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## President & CEO's Message

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## President & CEO's Message

# As a Uniquely Competitive General Trading Company, We Promise to Pass on a Better Earth to the Children of the Future

**An Assignment to Madagascar at the Age of 25 Proved a Definitive Experience. It Instilled a Commitment to the Workplace That Has Shaped My Efforts to Help Make the World a Better Place.**

I am Toshimitsu Imai. I became the president and CEO at Toyota Tsusho on April 1, 2025.

We expect everyone in the Toyota Tsusho Group to share the values and behavioral guidelines of our corporate DNA. That means evoking integrity and passion, staying in touch with the *gemba* (the workplace and marketplace), coming to terms with circumstances as they really are, and overcoming obstacles and blazing new trails. I am determined to set a good example of fulfilling our DNA in every way.

My career at Toyota Tsusho has spanned more than 37 years and has run the gamut of shared ups and downs with colleagues, customers, partners, and neighbors of diverse nationalities and backgrounds.

The initial leap in that sharing occurred in my fourth year at the company. That was when I received an assignment at the age of 25 to head our Madagascar office. Madagascar, in the Western Indian Ocean, is a vanguard nation of the Global South. Our team there comprised just six people, including me, but being in charge of even such a small office entailed responsibility for making important decisions. I initially spoke barely any Malagasy or French, Madagascar's official languages, but I set about tackling the work at hand with my colleagues. The work presented daunting challenges, as when political change obliged me to evacuate temporarily, and I sometimes despaired of being able to fulfill the responsibility that I had assumed.

**Toshimitsu Imai**

President & Chief Executive Officer (CEO)



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About two hours by car from my home in Madagascar was the maternity hospital Clinique Ave Maria. Among the Catholic nuns working at the hospital was Japan's Yoshiko Endo. She was the model for the principal character in a novel by the prominent Japanese author Ayako Sono, *Toki no Tomatta Akambo* (Baby stopped in time). I helped out at the hospital when I could find the time by taking medical supplies by car and doing cleaning work. Severe shortages of medical supplies and surgical equipment were a persistent problem. Even more severe were the inadequacies in nutrition and prenatal care. I was distraught to witness expectant mothers dying of malnutrition and one in four babies being stillborn. I acquired a powerful empathy through my hands-on connection with Africa and began to think seriously about how to shape a brighter future for the people there. That was when the DNA of this organization began to awaken in me.

After a few years back in Japan, I received an assignment in 2000 to a Toyota Tsusho subsidiary in South Africa. I participated there in acquiring vehicle distributors in African nations from the U.K. company Lonrho. After the acquisition, I became the general manager of our regional headquarters in South Africa. That acquainted me with the challenges of managing human resources of diverse backgrounds, nationalities, and cultures. I soon realized that we needed to instill in our newly expanded workforce a grasp of our corporate mission and vision. Management's initial post-acquisition messaging was falling flat, but things came alive, and our team came together as I went to work side by side with our people and was up front with them about issues that we faced together. Time and again, I saw people who had been stand-offish begin to trust each other and engage in genuine teamwork. We worked our way through frictions and adversity in making the most of the acquisition of Lonrho's African operations. And that experience is proving invaluable as I take on the task of steering a large and diverse brigade of 70,000 employees.



Imai (second from right), at the Madagascar office in the early 1990s

## A Uniquely Competitive General Trading Company Extremely Strong in Its Areas of Expertise Despite Some Areas of Weakness

I have participated in seven M&A projects at Toyota Tsusho. Something I have learned from that experience is that diversity beats homogeneity. We in the Toyota Tsusho Group—some 70,000 people in about 130 nations—benefit immensely from our rich diversity and from the open-minded perspective that our diversity engenders. Our competitiveness derives powerful momentum from our vast range of nationalities, from an absence of gender bias, and from the contributions we elicit from employees of all ages. Such diversity is rare among large companies worldwide, and I dare suggest that we are more diverse in our way than any other large company in Japan.

