	(16,784)	(27,741)	(137,135)
Total	¥ 14,133	¥(23,189)	$ 115,475

(6) Hedge accounting

(i) Type of hedge accounting

(a) Fair value hedges

The group designates commodity-related derivatives as hedging instruments mainly to hedge from the risk of fluctuation in fair value of inventories and firm commitments.

(b) Cash flow hedges

The group designates the following derivatives as hedging instruments: interest-related derivatives mainly in order to hedge from the risk of fluctuation in cash flows attributable to interests on floating-rate loans payable; currency-related derivatives to hedge from the risk of fluctuation in cash flows attributable to exchange differences of firm commitments denominated in foreign currencies; and commodity-related derivatives to hedge from the risk of fluctuation in cash flows attributable to fluctuations in commodity price of forecasted transactions.

(c) Hedge of net investments in foreign operations

The group designates loans payable denominated in foreign currencies as hedging instruments in order to hedge fluctuation risk of foreign currency exchange rates in connection with net investments in foreign operations.

(ii) Matters regarding hedge accounting

Matters regarding hedge accounting are stated below. The effects arising from ineffectiveness of hedges and derecognition of hedge accounting are insignificant.

(a) Hedging instruments

As of March 31, 2022

Type of hedge accounting	Notional amount (Millions of Yen)	Carrying amount: Other financial assets (Millions of Yen)	Carrying amount: Other financial liabilities (Millions of Yen)	Carrying amount: Bonds and borrowings (Millions of Yen)	Changes in value of hedging instruments used as a basis of recognizing hedge ineffectiveness (Millions of Yen)
Fair value hedges:					
Commodity price fluctuation risk	¥ 32,681	¥ 66	¥ 272	¥ –	¥ (832)
Cash flow hedges:					
Commodity price fluctuation risk	16,825	233	713	–	(209)
Foreign exchange fluctuation risk	445,874	22,989	11,748	–	13,949
Interest rate fluctuation risk	565,556	15,920	15,780	–	62
Hedge of net investments:					
Foreign exchange fluctuation risk	1,537	–	–	1,537	187

Type of hedge accounting	Notional amount (Thousands of U.S. Dollars)	Carrying amount: Other financial assets (Thousands of U.S. Dollars)	Carrying amount: Other financial liabilities (Thousands of U.S. Dollars)	Carrying amount: Bonds and borrowings (Thousands of U.S. Dollars)	Changes in value of hedging instruments used as a basis of recognizing hedge ineffectiveness (Thousands of U.S. Dollars)
Fair value hedges:					
Commodity price fluctuation risk	$ 267,023	$ 539	$ 2,222	$ –	$ (6,797)
Cash flow hedges:					
Commodity price fluctuation risk	137,470	1,903	5,825	–	(1,707)
Foreign exchange fluctuation risk	3,643,059	187,833	95,988	–	113,971
Interest rate fluctuation risk	4,620,933	130,075	128,932	–	506
Hedge of net investments:					
Foreign exchange fluctuation risk	12,558	–	–	12,558	1,527

Type of hedge accounting	Changes in amount in other comprehensive income (Millions of Yen)	Reclassification adjustment: Account name	Reclassification adjustment: Amount (Millions of Yen)	Cash flow hedges reserve and foreign exchange reserve as a result of applying hedge accounting (Millions of Yen)
Fair value hedges:				
Commodity price fluctuation risk	¥ –	–	¥ –	¥ –
Cash flow hedges:				
Commodity price fluctuation risk	3,758	Cost of sales	(2,172)	8
Foreign exchange fluctuation risk	(6,289)	Other income (expenses), other	8,828	14,993
Interest rate fluctuation risk	5,501	Interest expenses, other	(658)	(18,819)
Hedge of net investments:				
Foreign exchange fluctuation risk	58	Other income (expenses), other	–	82

Type of hedge accounting	Changes in amount in other comprehensive income (Thousands of U.S. Dollars)	Reclassification adjustment: Account name	Reclassification adjustment: Amount (Thousands of U.S. Dollars)	Cash flow hedges reserve and foreign exchange reserve as a result of applying hedge accounting (Thousands of U.S. Dollars)
Fair value hedges:				
Commodity price fluctuation risk	$ –	–	$ –	$ –
Cash flow hedges:				
Commodity price fluctuation risk	30,705	Cost of sales	(17,746)	65
Foreign exchange fluctuation risk	(51,384)	Other income (expenses), other	72,130	122,501
Interest rate fluctuation risk	44,946	Interest expenses, other	(5,376)	(153,762)
Hedge of net investments:				
Foreign exchange fluctuation risk	473	Other income (expenses), other	–	669

As of March 31, 2021

Type of hedge accounting	Notional amount (Millions of Yen)	Carrying amount: Other financial assets (Millions of Yen)	Carrying amount: Other financial liabilities (Millions of Yen)	Carrying amount: Bonds and borrowings (Millions of Yen)	Changes in value of hedging instruments used as a basis of recognizing hedge ineffectiveness (Millions of Yen)
Fair value hedges:					
Commodity price fluctuation risk	¥ 46,044	¥ 586	¥ 3,919	¥ –	¥ (4,895)
Cash flow hedges:					
Commodity price fluctuation risk	24,434	112	1,760	–	(1,579)
Foreign exchange fluctuation risk	342,977	13,706	6,097	–	10,815
Interest rate fluctuation risk	406,443	12,293	26,610	–	(14,403)
Hedge of net investments:					
Foreign exchange fluctuation risk	1,390	–	–	1,390	40

Type of hedge accounting	Changes in amount in other comprehensive income (Millions of Yen)	Reclassification adjustment: Account name	Reclassification adjustment: Amount (Millions of Yen)	Cash flow hedges reserve and foreign exchange reserve as a result of applying hedge accounting (Millions of Yen)
Fair value hedges:				
Commodity price fluctuation risk	¥ –	–	¥ –	¥ –
Cash flow hedges:				
Commodity price fluctuation risk	(2,265)	Cost of sales	1,543	(1,577)
Foreign exchange fluctuation risk	11,073	Other income (expenses), other	(94)	12,453
Interest rate fluctuation risk	3,023	Interest expenses, other	(3,769)	(23,663)
Hedge of net investments:				
Foreign exchange fluctuation risk	6	Other income (expenses), other	–	23

The group uses interest rate currency swaps for the purpose of fixing interest rates of interest-bearing borrowings that are denominated in foreign currencies. These transactions are included in interest rate fluctuation risk in the above tables.

The breakdown of notional amounts of hedging instruments by maturity is as follows:

	Millions of Yen			
	Within one year	Between one and five years	Over five years	Total
March 31, 2022				
Fair value hedges:				
Commodity price fluctuation risk	¥ 32,681	¥ –	¥ –	¥ 32,681
Cash flow hedges:				
Commodity price fluctuation risk	16,825	–	–	16,825
Foreign exchange fluctuation risk	387,623	23,578	34,673	445,874
Interest rate fluctuation risk	215,169	200,076	150,310	565,556
Hedge of net investments:				
Foreign exchange fluctuation risk	1,537	–	–	1,537
March 31, 2021				
Fair value hedges:				
Commodity price fluctuation risk	¥ 46,044	¥ –	¥ –	¥ 46,044
Cash flow hedges:				
Commodity price fluctuation risk	24,434	–	–	24,434
Foreign exchange fluctuation risk	278,191	26,717	38,068	342,977
Interest rate fluctuation risk	35,306	178,920	192,216	406,443
Hedge of net investments:				
Foreign exchange fluctuation risk	–	1,390	–	1,390

	Thousands of U.S. Dollars			
	Within one year	Between one and five years	Over five years	Total
March 31, 2022				
Fair value hedges:				
Commodity price fluctuation risk	$ 267,023	$ –	$ –	$ 267,023
Cash flow hedges:				
Commodity price fluctuation risk	137,470	–	–	137,470
Foreign exchange fluctuation risk	3,167,113	192,646	283,299	3,643,059
Interest rate fluctuation risk	1,758,060	1,634,741	1,228,123	4,620,933
Hedge of net investments:				
Foreign exchange fluctuation risk	12,558	–	–	12,558

(b) Hedged item

As of March 31, 2022	Millions of Yen				
		Carrying amount			
Type of hedge accounting	Changes in fair value of hedged item used as a basis of recognizing hedge ineffectiveness	Inventories	Other current assets	Other current liabilities	Accumulated adjustment for fair value hedges included in carrying amount
Fair value hedges:					
Commodity price fluctuation risk	¥ 832	¥7,579	¥933	¥–	¥832
Cash flow hedges:					
Commodity price fluctuation risk	212	–	–	–	–
Foreign exchange fluctuation risk	(13,987)	–	–	–	–
Interest rate fluctuation risk	(76)	–	–	–	–
Hedge of net investments:					
Foreign exchange fluctuation risk	(82)	–	–	–	–

	Thousands of U.S. Dollars				
		Carrying amount			
Type of hedge accounting	Changes in fair value of hedged item used as a basis of recognizing hedge ineffectiveness	Inventories	Other current assets	Other current liabilities	Accumulated adjustment for fair value hedges included in carrying amount
Fair value hedges:					
Commodity price fluctuation risk	$ 6,797	$61,924	$7,623	$–	$6,797
Cash flow hedges:					
Commodity price fluctuation risk	1,732	–	–	–	–
Foreign exchange fluctuation risk	(114,282)	–	–	–	–
Interest rate fluctuation risk	(620)	–	–	–	–
Hedge of net investments:					
Foreign exchange fluctuation risk	(669)	–	–	–	–

As of March 31, 2021	Millions of Yen				
		Carrying amount			
Type of hedge accounting	Changes in fair value of hedged item used as a basis of recognizing hedge ineffectiveness	Inventories	Other current assets	Other current liabilities	Accumulated adjustment for fair value hedges included in carrying amount
Fair value hedges:					
Commodity price fluctuation risk	¥ 4,895	¥6,270	¥5,556	¥506	¥4,895
Cash flow hedges:					
Commodity price fluctuation risk	1,616	–	–	–	–
Foreign exchange fluctuation risk	(10,815)	–	–	–	–
Interest rate fluctuation risk	14,403	–	–	–	–
Hedge of net investments:					
Foreign exchange fluctuation risk	(23)	–	–	–	–

(7) Offsetting financial assets and financial liabilities

Any financial assets and financial liabilities which fulfill the offsetting criteria are offset on the consolidated statement of financial position. The following provides the offsetting status of financial assets and financial liabilities arisen from derivative transactions. Except for financial assets and financial liabilities related to derivative transactions, there are no other significant financial assets or financial liabilities offset on the consolidated statement of financial position.

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Gross amount of financial assets recognized	¥107,436	¥80,975	$877,816
Amount offset on the consolidated statement of financial position	(7,012)	(5,862)	(57,292)
Net amount of financial assets presented in the consolidated statement of financial position	¥100,423	¥75,113	$820,516

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Gross amount of financial liabilities recognized	¥93,302	¥104,165	$762,333
Amount offset on the consolidated statement of financial position	(7,012)	(5,862)	(57,292)
Net amount of financial liabilities presented in the consolidated statement of financial position	¥86,289	¥ 98,302	$705,033

There is no significance in amounts of financial assets and financial liabilities which were not offset since they did not meet some or all of the offsetting criteria.

(8) Transfer of financial assets

As to some liquidated receivables such as discounted notes, the group may be obligated to make payments as recourse when a debtor cannot make a payment. Since recourse receivables do not meet the criteria for derecognition of financial assets, the group includes them as "Trade and other receivables" and "Bonds and borrowings." As of March 31, 2022 and 2021, those amounts are ¥8,436 million ($68,927 thousand) and ¥10,443 million, respectively.

(9) Risks arising from financial instruments

Financial risk management

In operating activities, the group is exposed to market risks (foreign exchange fluctuation risk, interest rate fluctuation risk, stock price fluctuation risk and commodity price fluctuation risk), credit risk and liquidity risk. The group conducts risk management in order to mitigate such financial risks. As a policy, the group uses derivative transactions for risk-aversion purposes.

