TOYOTA TSUSHO CORPORATION

Financial Section 2021

Fiscal year ended March 31, 2021

Contents

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

General Operating Environment

In the fiscal year ended March 31, 2021, the COVID-19 pandemic weighed heavily on global economic activity. In particular, extended restrictions on economic activities in North America, Europe, and elsewhere due to the resurgence of COVID-19 cases during the third quarter led to stagnation during the fourth quarter.

The U.S. economy was severely impacted by having the highest number of COVID-19 cases in the world, along with other factors such as the impact of a cold wave. However, economic activity started to pick up again, mainly in manufacturing industries, thanks chiefly to large-scale economic stimulus measures and the rollout of COVID-19 vaccines. Meanwhile, social division in the United States deepened further mainly as a result of the presidential election turmoil and racial equality demonstrations. Economic activities in Europe remained weak due to extended shutdowns in response to a new wave of infections brought on by the emergence of new COVID-19 variants, such as the U.K. variant. However, the European Union and the United Kingdom eased uncertainty by reaching a new agreement prior to the end of the post-Brexit transition period. The Chinese economy recovered to pre-pandemic levels before any other country. Production activity and imports/exports remained solid despite trade friction stemming from U.S. policies toward China. In emerging economies, business activity remained lackluster as the pandemic continued to spread.

Against this backdrop, Japan saw a decrease in consumer spending, corporate activities, and inbound tourism due to the two successive state of emergencies declared in response to COVID-19. Overall business conditions remained weak despite recoveries in exports to the United States and China.

Although the resolution of the COVID-19 pandemic remains uncertain, Toyota Tsusho Group ("the group") continues to aim for the achievement of its Global Vision, and is promoting business activities that contribute to the resolution of various social issues.

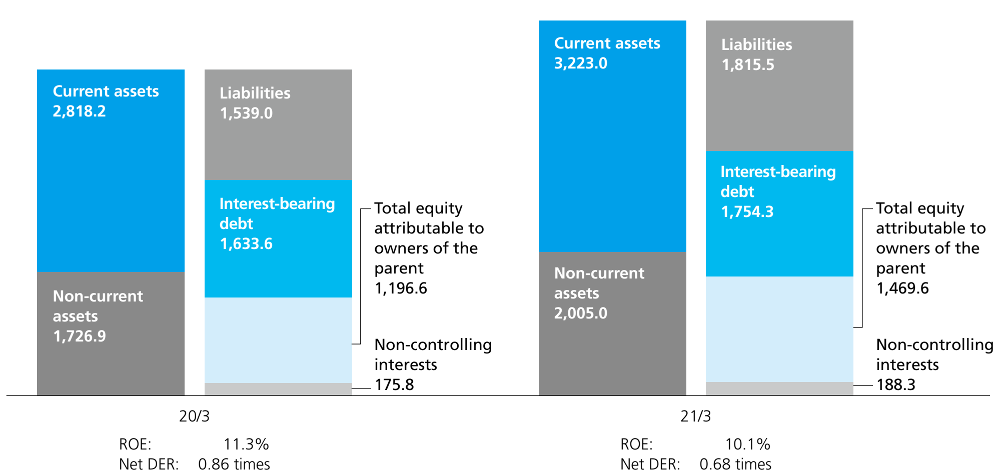
Business Performance of the Toyota Tsusho Group

The group's consolidated revenue for the fiscal year ended March 31, 2021 decreased 384.7 billion yen (5.7%) year on year, to 6,309.3 billion yen, largely as a result of decreases in sales volume of both automobile production-related products and automobiles due to the impact of COVID-19.

Consolidated operating profit increased 2.7 billion yen (1.3%) year on year, to 213.0 billion yen, due mainly to a reduction in selling, general and administrative expenses, which offset lower gross profit. Consolidated profit for the year attributable to owners of the parent decreased 0.9 billion yen (0.7%) year on year, to 134.6 billion yen, largely due to the impact of a gain on sale of shares of an affiliate in the Machinery, Energy & Project Division recognized in the previous fiscal year, despite an improvement in share of profit (loss) of investments accounted for using the equity method.

Balance Sheet Trends

(¥ billion)



Financial Position

At March 31, 2021, consolidated assets totaled 5,228.0 billion yen, a 682.8 billion yen increase from March 31, 2020. The increase is attributable in part to a 202.4 billion yen increase in other investments. Consolidated equity at March 31, 2021, totaled 1,658.0 billion yen, a 285.6 billion yen increase from March 31, 2020. The increase is attributable in part to a 175.8 billion yen increase in other components of equity and a 99.9 billion yen increase in retained earnings accruing from consolidated profit for the year attributable to owners of the parent.

"The group" consequently ended the fiscal year with a ratio of equity attributable to owners of the parent to total assets (equity ratio) of 28.1% and a net debt-equity ratio (net DER) of 0.7 times.

Future Issues to Address

COVID-19 has tremendously impacted all social activities in countries and regions throughout the world. Despite the persistence of adverse conditions during the COVID-19 pandemic, the group is conducting businesses in the following three domains in a manner consistent with our Global Vision to "Be the Right ONE."

In the Mobility domain, the group has worked to build strong relationships with customers both inside and outside the Toyota Group and reaffirmed the importance of protecting supply chains while undertaking lean management that eliminates waste. We will continue to focus on businesses that contribute to the realization of a highly convenient society in the future.

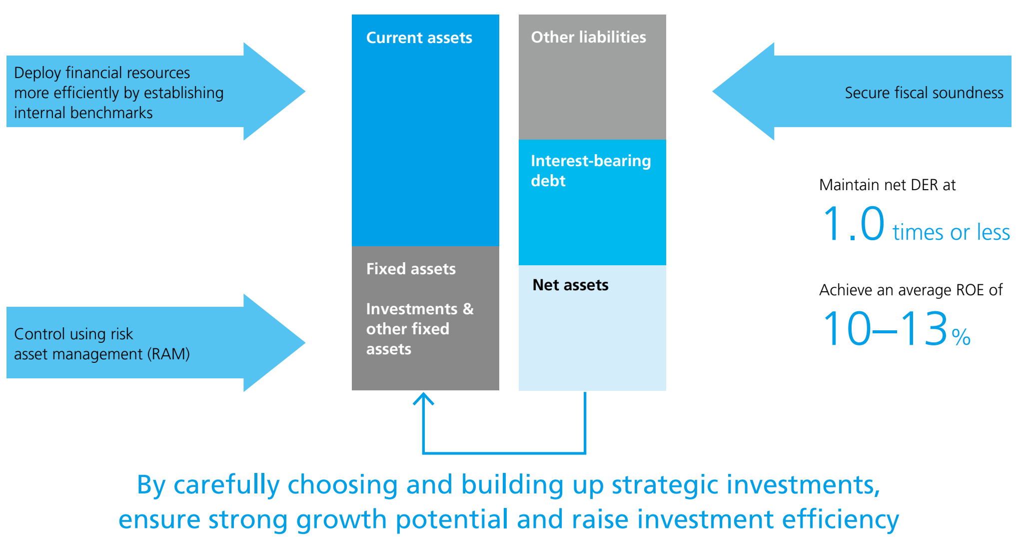
In the Life & Community domain, "the economy of life" business supports the business of the entire company. The group has reaffirmed its awareness of its social responsibility to protect the day-to-day activities and lives of people during the pandemic and is focusing its efforts on businesses that contribute to the realization of a comfortable and healthy society.