Previous president & CEO Ichiro Kashitani spoke about how we would not become a general trading company that passably covers every business domain, and I completely agree. Instead, we will continue following the path of being a uniquely competitive general trading company that is extremely strong in its areas of expertise despite having some areas of weakness, and elevate our businesses to a higher dimension. The other day, a business acquaintance pointed out that I am using the expression “uniquely competitive” a lot these days, and that the expression is ahead of its time. That person said that the word “uniquely” used to have a negative nuance in Japan, giving the impression of being foreign or nonconforming, but that it has been used more often recently in positive contexts to describe new dimensions and other cultures. And, therefore, that person felt that using the expression “a uniquely competitive general trading company” to describe our company was very innovative. This made me realize again the truth of that comment.

Toyota Tsusho made a massive commitment to Africa in the first two decades of this century. That set us apart from Japan's other big trading companies, which were focusing abroad on China and other Asian nations. We have also diverged from an industry trend in refraining from resources development centered on digging up Earth. Instead, we have devoted ourselves to deriving value from resources available above ground: recycling used material and converting sunlight and wind into electric power. Thus do we assert distinctive capabilities in our geography and in our business model.

Furthermore, an expression that our peers sometimes use about the Toyota Tsusho Group is that we are “general trading company people wearing work clothes.” I am confident that this attitude will increasingly become the group's strength going forward. Being different is our uniqueness and the source of our value.

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### Passing On Our Mission, Vision, and Values

We have reworked the Toyota Tsusho Group Way as the Toyota Tsusho DNA to better share our defining traits with employees worldwide and to support continuing progress in fulfilling those traits. That has included characterizing the three core elements of our DNA as “Humanity,” “Gembality,” and “Beyond.” Those words describe traits that reside at least latently, we assume, in everyone who chooses Toyota Tsusho over other potential employers. Meanwhile, we want to work with capable individuals who are eager to work in different nations and interact with members of the community there. We will propagate what we have articulated as the Toyota Tsusho DNA in the spirit of offering unique value in line with our “Be the Right ONE” vision.

In addition, we have adopted a new mission statement: “Passing on a better Earth to the children of the future.” I worry that the present generation, living well off Earth's bounty, will leave a burden of environmental liabilities to future generations. We mustn't monopolize the happiness that accrues from the fruits of the Earth. Rather, we need to act as expressed in our new mission statement. Including the word “Earth” in the statement conveys a twofold awareness: One, we recognize the importance of addressing existential threats from a global perspective. And two, we recognize the importance of transcending a narrow anthropomorphic perspective in enriching life on Earth. That twofold awareness shapes our management approach to sustainability as we eye a better world for the children of tomorrow.



\* Gembality: Combination of “Gemba” [Gemba = “Genchi” (on-site) + “Genbutsu” (hands-on)] + “reality”

### Enhancing Corporate Value as a Uniquely Competitive General Trading Company

Our consolidated profit attributable to owners of the parent increased 9.4% in the fiscal year ended March 31, 2025, to 362.5 billion yen. That marked the fourth consecutive year of record-high performance in regard to that item. We posted gains in profit attributable to owners of the parent in every sales division except our Circular Economy Division. Our record earnings benefited from strong growth in automobile production and sales in emerging economies and from the weakening of the yen against other principal currencies. Our strong earnings performance in the past fiscal year resulted from asserting the collective strength of our 70,000 people. It is evidence of the ability that we have built in each line of business to carry out projects and fulfill our aims.

Geopolitical risks are mounting as governments in some nations adopt protectionist policies, and we are projecting a small downturn in profit attributable to owners of the parent in the fiscal year ending March 31, 2026. That projection reflects worst-case assumptions about the movement in exchange rates, deterioration in market conditions, and the effect of various countries' policies. We expect strong growth, however, in the Global South, which has become a geographical priority in our business. And that engenders confidence in our medium- to long-term prospects worldwide.

In our Mid-Term Business Plan through the fiscal year ending March 31, 2028, we are aiming to enhance corporate value. Specifically, we are focusing on the price-to-book ratio (PBR) indicator. We want to improve PBR by continuously improving both return on earnings (ROE), which is indicative of profitability and capital efficiency, and the price-earnings ratio (PER), which is indicative of growth expectations. And as our path toward this aim, we will elevate to a higher dimension through four areas—growth investment, capital policies, human capital and organization, and sustainability management.