(a) Foreign exchange fluctuation risk management

Developing businesses overseas, the group is exposed to foreign exchange fluctuation risk arising from buy/sell transactions, financing transactions and investments denominated in currencies other than local currencies of overseas offices. The group defines a foreign exchange position as each balance of contracts, and assets and liabilities denominated in foreign currencies, which are exposed to foreign exchange fluctuation risk at a certain point in time. As a basic policy, the group hedges foreign exchange positions exposed to foreign exchange fluctuation risk by primarily using foreign exchange forward contracts at an appropriate time, taking into account assets and liabilities denominated in foreign currencies and unrecognized firm commitments are offset. With respect to foreign exchange positions which are not offset or hedged, the group has to take risks on certain transactions and contracts. For such positions, the position limit is set and the department which is responsible for foreign exchange fluctuation risk management monitors and manages the risk on a monthly basis.

Sensitivity analysis of foreign currency

Sensitivity analysis shows the amount affecting profit (loss) for the year attributable to owners of the parent when Japanese yen ("JPY") is appreciated by 5% against U.S. dollar ("USD") or euro, assuming all other variable factors such as balances and interests are held constant. For the years ended March 31, 2022 and 2021, such amounts affecting profit (loss) for the year attributable to owners of the parent are ¥(1,535) million ($(12,541) thousand) and ¥(1,004) million for USD, and ¥(1,766) million ($(14,429) thousand) and ¥(1,212) million for euro, respectively. Similarly, for the years ended March 31, 2022 and 2021, the amounts affecting exchange differences on translation of foreign operations are ¥(11,054) million ($(90,317) thousand) and ¥(10,531) million for USD, and ¥(10,460) million ($(85,464) thousand) and ¥(8,416) million for euro, respectively.

(b) Interest rate fluctuation risk management

The group is exposed to interest rate fluctuation risk from floating rate financial instruments. The group defines interest rate fluctuation risk as the differences between receiving interests and paying interests. As a basic policy, the group hedges such risks by matching floating-interest-rate-bearing assets and floating-interest-rate-bearing liabilities denominated in the same currency whenever possible. In addition, the group utilizes derivatives to hedge the interest rate fluctuation risk. Furthermore, the group flexibly and strategically fixes or floats interest rates on financing based on the status of financing and market trends, and establishes the internal procedures to report the policies and status of risk management of interest rates and derivatives transactions.

As a result, the group's exposure to interest rate fluctuation risk is limited and the impact of interest rate fluctuations on the financial figures is insignificant.

Interest Rate Benchmark Reform

After the financial crisis, the reform and replacement of benchmark interest rates such as IBORs became a priority for regulators around the world. Of the group's financial instruments, the interest rate benchmark exposed to alternative risk is USD LIBOR. The timing and definitive details of the change is still uncertain at this point in time. With respect to the transition to alternative interest rate benchmark for existing contracts, the group identifies contracts referencing USD LIBOR at this point in time and verifies the reasonableness of the changes with the counterparty financial institutions for each transaction.

In calculating the change in fair value attributable to the hedged risk of floating-rate borrowings, the group makes the following assumptions that reflect current forecast.

- The interest rates on floating-rate borrowings, the hedged item, would be replaced with alternative benchmarks by the time the benchmarks for the respective currencies cease to be provided, and the spreads would be similar to the spreads of the interest rate swaps used as hedging instruments.
- The group would not plan to make any other changes to contract terms of the floating-rate borrowings.

The following table summarizes major interest rate benchmarks, nominal amounts of hedging instruments, and risk exposures which are subject to Interest Rate Benchmark Reform – Phase 1 as of March 31, 2022 and 2021.

	Millions of Yen				Thousands of U.S. Dollars	
	2022		2021		2022	
	Nominal amount	Risk exposure	Nominal amount	Risk exposure	Nominal amount	Risk exposure
Floating-rate borrowings – USD LIBOR	¥178,955	¥178,955	¥173,505	¥173,505	$1,462,170	$1,462,170

The following table summarizes the carrying amounts of financial instruments for which contracts refer to USD LIBOR, which are subject to Interest Rate Benchmark Reform – Phase 2, but have not been replaced to alternative benchmark rate as of March 31, 2022.

	Millions of Yen	Thousands of U.S. Dollars
	2022	2022
Non-derivative financial assets:		
Loans receivable	¥ 10,598	$ 86,592
Non-derivative financial liabilities:		
Borrowings	221,834	1,812,517
Lease liabilities	2,181	17,820

(c) Stock price fluctuation risk management

The group is exposed to the risk of loss from stock price fluctuation. The group mitigates such risk by risk management, by operating and reporting in accordance with the internal risk management policies.

Sensitivity analysis of stock prices

For marketable stocks traded in active markets, the amounts affecting other comprehensive income, before tax, in the case that the stock price decreases by 10% are ¥(40,483) million (($330,770) thousand) and ¥(36,457) million for the years ended March 31, 2022 and 2021, respectively. Under this analysis, all variables other than the stock price are assumed to be constant and the correlation among issuers is disregarded.

(d) Commodity price fluctuation risk management

Engaging in the business of non-ferrous metals, oils and foodstuffs, the group is exposed to the related commodity price fluctuation risk. The group avoids the commodity price fluctuation risk by hedge-selling, matching of buy/sell volumes and via derivatives such as futures, options and swaps.

The group's major fluctuation risk of commodity price is offset by commodity derivatives and the impact of commodity price fluctuations on the financial figures is insignificant.

(e) Credit risk management

The group implements the internal credit rating system to manage the credit risk of customers. Under this rating system, the group classifies all customers into eight categories depending on their creditability and establishes the authority to determine a credit line depending on the rating. The group reviews the credit line of each customer on a periodical basis and properly manages credit risk exposures within the predetermined credit lines.

The group's receivables consist of receivables from many customers in various industries and countries/areas. The group continuously monitors the credit status of customers and takes actions to secure the receivables as necessary, including acquisition of collateral. Country risk ratings are classified into six tiers. For transactions in high-risk countries, the group is committed to reducing risks using trade insurance and other measures. In addition, the group endeavors to prevent the receivables from excessively concentrating on specific countries/areas by determining the upper limit of loss by country and assessing maximum expected loss by country.

The group does not have significant concentrations of credit risk, whether through exposure to individual customers or groups which they belong to.

Regarding cash deposits and derivatives, the group considers the risk is limited since most of the counterparties are international financial institutions with high credit profiles.

1) Changes in loss allowance on trade and loans receivables

Changes in loss allowance on trade and loans receivables are as follows:

Millions of Yen

	Trade and other receivables			Loans receivables				
	Lifetime expected credit losses	Credit-impaired financial assets	Subtotal	Expected credit losses for 12 months	Lifetime expected credit losses	Credit-impaired financial assets	Subtotal	Total
April 1, 2020	¥25,551	¥19,677	¥45,229	¥2,916	¥ 114	¥–	¥3,031	¥48,260
Changes in financial instruments originated or purchased	1,390	–	1,390	359	32	–	392	1,782
Direct write off	(18)	(3,250)	(3,269)	–	–	–	–	(3,269)
Changes due to derecognition	(5,646)	(170)	(5,816)	(146)	–	–	(146)	(5,963)
Changes in rate of loss	–	355	355	–	–	–	–	355
Foreign exchange translation	1,855	535	2,391	216	–	–	216	2,607
Other	398	(221)	176	(42)	–	–	(42)	134
March 31, 2021	¥23,531	¥16,923	¥40,455	¥3,304	¥ 146	¥–	¥3,451	¥43,906
Changes in financial instruments originated or purchased	3,558	–	3,558	331	–	–	331	3,889
Direct write off	(4)	(46)	(50)	–	–	–	–	(50)
Changes due to derecognition	(1,741)	(147)	(1,889)	(74)	–	–	(74)	(1,964)
Changes in rate of loss	–	383	383	–	–	–	–	383
Foreign exchange translation	1,591	1,500	3,091	168	–	–	168	3,260
Other	251	(612)	(361)	(161)	(146)	–	(308)	(669)
March 31, 2022	¥27,187	¥18,000	¥45,188	¥3,568	¥ –	¥–	¥3,568	¥48,757

Thousands of U.S. Dollars

	Trade and other receivables			Loans receivables				
	Lifetime expected credit losses	Credit-impaired financial assets	Subtotal	Expected credit losses for 12 months	Lifetime expected credit losses	Credit-impaired financial assets	Subtotal	Total
March 31, 2021	$192,262	$138,271	$330,541	$26,995	$ 1,192	$–	$28,196	$358,738
Changes in financial instruments originated or purchased	29,071	–	29,071	2,704	–	–	2,704	31,775
Direct write off	(32)	(375)	(408)	–	–	–	–	(408)
Changes due to derecognition	(14,225)	(1,201)	(15,434)	(604)	–	–	(604)	(16,047)
Changes in rate of loss	–	3,129	3,129	–	–	–	–	3,129
Foreign exchange translation	12,999	12,255	25,255	1,372	–	–	1,372	26,636
Other	2,050	(5,000)	(2,949)	(1,315)	(1,192)	–	(2,516)	(5,466)
March 31, 2022	$222,134	$147,070	$369,213	$29,152	$ –	$–	$29,152	$398,374

Trade and other receivables include lease receivables.

The group does not hold credit-impaired financial assets that the group originated or purchased.

2) Changes in loss allowance on financial guarantee contracts

Changes in loss allowance on financial guarantee contracts are as follows:

Millions of Yen

	Financial guarantee contracts			
	Expected credit losses for 12 months	Lifetime expected credit losses	Credit-impaired financial assets	Total
April 1, 2020	¥ 19	¥ 112	¥–	¥ 131
Changes in financial instruments originated or purchased	–	–	–	–
Direct write off	–	–	–	–
Changes due to derecognition	(19)	(112)	–	(131)
Changes in classification	–	–	–	–
Changes in rate of loss	–	–	–	–
Changes due to business combination	–	–	–	–
March 31, 2021	¥ –	¥ –	¥–	¥ –
Changes in financial instruments originated or purchased	–	–	–	–
Direct write off	–	–	–	–
Changes due to derecognition	–	–	–	–
Changes in classification	–	–	–	–
Changes in rate of loss	–	–	–	–
Changes due to business combination	–	–	–	–
March 31, 2022	¥ –	¥ –	¥–	¥ –

Thousands of U.S. Dollars

	Financial guarantee contracts			
	Expected credit losses for 12 months	Lifetime expected credit losses	Credit-impaired financial assets	Total
March 31, 2021	$–	$–	$–	$–
Changes in financial instruments originated or purchased	–	–	–	–
Direct write off	–	–	–	–
Changes due to derecognition	–	–	–	–
Changes in classification	–	–	–	–
Changes in rate of loss	–	–	–	–
Changes due to business combination	–	–	–	–
March 31, 2022	$–	$–	$–	$–

3) Carrying amounts of financial assets

Carrying amounts of financial assets are as follows:

As of March 31, 2022	Millions of Yen — Basis of recognition of loss allowance: Expected credit losses for 12 months	Lifetime expected credit losses	Credit-impaired financial assets and credit-impaired financial guarantee contracts
Trade and other receivables	¥ –	¥1,798,664	¥93,278
Loans receivables	36,600	6	12
Financial guarantee contracts	17,685	27,735	29

As of March 31, 2022	Thousands of U.S. Dollars — Basis of recognition of loss allowance: Expected credit losses for 12 months	Lifetime expected credit losses	Credit-impaired financial assets and credit-impaired financial guarantee contracts
Trade and other receivables	$ –	$14,696,167	$762,137
Loans receivables	299,044	49	98
Financial guarantee contracts	144,497	226,611	236

As of March 31, 2021	Millions of Yen — Basis of recognition of loss allowance: Expected credit losses for 12 months	Lifetime expected credit losses	Credit-impaired financial assets and credit-impaired financial guarantee contracts
Trade and other receivables	¥ –	¥1,363,439	¥136,082
Loans receivables	31,615	292	14
Financial guarantee contracts	10,506	18,320	767

Carrying amounts for the recognition basis of loss allowance of credit-impaired financial assets and credit-impaired financial guarantee contracts include receivables that are delinquent over 90 days or receivables from customers with a highly speculative credit profile based on the internal credit rating system. Carrying amounts for the basis of expected credit losses for 12 months include receivables from customers with investment-grade or equivalent credit profiles based on the internal credit rating system.

As for financial assets, the group's maximum credit risk exposures are the carrying amounts stated on the consolidated financial statements.

There is no significant credit enhancement such as collateral to these credit risk exposures.