In the Resources & Environment domain, the group has positioned renewable energy, lithium development, and other businesses that contribute to the development of a sustainable society as growth fields and will continue its investment efforts with determination.

To achieve our Mid-Term Business Plan, we are carrying out growth strategies centered on four priority areas for resolving Key Sustainability Issues (Materiality) that must be addressed preferentially among the various social issues we are facing.

Under our Circular Economy Strategy, we will focus on resource recycling businesses including vehicle recovery and dismantling, parts and material recycling, and recycling of lifestyle materials, waste material, and waste plastic in addition to automobiles, contributing to the development of a circular economy and a recycling-based society.

Financial Risk Management



The Next-Generation Mobility Strategy calls for the group to respond agilely to changes in the automotive environment and contribute to the development of a safe and comfortable mobility society. To this end, we aim to respond to CASE* and create new business opportunities. Under the Renewable Energy Strategy, as a competitive and clean electric power company, we will contribute to the transition to a decarbonized society by making region-specific proposals for wind power generation, solar power generation, hydropower generation, geothermal generation, and biomass power generation with the aim of expanding business even further in the countries and business domains where we are currently active.

Under its Africa Strategy, the group will further expand the mobility business while making efforts in other areas (including the pharmaceutical and retail businesses), providing resolutions to social problems and regional development in Africa through the provision of better products and services to customers.

In addition to reinforcing globalization and digital transformation (DX), our previous areas of focus, we established a Task Force for Promoting Carbon Neutrality this fiscal year to promote and accelerate group-wide initiatives in businesses that contribute to CO_2 reductions throughout the industrial life cycle.

The group will further strengthen its management systems to optimally allocate important management resources and secure reliable investment returns. In order to maintain financial soundness, the group will continue management with a focus on return on equity (ROE), which is highly correlated with the cost of shareholders' equity, as well as on net DER, a measure of financial stability, and cash flow, an indicator for the movements of funds.

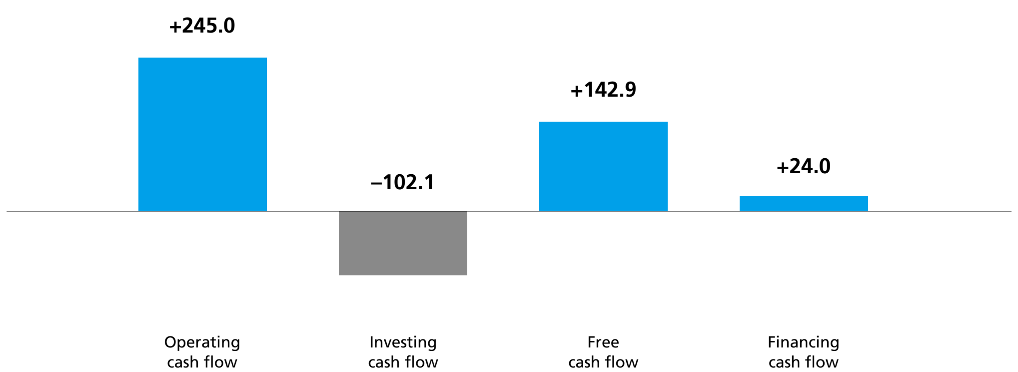
* An acronym for Connected, Autonomous, Shared & Services, and Electric.

Cash Flows in the Fiscal Year Ended March 31, 2021

Cash and cash equivalents ("cash") at March 31, 2021, totaled 677.4 billion yen, a 181.1 billion yen increase from March 31, 2020. The increase, which was 126.7 billion yen greater than the previous fiscal year's increase in cash, is attributable to positive cash flows from operating and financing activities, partially offset by negative cash flow from investing 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 245.0 billion yen, consisting mainly of profit before income taxes. This represents a decrease of 22.8 billion yen from the previous fiscal year, mainly as a result of a 7.6 billion yen decrease in cash gained by dividend, and an 8.5 billion yen increase in cash used for working capital.

Net Cash Used in Investing Activities

Net cash used in investing activities was 102.1 billion yen, mainly for the purchase of property, plant and equipment. This represents a decrease of 71.8 billion yen from the previous fiscal year, mainly as a result of a 78.4 billion increase in cash due to smaller payments into time deposits.

As a result, free cash flow was a positive 142.9 billion yen, an increase of 49.0 billion yen from the previous fiscal year.

Net Cash Used in Financing Activities

Net cash used in financing activities was 24.0 billion yen, consisting mainly of an increase in borrowings. This represents a increase of 77.6 billion yen from the previous fiscal year.

Financial Strategy

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

Aiming to "generate maximum profit with minimum funds," we strive to use funds more efficiently through the efficient use of working capital through such means as reducing trade receivables collection periods, reducing inventory levels, and by reducing any idle or inefficient fixed assets.

We aim both to enhance corporate value and improve our financial position by directing funds generated by the aforementioned measures to investments in businesses with higher growth potential and the repayment of interest-bearing debt.

We are also focused on conducting fund procurement commensurate with our asset base. In principle, the group will finance fixed assets with long-term loans and shareholders' equity, while financing working capital with 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.

In regard to the fund management system on a consolidated basis for our domestic subsidiaries, we are shifting to a unified group financing system by the parent company in Japan. In regard to the fund procurement of overseas subsidiaries, we will conduct group financing utilizing a cash management system for concentrating fund procurement at specific overseas subsidiaries in Asia, Europe, and the United States and for supplying funds to other subsidiaries.

In addition, we have developed systems for responding to unexpected events, including establishing a multi-currency revolving credit facility to safely 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 operating activities, the condition of assets, economic conditions, and the financial environment.

As of March 31, 2021, the current ratio was 150% on a consolidated basis, meaning that the company 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, 2021 are as follows:

	Long-term	Short-term
Rating and Investment Information (R&I)	A+ (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 779 consolidated subsidiaries, and 231 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 15.0% 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 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.

4. 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 paper 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.

5. 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.

6. 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.

7. 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.

8. 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 (8 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.

9. 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 companywide 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.

10. 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.

11. Impairment Risk Associated with Fixed Assets
The group has machinery and vehicles, carriers, buildings and structures, goodwill and other fixed assets, and right-of-use assets that are exposed to impairment risk. Any reduction in the value of these assets incurs impairment losses that may adversely affect the operating results and financial condition of the group.

12. 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.

13. 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 ERM (Enterprise Risk Management) Compliance Office 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.

14. 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 the like. As a result, there could be adverse impacts on the group's operating results and financial condition.

15. Risk Associated with Information Security
The group established group standard rules and guidelines on information security, 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.

16. 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.

17. 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 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.