For more information, see “Growth Strategy” on pages 18 to 23 ➡

### Achieving Growth by Elevating to a Higher Dimension

Elevating to a higher dimension is completely different from taking an organic growth path that follows the same previous trajectory. It means raising the level of our businesses, and of management itself. The automobile industry is going through a once-in-a-century transformation as it evolves into a mobility industry. The Toyota Tsusho Group has uniquely competitive strengths across all stages of the full mobility value chain, from upstream to downstream processes, and we are taking on the challenge of leveraging this competitive edge to elevate each of our businesses to a higher dimension. For example, we aim to become a leader of the next-generation mobility society through involvement in alternative materials that contribute to achieving carbon neutrality and in the data center business. In the area of renewable energy businesses as well, we are planning a generative AI-based grid storage battery control system,

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taking a multi-pathway approach to power generation by elevating to a higher dimension our onshore wind power generation business that previously focused on facilities in industrialized countries. In terms of geographical regions as well, we will expand into Africa and other countries and regions with high demand for renewable energy.

We will invest a total of 1.2 trillion yen over the coming three years to achieve growth by elevating our businesses to a higher dimension. The Board of Directors meeting is also discussing further growth investments. We have made several M&A investments of more than 100.0 billion yen over recent years and are considering a number of massive projects to further raise the level of our current activities.

### Tripling the Size of Our Africa Business by 2035

Our Africa business is immensely promising. Africa's population is poised to double to about 2.5 billion people by 2050. A middle class is emerging, and the continent is on the cusp of surging economic growth. The Toyota Tsusho Group is a rarity among corporate entities in boasting a business network that covers all the nations of Africa. We will build on that coverage in leveraging the economic growth that population growth and other factors will occasion. We aim to achieve growth in our Africa business at about twice the pace of that economic growth. That will mean approximately tripling the size of our Africa business by 2035.

Our mobility business is our core strength worldwide, and we envision strong growth for that business in Africa. We will broaden our business foundation there by bolstering our presence in pharmaceuticals and other healthcare businesses, from upstream activity in manufacturing to downstream activity in retailing. The biggest growth that we foresee for the Toyota Tsusho Group in Africa is in our green infrastructure business. We expect renewable energy to account for about 50% of electrical power generation in Africa in 2030, compared with about 20% in 2018. That is a growth opportunity on which we will act in cooperation with corporate partners and thereby advance decarbonization while contributing to community development. In our consumer-focused business, we began producing and marketing sanitary napkins in Kenya in January 2025 in cooperation with Unicharm Corporation. That Unicharm chose to partner with us in Africa was a gratifying acknowledgement of our extensive business network and our wealth of expertise in African markets. Our businesses in the Global South, including India, are extremely promising for the same reason. In terms of our challenges, how we respond to the new competitive environments in these countries and regions is important. Elevating our businesses to a higher dimension while responding to market changes and continuing to refine our competitiveness are the very conditions for our survival.

### Building a Position of Leadership in Circular Economy Operations

The Toyota Tsusho Group has been operating a business in Japan since the 1970s in which we recycle material from end-of-life vehicles. We are now working with the Suzuki Motor Corporation subsidiary Maruti Suzuki India Limited in a venture for gathering and dismantling end-of-life vehicles in India and recycling their material. In the United States, we acquired Radius Recycling, Inc., a leading recycler of metal scrap, in July 2025. That is a step toward connecting the "arteries" and "veins" that accommodate the flow of material in the world's largest automotive market, and we will move to connect those linkages in a closed-loop system. We aim to extend our recycling to European nations, to China, and to other Asian nations in building a position of leadership in circular economy operations.

For more information, see "Special Feature: Toward Becoming the World's Leading Circular Economy Provider" on page 23 ➡

### Meeting Our Responsibilities to the Capital Market

Growth investment is first and foremost among the four areas through which we will elevate our businesses to a higher dimension. At the same time, though, we will raise the level of our capital policies, human capital and organization, and sustainability management to maximize corporate value. In terms of capital policies, we will implement appropriate capital policies and actively pursue shareholder returns while ensuring that we maintain financial health. We will start by continuing to implement progressive dividends up to the fiscal year ending March 31, 2028, while targeting a total payout ratio of at least 40% through share buybacks and other measures.