(f) Liquidity risk management

The group is exposed to a risk that the group may not be able to make repayments on due dates of financial liabilities. The group manages such liquidity risk by continuously monitoring cash flow plans and actual results while obtaining appropriate amounts of funds to meet repayments through funds mainly obtained through operating activities, borrowings from financial institutions, financing from direct financial markets and cash on hand including time deposits and utilizing credit lines based on credit line contracts with financial institutions. Financial liabilities balances by maturities are as follows:

Millions of Yen	Within one year	Between one and five years	Over five years	Total
March 31, 2022				
Bonds and borrowings	¥ 740,936	¥597,932	¥505,044	¥1,843,913
Trade and other payables (excluding lease liabilities)	1,677,590	–	–	1,677,590
Lease liabilities	26,785	56,009	30,079	112,873
Financial guarantee contracts	8,200	35,693	1,556	45,449
March 31, 2021				
Bonds and borrowings	¥ 571,542	¥572,394	¥498,663	¥1,642,600
Trade and other payables (excluding lease liabilities)	1,292,348	–	–	1,292,348
Lease liabilities	25,904	58,597	26,396	110,897
Financial guarantee contracts	8,606	21,294	391	30,292

Thousands of U.S. Dollars	Within one year	Between one and five years	Over five years	Total
March 31, 2022				
Bonds and borrowings	$ 6,053,893	$4,885,464	$4,126,513	$15,065,879
Trade and other payables (excluding lease liabilities)	13,706,920	–	–	13,706,920
Lease liabilities	218,849	457,627	245,763	922,240
Financial guarantee contracts	66,998	291,633	12,713	371,345

The breakdown of cash inflows and outflows arising from derivative contracts by maturity is as follows:

	Millions of Yen			
	Within one year	Between one and five years	Over five years	Total
March 31, 2022				
Commodity-related derivatives				
(Cash inflows)	¥(53,292)	¥ (1,812)	¥ –	¥ (55,104)
Cash outflows	44,800	1,047	–	45,848
Currency-related derivatives				
(Cash inflows)	(15,440)	(8,371)	(5,886)	(29,697)
Cash outflows	22,703	1,714	–	24,418
Interest-related derivatives				
(Cash inflows)	(34,682)	(107,728)	(40,922)	(183,333)
Cash outflows	30,868	106,193	46,674	183,736
March 31, 2021				
Commodity-related derivatives				
(Cash inflows)	¥(46,138)	¥ (1,966)	¥ –	¥ (48,105)
Cash outflows	52,504	2,245	–	54,750
Currency-related derivatives				
(Cash inflows)	(4,167)	(7,047)	(3,525)	(14,739)
Cash outflows	14,164	2,375	–	16,539
Interest-related derivatives				
(Cash inflows)	(30,554)	(97,724)	(57,231)	(185,510)
Cash outflows	29,479	101,861	68,913	200,254

	Thousands of U.S. Dollars			
	Within one year	Between one and five years	Over five years	Total
March 31, 2022				
Commodity-related derivatives				
(Cash inflows)	$(435,427)	$ (14,805)	$ –	$ (450,232)
Cash outflows	366,042	8,554	–	374,605
Currency-related derivatives				
(Cash inflows)	(126,154)	(68,396)	(48,092)	(242,642)
Cash outflows	185,497	14,004	-	199,509
Interest-related derivatives				
(Cash inflows)	(283,372)	(880,202)	(334,357)	(1,497,941)
Cash outflows	252,210	867,660	381,354	1,501,233

Regarding derivatives for which net cash flows are exchanged, the amount of net cash flows generated from derivative assets is shown as "cash inflows," and the amount of those generated from derivative liabilities is shown as "cash outflows." Regarding derivatives for which gross cash flows are exchanged, the total amount of cash inflows from derivative assets and liabilities is shown as "cash inflows," and the total amount of cash outflows is shown as "cash outflows."

NOTE 10. Investments Accounted for Using the Equity Method

The following investments, individually insignificant, are accounted for using the equity method.

	Millions of Yen				Thousands of U.S. Dollars	
	2022		2021		2022	
	Associates	Joint ventures	Associates	Joint ventures	Associates	Joint ventures
Investments accounted for using the equity method	¥232,691	¥41,301	¥227,067	¥42,114	$1,901,225	$337,454

	Millions of Yen				Thousands of U.S. Dollars	
	2022		2021		2022	
	Associates	Joint ventures	Associates	Joint ventures	Associates	Joint ventures
Profit for the year	¥ 9,709	¥10,976	¥3,453	¥4,070	$ 79,328	$ 89,680
Other comprehensive income	7,378	2,483	1,818	(322)	60,282	20,287
Comprehensive income for the year	¥17,088	¥13,460	¥5,272	¥3,748	$139,619	$109,976

OROCOBRE LIMITED (current ALLKEM LIMITED), an associate accounted for using the equity method for the year ended March 31, 2021, was excluded from the scope of consolidation, since the company's holding ratio of its voting rights decreased due to their merger with Galaxy Resources Limited.

NOTE 11. Property, Plant and Equipment

Acquisition cost, accumulated depreciation and accumulated impairment losses of property, plant and equipment are as follows:

	Millions of Yen					
[Acquisition cost]	Buildings and structures	Machinery and vehicles	Land	Construction in progress	Other	Total
April 1, 2020	¥367,445	¥620,200	¥86,880	¥ 83,269	¥208,644	¥1,366,440
Acquisitions	6,753	19,639	1,442	90,151	27,650	145,636
Acquisition due to business combinations	–	–	–	–	–	–
Disposals	(6,064)	(18,850)	(1,406)	(4,461)	(12,490)	(43,273)
Foreign exchange translation	10,675	8,367	3,392	(2,508)	3,545	23,472
Other	4,158	6,894	2,738	(17,939)	7,415	3,267
March 31, 2021	382,967	636,251	93,047	148,511	234,764	1,495,542
Acquisitions	11,905	29,346	987	86,247	24,408	152,895
Acquisition due to business combinations	1,202	4,145	1	88	301	5,739
Disposals	(3,549)	(16,190)	(792)	(739)	(17,283)	(38,555)
Foreign exchange translation	23,707	29,710	5,826	(2,974)	11,041	67,311
Other	10,934	50,221	(523)	(59,761)	10,833	11,704
March 31, 2022	¥427,168	¥733,484	¥98,546	¥171,371	¥264,065	¥1,694,636

	Thousands of U.S. Dollars					
	Buildings and structures	Machinery and vehicles	Land	Construction in progress	Other	Total
March 31, 2021	$3,129,071	$5,198,553	$760,250	$1,213,424	$1,918,163	$12,219,478
Acquisitions	97,271	239,774	8,064	704,689	199,428	1,249,244
Acquisition due to business combinations	9,821	33,867	8	719	2,459	46,891
Disposals	(28,997)	(132,282)	(6,471)	(6,038)	(141,212)	(315,017)
Foreign exchange translation	193,700	242,748	47,601	(24,299)	90,211	549,971
Other	89,337	410,335	(4,273)	(488,283)	88,512	95,628
March 31, 2022	$3,490,219	$5,993,005	$805,180	$1,400,204	$2,157,570	$13,846,196

	Millions of Yen					
[Accumulated depreciation and accumulated impairment losses]	Buildings and structures	Machinery and vehicles	Land	Construction in progress	Other	Total
April 1, 2020	¥184,339	¥325,083	¥1,870	¥–	¥ 74,320	¥585,613
Depreciation	14,285	35,704	–	–	35,106	85,096
Impairment losses	972	422	38	–	18	1,452
Disposals	(4,105)	(14,706)	(352)	–	(9,256)	(28,421)
Foreign exchange translation	4,775	6,802	0	–	(277)	11,300
Other	(394)	(281)	22	–	524	(128)
March 31, 2021	¥199,872	¥353,025	¥1,578	¥–	¥100,435	¥654,912
Depreciation	15,231	42,022	–	–	32,376	89,630
Impairment losses	868	4,700	31	–	237	5,837
Disposals	(2,307)	(13,108)	(29)	–	(13,219)	(28,665)
Foreign exchange translation	10,228	15,699	24	–	4,906	30,858
Other	(161)	1,655	23	–	(1,333)	183
March 31, 2022	¥223,731	¥403,994	¥1,627	¥–	¥123,402	¥752,756

	Thousands of U.S. Dollars					
	Buildings and structures	Machinery and vehicles	Land	Construction in progress	Other	Total
March 31, 2021	$1,633,074	$2,884,426	$12,893	$–	$ 820,614	$5,351,025
Depreciation	124,446	343,345	–	–	264,531	732,331
Impairment losses	7,092	38,401	253	–	1,936	47,691
Disposals	(18,849)	(107,100)	(236)	–	(108,007)	(234,210)
Foreign exchange translation	83,568	128,270	196	–	40,084	252,128
Other	(1,315)	13,522	187	–	(10,891)	1,495
March 31, 2022	$1,828,016	$3,300,874	$13,293	$–	$1,008,268	$6,150,469

	Millions of Yen					
[Carrying amount]	Buildings and structures	Machinery and vehicles	Land	Construction in progress	Other	Total
March 31, 2021	¥183,094	¥283,225	¥91,468	¥148,511	¥134,329	¥840,629
March 31, 2022	203,436	329,489	96,919	171,371	140,663	941,880

	Thousands of U.S. Dollars					
	Buildings and structures	Machinery and vehicles	Land	Construction in progress	Other	Total
March 31, 2022	$1,662,194	$2,692,123	$791,886	$1,400,204	$1,149,301	$7,695,726

"Other" includes right-of-use assets. For the carrying amount of right-of-use assets, please see Note 14. "Leases, (1) Lessee, (i) Changes associated with right-of-use assets."

Depreciation is included in "Cost of sales" or "Selling, general and administrative expenses" in the consolidated statement of profit or loss.

Impairment losses are presented as "Impairment losses on fixed assets" in the consolidated statement of profit or loss in the amounts of ¥5,837 million ($47,691 thousand) and ¥1,452 million for the years ended March 31, 2022 and 2021, respectively.

For the year ended March 31, 2022, the group recognized an impairment loss for power generation business properties of the Machinery, Energy & Project Division by reducing their carrying amount to the recoverable amount as it became highly unlikely to earn profits as initially projected due to declines in electricity price.

For the year ended March 31, 2021, the group recognized an impairment loss for business properties of the Global Parts & Logistics Division and the Metals Division in India by reducing their carrying amount to the recoverable amount as it became highly unlikely to earn profits as initially projected.

The recoverable amount is measured at value in use estimated by applying an appropriate discount rate, which reflects assumed risks specific to the asset or cash-generating unit.

NOTE 12. Intangible Assets

Acquisition cost, accumulated amortization and accumulated impairment losses of intangible assets are as follows:

	Millions of Yen					
[Acquisition cost]	Goodwill	Marketing rights, customer-related, etc.	Mining rights	Software	Other intangible assets	Total
April 1, 2020	¥196,710	¥ 90,858	¥ 9,758	¥ 68,681	¥33,988	¥399,996
Acquisitions	–	–	–	3,128	10,206	13,335
Acquisition due to business combinations	–	–	–	–	–	–
Disposals	–	–	–	(3,907)	(753)	(4,660)
Foreign exchange translation	13,736	7,790	168	1,030	429	23,154
Other	(1,964)	–	–	6,391	(5,476)	(1,049)
March 31, 2021	208,482	98,648	9,926	75,324	38,395	430,776
Acquisitions	–	–	–	4,047	27,694	31,741
Acquisition due to business combinations	34	–	–	–	780	814
Disposals	(1)	–	–	(10,093)	(269)	(10,363)
Foreign exchange translation	10,519	5,244	1,047	1,804	2,290	20,905
Other	159	–	–	7,070	(6,233)	996
March 31, 2022	¥219,195	¥103,892	¥10,974	¥ 78,153	¥62,657	¥474,872

	Thousands of U.S. Dollars					
	Goodwill	Marketing rights, customer-related, etc.	Mining rights	Software	Other intangible assets	Total
March 31, 2021	$1,703,423	$806,013	$81,101	$615,442	$313,710	$3,519,699
Acquisitions	–	–	–	33,066	226,276	259,343
Acquisition due to business combinations	277	–	–	–	6,373	6,650
Disposals	(8)	–	–	(82,465)	(2,197)	(84,671)
Foreign exchange translation	85,946	42,846	8,554	14,739	18,710	170,806
Other	1,299	–	–	57,766	(50,927)	8,137
March 31, 2022	$1,790,955	$848,860	$89,664	$638,557	$511,945	$3,879,990

For the years ended March 31, 2022 and 2021, the increase of "Other" in "Software" column is mainly attributable to the reclassification from software in progress included in "Other intangible assets."