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, 2021 and 2020

	Notes	Millions of Yen 2021	Millions of Yen 2020	Thousands of U.S. Dollars 2021
Assets				
Current assets:				
Cash and cash equivalents	9	¥ 677,478	¥ 496,372	$ 6,119,393
Trade and other receivables	6, 9, 14	1,404,988	1,252,145	12,690,705
Other financial assets	9	139,373	147,467	1,258,901
Inventories	7	840,709	783,606	7,593,794
Other current assets		159,698	135,430	1,442,489
Subtotal		3,222,248	2,815,021	29,105,302
Assets held for sale	8	752	3,271	6,792
Total current assets		3,223,000	2,818,293	29,112,094
Non-current assets:				
Investments accounted for using the equity method	4, 10	269,181	265,643	2,431,406
Other investments	9	590,794	388,342	5,336,410
Trade and other receivables	6, 9, 14	34,843	33,841	314,723
Other financial assets	9	31,805	31,787	287,282
Property, plant and equipment	11, 14	840,629	780,826	7,593,071
Intangible assets	12	162,540	161,107	1,468,160
Investment property	13	18,740	19,202	169,271
Deferred tax assets	25	19,770	19,443	178,574
Other non-current assets		36,697	26,720	331,469
Total non-current assets		2,005,003	1,726,917	18,110,405
Total assets	4	¥5,228,004	¥4,545,210	$47,222,509

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

	Notes	Millions of Yen 2021	Millions of Yen 2020	Thousands of U.S. Dollars 2021
Liabilities and Equity				
Liabilities				
Current liabilities:				
Trade and other payables	9, 14, 15	¥1,318,252	¥1,140,522	$11,907,253
Bonds and borrowings	9, 16	571,542	502,985	5,162,514
Other financial liabilities	9	70,561	42,597	637,349
Income taxes payable		24,677	22,764	222,897
Provisions	17	6,034	6,351	54,502
Other current liabilities		157,651	163,057	1,423,999
Total current liabilities		2,148,720	1,878,280	19,408,544
Non-current liabilities:				
Bonds and borrowings	9, 16	1,071,951	1,020,322	9,682,512
Trade and other payables	9, 14, 15	84,993	87,241	767,708
Other financial liabilities	9	27,741	27,907	250,573
Retirement benefits liabilities	19	43,371	41,970	391,753
Provisions	17	41,068	41,045	370,951
Deferred tax liabilities	25	116,051	47,081	1,048,243
Other non-current liabilities	18	36,090	28,869	325,986
Total non-current liabilities		1,421,268	1,294,438	12,837,756
Total liabilities		3,569,988	3,172,719	32,246,301
Equity				
Share capital	20	64,936	64,936	586,541
Capital surplus	20	147,128	149,807	1,328,949
Treasury shares	20	(3,760)	(3,735)	(33,962)
Other components of equity		136,026	(39,802)	1,228,669
Retained earnings	20	1,125,326	1,025,429	10,164,628
Total equity attributable to owners of the parent		1,469,657	1,196,635	13,274,835
Non-controlling interests		188,358	175,856	1,701,363
Total equity		1,658,015	1,372,491	14,976,199
Total liabilities and equity		¥5,228,004	¥4,545,210	$47,222,509

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, 2021 and 2020

Consolidated Statement of Profit or Loss	Notes	Millions of Yen 2021	Millions of Yen 2020	Thousands of U.S. Dollars 2021
Revenue:				
Sales of goods		¥ 6,182,737	¥ 6,578,920	$ 55,846,237
Sales of services and others		126,565	115,150	1,143,211
Total revenue	4, 21	6,309,303	6,694,071	56,989,458
Cost of sales		(5,701,677)	(6,054,186)	(51,501,011)
Gross profit	4	607,626	639,885	5,488,447
Selling, general and administrative expenses	22	(400,086)	(430,164)	(3,613,819)
Other income (expenses):				
Gain on sale and disposals of fixed assets, net		1,354	1,662	12,230
Impairment losses on fixed assets	4, 11, 12	(1,452)	(1,478)	(13,115)
Other, net	23	5,616	465	50,727
Total other income (expenses)		5,518	649	49,841
Operating profit		213,058	210,370	1,924,469
Finance income (costs):				
Interest income	24	8,341	13,180	75,340
Interest expenses	24	(24,706)	(29,880)	(223159)
Dividend income	9, 24	16,180	18,530	146,147
Other, net	24	1,027	15,089	9,276
Total finance income (costs)		842	16,920	7,605
Share of profit (loss) of investments accounted for using the equity method	4, 10	7,523	(2,489)	67,952
Profit before income taxes		221,425	224,801	2,000,045
Income tax expense	4, 25	(64,978)	(69,014)	(586,920)
Profit for the year		¥ 156,447	¥ 155,786	$ 1,413,124
Profit for the year attributable to:				
Owners of the parent	4	¥ 134,602	¥ 135,551	$ 1,215,807
Non-controlling interests		21,844	20,234	197,308
		Yen		U.S. Dollars
Earnings per share attributable to owners of the parent:				
Basic earnings per share	27	¥382.56	¥385.25	$3.45
Diluted earnings per share	27	–	–	–

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 2021	Millions of Yen 2020	Thousands of U.S. Dollars 2021
Profit for the year:		¥156,447	¥ 155,786	$1,413,124
Other comprehensive income				
Items that will not be reclassified to profit or loss:				
Remeasurements of defined benefit pension plans	19, 26	8,133	(770)	73,462
Financial assets measured at fair value through other comprehensive income (loss)	9, 26	134,690	(46,006)	1,216,601
Share of other comprehensive income (loss) of investments accounted for using the equity method	10, 26	1,480	(1,125)	13,368
Items that may be reclassified to profit or loss:				
Cash flow hedges	9, 26	3,138	(507)	28,344
Exchange differences on translation of foreign operations	26	34,966	(52,805)	315,834
Share of other comprehensive income (loss) of investments accounted for using the equity method	10, 26	15	(403)	135
Other comprehensive income (loss) for the year, net of tax	26	182,425	(101,618)	1,647,773
Total comprehensive income for the year		¥338,872	¥ 54,167	$3,060,897
Total comprehensive income for the year attributable to:				
Owners of the parent		¥311,354	¥ 41,297	$2,812,338
Non-controlling interests		27,518	12,870	248,559

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, 2021 and 2020

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	20									(35,205)	(35,205)	(12,691)	(47,897)
Acquisition (disposal) of treasury shares	20		0	(24)							(24)		(24)
Acquisition (disposal) of non-controlling interests	29		(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