I have engaged in proactive dialogue with shareholders and other members of the investment community since taking office as president at Toyota Tsusho. I hope to earn long-term goodwill toward our company among individual shareholders, as well as among institutional shareholders, by providing accurate information about our company in good faith. I am keenly aware of the need for me to take the initiative in propagating good communication with the investment community. And I am determined to explain convincingly how our growth strategy is based on factual data and a solid grasp of market realities.

For more information, see "Financial Strategy" on pages 34 to 41 ➡

### Awakening Our DNA and Creating an Organization Like a Thriving, Living Organism

As president & CEO, I have to focus on the area of human capital and organization. It is an extremely important area, and one of the four through which we will elevate our businesses. I believe that the

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innate abilities that people are born with do not differ very much. Differences in ability emerge over time depending on whether a person's latent potential is awakened as they grow older. We will strive to develop work environments in which all 70,000 members of the Toyota Tsusho Group are able to maximize their abilities in their particular areas of expertise. We also aim to form a brigade of 70,000 employees around the world, bringing together diverse strengths regardless of organization, region, gender, nationality, or other attributes, and demonstrating uniquely competitive characteristics.

Uncertainty is bound to persist for the time being in the business environment. Revamping our approach to managing human capital and organization will be essential in coping with the challenges ahead. We will need to respond swiftly and flexibly to change. Our corporate nervous system will need to convey information instantly to our corporate brain from every corner of our organization in support of the required responsiveness. Making that happen will be a matter of instilling our mission and vision in every employee, awakening the principles of the Toyota Tsusho DNA in each of them, and nurturing a spirit of trust throughout our operations.

We are further awakening our DNA through improvements in our systems for human resources management and through continuing promotion of diversity, equity, and inclusion. Our group companies have nurtured growth by welcoming individuals who bring unique personalities and capabilities to our organization. I confess, however, that we remain well short of our ideal regarding diversifying the ranks of our directors and senior managers.

As an organization that prides itself on its achievements in diversity, equity, and inclusion, we need to demonstrate greater diversity in senior management. We are taking steps in that direction at our offices and subsidiaries in markets outside Japan. People born and raised in those markets possess valuable insight into the business environment and local customs and culture. We are identifying candidates for key posts from among such individuals and providing them with management training. Local personnel accounted for 47% of the candidates to succeed incumbent senior managers at our operations outside Japan in November 2024. We are also cultivating diversity in management by providing capable managers with cross-divisional, cross-border paths for advancement.

A hands-on focus on the workplace has shaped my development as a businessperson, and I don't much like meetings. I'm calling for reducing the number of meetings that we hold and for shortening the duration of meetings. As an exception, I established the cross-divisional Human Company Taskforce after becoming president, and monthly meetings of that group are valuable occasions for nurturing the spirit of engagement in our corporate culture. We have taken up such organizational and personnel matters at the meetings as approaches to raising the percentage of women in management and approaches to improving how people work.

For more information, see "Human Capital Strategy" on pages 42 to 46 ➡

## Reaffirming Our Roots as a Trading Company and Member of the Toyota Group

A trading company. A member of the Toyota Group.

This is how we have long defined ourselves. More specifically, we are situated where a Toyota Group circle and a trading company circle intersect on a Venn diagram. The Toyota Group has a future-oriented mindset, acting for others in aiming to produce happiness for all and pushing forward to invent a new path for the next generation. The trading company operation, on the other hand, has evolved uniquely as a global company originating in Japan. Then there is the Toyota Tsusho Group, a highly unique entity encompassing both of these strengths. We will continue to be present on the front lines, with local businesses in countries and regions around the world, and support the aspirations of the people who live there. This is how we will be able to fulfill our mission of "Passing on a better Earth to the children of the future" and maintain sustainable growth.

Going forward, we will continue to further refine our unique strengths as we pass on our uniquely competitive general trading company to future generations and pursue our "Be the Right ONE" vision of being an irreplaceable, one-and-only group.