For the year ended March 31, 2022, acquisitions of "Other intangible assets" includes ¥15,697 million ($128,253 thousand) of the power generation right in the Machinery, Energy & Project Division, whose remaining useful life is 15 years.

[Accumulated amortization and accumulated impairment losses]	Millions of Yen					
	Goodwill	Marketing rights, customer-related, etc.	Mining rights	Software	Other intangible assets	Total
April 1, 2020	¥123,154	¥61,140	¥ 9,298	¥39,347	¥5,948	¥238,889
Amortization	–	8,725	34	9,303	746	18,809
Impairment losses	–	–	–	–	–	–
Disposals	–	–	–	(3,619)	(294)	(3,914)
Foreign exchange translation	8,170	5,672	162	842	(292)	14,555
Other	201	–	1	(47)	(259)	(103)
March 31, 2021	¥131,526	¥75,538	¥ 9,496	¥45,826	¥5,849	¥268,236
Amortization	–	9,209	38	10,333	1,228	20,809
Impairment losses	–	–	–	20	540	561
Disposals	0	–	–	(9,691)	(131)	(9,823)
Foreign exchange translation	5,576	4,449	1,005	1,507	482	13,020
Other	80	–	–	18	(187)	(88)
March 31, 2022	¥137,182	¥89,197	¥10,539	¥48,015	¥7,781	¥292,716

	Thousands of U.S. Dollars					
	Goodwill	Marketing rights, customer-related, etc.	Mining rights	Software	Other intangible assets	Total
March 31, 2021	$1,074,646	$617,190	$77,588	$374,426	$47,789	$2,191,649
Amortization	–	75,243	310	84,426	10,033	170,022
Impairment losses	–	–	–	163	4,412	4,583
Disposals	0	–	–	(79,181)	(1,070)	(80,259)
Foreign exchange translation	45,559	36,351	8,211	12,313	3,938	106,381
Other	653	–	–	147	(1,527)	(719)
March 31, 2022	$1,120,859	$728,793	$86,109	$392,311	$63,575	$2,391,665

[Carrying amount]	Millions of Yen					
	Goodwill	Marketing rights, customer-related, etc.	Mining rights	Software	Other intangible assets	Total
March 31, 2021	¥76,956	¥23,109	¥430	¥29,497	¥32,546	¥162,540
March 31, 2022	82,012	14,694	434	30,137	54,875	182,155

	Thousands of U.S. Dollars					
	Goodwill	Marketing rights, customer-related, etc.	Mining rights	Software	Other intangible assets	Total
March 31, 2022	$670,087	$120,058	$3,546	$246,237	$448,361	$1,488,316

Amortization expense is included in "Cost of sales" or "Selling, general and administrative expenses" in the consolidated statement of profit or loss.

Of the intangible assets above, there is no significant intangible asset whose useful life is not readily determinable.

Of intangible assets with readily determinable useful lives, the carrying amounts of significant intangible assets as of March 31, 2022 and 2021 are as below.

Customer-related assets of the automotive marketing business in Africa, included in "Marketing rights, customer-related, etc.," are ¥5,586 million ($45,640 thousand) and ¥12,377 million for the years ended March 31, 2022 and 2021, respectively. The average remaining useful lives of "Marketing rights, customer-related, etc." as of March 31, 2022 and 2021 are three years.

Impairment losses are shown as "Impairment losses on fixed assets" in the consolidated statement of profit or loss. The amount is ¥561 million ($4,583 thousand) for the year ended March 31, 2022, and mainly incurred in the Metals Division.

The carrying amounts of goodwill by segment are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Metals	¥ 64	¥ 69	$ 522
Global Parts & Logistics	326	295	2,663
Automotive	739	749	6,038
Machinery, Energy & Project	7,798	7,723	63,714
Chemicals & Electronics	712	750	5,817
Food & Consumer Services	1,260	1,262	10,294
Africa	71,072	66,065	580,701
Other	38	38	310
Total	¥82,012	¥76,956	$670,087

Of goodwill shown above, the significant goodwill is the one related to CFAO SAS in the amounts of ¥71,072 million ($580,701 thousand) and ¥66,065 million as of March 31, 2022 and 2021, respectively. Of which, the goodwill recognized upon the acquisition of CFAO SAS as a subsidiary are mainly allocated to the cash-generating units of automotive and healthcare.

The recoverable amount of goodwill is measured at value in use based on the next three-to-five-year business plan and growth rates, which are projected based on the business environment of each cash-generating unit and approved by management. The group determines the growth rate based on the average growth rate of markets or countries to which cash-generating units belong. The growth rate which exceeds the average growth rate of markets or countries is not used. The discount rates are determined, based on weighted-average cost of capital, to be 6.5% for domestic and 6.0% to 20.1% for overseas.

Management considers it highly unlikely to impair goodwill significantly even if major assumptions used for the aforementioned impairment test would have changed within a reasonable and predictable scope.

NOTE 13. Investment Property

Changes in acquisition cost, accumulated depreciation and accumulated impairment losses are as follows:

[Acquisition cost]	Millions of Yen 2022	Millions of Yen 2021	Thousands of U.S. Dollars 2022
Balance at the beginning of the year	¥22,548	¥23,312	$184,230
Acquisitions	477	720	3,897
Disposals or reclassifications to assets held for sale	–	(88)	–
Foreign exchange translation	130	(17)	1,062
Other	0	(1,378)	0
Balance at the end of the year	¥23,156	¥22,548	$189,198

[Accumulated depreciation and accumulated impairment losses]	Millions of Yen 2022	Millions of Yen 2021	Thousands of U.S. Dollars 2022
Balance at the beginning of the year	¥3,808	¥4,110	$31,113
Depreciation	445	443	3,635
Disposals or reclassifications to assets held for sale	–	–	–
Foreign exchange translation	48	(1)	392
Other	0	(743)	0
Balance at the end of the year	¥4,302	¥3,808	$35,149

[Carrying amount and fair value]	Millions of Yen 2022	Millions of Yen 2021	Thousands of U.S. Dollars 2022
Carrying amount	¥18,854	¥18,740	$154,048
Fair value	28,309	30,187	231,301

Fair value of investment property is based on the value determined by an independent appraiser who has a professional qualification and recent work similar to the target investment property in terms of location and characteristics. The measurement of fair value of investment property is Level 3 of the fair value hierarchy in IFRS 13 "Fair Value Measurement."

Rental revenues earned from investment property, shown as "Sales of services and others" on the consolidated statement of profit or loss, are ¥1,770 million ($14,461 thousand) and ¥1,809 million for the years ended March 31, 2022 and 2021, respectively.

Direct costs incurred to earn rental revenues are accounted for as "Cost of sales" on the consolidated statement of profit or loss, amounting to ¥954 million ($7,794 thousand) and ¥836 million for the years ended March 31, 2022 and 2021, respectively.

NOTE 14. Leases

(1) Lessee

(i) Changes associated with right-of-use assets

Changes associated with right-of-use assets are as follows:

	Millions of Yen				
	Buildings and structures	Machinery and vehicles	Land	Other	Total
April 1, 2020	¥ 79,021	¥11,953	¥21,469	¥ 6,635	¥119,080
Increase of right-of-use assets	14,599	3,713	7,023	3,111	28,447
Increase due to business combinations	–	–	–	–	–
Depreciation	(17,330)	(5,752)	(1,848)	(3,214)	(28,146)
Impairment losses	–	–	–	–	–
Other	1,977	(1,135)	(1,528)	81	(605)
March 31, 2021	78,268	8,778	25,115	6,614	118,776
Increase of right-of-use assets	14,971	2,889	6,946	2,755	27,563
Increase due to business combinations	15	4	74	–	94
Depreciation	(17,030)	(4,500)	(2,084)	(3,054)	(26,670)
Impairment losses	–	–	–	–	–
Other	1,112	(893)	3,481	(720)	2,978
March 31, 2022	¥ 77,337	¥ 6,277	¥33,533	¥ 5,594	¥122,743

	Thousands of U.S. Dollars				
	Buildings and structures	Machinery and vehicles	Land	Other	Total
April 1, 2021	$ 639,496	$ 71,721	$205,204	$ 54,040	$ 970,471
Increase of right-of-use assets	122,322	23,604	56,753	22,510	225,206
Increase due to business combinations	122	32	604	–	768
Depreciation	(139,145)	(36,767)	(17,027)	(24,953)	(217,909)
Impairment losses	–	–	–	–	–
Other	9,085	(7,296)	28,441	(5,882)	24,332
March 31, 2022	$ 631,889	$ 51,286	$273,984	$ 45,706	$1,002,884

(ii) Finance costs, lease expenses due to an exemption to short-term leases, and lease expenses due to an exemption to low-value assets

Finance costs, lease expenses due to an exemption to short-term leases, and lease expenses due to an exemption to low-value assets are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Finance costs	¥3,063	¥3,223	$25,026
Lease expenses due to an exemption to short-term leases	3,690	3,859	30,149
Lease expenses due to an exemption to low-value assets	1,824	1,467	14,903

(iii) Variable lease payments

Although some of the group's real estate leases have payment terms linked to net sales generated by stores, variable lease payments for the year ended March 31, 2022 are insignificant.

(iv) Sublease income

Sublease income for the year ended March 31, 2022 is insignificant.

(v) Sale and leaseback transactions

Gain or loss from sale and leaseback transactions for the year ended March 31, 2022 is insignificant.

(vi) Cash outflows associated with leases

Cash outflows associated with leases are ¥28,391 million ($231,971 thousand) for the year ended March 31, 2022.

(vii) Maturity analysis for lease liabilities

Balances of lease liabilities by maturities are stated in Note 9. "Financial Instruments, (9) Risks arising from financial instruments, (f) Liquidity risk management."

(2) Lessor

(i) Finance income on net investment in the lease and income relating to variable lease payments

Finance income on net investment in the lease and income relating to variable lease payments are shown below. Sales profit or loss is insignificant.

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Finance income on net investment in the lease	¥2,648	¥2,105	$21,635
Income relating to variable lease payments	–	–	–

(ii) Revenue associated with operating leases

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Lease payments earned	¥24,882	¥51,204	$203,300
Variable lease payments earned	–	–	–

(3) Maturity analysis

The following table summarizes balances by maturities of finance income on net investment in the lease and operating lease payments receivable.

For the year ended March 31, 2022

Millions of Yen

	Within one year	Between one and two years	Between two and three years	Between three and four years	Between four and five years	Over five years	Total	Unearned finance income	Discounted unguaranteed residual value	Net investment in the lease
Undiscounted lease payments receivable	¥5,472	¥4,728	¥4,157	¥3,567	¥3,254	¥22,007	¥43,188	¥15,325	¥–	¥27,862

Thousands of U.S. Dollars

	Within one year	Between one and two years	Between two and three years	Between three and four years	Between four and five years	Over five years	Total	Unearned finance income	Discounted unguaranteed residual value	Net investment in the lease
Undiscounted lease payments receivable	$44,709	$38,630	$33,965	$29,144	$26,587	$179,810	$352,871	$125,214	$–	$227,649

Millions of Yen

	Within one year	Between one and two years	Between two and three years	Between three and four years	Between four and five years	Over five years	Total
Operating lease payments	¥4,883	¥3,077	¥1,649	¥517	¥208	¥56	¥10,393

Thousands of U.S. Dollars

	Within one year	Between one and two years	Between two and three years	Between three and four years	Between four and five years	Over five years	Total
Operating lease payments	$39,897	$25,140	$13,473	$4,224	$1,699	$457	$84,917

For the year ended March 31, 2021

Millions of Yen

	Within one year	Between one and two years	Between two and three years	Between three and four years	Between four and five years	Over five years	Total	Unearned finance income	Discounted unguaranteed residual value	Net investment in the lease
Undiscounted lease payments receivable	¥4,101	¥3,642	¥3,384	¥3,109	¥2,701	¥22,546	¥39,485	¥14,494	¥–	¥24,990

Millions of Yen

	Within one year	Between one and two years	Between two and three years	Between three and four years	Between four and five years	Over five years	Total
Operating lease payments	¥4,433	¥2,139	¥1,025	¥354	¥124	¥–	¥8,076

NOTE 15. Trade and Other Payables

The breakdown of trade and other payables is as follows:

	Millions of Yen 2022	Millions of Yen 2021	Thousands of U.S. Dollars 2022
Notes payable and accounts payable	¥1,434,044	¥1,084,580	$11,717,003
Other	356,420	318,665	2,912,166
Total	¥1,790,464	¥1,403,245	$14,629,169
Current liabilities	¥1,704,376	¥1,318,252	$13,925,778
Non-current liabilities	86,088	84,993	703,390
Total	¥1,790,464	¥1,403,245	$14,629,169

Lease liabilities are included in "Other." The amounts of lease liabilities are ¥112,873 million ($922,240 thousand) and ¥110,897 million as of March 31, 2022 and 2021, respectively.