Millions of Yen

		Equity attributable to owners of the parent											
					Other components of equity								
For the year ended March 31, 2020	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	¥150,933	¥(3,596)	¥ –	¥192,460	¥(10,226)	¥(131,839)	¥ 50,394	¥ 933,159	¥1,195,826	¥193,789	¥1,389,616
Profit for the year										135,551	135,551	20,234	155,786
Other comprehensive income:													
Remeasurements of defined benefit pension plans					(896)				(896)		(896)	(57)	(954)
Financial assets measured at fair value through other comprehensive income (loss)						(46,828)			(46,828)		(46,828)	(118)	(46,947)
Cash flow hedges							3,783		3,783		3,783	(1,968)	1,815
Exchange differences on translation of foreign operations								(50,312)	(50,312)		(50,312)	(5,219)	(55,531)
Comprehensive income (loss) for the year		–	–	–	(896)	(46,828)	3,783	(50,312)	(94,254)	135,551	41,297	12,870	54,167
Dividends	20									(38,728)	(38,728)	(12,028)	(50,757)
Acquisition (disposal) of treasury shares	20		0	(138)							(137)		(137)
Acquisition (disposal) of non-controlling interests	29		(1,127)								(1,127)	(18,756)	(19,884)
Reclassification to retained earnings					896	3,160			4,057	(4,057)	–		–
Other										(494)	(494)	(18)	(513)
Transactions with owners		–	(1,126)	(138)	896	3,160	–	–	4,057	(43,281)	(40,488)	(30,804)	(71,292)
Balance at the end 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

Thousands of U.S. Dollars

		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		$586,541	$1,353,147	$(33,736)	$ –	$1,343,979	$(58,197)	$(1,645,298)	$ (359,515)	$ 9,262,297	$10,808,734	$1,588,438	$12,397,172
Profit for the year										1,215,807	1,215,807	197,308	1,413,124
Other comprehensive income:													
Remeasurements of defined benefit pension plans					72,080				72,080		72,080	541	72,631
Financial assets measured at fair value through other comprehensive income (loss)						1,224,794			1,224,794		1,224,794	6,006	1,230,810
Cash flow hedges							28,543		28,543		28,543	2,050	30,593
Exchange differences on translation of foreign operations								271,095	271,095		271,095	42,624	313,729
Comprehensive income (loss) for the year		–	–	–	72,080	1,224,794	28,543	271,095	1,596,522	1,215,807	2,812,338	248,559	3,060,897
Dividends	20									(317,992)	(317,992)	(114,632)	(432,634)
Acquisition (disposal) of treasury shares	20		0	(216)							(216)		(216)
Acquisition (disposal) of non-controlling interests	29		(24,198)								(24,198)	1,192	(22,997)
Reclassification to retained earnings					(72,080)	63,743			(8,328)	8,328	–		–
Other										(3,811)	(3,811)	(22,193)	(26,013)
Transactions with owners		–	(24,189)	(216)	(72,080)	63,743	–	–	(8,328)	(313,485)	(346,237)	(135,633)	(481,871)
Balance at the end of the year		$586,541	$1,328,949	$(33,962)	$ –	$2,632,526	$(29,654)	$(1,374,193)	$1,228,669	$10,164,628	$13,274,835	$1,701,363	$14,976,199

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, 2021 and 2020

	Notes	Millions of Yen 2021	2020	Thousands of U.S. Dollars 2021
Cash flows from operating activities:				
Profit before income taxes		¥ 221,425	¥ 224,801	$ 2,000,045
Depreciation and amortization		104,349	103,558	942,543
Impairment losses on fixed assets		1,452	1,478	13,115
Finance income and finance cost		(842)	(16,920)	(7,605)
Share of (profit) loss of investments accounted for using the equity method		(7,523)	2,489	(67,952)
Gain on sale and disposals of fixed assets, net		(1,354)	(1,662)	(12,230)
(Increase) decrease in trade and other receivables		(126,033)	124,267	(1,138,406)
Increase in inventories		(29,526)	(31,792)	(266,696)
Increase (decrease) in trade and other payables		140,090	(99,377)	1,265,378
Other		(4,081)	17,818	(36,862)
Subtotal		297,954	324,661	2,691,301
Interest received		8,642	12,640	78,059
Dividends received		27,964	35,551	252,587
Interest paid		(24,452)	(30,389)	(220,865)
Income taxes paid		(65,053)	(74,655)	(587,598)
Net cash provided by operating activities		245,055	267,809	2,213,485
Cash flows from investing activities:				
Decrease (increase) in time deposits		24,253	(54,282)	219,067
Purchase of property, plant and equipment		(124,327)	(103,808)	(1,122,997)
Proceeds from sale of property, plant and equipment		16,542	9,062	149,417
Purchase of intangible assets		(13,385)	(13,906)	(120,901)
Proceeds from sale of intangible assets		641	668	5,789
Purchase of investment property		(720)	(1,578)	(6,503)
Proceeds from sale of investment property		–	858	–
Purchase of investments		(19,482)	(19,445)	(175,973)
Proceeds from sale of investments		7,080	26,086	63,950
Payments for acquisition of subsidiaries	28	(86)	(29,235)	(776)
(Payments for) proceeds from sale of subsidiaries	28	(250)	2,143	(2,258)
Payments for loans receivable		(7,678)	(7,249)	(69,352)
Collection of loans receivable		5,568	6,211	50,293
Proceeds from government grants		8,115	9,849	73,299
Other		1,553	717	14,027
Net cash used in investing activities		(102,176)	(173,910)	(922,915)
Cash flows from financing activities:				
Net increase (decrease) in short-term borrowings	28	44,073	(31,715)	398,094
Proceeds from long-term borrowings	28	160,088	113,826	1,446,012
Repayment of long-term borrowings	28	(112,006)	(93,684)	(1,011,706)
Proceeds from issuance of bonds	28	20,000	53,161	180,652
Redemption of bonds	28	(10,000)	–	(90,326)
Purchase of treasury shares		(25)	(139)	(225)
Dividends paid		(35,205)	(38,728)	(317,992)
Dividends paid to non-controlling interests		(12,691)	(12,028)	(114,632)
Proceeds from non-controlling interests		694	7,061	6,268
Payments for acquisition of subsidiaries' interest from non-controlling interests	29	(2,971)	(26,951)	(26,835)
Proceeds from sale of subsidiaries' interest to non-controlling interests		85	334	767
Other	14, 28	(27,966)	(24,814)	(252,605)
Net cash provided by (used in) financing activities		24,073	(53,679)	217,441
Net increase in cash and cash equivalents		166,952	40,219	1,508,011
Cash and cash equivalents at the beginning of the year		496,372	465,861	4,483,533
Effect of exchange rate changes on cash and cash equivalents		14,153	(9,707)	127,838
Cash and cash equivalents at the end of the year	28	¥ 677,478	¥ 496,372	$ 6,119,393

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, 2021 and 2020

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, 2021 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 August 18, 2021.

(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 ¥110.71 to U.S.$1, the approximate exchange rate at March 31, 2021. 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, (15) 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 following accounting standards effective from the year ended March 31, 2021.

IFRSs	Title	Outline of new or amended standard
IFRS 7	Financial Instruments: Disclosures	Interest rate benchmark reform
IFRS 9	Financial Instruments	Interest rate benchmark reform

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 principle 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 and IFRS 7)

In September 2019, the International Accounting Standards Boards issued the "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 involves 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 fiscal 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 fiscal year ended March 31, 2021.