NOTE 16. Bonds and Borrowings

(1) The breakdown of bonds and borrowings is as follows:

	Millions of Yen 2022	Millions of Yen 2021	Thousands of U.S. Dollars 2022	Average rate	Maturity
Short-term borrowings	¥ 519,158	¥ 393,510	$ 4,241,833	1.47%	–
Commercial papers	50,000	40,000	408,530	(0.07)	–
Current portion of bonds	–	29,987	–	–	–
Current portion of long-term borrowings	171,778	108,031	1,403,529	1.02	–
Bonds (excluding current portion)	292,253	270,408	2,387,882	1.75	2023–2043
Long-term borrowings (excluding current portion)	823,475	801,555	6,728,286	0.98	2023–2044
Total	¥1,856,665	¥1,643,494	$15,170,071	–	–
Current liabilities	¥ 740,936	¥ 571,542	$ 6,053,893	–	–
Non-current liabilities	1,115,728	1,071,951	9,116,169	–	–
Total	¥1,856,665	¥1,643,494	$15,170,071	–	–

"Average rate" presents the weighted-average interest rate to the balances for the year ended March 31, 2022.

In order to secure financing under unforeseeable circumstances such as financial market turmoil, the group has obtained multi-currency revolving facilities and line of credit contracts with major financial institutions in Japan and overseas.

The facility balances and unused balances of multi-currency revolving facilities and line of credit contracts are as follows:

	2022	2021	2022
Multi-currency revolving facilities, total	¥50,000 million equivalent	¥50,000 million equivalent	$408,530 thousand equivalent
Line of credit contracts, total	$1,200 million	$1,200 million	$1,200,000 thousand
Balance executed	–	–	–
Balance unused	¥50,000 million equivalent	¥50,000 million equivalent	$408,530 thousand equivalent
	$1,200 million	$1,200 million	$1,200,000 thousand

In order to secure financial flexibility and safety, the group has entered into line of credit contracts with financial institutions. The line of credit given and unused balances are as follows:

	2022	2021	2022
Total line of credit	€250 million	€250 million	$279,230 thousand
Balance executed	–	€140 million	–
Balance unused	€250 million	€110 million	$279,230 thousand

(2) Details of bonds

The following table summarizes details of bonds.

			Millions of Yen		Thousands of U.S. Dollars		
Issuer	Description	Issue date	2022	2021	2022	Coupon (%)	Redemption date
The company	The 16th unsecured domestic corporate bond	December 8, 2011	¥ –	¥ 29,987 ¥ (29,987)	$ –	1.35	December 8, 2021
The company	The 17th unsecured domestic corporate bond	December 5, 2013	14,987	14,980	122,452	0.81	December 5, 2023
The company	The 18th unsecured domestic corporate bond	December 5, 2013	14,976	14,971	122,362	1.01	December 5, 2025
The company	The 19th unsecured domestic corporate bond	July 10, 2014	14,973	14,968	122,338	0.95	July 10, 2026
The company	The 20th unsecured domestic corporate bond	July 10, 2014	14,961	14,957	122,240	1.27	July 10, 2029
The company	The 21st unsecured domestic corporate bond	September 3, 2015	9,983	9,978	81,567	0.74	September 3, 2025
The company	The 22nd unsecured domestic corporate bond	September 3, 2015	9,963	9,961	81,403	1.57	September 2, 2033
The company	The 23rd unsecured domestic corporate bond	July 20, 2016	19,916	19,911	162,725	0.70	July 18, 2036
The company	The 24th unsecured domestic corporate bond	March 7, 2017	19,913	19,908	162,701	1.02	March 6, 2037
The company	The 25th unsecured domestic corporate bond	September 14, 2017	9,953	9,950	81,322	0.89	September 14, 2037
The company	The 26th unsecured domestic corporate bond	March 7, 2018	9,952	9,949	81,313	0.90	March 5, 2038
The company	The 28th unsecured domestic corporate bond	January 21, 2021	9,943	9,940	81,240	0.74	January 21, 2041
The company	The 29th unsecured domestic corporate bond	July 19, 2021	9,956	–	81,346	0.27	July 18, 2031
The company	The 1st unsecured foreign corporate bond	September 13, 2018	61,027	55,086	(Note 4) 498,627	3.63	September 13, 2023
The company	The 2nd unsecured foreign corporate bond	September 19, 2019	61,038	55,139	(Note 5) 498,717	2.60	September 19, 2024
North Hokkaido Wind Energy Transmission Corporation	Corporate bond (private placement) (Note 2)	November 30, 2018	705	705	5,760	4.00	March 31, 2043
Eurus Energy Holdings Corporation	The 1st unsecured corporate bond (private placement) (Note 3)	June 30, 2020	10,000	10,000	81,706	0.09	June 28, 2024
Total	–	–	¥292,253	¥300,395 ¥ (29,987)	$2,387,882	–	–

Notes: 1. Figures in parentheses are the current portion of bonds with a redemption period of less than one year from the day following the fiscal year-end and included in "Bonds and borrowings" under current liabilities in the consolidated statement of financial position.
2. This is a corporate bond issued by North Hokkaido Wind Energy Transmission Corporation, a domestic consolidated subsidiary of the company. The bond was privately placed in Japan.
3. This is a corporate bond issued by Eurus Energy Holdings Corporation, a domestic consolidated subsidiary of the company. The bond was privately placed in Japan.
4. It is the calculated figure by translating ¥61,027 million into U.S. dollars using the exchange rate as explained in Note 2. The carrying value of the bond in the original currency is $499,129 thousand as of March 31, 2022.
5. It is the calculated figure by translating ¥61,038 million into U.S. dollars using the exchange rate as explained in Note 2. The carrying value of the bond in the original currency is $498,525 thousand as of March 31, 2022.

(3) Assets pledged as collateral

The following assets are pledged as collateral for bonds and borrowings.

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Cash and cash equivalents	¥ 47,363	¥ 32,309	$ 386,984
Trade and other receivables	3,023	6,273	24,699
Inventories	14,557	8,754	118,939
Property, plant and equipment	285,481	271,834	2,332,551
Other investments	6,306	6,457	51,523
Other	31,431	16,207	256,810
Total	¥388,164	¥341,836	$3,171,533

The group has borrowings under loan agreements with financial institutions, and above assets are pledged as collateral upon the request of the lenders. Under the loan agreements, financial institutions as lenders have rights to enforce the disposal of those assets pledged as collateral and may appropriate or offset those proceeds against a debt, if the group as a borrower defaults on a debt such as failure to repay any matured payables or interests, or breaches the representation and warranty or the covenants.

The debt secured by the above collateral is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Bonds and borrowings	¥316,279	¥243,264	$2,584,189

In addition to the above, the group normally uses trust receipts financing to settle imported goods under a letter of credit where the title or sales proceeds of imported goods are held by the bank as collateral. The amount of trust receipts is not included in the above since it is impractical to obtain the total amount of assets subject to trust receipts financing due to the following reasons: (i) the volume of imports is significant, and (ii) the group does not track each amount of letter of credit with applicable sales proceed when settling the letter of credit on the due date.

NOTE 17. Provisions

The breakdown and changes of provisions for the year ended March 31, 2022 are as follows:

	Millions of Yen			Thousands of U.S. Dollars		
	Asset retirement obligations	Other	Total	Asset retirement obligations	Other	Total
Balance at the beginning of the year	¥36,827	¥10,275	¥47,103	$300,898	$83,952	$384,859
Increase	3,558	4,038	7,596	29,071	32,992	62,063
Decrease (wrote off)	(54)	(1,617)	(1,672)	(441)	(13,211)	(13,661)
Decrease (reversal)	–	(742)	(742)	–	(6,062)	(6,062)
Changes due to present value calculation	383	–	383	3,129	–	3,129
Foreign exchange translation	312	545	858	2,549	4,452	7,010
Other	179	(64)	114	1,462	(522)	931
Balance at the end of the year	¥41,206	¥12,434	¥53,641	$336,677	$101,593	$438,279
Current liabilities	–	6,831	6,831	–	55,813	55,813
Non-current liabilities	41,206	5,603	46,810	336,677	45,779	382,465
Total	¥41,206	¥12,434	¥53,641	$336,677	$101,593	$438,279

The group's provisions for asset retirement obligations primarily include costs to remove facilities in the wind power and solar power business.

NOTE 18. Other Non-Current Liabilities

As of March 31, 2022, the balance of other non-current liabilities includes ¥27,458 million ($224,348 thousand) of government grant received by the company's consolidated subsidiary under the Machinery, Energy & Project Division, for the acquisition of transmission facilities. The grant is contingent upon the transmission facilities becoming operational.

NOTE 19. Employee Benefits

(1) Post-employment benefits

(i) Outline of the group's retirement benefit plans

The company and certain consolidated subsidiaries have defined benefit plans, a lump-sum severance benefit plan and a defined contribution benefit plan, available to almost all employees. The amount of benefits is determined based on each employee's salary, qualification and length of service. The group's defined benefit plans are mainly the pension plans pursuant to the Defined-Benefit Corporate Pension Act of Japan, under which directors of the fund have a responsibility to perform administrations and operations of the pension funds in a faithful manner in accordance with laws and regulations and an employer is obligated to make contributions to the plans. A lump-sum severance benefit plan is a plan under which an employer provides employees with lump-sum money payments upon their retirement as retirement benefits. The defined contribution plan is a plan under which an employer is not obligated to pay more than the amount contributed.

(ii) Defined benefit plans

(a) Defined benefit obligations and plan assets

Changes in present value of defined benefit obligations and fair value of plan assets are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Balance of net defined benefit liability at the beginning of the year	¥ 25,551	¥ 33,802	$ 208,767
Changes in present value of defined benefit obligations:			
Balance at the beginning of the year	¥124,547	¥120,648	$1,017,623
Service cost	6,320	6,026	51,638
Interest cost	1,195	925	9,763
Remeasurements	(2,455)	221	(20,058)
Benefit paid	(4,919)	(4,935)	(40,191)
Foreign exchange translation	1,420	1,856	11,602
Other	1,364	(194)	11,144
Balance at the end of the year	¥127,473	¥124,547	$1,041,531
Changes in fair value of plan assets:			
Balance at the beginning of the year	¥ 98,995	¥ 86,845	$ 808,848
Interest income	1,666	1,085	13,612
Remeasurements	6,581	10,248	53,770
Employer contributions	2,638	2,121	21,554
Benefit paid	(2,719)	(2,594)	(22,215)
Foreign exchange translation	671	956	5,482
Other	(230)	333	(1,879)
Balance at the end of the year	¥107,603	¥ 98,995	$ 879,181
Balance of net defined benefit liability at the end of the year	¥ 19,870	¥ 25,551	$ 162,349

Remeasurements are the differences mainly arisen from changes in actuarial assumptions.