(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, 2021, the group determines whether there are any impairment indicators based on the assumption that the impact of the pandemic on each business segment of the group would be insignificant, in view of recent recovery in the group's 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) 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.

(15) 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.

(16) 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.

(17) 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.

(18) Adoption of the consolidated taxation system

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

(19) 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

	Reportable segments										
For the year ended March 31, 2021	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

Thousands of U.S. Dollars

	Reportable segments										
For the year ended March 31, 2021	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	$13,725,408	$7,044,621	$4,523,258	$6,230,177	$13,214,190	$4,399,150	$7,814,108	$56,950,934	$ 38,524	$ –	$56,989,458
Inter-segment	16,249	244,584	10,631	29,003	27,079	5,473	821	333,872	17,875	(351,756)	–
Total	13,741,658	7,289,215	4,533,890	6,259,181	13,241,269	4,404,624	7,814,939	57,284,807	56,399	(351,756)	56,989,458
Gross profit	812,717	599,692	630,358	754,674	914,117	414,542	1,401,147	5,527,278	(10,143)	(28,678)	5,488,447
Profit for the year attributable to owners of the parent	$ 203,676	$ 181,456	$ 136,518	$ 207,876	$ 246,454	$ 74,708	$ 138,813	$ 1,189,540	$ 25,643	$ 614	$ 1,215,807
Segment assets	$ 9,177,608	$4,608,246	$2,598,410	$7,653,554	$ 6,791,292	$3,422,798	$5,479,694	$39,731,632	$10,043,067	$(2,552,190)	$47,222,509
Other items:											
(1) Investments accounted for using the equity method	$ 309,077	$ 337,873	$ 235,001	$ 647,845	$ 609,755	$ 266,109	$ 24,153	$ 2,429,843	$ 1,553	$ –	$ 2,431,406
(2) Share of profit (loss) of investments accounted for using the equity method	(65,468)	22,590	24,722	36,175	58,350	4,380	(12,203)	68,557	(605)	0	67,952
(3) Depreciation and amortization	111,895	75,440	94,155	193,695	42,371	53,165	245,894	816,638	125,896	–	942,543
(4) Impairment losses on fixed assets	2,800	9,041	–	2,601	–	–	–	14,452	(1,336)	–	13,115
(5) Capital expenditures	150,410	74,112	167,536	607,397	77,608	51,711	200,397	1,329,211	92,963	–	1,422,175
(6) Income tax expense	126,546	60,030	40,023	128,452	105,247	43,790	94,679	598,798	(12,374)	487	586,920

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.

Millions of Yen

	Reportable segments										
For the year ended March 31, 2020	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	¥1,657,811	¥858,699	¥615,038	¥790,424	¥1,473,147	¥439,406	¥853,911	¥6,688,439	¥ 5,631	¥ –	¥6,694,071
Inter-segment	2,127	24,721	1,165	5,902	4,037	634	51	38,640	1,786	(40,426)	–
Total	1,659,939	883,421	616,203	796,327	1,477,184	440,040	853,963	6,727,080	7,417	(40,426)	6,694,071
Gross profit	92,301	73,149	84,393	89,585	102,518	46,695	155,181	643,825	(913)	(3,026)	639,885
Profit for the year attributable to owners of the parent	¥ 18,996	¥ 22,389	¥ 19,798	¥ 35,192	¥ 22,742	¥ 5,888	¥ 14,017	¥ 139,026	¥ (3,476)	¥ 2	¥ 135,551
Segment assets	¥ 893,889	¥388,677	¥279,548	¥816,956	¥ 668,663	¥279,356	¥592,046	¥3,919,138	¥904,862	¥(278,790)	¥4,545,210
Other items:											
(1) Investments accounted for using the equity method	¥ 40,970	¥ 17,472	¥ 25,385	¥ 70,811	¥ 63,203	¥ 28,190	¥ 1,223	¥ 247,257	¥ 18,385	¥ –	¥ 265,643
(2) Share of profit (loss) of investments accounted for using the equity method	(8,978)	1,570	3,004	1,433	3,192	(1,530)	(2,140)	(3,447)	957	0	(2,489)
(3) Depreciation and amortization	12,317	8,509	10,857	20,497	4,052	5,551	28,179	89,964	13,593	–	103,558
(4) Impairment losses on fixed assets	–	–	–	1,012	47	–	–	1,060	417	–	1,478
(5) Capital expenditures	27,285	12,976	15,799	59,080	7,146	11,365	21,007	154,660	20,284	–	174,945
(6) Income tax expense	13,070	5,326	7,997	17,002	9,665	3,775	16,764	73,602	(4,540)	(47)	69,014

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.

(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 2021	Millions of Yen 2020	Thousands of U.S. Dollars 2021
Japan	¥1,944,941	¥2,133,481	$17,567,889
China	905,688	782,224	8,180,724
U.S.	618,836	645,970	5,589,702
Other	2,839,836	3,132,394	25,651,124
Total	¥6,309,303	¥6,694,071	$56,989,458

Revenue is classified based on the locations of customers.

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

	Millions of Yen 2021	Millions of Yen 2020	Thousands of U.S. Dollars 2021
Japan	¥ 465,230	¥430,873	$4,202,240
U.S.	84,908	88,769	766,940
Other	490,649	460,046	4,431,839
Total	¥1,040,788	¥979,689	$9,401,029

(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, 2021 and 2020 are ¥949,142 million ($8,573,227 thousand) and ¥848,163 million, respectively.

NOTE 5. Business Combinations

The major business combination for the year ended March 31, 2020 is described below. Other business combinations are insignificant individually and in aggregate.

Acquisition of Unitrans Motor Holdings Proprietary Limited

(1) Name of acquiree and description of its business

Name of acquiree: Unitrans Motor Holdings Proprietary Limited
(current business name: CFAO MOTORS SOUTH AFRICA PROPRIETARY LIMITED)
Description of business: Sale of automobiles

(2) Reason for business combination

The company has positioned Africa as a key area of its business. By acquiring the acquiree with a network of approximately 100 auto dealers as a subsidiary, the company aims to maximize the auto sales channel in South Africa, which is the largest African automotive market, and further enhance the auto business in Africa.

(3) Date and method of acquisition and voting right acquired

On November 25, 2019, the company acquired 74.9% of the acquiree's voting rights through CFAO HOLDINGS SOUTH AFRICA PROPRIETARY LIMITED, a wholly owned subsidiary of the company.

(4) Consideration paid for the acquisition, fair value of assets acquired and liabilities assumed, non-controlling interests and goodwill

As of March 31, 2020, the initial fair value measurement has not yet been completed for assets acquired and liabilities assumed through this business combination. The following table summarizes preliminary amounts based on the most recent information available as of March 31, 2020.