The breakdown of defined benefit obligations of funded plan and unfunded plan is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Defined benefit obligations of funded plan	¥ 79,419	¥ 78,774	$ 648,901
Plan assets	(107,603)	(98,995)	(879,181)
Subtotal	(28,184)	(20,221)	(230,280)
Defined benefit obligations of unfunded plan	48,054	45,773	392,630
Total	¥ 19,870	¥ 25,551	$ 162,349

(b) The breakdown of plan assets and their fair value

The breakdown of plan assets and their fair value is as follows:

As of March 31, 2022

	Millions of Yen		
Plan assets	Assets with a quoted market price in an active market	Assets without a quoted market price in an active market	Total
Cash and cash equivalents	¥ 1,625	¥ –	¥ 1,625
Equity securities:			
Japan	32,471	5,156	37,627
Other than Japan	2,939	5,825	8,765
Debt securities:			
Japan	–	23,936	23,936
Other than Japan	–	6,223	6,223
Life insurance company general accounts	–	14,109	14,109
Other	225	15,090	15,316
Total	¥37,262	¥70,341	¥107,603

	Thousands of U.S. Dollars		
Plan assets	Assets with a quoted market price in an active market	Assets without a quoted market price in an active market	Total
Cash and cash equivalents	$ 13,277	$ –	$ 13,277
Equity securities:			
Japan	265,307	42,127	307,435
Other than Japan	24,013	47,593	71,615
Debt securities:			
Japan	–	195,571	195,571
Other than Japan	–	50,845	50,845
Life insurance company general accounts	–	115,279	115,279
Other	1,838	123,294	125,140
Total	$304,452	$574,728	$879,181

As of March 31, 2021

	Millions of Yen		
Plan assets	Assets with a quoted market price in an active market	Assets without a quoted market price in an active market	Total
Cash and cash equivalents	¥ 1,522	¥ –	¥ 1,522
Equity securities:			
Japan	26,176	6,495	32,671
Other than Japan	2,589	7,522	10,111
Debt securities:			
Japan	–	20,263	20,263
Other than Japan	–	6,233	6,233
Life insurance company general accounts	–	13,641	13,641
Other	67	14,484	14,552
Total	¥30,355	¥68,640	¥98,995

(c) Major actuarial assumption

Major actuarial assumption used to determine the present value is as follows:

	2022	2021
Discount rate	Primarily 0.9%	Primarily 0.7%
Salary increase rate	Primarily 3.0%	Primarily 3.1%

Actuarial calculations are based on estimates for future uncertainties. If the discount rate increased or decreased by 0.5%, the defined benefit obligations as of March 31, 2022 decreases by ¥4,286 million ($35,019 thousand) or increases by ¥4,302 million ($35,149 thousand). The group performs such sensitivity analysis based on changes in assumption which are reasonably expected as of the fiscal year-end. Although the group assumes variable factors other than the discount rate are constant, changes in other variable factors may affect the sensitivity analysis results.

(d) Managing plan assets

The group manages plan assets to generate sufficient earnings to meet future benefit payments. The group has established a portfolio to meet the objective, considering operational risks and returns, past performance and forecasts.

(e) Impacts on future cash flows

The contribution amount is planned to be ¥3,002 million ($24,528 thousand) for next fiscal year. The group will contribute amounts required in accordance with the internal rules when a defined benefit plan is not funded by sufficient plan assets. For the year ended March 31, 2022, the weighted-average duration of the defined benefit plan obligations is 14 years.

(iii) Defined contribution plans

Costs of defined contribution plans are ¥1,302 million ($10,638 thousand) and ¥1,156 million for the years ended March 31, 2022 and 2021, respectively.

(iv) Multi-employer plans

Certain consolidated subsidiaries participate in the Toyota Tsusho Group corporate pension plan, a multi-employer welfare pension fund. This plan differs from a single-employer plan in the following aspects:

(a) Assets contributed to a multi-employer welfare pension fund may be used for the benefits to the employees of employers other than the group companies.

(b) If some employers stop making contributions, other employers may be obligated to provide sufficient funds.

(c) If a multi-employer plan is terminated or if an employer withdraws from the plan, employers may be obligated to make special contributions for unfunded portions, if any, upon termination of the plan or the withdrawal from the plan.

Since the amount of plan assets corresponding to the company's contributions is reasonably determined, the plan is included in notes of the defined benefit plans.

(2) Employee benefit costs

Employee benefit costs are included in "Cost of sales" and "Selling, general and administrative expenses" in the amount of ¥262,199 million ($2,142,323 thousand) and ¥235,577 million for the years ended March 31, 2022 and 2021, respectively.

NOTE 20. Stock Compensation

For the purpose of providing incentives for continuing enhancement of the group's corporate value and medium-term performance, the company adopts the restricted stock compensation plan (the "Plan") for the company's directors (excluding outside directors) and senior managements who do not concurrently serve as directors.

(1) Outline of the Plan

Under the Plan, the eligible directors shall pay in all amounts of monetary compensation receivables provided by the company as contributions in kind and receive the company's shares upon issuance or disposal. Total number of common stock subject to the issuance or disposal is 200,000 shares per year. The paid-in amount per share by the eligible directors is determined at the Board of Directors' meeting to the extent that it is not particularly favorable to the eligible directors who receive the shares, on the basis of the closing price of the company's common stock at the Tokyo Stock Exchange on the business day prior to the date of each resolution at the Board of Directors' meeting (when no trading is made on the day, the most recent closing price before the resolution).

For the issuance or disposal of the company's common stock under the Plan, the company enters into a transfer-restricted share allotment agreement with each eligible director. Under the agreement, eligible directors shall not transfer, collateralize or dispose the company's common stock allotted through the Plan for a certain period. The agreement also stipulates that the company shall acquire the said common stock free of charge when certain events occur.

(2) The number of shares allotted and their fair value

The fair value as of the grant date shall be the closing price of the company's common stock at the Tokyo Stock Exchange on the business day prior to the date of the resolution at the Board of Directors' meeting.

	2022	2021
Grant date	July 21, 2021	–
Number of shares	14,373 shares	– shares
Fair value	¥5,350 ($43.71)	¥–

(3) Stock compensation

The amount of stock compensation for the year ended March 31, 2022 is ¥76 million ($620 thousand) and included in selling, general and administrative expenses in the consolidated statement of profit or loss.

NOTE 21. Equity

(1) Share capital

The number of authorized shares and shares issued and outstanding is as follows:

Thousands of Shares

	2022	2021
Number of authorized shares:		
Common stock (no par-value)	1,000,000	1,000,000
Number of shares issued and outstanding:		
Beginning of the year	354,056	354,056
Changes during the year	–	–
End of the year	354,056	354,056

The number of shares issued and outstanding includes the number of treasury shares as follows: 2,210 thousand and 2,217 thousand, as of March 31, 2022 and 2021, respectively.

(2) Capital surplus

Under the Companies Act in Japan (the "Act"), it is prescribed that more than half of the amount contributed at the share issuance shall be recorded as share capital and the remaining shall be recorded as capital reserve under capital surplus. In addition, the Act allows a company to reclassify the amount of capital reserve to share capital upon approval at a shareholders' meeting.

(3) Retained earnings

Under the Act, it is prescribed that an amount equal to 10% of the amount to be disbursed as distributions of surplus shall be reserved as capital reserve or legal reserve until the sum of the capital reserve and legal reserve equals 25% of the amount of share capital. In addition, the amount of legal reserve can be reversed for the purpose of covering a loss upon approval at a shareholders' meeting.

(4) Dividends

(i) Amount of dividend payments

		Total amounts of dividends		Dividends per share			
Resolution	Class of stock	(Millions of Yen)	(Thousands of U.S. Dollars)	(Yen)	(U.S. Dollars)	Record date	Effective date
General meeting of shareholders held on June 23, 2020	Common stock	¥17,602	$143,818	¥50	$0.40	March 31, 2020	June 24, 2020
Board of Directors' meeting held on October 29, 2020	Common stock	17,602	143,818	50	0.40	September 30, 2020	November 26, 2020
General meeting of shareholders held on June 24, 2021	Common stock	21,827	178,339	62	0.50	March 31, 2021	June 25, 2021
Board of Directors' meeting held on October 29, 2021	Common stock	24,644	201,356	70	0.57	September 30, 2021	November 26, 2021

(ii) Dividends with record date in the current fiscal year, and effective date in the following fiscal year

		Total amounts of dividends			Dividends per share			
Resolution	Class of stock	(Millions of Yen)	(Thousands of U.S. Dollars)	Source of dividends	(Yen)	(U.S. Dollars)	Record date	Effective date
General meeting of shareholders held on June 24, 2022	Common stock	¥31,685	$258,885	Retained earnings	¥90	$0.73	March 31, 2022	June 27, 2022

NOTE 22. Revenue

(1) Disaggregation of revenue

The group's revenue mainly consists of revenues recognized from sale of goods whose control is transferred to customers at a point in time. The consideration in exchange for goods is received within one year and does not include significant time value of money.

The following table summarizes disaggregation of revenue and segment revenue.

Millions of Yen

	Reportable segments					
For the year ended March 31, 2022	Metals	Global Parts & Logistics	Automotive	Machinery, Energy & Project	Chemicals & Electronics	Food & Consumer Services
Revenue recognized from contracts with customers	¥2,103,092	¥953,756	¥680,141	¥692,152	¥1,902,815	¥579,752
Revenue recognized from other sources	1,544	–	6,792	1,112	–	12,021
Total	¥2,104,637	¥953,756	¥686,933	¥693,264	¥1,902,815	¥591,773

Millions of Yen

	Reportable segments				
	Africa	Total	Other (Note 1)	Adjustments (Note 2)	Consolidated
Revenue recognized from contracts with customers	¥1,116,335	¥8,028,046	¥9,170	¥(47,726)	¥7,989,490
Revenue recognized from other sources	17,038	38,509	–	–	38,509
Total	¥1,133,374	¥8,066,556	¥9,170	¥(47,726)	¥8,028,000

Thousands of U.S. Dollars

	Reportable segments					
	Metals	Global Parts & Logistics	Automotive	Machinery, Energy & Project	Chemicals & Electronics	Food & Consumer Services
Revenue recognized from contracts with customers	$17,183,528	$7,792,760	$5,557,161	$5,655,298	$15,547,144	$4,736,922
Revenue recognized from other sources	12,615	–	55,494	9,085	–	98,218
Total	$17,196,151	$7,792,760	$5,612,656	$5,664,384	$15,547,144	$4,835,141

Thousands of U.S. Dollars

	Reportable segments				
	Africa	Total	Other (Note 1)	Adjustments (Note 2)	Consolidated
Revenue recognized from contracts with customers	$9,121,129	$65,593,970	$74,924	$(389,950)	$65,278,944
Revenue recognized from other sources	139,210	314,641	–	–	314,641
Total	$9,260,348	$65,908,619	$74,924	$(389,950)	$65,593,594

Millions of Yen

	Reportable segments					
For the year ended March 31, 2021	Metals	Global Parts & Logistics	Automotive	Machinery, Energy & Project	Chemicals & Electronics	Food & Consumer Services
Revenue recognized from contracts with customers	¥1,514,337	¥806,989	¥494,695	¥691,899	¥1,465,941	¥475,469
Revenue recognized from other sources	7,002	–	7,251	1,054	–	12,167
Total	¥1,521,339	¥806,989	¥501,947	¥692,954	¥1,465,941	¥487,636

For the year ended March 31, 2021	Reportable segments (Millions of Yen) Africa	Total	Other (Note 1)	Adjustments (Note 2)	Consolidated
Revenue recognized from contracts with customers	¥853,903	¥6,303,236	¥6,244	¥(38,943)	¥6,270,537
Revenue recognized from other sources	11,289	38,765	–	–	38,765
Total	¥865,192	¥6,342,001	¥6,244	¥(38,943)	¥6,309,303

Notes: 1. "Other" comprises businesses, such as a professional division that supports group-wide operations not included in reportable segments.
2. Figures in "Adjustments" represent the amounts of inter-segment transactions.
3. Revenue recognized from other sources includes revenues recognized under IFRS 9 "Financial Instruments" and IFRS 16 "Leases."

(2) Outstanding balances of contracts

Balances of receivables, contract assets and contract liabilities arising from contracts with customers are as follows:

	Millions of Yen 2022	2021	Thousands of U.S. Dollars 2022
Receivables arising from contracts with customers	¥1,719,407	¥1,331,781	$14,048,590
Contract assets	4,169	12,182	34,063
Contract liabilities	84,567	90,477	690,963

Of revenues recognized for the year ended March 31, 2022, ¥89,459 million ($730,933 thousand) was included in contract liabilities as at April 1, 2021. In addition, for the year ended March 31, 2022 the amount of revenues recognized from the performance obligations satisfied or partially satisfied in the past period is not significant.

(3) Transaction price allocated to the remaining performance obligations

The table shown below summarizes the period in which revenue recognition is expected and the aggregate amount of the transaction price allocated to the remaining performance obligations under electric power sales contracts and service contracts. The aggregate amount of the transaction price allocated to the remaining performance obligations mainly consists of that of electric power sales contracts, and the revenue is expected to be recognized for up to 19 years from the point in time at which the contract is concluded. The table does not include transactions whose individual contractual periods are expected to be less than one year, since practical expedients are applied.

	Millions of Yen 2022	2021	Thousands of U.S. Dollars 2022
Within one year	¥ 79,450	¥ 80,369	$ 649,154
Over one year	595,881	648,888	4,868,706
Total	¥675,332	¥729,258	$5,517,869

(4) Contract costs

There are no contract costs capitalized as an asset for the year ended March 31, 2022.

NOTE 23. Selling, General and Administrative Expenses

The breakdown of selling, general and administrative expenses is as follows:

	Millions of Yen 2022	2021	Thousands of U.S. Dollars 2022
Salaries and wages	¥261,174	¥234,506	$2,133,948
Travel and transportation	7,445	5,431	60,830
Commissions and fees	48,161	41,727	393,504
Rent	10,417	10,390	85,113
Depreciation and amortization	54,699	51,205	446,923
Other	68,395	56,823	558,828
Total	¥450,294	¥400,086	$3,679,173

NOTE 24. Foreign Exchange Translation Gains and Losses

Foreign exchange translation gains and losses included in "Other, net" under "Other income (expenses)" in the consolidated statement of profit or loss for the years ended March 31, 2022 and 2021 are ¥(9,969) million ($(81,452) thousand) and ¥(988) million, respectively.

NOTE 25. Finance Income (Costs)

The breakdown of finance income (costs) is as follows:

	Millions of Yen 2022	2021	Thousands of U.S. Dollars 2022
Interest income:			
Financial assets measured at amortized cost	¥ 8,998	¥ 8,341	$ 73,519
Interest expenses:			
Financial liabilities measured at amortized cost	(29,411)	(28,182)	(240,305)
Derivatives	2,760	3,476	22,550
Total interest expenses	(26,650)	(24,706)	(217,746)
Dividends received:			
FVTOCI financial assets	19,041	16,180	155,576
Other	13,913	1,027	113,677

In addition to the above, net profit and loss on commodity-related derivatives is included in "Revenue" and "Cost of sales" in the consolidated statement of profit or loss in the amounts of ¥(56,024) million ($(457,749) thousand) and ¥(13,429) million for the years ended March 31, 2022 and 2021, respectively.

For the year ended March 31, 2022, "Other" includes ¥17,465 million ($142,699 thousand) of an impact from excluding the associate in the Metals Division, which engages in the mineral resources business in South America, from the scope of associates accounted for using the equity method for the consolidation purpose.

NOTE 26. Deferred Taxes and Corporate Income Taxes

(1) Deferred taxes

(i) Breakdown of deferred tax assets and deferred tax liabilities

The following table summarizes the breakdown of main deferred tax assets and deferred tax liabilities by cause.

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Deferred tax assets:			
Elimination of unrealized profits	¥ 5,141	¥ 5,174	$ 42,005
Inventories and property, plant and equipment	20,506	18,651	167,546
Loss allowance	6,573	4,494	53,705
Retirement benefits liabilities	10,344	10,124	84,516
Accruals	8,133	6,471	66,451
Other investment	17,278	17,035	141,171
Net operating losses	5,921	6,366	48,378
Other	34,674	27,896	283,307
Total deferred tax assets	¥ 108,574	¥ 96,214	$ 887,114
Deferred tax liabilities:			
Valuation difference on assets and liabilities of subsidiaries	¥ (5,196)	¥ (7,383)	$ (42,454)
Other investments	(106,402)	(111,802)	(869,368)
Equity interests in subsidiaries and associates	(13,121)	(12,370)	(107,206)
Property, plant and equipment	(22,105)	(23,054)	(180,611)
Other	(47,955)	(37,884)	(391,821)
Total deferred tax liabilities	¥(194,781)	¥(192,495)	$(1,591,478)
Total deferred tax assets (liabilities), net	¥ (86,206)	¥ (96,281)	$ (704,354)

(Changes in presentation)

"Inventories and property, plant and equipment," which was previously included in "Other," is shown as a separate line item from the year ended March 31, 2022, since the amount has become significant. Prior year amounts have been reclassified to conform to the current year's presentation.

(ii) Changes in deferred tax assets and deferred tax liabilities

Changes in deferred tax assets and deferred tax liabilities are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Balance of deferred tax assets (liabilities), net at the beginning of the year	¥(96,281)	¥(27,637)	$(786,673)
Deferred tax expense	7,587	(220)	61,990
Income taxes on other comprehensive income	2,113	(68,465)	17,264
Other	373	41	3,047
Balance of deferred tax assets (liabilities), net at the end of the year	¥(86,206)	¥(96,281)	$(704,354)

(iii) Future deductible temporary differences and net operating losses for which deferred tax assets are not accounted for

The amounts of future deductible temporary differences for which deferred tax assets are not accounted for are ¥11,932 million ($97,491 thousand) and ¥10,452 million as of March 31, 2022 and 2021, respectively.

Net operating losses by year of expiration for which deferred tax assets are not accounted for are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Expire within one year	¥ 133	¥ 800	$ 1,086
Expire in a fiscal year between one and five years	11,468	9,180	93,700
Expire in a fiscal year between five and ten years	12,403	11,392	101,339
Expire in a fiscal year over ten years	30,114	20,940	246,049
Total	¥54,119	¥42,314	$442,184

(iv) Future taxable temporary differences in connection with investments in subsidiaries for which deferred tax liabilities are not accounted for

The amounts of future taxable temporary differences in connection with investments in subsidiaries for which deferred tax liabilities are not accounted for are ¥593,183 million ($4,846,662 thousand) and ¥526,657 million as of March 31, 2022 and 2021, respectively.

(2) Corporate income tax expense

(i) Breakdown of corporate income tax expense

The breakdown of corporate income tax expense is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Current	¥89,118	¥64,757	$728,147
Deferred	(7,587)	220	(61,990)
Total	¥81,531	¥64,978	$666,157

Deferred tax above includes adjustments due to reassessment of recoverability of deferred tax assets. For the years ended March 31, 2022 and 2021, the amounts of adjustments are insignificant.

(ii) Reconciliation of the statutory effective tax rate

The reconciliation between the statutory effective tax rate and the average effective tax rate is as follows:

	%	
	2022	2021
Statutory effective tax rate	30.6%	30.6%
(Adjustments)		
Permanent nondeductible differences such as entertainment expenses	0.1	0.1
Equity in earnings of unconsolidated subsidiaries and associates accounted for using the equity method	(2.0)	0.5
Differences in tax rates applied for foreign operations	(2.1)	(3.3)
Reassessment of recoverability of deferred tax assets	(4.6)	(0.3)
Other	2.7	1.7
Average effective tax rate	24.7%	29.3%

The statutory effective tax rate in Japan, which is calculated based on corporation tax, inhabitant tax and tax-deductible enterprise tax, is 30.6% for the years ended March 31, 2022 and 2021. For foreign operations, however, local foreign corporate tax rates are to be applied.

NOTE 27. Other Comprehensive Income

Changes in items of other comprehensive income and income tax effects are as follows:

	Millions of Yen 2022	Millions of Yen 2021	Thousands of U.S. Dollars 2022
Remeasurements of defined benefit pension plans:			
Amount arising during the year	¥ 8,233	¥ 10,631	$ 67,268
Income tax effects	(1,830)	(2,497)	(14,952)
Total	6,402	8,133	52,308
FVTOCI financial assets:			
Amount arising during the year	(21,509)	193,851	(175,741)
Income tax effects	5,605	(59,160)	45,796
Total	(15,903)	134,690	(129,937)
Cash flow hedges:			
Amount arising during the year	26,469	6,322	216,267
Reclassification to profit or loss in the year	(18,042)	3,623	(147,414)
Income tax effects	(1,661)	(6,806)	(13,571)
Total	6,765	3,138	55,274
Exchange differences on translation of foreign operations:			
Amount arising during the year	85,135	33,868	695,604
Reclassification to profit or loss in the year	3,290	1,098	26,881
Income tax effects	–	–	–
Total	88,426	34,966	722,493
Share of other comprehensive income of investments accounted for using the equity method:			
Amount arising during the year	9,227	421	75,390
Reclassification to profit or loss in the year	634	1,075	5,180
Total	9,861	1,496	80,570
Total	¥ 95,553	¥182,425	$780,725

Exchange differences on translation of foreign operations in the above table include the portion of the gain or loss on a hedging instrument that is determined to be an effective hedge of net investments in foreign operations. The amounts are stated in Note 9. "Financial Instruments, (6) Hedge accounting, (ii) Matters regarding hedge accounting."

NOTE 28. Earnings per Share

The basis for calculation of basic earnings per share attributable to owners of the parent is summarized in the following table. Diluted earnings per share attributable to owners of the parent are not stated since there are no dilutive shares.

	Millions of Yen 2022	Millions of Yen 2021	Thousands of U.S. Dollars 2022
Profit for the year attributable to owners of the parent	¥222,235	¥134,602	$1,815,793
Basic weighted-average shares (thousand shares)	351,844	351,843	

	Yen		U.S. Dollars
Basic earnings per share attributable to owners of the parent	¥631.63	¥382.56	$5.16

NOTE 29. Cash Flow Information

(1) Cash and cash equivalents

Cash and cash equivalents consist of cash and deposits excluding time deposits with a maturity of more than three months.

(2) Changes in liabilities arising from financing activities

The following tables summarize changes in liabilities arising from financing activities.

Millions of Yen

	Short-term borrowings	Long-term borrowings	Commercial papers	Bonds	Lease liabilities	Total
April 1, 2020	¥357,804	¥857,159	¥20,000	¥288,344	¥110,357	¥1,633,665
Changes arising from cash flows	24,073	48,081	20,000	10,000	(27,962)	74,192
Changes arising from business combinations	–	–	–	–	–	–
Foreign exchange translation	9,491	4,416	–	–	2,796	16,703
Changes arising from increase in right-of-use assets	–	–	–	–	25,671	25,671
Other	2,142	(70)	–	2,050	34	4,158
Changes not arising from cash flows	11,633	4,346	–	2,050	28,502	46,533
March 31, 2021	¥393,510	¥909,587	¥40,000	¥300,395	¥110,897	¥1,754,391
Changes arising from cash flows	84,336	59,813	10,000	(20,000)	(28,391)	105,758
Changes arising from business combinations	–	5,100	–	–	0	5,101
Foreign exchange translation	41,904	10,844	–	–	4,857	57,606
Changes arising from increase in right-of-use assets	–	–	–	–	27,034	27,034
Other	(592)	9,906	–	11,857	(1,524)	19,647
Changes not arising from cash flows	41,311	25,852	–	11,857	30,367	109,388
March 31, 2022	¥519,158	¥995,253	¥50,000	¥292,253	¥112,873	¥1,969,539

Thousands of U.S. Dollars

	Short-term borrowings	Long-term borrowings	Commercial papers	Bonds	Lease liabilities	Total
April 1, 2021	$3,215,213	$7,431,873	$326,824	$2,454,408	$ 906,095	$14,334,430
Changes arising from cash flows	689,075	488,708	81,706	(163,412)	(231,971)	864,106
Changes arising from business combinations	–	41,670	–	–	0	41,678
Foreign exchange translation	342,380	88,602	–	–	39,684	470,675
Changes arising from increase in right-of-use assets	–	–	–	–	220,884	220,884
Other	(4,836)	80,937	–	96,878	(12,451)	160,527
Changes not arising from cash flows	337,535	211,226	–	96,878	248,116	893,765
March 31, 2022	$4,241,833	$8,131,816	$408,530	$2,387,882	$ 922,240	$16,092,319

(3) Amount paid upon acquisition of subsidiaries

The following tables summarize assets acquired and liabilities assumed upon acquisition of companies which became consolidated subsidiaries of the company and the relationship between consideration payable and the amount paid.

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Assets acquired:			
Current assets	¥ 477	¥ –	$ 3,897
Non-current assets	6,758	86	55,216
Liabilities assumed:			
Current liabilities	366	–	2,990
Non-current liabilities	5,308	–	43,369

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Consideration payable [of which, cash and cash equivalents]	¥ (1,012) [(1,012)]	¥ (86) [(86)]	$ (8,268) [(8,268)]
Of assets acquired, the amount of cash and cash equivalents	379	–	3,096
Difference: Amount paid upon acquisition of subsidiaries	¥ (633)	¥ (86)	$ (5,171)

(4) Amount received upon sale of subsidiaries

The following tables summarize assets sold and liabilities relieved upon sales of companies which used to be consolidated subsidiaries of the company and the relationship between consideration assumed and the amount received.