	Millions of Yen
Fair value of consideration paid (Note 1)	¥29,440
Trade and other receivables	14,956
Inventories	23,973
Other current assets	13,705
Property, plant and equipment	14,469
Other non-current assets	5,154
Total fair value of assets acquired	¥72,259
Current liabilities	¥42,353
Non-current liabilities	7,154
Total fair value of liabilities assumed	¥49,508
Net assets	¥22,750
Non-controlling interests	45
Goodwill (Note 2)	¥ 6,735

Notes: 1. All consideration was paid in cash.
2. Goodwill is the excess earnings expected from the future business development through the synergies between the company and the acquiree.

(5) Costs related to acquisition

Costs related to acquisition are insignificant.

(6) Revenue and profit of the acquiree (that belongs to the owners of the parent company)

On and after the date of acquisition, revenue and profit of the acquiree (that belongs to the owners of the parent company) are ¥54,924 million and ¥1,385 million, respectively, and those amounts are recognized in the consolidated statement of profit or loss for the year ended March 31, 2020.

(7) Revenue and profit (that belongs to the owners of the parent company) as if the business combination would have been completed at the beginning of the year ended March 31, 2020

Pro forma information (unaudited) on revenue and profit (that belongs to the owners of the parent company) is ¥6,785,824 million and ¥136,970 million, respectively.

There is no major business combination for the year ended March 31, 2021.

Amendment to the amounts preliminarily recognized as of March 31, 2020

As stated above, on November 25, 2019, the company acquired 74.9% of voting rights of Unitrans Motor Holdings Proprietary Limited (current name:CFAO MOTORS SOUTHAFRICA PROPRIETARY LIMITED), which engaged in automobile sales, through CFAO HOLDINGS SOUTH AFRICA PROPRIETARY LIMITED, a wholly-owned subsidiary of the company.

During the year ended March 31, 2021, the company completed the fair value measurement for the assets acquired and liabilities assumed from the acquisition of Unitrans Motor Holdings Proprietary Limited. There is no significant impact from these adjustments.

The amounts of assets acquired, liabilities assumed and goodwill on the date of acquisition are summarized as follows:

	Millions of Yen	Thousands of U.S. Dollars
Fair value of consideration paid (Note 1)	¥29,440	$265,919
Trade and other receivables	14,956	135,091
Inventories	23,973	216,538
Other current assets	13,705	123,791
Property, plant and equipment	17,857	161,295
Other non-current assets	5,154	46,554
Total fair value of assets acquired	¥75,647	$683,289
Current liabilities	¥42,353	$382,558
Non-current liabilities	8,103	73,191
Total fair value of liabilities assumed	¥50,457	$455,758
Net assets	¥25,190	$227,531
Non-controlling interests	45	406
Goodwill (Note 2)	¥ 4,295	$ 38,795

Notes: 1. All consideration was paid in cash.
2. Goodwill is the excess earnings expected from the future business development through the synergies between the company and the acquiree.

NOTE 6. Trade and Other Receivables

The breakdown of trade and other receivables is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Notes and accounts receivable	¥1,343,964	¥1,200,938	$12,139,499
Other	139,774	133,308	1,262,523
Loss allowance	(43,906)	(48,260)	(396,585)
Total	1,439,832	1,285,986	13,005,437
Current assets	1,404,988	1,252,145	12,690,705
Non-current assets	34,843	33,841	314,723
Total	¥1,439,832	¥1,285,986	$13,005,437

NOTE 7. Inventories

The breakdown of inventories is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Merchandise and finished goods	¥800,605	¥742,580	$7,231,550
Work in progress	9,728	10,596	87,869
Raw materials and supplies	30,375	30,429	274,365
Total	¥840,709	¥783,606	$7,593,794

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
	2021	2020	2021
Investments accounted for using the equity method	¥752	¥1,950	$6,792
Other investments	–	1,321	–
Total	¥752	¥3,271	$6,792

As of March 31, 2020, the company's assets held for sale are mainly the investments in the coal mining and production entity in Australia and heavy oil-fired power generation entity in Pakistan, both of 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 those entities and focus its business on the clean energy sector. Since the company agreed with the buyer in the year ended March 31, 2020 and it is expected to conclude the sale within one year, the company classifies the assets expected to be sold as assets held for sale.

Of which, the company has divested its investments in the Australian entity engaged in the coal mining and production business in August 2020 and the Pakistan entity engaged in heavy-petroleum fueled power generating business in December 2020.

As of March 31, 2021, the company recognized ¥(754) million ($(6,810) 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, 2021 and 2020.

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 the owners of the parent. The group's target ratio is no more than 1.0. As of March 31, 2021 and 2020, net DER is 0.68 and 0.9, 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
	2021	2020	2021
Financial assets			
Financial assets measured at amortized cost:			
Cash and cash equivalents	¥ 677,478	¥ 496,372	$ 6,119,393
Trade and other receivables	1,439,832	1,285,986	13,005,437
Other financial assets	96,066	117,858	867,726
Financial assets measured at amortized cost, total	2,213,377	1,900,217	19,992,566
Financial assets measured at fair value through profit or loss:			
Other investments	6,742	4,903	60,897
Other financial assets	75,113	61,396	678,466
Financial assets measured at fair value through profit or loss, total	81,855	66,299	739,364
FVTOCI financial assets:			
Other investments	584,052	383,439	5,275,512
FVTOCI financial assets, total	584,052	383,439	5,275,512
Total	¥2,879,284	¥2,349,957	$26,007,442
Financial liabilities			
Financial liabilities measured at amortized cost:			
Trade and other payables	¥1,292,348	¥1,117,407	$11,673,272
Bonds and borrowings	1,643,494	1,523,308	14,845,036
Financial liabilities measured at amortized cost, total	2,935,842	2,640,715	26,518,309
Financial liabilities measured at fair value through profit or loss:			
Other financial liabilities	98,302	70,505	887,923
Financial liabilities measured at fair value through profit or loss, total	98,302	70,505	887,923
Total	¥3,034,144	¥2,711,221	$27,406,232

(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	
	2021		2020		2021	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:						
Cash and cash equivalents	¥ 677,478	¥ 677,478	¥ 496,372	¥ 496,372	$ 6,119,393	$ 6,119,393
Trade and other receivables	1,439,832	1,440,031	1,285,986	1,286,138	13,005,437	13,007,235
Other financial assets	96,066	96,066	117,858	117,858	867,726	867,726
Total	¥2,213,377	¥2,213,576	¥1,900,217	¥1,900,369	$19,992,566	$19,994,363
Financial liabilities:						
Trade and other payables	¥1,292,348	¥1,292,348	¥1,117,407	¥1,117,407	$11,673,272	$11,673,272
Bonds and borrowings	1,643,494	1,665,533	1,523,308	1,542,566	14,845,036	15,044,106
Total	¥2,935,842	¥2,957,881	¥2,640,715	¥2,659,974	$26,518,309	$26,717,378

Method to measure the fair value is shown below. 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.

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

	Thousands of U.S. Dollars			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Other financial assets	$ 101,083	$577,373	$ –	$ 678,466
Other investments	3,293,062	–	2,043,338	5,336,410
Total	$3,394,155	$577,373	$2,043,338	$6,014,876
Financial liabilities:				
Other financial liabilities	$ 143,618	$744,295	$ –	$ 887,923

	Millions of Yen			
As of March 31, 2020	Level 1	Level 2	Level 3	Total
Financial assets:				
Other financial assets	¥ 12,741	¥48,655	¥ –	¥ 61,396
Other investments	231,441	–	156,901	388,342
Total	¥244,182	¥48,655	¥156,901	¥449,739
Financial liabilities:				
Other financial liabilities	¥ 18,264	¥52,240	¥ –	¥ 70,505

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 broker pricing 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. 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
	2021	2020	2021
	Other investments	Other investments	Other investments
Balance at the beginning of the year	¥156,901	¥185,268	$1,417,225
Other comprehensive income (loss)	65,912	(32,791)	595,357
Purchases	7,876	8,958	71,140
Sales	(3,391)	(976)	(30,629)
Foreign exchange translation	1,069	(567)	9,655
Other	(2,148)	(2,990)	(19,402)
Balance at the end of the year	¥226,218	¥156,901	$2,043,338

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

	2021	2020
PBR	0.4 to 5.0 times	0.3 to 3.3 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, 2021

Name of issuer	Millions of Yen	Thousands of U.S. Dollars
Toyota Industries Corporation	¥150,799	$1,362,108
Toyota Motor Corporation	86,747	783,551
TIANJIN DENSO ELECTRONICS CO., LTD.	25,731	232,418
P.T. ASTRA DAIHATSU MOTOR	18,126	163,725
Towa Real Estate Co., Ltd.	16,684	150,700
Koito Manufacturing Co., Ltd.	9,699	87,607
TOYOTA BOSHOKU CORPORATION	8,357	75,485
Indus Motor Company Ltd.	8,291	74,889
Lion Corporation	7,569	68,367
JTEKT Corporation	6,776	61,204

As of March 31, 2020

Name of issuer	Millions of Yen
Toyota Industries Corporation	¥79,223
Toyota Motor Corporation	65,559
TIANJIN DENSO ELECTRONICS CO., LTD.	10,225
Towa Real Estate Co., Ltd.	9,804
P.T. ASTRA DAIHATSU MOTOR	9,559
RATCHABURI POWER CO., LTD.	8,567
Lion Corporation	8,109
JTEKT STEERING SYSTEMS (XIAMEN) CO., LTD.	6,071
TOYOTA BOSHOKU CORPORATION	5,877
HOUSE FOODS GROUP INC.	5,343

(ii) Dividend income

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Investments derecognized during the year	¥ 29	¥ 20	$ 261
Investments held at the year-end	16,150	18,509	145,876
Total	¥16,180	¥18,530	$146,147

(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
	2021	2020	2021
Fair value at the date of sale	¥4,968	¥2,830	$44,873
Cumulative gain or loss upon sale	1,126	632	10,170

(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, net of tax, are a loss of ¥7,057 million ($63,743 thousand) and ¥3,160 million for the years ended March 31, 2021 and 2020, respectively.

(5) Derivatives

The following is the breakdown of derivative transactions.

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Commodity-related derivatives	¥ (6,644)	¥ 557	$ (60,012)
Currency-related derivatives	(1,800)	3,143	(16,258)
Interest-related derivatives	(14,743)	(12,809)	(133,167)
Total	¥(23,189)	¥ (9,108)	$(209,457)
Other financial assets (current)	¥ 56,221	¥ 43,974	$ 507,822
Other financial assets (non-current)	18,891	17,422	170,634
Other financial liabilities (current)	(70,561)	(42,597)	(637,349)
Other financial liabilities (non-current)	(27,741)	(27,907)	(250,573)
Total	¥(23,189)	¥ (9,108)	$(209,457)

(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, 2021 Type of hedge accounting	Millions of Yen Notional amount	Carrying amount: Other financial assets	Carrying amount: Other financial liabilities	Carrying amount: Bonds and borrowings	Changes in value of hedging instruments used as a basis of recognizing hedge ineffectiveness
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	Thousands of U.S. Dollars Notional amount	Carrying amount: Other financial assets	Carrying amount: Other financial liabilities	Carrying amount: Bonds and borrowings	Changes in value of hedging instruments used as a basis of recognizing hedge ineffectiveness
Fair value hedges:					
Commodity price fluctuation risk	$ 415,897	$ 5,293	$ 35,398	$ –	$ (44,214)
Cash flow hedges:					
Commodity price fluctuation risk	220,702	1,011	15,897	–	(14,262)
Foreign exchange fluctuation risk	3,097,976	123,800	55,071	–	97,687
Interest rate fluctuation risk	3,671,240	111,037	240,357	–	(130,096)
Hedge of net investments:					
Foreign exchange fluctuation risk	12,555	–	–	12,555	361

Type of hedge accounting	Millions of Yen Changes in amount in other comprehensive income	Reclassification adjustment: Account name	Reclassification adjustment: Amount	Cash flow hedges reserve and foreign exchange reserve as a result of applying hedge accounting
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

Type of hedge accounting	Thousands of U.S. Dollars Changes in amount in other comprehensive income	Reclassification adjustment: Account name	Reclassification adjustment: Amount	Cash flow hedges reserve and foreign exchange reserve as a result of applying hedge accounting
Fair value hedges:				
Commodity price fluctuation risk	$ –	–	$ –	$ –
Cash flow hedges:				
Commodity price fluctuation risk	(20,458)	Cost of sales	13,937	(14,244)
Foreign exchange fluctuation risk	100,018	Other income (expenses), other	(849)	112,483
Interest rate fluctuation risk	27,305	Interest expenses, other	(34,043)	(213,738)
Hedge of net investments:				
Foreign exchange fluctuation risk	54	Other income (expenses), other	–	207

As of March 31, 2020 Type of hedge accounting	Millions of Yen Notional amount	Carrying amount: Other financial assets	Carrying amount: Other financial liabilities	Carrying amount: Bonds and borrowings	Changes in value of hedging instruments used as a basis of recognizing hedge ineffectiveness
Fair value hedges:					
Commodity price fluctuation risk	¥ 35,269	¥ 146	¥ 2,033	¥ –	¥ (1,819)
Cash flow hedges:					
Commodity price fluctuation risk	14,955	380	1,148	–	(766)
Foreign exchange fluctuation risk	446,528	6,789	2,731	–	4,799
Interest rate fluctuation risk	450,603	14,469	27,026	–	(18,225)
Hedge of net investments:					
Foreign exchange fluctuation risk	1,367	–	–	1,367	17

Type of hedge accounting	Millions of Yen Changes in amount in other comprehensive income	Reclassification adjustment: Account name	Reclassification adjustment: Amount	Cash flow hedges reserve and foreign exchange reserve as a result of applying hedge accounting
Fair value hedges:				
Commodity price fluctuation risk	¥ –	–	¥ –	¥ –
Cash flow hedges:				
Commodity price fluctuation risk	(5,557)	Cost of sales	4,826	(855)
Foreign exchange fluctuation risk	(4,400)	Other income (expenses), other	2,899	1,474
Interest rate fluctuation risk	(6,484)	Interest expenses, other	3,435	(22,917)
Hedge of net investments:				
Foreign exchange fluctuation risk	17	Other income (expenses), other	(982)	17