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Assets sold:			
Current assets	¥6,924	¥ 333	$56,573
Non-current assets	3,011	659	24,601
Liabilities relieved:			
Current liabilities	8,319	1,147	67,971
Non-current liabilities	543	102	4,436

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Consideration assumed [of which, cash and cash equivalents]	¥ 728 [728]	¥ 142 [142]	$ 5,948 [5,948]
Of assets sold,the amount of cash and cash equivalents	(358)	(393)	(2,925)
Difference: Amount received upon sale of subsidiaries	¥ 370	¥(250)	$ 3,023

NOTE 30. Major Subsidiaries

(1) Major subsidiaries are as follows:

Corporate name	Location	Major business description	Voting rights (%)
Toyota Steel Center Co., Ltd.	Tokai-shi, Aichi	Metals	90.0
Toyota Tsusho Material Incorporated	Nakamura-ku, Nagoya	Metals	100.0
Toyotsu Tekkou Hanbai Corporation	Nakamura-ku, Nagoya	Metals	100.0
Eurus Energy Holdings Corporation	Minato-ku, Tokyo	Machinery, Energy & Project	60.0
Toyotsu Machinery Corporation	Nakamura-ku, Nagoya	Machinery, Energy & Project	100.0
Nexty Electronics Corporation	Minato-ku, Tokyo	Chemicals & Electronics	100.0
Elematec Corporation	Minato-ku, Tokyo	Chemicals & Electronics	58.6
Tomen Devices Corporation	Chuo-ku, Tokyo	Chemicals & Electronics	50.1
Toyotsu Chemiplas Corporation	Minato-ku, Tokyo	Chemicals & Electronics	100.0
Toyota Tsusho Insurance Partners Corporation	Nakamura-ku, Nagoya	Food & Consumer Services	100.0
Guangqi Toyotsu Steel Processing Co., Ltd.	Guangzhou, China	Metals	70.0
Toyotsu Rare Earths India Private Limited	Visakhapatnam, India	Metals	100.0
Toyota Tsusho South Pacific Holdings Pty Ltd	Brisbane, Australia	Automotive	100.0
Business Car Co., Ltd.	Moscow, Russia	Automotive	94.0
Toyota Tsusho Gas E&P Trefoil Pty Ltd	Brisbane, Australia	Machinery, Energy & Project	100.0
Toyota Tsusho Wheatland Inc.	New Brunswick, Canada	Machinery, Energy & Project	100.0
PT. Toyota Tsusho Real Estate Cikarang	Bekasi, Indonesia	Food & Consumer Services	89.0
NovaAgri Infra-Estrutura de Armazenagem e Escoamento Agrícola S.A.	São Paulo, Brazil	Food & Consumer Services	100.0
CFAO SAS	Sèvres, France	Africa	100.0
Toyota Tsusho America, Inc.	New York, U.S.A.	Overseas subsidiary	100.0
Toyota Tsusho Europe S.A.	Zaventem, Belgium	Overseas subsidiary	100.0
Toyota Tsusho (Thailand) Co., Ltd.	Bangkok, Thailand	Overseas subsidiary	100.0
Toyota Tsusho Thai Holdings Co., Ltd.	Bangkok, Thailand	Overseas subsidiary	49.0
Toyota Tsusho Asia Pacific Pte. Ltd.	Singapore, Singapore	Overseas subsidiary	100.0
P.T. Toyota Tsusho Indonesia	Jakarta, Indonesia	Overseas subsidiary	100.0
Toyota Tsusho India Private Limited	Bangalore, India	Overseas subsidiary	100.0
Toyota Tsusho (Shanghai) Co., Ltd.	Shanghai, China	Overseas subsidiary	100.0
Toyota Tsusho (Guangzhou) Co., Ltd.	Guangzhou, China	Overseas subsidiary	100.0
Toyota Tsusho (Tianjin) Co., Ltd.	Tianjin, China	Overseas subsidiary	100.0
Toyota Tsusho (Taiwan) Co., Ltd.	Taipei, Taiwan	Overseas subsidiary	79.9
S.C. Toyota Tsusho do Brasil Ltda.	São Paulo, Brazil	Overseas subsidiary	100.0

Notes: 1. "Major business description" column primarily shows the segment name.
2. Toyota Tsusho Thai Holdings Co., Ltd. is treated as a subsidiary of the company, because it is substantially controlled by the company, although its voting rights held by the company is not more than 50%.
3. Toyota Tsusho CBM Queensland Pty Ltd, which was a specified subsidiary of the company for the year ended March 31, 2021, was excluded from the scope of consolidation, since its liquidation had been completed.

(2) Transactions with non-controlling interests

For the years ended March 31, 2022 and 2021, there is no significant transaction with non-controlling interests.

NOTE 31. Related Party Information

(1) Related party transactions

For the years ended March 31, 2022 and 2021

Classification	Corporate name	Type of transaction	Millions of Yen 2022	Millions of Yen 2021	Thousands of U.S. Dollars 2022
Entity with significant influence over the group	Toyota Motor Corporation Group	Sales of raw materials	¥ 984,204	¥949,142	$8,041,539
		Purchase of automobiles	1,068,505	872,884	8,730,329

Outstanding balances arising from the transactions above are as follows:

	Millions of Yen 2022	Millions of Yen 2021	Thousands of U.S. Dollars 2022
Trade and other receivables	¥167,162	¥137,357	$1,365,814
Trade and other payables	183,572	126,129	1,499,893

Notes: Terms of transactions and policy for determining terms
1. Prices and other terms of transactions are determined individually based on negotiation.
2. The amount of transaction does not include consumption tax. The balance of receivables and payables subject to consumption tax includes consumption tax.

(2) Remuneration to management executives

The amounts of remuneration to the company's management executives for the years ended March 31, 2022 and 2021 are ¥701 million ($5,727 thousand) and ¥634 million, respectively.

NOTE 32. Contingent Liabilities

(1) Guarantees

Guarantees given to associates accounted for using the equity method and third parties are as shown below. When a debtor defaults on an obligation, it may be necessary to fulfill the obligation.

	Millions of Yen 2022	Millions of Yen 2021	Thousands of U.S. Dollars 2022
Guarantees issued for associates accounted for using the equity method	¥15,876	¥12,868	$129,716
Guarantees issued for third parties	29,573	17,424	241,629
Total	¥45,449	¥30,292	$371,345

In addition, loss allowance is recorded for some of the financial guarantees above. The balance of such loss allowance is ¥29 million ($236 thousand) and ¥568 million as of March 31, 2022 and 2021, respectively.

(2) Other

The group carries out business activities on a global scale under supervision of regulatory bodies within Japan and abroad. Since such activities may involve certain risk, the group may receive claims or be subject to certain litigation.

As of March 31, 2022, there are several pending issues which may result in liabilities to the group, including unsettled lawsuits or notices of assessments from tax authorities and customs authorities based on different interpretations or applications of tax laws primarily in emerging economies. However, it is impossible to estimate their outcomes at this point in time due to the following reasons: (i) the collection of evidence is still underway, (ii) many related facts need to be identified and verified, and (iii) the legal basis or the nature of claims is not very clear.

NOTE 33. Subsequent Events

Acquisition of Eurus Energy Holdings Corporation as a wholly-owned subsidiary

Based on the resolution of the Board of Directors' meeting held on May 26, 2022, subsequent to the company's year-end, the company acquired the remaining 40% shares of Eurus Energy Holdings Corporation ("Eurus"). This resulted in Eurus becoming a wholly-owned subsidiary of the company. The details are as follows:

(1) Purpose of share acquisition

The company has positioned "renewable energy" as one of its most important business strategies for its Mid-Term Business Plan. The initiative by Eurus trailblazed and developed, in particular, wind power projects as early as late 1980s, and has continued its expansion further in the overseas and domestic markets.

The company established "Carbon Neutral Roadmap 2030" in November 2021. The renewable energy business is one of core businesses, and going forward, this line of business is to be even more accelerated and expanded.

(2) Outline of the company to be acquired

Name: Eurus Energy Holdings Corporation
Location: 4-3-13 Toranomon, Minato-ku, Tokyo
Representative: Hideyuki Inazumi, President and CEO
Business: Wind and solar power project business

(3) Outline of the seller of Eurus' shares

Name: Tokyo Electric Power Company Holdings, Incorporated
Location: 1-1-3 Uchisaiwai-cho, Chiyoda-ku, Tokyo
Representative: Tomoaki Kobayakawa, President
Business: Electric business

(4) Number of shares to be acquired, acquisition cost and the status of holding ratio before and after the acquisition

Number of holding shares before the acquisition: 14,911 shares (holding ratio: 60%)
Number of shares to be acquired: 9,941 shares (ratio to the number of outstanding shares: 40%)
Acquisition cost: ¥185 billion ($1,511 million)

(5) Acquisition date

August 1, 2022

(6) Change in the amount of capital surplus arising from the transaction with non-controlling interests

Not yet determined as it is currently under calculation.

Independent Auditor's Report

To the Board of Directors of Toyota Tsusho Corporation

Opinion

We have audited the consolidated financial statements of Toyota Tsusho Corporation and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at March 31, 2022, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

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

Impairment assessment of CFAO SAS goodwill	
Key audit matter description	How our audit addressed the key audit matter
As of March 31, 2022, the Group records goodwill related to CFAO SAS, a French trading company conducting business in Africa, with a total carrying amount of 71,072 million yen, which accounts for 1.2% of total consolidated assets (Note 12 "Intangible Assets"). It mainly consists of goodwill recognized when CFAO SAS became a subsidiary during the year ended March 31, 2013, which was allocated to the Automobile cash-generating unit (CGU) and the Healthcare CGU. The Automobile CGU distributes and sells vehicles and industrial machinery, and the Healthcare CGU manufactures and wholesale pharmaceutical products. The Group performs its goodwill impairment test annually and more frequently if there is an indication of impairment by comparing the carrying amount and recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's value in use and fair value less costs of disposal. If the carrying amount of a CGU exceeds its recoverable amount, the carrying amount of the CGU is reduced to its recoverable amount and that reduction is recognized as an impairment loss. In determining the recoverable amount of CFAO SAS goodwill is measured at value in use based on the three-to-five-year business plan and growth rates, which are projected based on the business environment of each cash-generating unit and approved by management. The assumptions on which the Group bases its determination of value in use include future cash flows in the business plan, the growth rate estimated for the period beyond the business plan, and discount rate. In the business plan, future cash flows are determined taking into account the business environment of each of the CGUs. The growth rate estimated for the period beyond the business plan is affected mainly by average growth rate projections of markets or countries to which a CGU belongs. The discount rate is determined based on the weighted average cost of capital. The Group determined value in use for the Automobile CGU and the Healthcare CGU based on the above. As the value in use exceeded the carrying amount, no impairment was recognized for either CGU. As described in Note 12 to the consolidated financial statements, the Group considers it highly unlikely that goodwill even if these assumptions would have changed within a reasonable and predictable scope. We considered impairment assessment of CFAO SAS goodwill was a key audit matter as the amount of CFAO SAS goodwill was quantitatively material to the consolidated financial statements, and the determination of future cash flows based on the next three-year business plan; the growth	Our procedures related to management's goodwill impairment assessment mainly included: • Inquiries with the management of CFAO SAS to understand the business conditions, market environment, strategies, and business risks facing CFAO SAS during the period, and to assess their impact on the assumptions. • Obtain an understanding of and assess processes to prepare and approve the business plan, as well as processes and internal controls related to determination of assumptions used in estimating future cash flows. • Assess the assumptions on which the Group bases its determination of value in use for reasonableness, such as future cash flows estimated in the three-to-five-year business plan, the growth rate estimated for the period beyond the business plan, and the discount rate, through discussion with management to obtain an understanding of the basis for and test the process to develop and select those assumptions. • Compare the business plan from the prior year with the actual results. Verify that the business plan is prepared appropriately for the Automobile CGU and the Healthcare CGU and assess the reasonableness of cash flows based on the consideration of prior year results and the business plan through discussion with management. • Involve valuation specialists to perform the following procedures: - Agree the growth rate estimated for the period beyond the business plan to average growth rate projections of markets or countries to which the CGUs belong. - Evaluate the discount rate by verifying that: the risk premium reflects the business conditions of each CGU; and weighted average cost of capitals are assessed appropriately. • Perform our own sensitivity analysis on the assumptions used in determining value in use and compare our result with that of management.

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rate estimated for the period beyond the business plan; and discount rate involved management's subjective judgments and gave rise to significant estimation uncertainties in its goodwill impairment assessment.	

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

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

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

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

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

We have nothing to report in this regard.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as applicable, matters related to going concern.

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

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

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

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

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

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

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

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

Convenience translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2022 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2 to the consolidated financial statements.

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

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

DocuSigned by:
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Tsuyoshi Saito

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August 17, 2022

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