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, 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
March 31, 2020				
Fair value hedges:				
Commodity price fluctuation risk	¥ 35,269	¥ –	¥ –	¥ 35,269
Cash flow hedges:				
Commodity price fluctuation risk	14,955	–	–	14,955
Foreign exchange fluctuation risk	372,419	32,692	41,416	446,528
Interest rate fluctuation risk	69,581	178,906	202,114	450,603
Hedge of net investments:				
Foreign exchange fluctuation risk	–	1,268	98	1,367

	Thousands of U.S. Dollars			
	Within one year	Between one and five years	Over five years	Total
March 31, 2021				
Fair value hedges:				
Commodity price fluctuation risk	$ 415,897	$ –	$ –	$ 415,897
Cash flow hedges:				
Commodity price fluctuation risk	220,702	–	–	220,702
Foreign exchange fluctuation risk	2,512,790	241,324	343,853	3,097,976
Interest rate fluctuation risk	318,905	1,616,114	1,736,211	3,671,240
Hedge of net investments:				
Foreign exchange fluctuation risk	–	12,555	–	12,555

(b) Hedged item

As of March 31, 2021 Type of hedge accounting	Millions of Yen Changes in fair value of hedged item used as a basis of recognizing hedge ineffectiveness	Carrying amount Inventories	Carrying amount Other current assets	Carrying amount 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)	–	–	–	–

Type of hedge accounting	Thousands of U.S. Dollars Changes in fair value of hedged item used as a basis of recognizing hedge ineffectiveness	Carrying amount Inventories	Carrying amount Other current assets	Carrying amount Other current liabilities	Accumulated adjustment for fair value hedges included in carrying amount
Fair value hedges:					
Commodity price fluctuation risk	$ 44,214	$56,634	$50,185	$4,570	$44,214
Cash flow hedges:					
Commodity price fluctuation risk	14,596	–	–	–	–
Foreign exchange fluctuation risk	(97,687)	–	–	–	–
Interest rate fluctuation risk	130,096	–	–	–	–
Hedge of net investments:					
Foreign exchange fluctuation risk	(207)	–	–	–	–

As of March 31, 2020 Type of hedge accounting	Millions of Yen Changes in fair value of hedged item used as a basis of recognizing hedge ineffectiveness	Carrying amount Inventories	Carrying amount Other current assets	Carrying amount Other current liabilities	Accumulated adjustment for fair value hedges included in carrying amount
Fair value hedges:					
Commodity price fluctuation risk	¥ 1,819	¥4,798	¥1,830	¥–	¥1,819
Cash flow hedges:					
Commodity price fluctuation risk	766	–	–	–	–
Foreign exchange fluctuation risk	(4,799)	–	–	–	–
Interest rate fluctuation risk	18,225	–	–	–	–
Hedge of net investments:					
Foreign exchange fluctuation risk	(17)	–	–	–	–

(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 2021	Millions of Yen 2020	Thousands of U.S. Dollars 2021
Gross amount of financial assets recognized	¥80,975	¥62,433	$731,415
Amount offset on the consolidated statement of financial position	(5,862)	(1,037)	(52,949)
Net amount of financial assets presented in the consolidated statement of financial position	¥75,113	¥61,396	$678,466

	Millions of Yen 2021	Millions of Yen 2020	Thousands of U.S. Dollars 2021
Gross amount of financial liabilities recognized	¥104,165	¥71,542	$940,881
Amount offset on the consolidated statement of financial position	(5,862)	(1,037)	(52,949)
Net amount of financial liabilities presented in the consolidated statement of financial position	¥ 98,302	¥70,505	$887,923

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, 2021 and 2020, those amounts are ¥10,443 million ($94,327 thousand) and ¥9,083 million, respectively.

(9) Risks arising from financial instruments

Financial risk management

In operating activities, the group is exposed to financial risks including foreign exchange fluctuation risk, interest rate fluctuation risk, price 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 in an appropriate and timely manner. With respect to foreign exchange position, the group has to take risks on certain transactions and contracts. For such positions, the department which is responsible for foreign exchange fluctuation risk-management monitors and manages the risk in an appropriate and timely manner in accordance with the internal policies.

The foreign exchange position, net, as of March 31, 2021 and 2020 is as follows:

	Millions of Yen 2021	Millions of Yen 2020	Thousands of U.S. Dollars 2021
USD	¥ (136)	¥(5,067)	$ (1,228)
Other	6,692	7,247	60,446
Total	¥6,556	¥ 2,179	$59,217

A positive figure indicates a receiving position and a negative figure indicates a paying position.

1) 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 ¥1 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, 2021 and 2020, such amounts affecting profit (loss) for the year attributable to owners of the parent are ¥(189) million ($(1,707) thousand) and ¥(204) million for USD, and ¥(196) million ($(1,770) thousand) and ¥(186) million for euro, respectively. Similarly, for the years ended March 31, 2021 and 2020, the amounts affecting exchange differences on translation of foreign operations are ¥(1,909) million ($(17,243) thousand) and ¥(1,704) million for USD, and ¥(1,296) million ($(11,706) thousand) and ¥(1,123) million for euro, respectively.

2) Foreign exchange forward contracts

The outstanding foreign exchange forward contracts as of March 31, 2021 and 2020 are as follows:

	Millions of Yen				Thousands of U.S. Dollars	
	2021		2020		2021	
	Contract amount	Fair value	Contract amount	Fair value	Contract amount	Fair value
Buy USD / Sell JPY	¥152,172	¥ 9,356	¥182,993	¥ 5,802	$1,374,509	$ 84,509
Buy JPY / Sell USD	195,182	(9,224)	239,522	(1,652)	1,763,002	(83,316)

(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.

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. The timing and definitive details of the changes are still uncertain at this point in time. As of March 31, 2021 and 2020, the group has outstanding interest rate swap transactions referencing USD LIBOR.

With respect to the transition to alternative interest rate benchmark for existing contracts, the group 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 as of March 31, 2021 and 2020.

	Millions of Yen				Thousands of U.S. Dollars	
	2021		2020		2021	
	Nominal amount	Risk exposure	Nominal amount	Risk exposure	Nominal amount	Risk exposure
Floating-rate borrowings – USD LIBOR	¥173,505	¥173,505	¥197,605	¥197,605	$1,567,202	$1,567,202

Sensitivity analysis of interest rates

For financial instruments that are subject to interest rate fluctuation risk, the amounts affecting profit (loss) before income taxes when interest rates increase by 1% are ¥3,934 million ($35,534 thousand) and ¥3,055 million for the years ended March 31, 2021 and 2020, respectively. Under this analysis, the amount affecting profit (loss) before income taxes is calculated by multiplying the net balance of floating-rate financial instruments as of the fiscal year-end by 1%, without considering future changes in: the net balance, exchange fluctuations, dispersing effects for floating-rate borrowings derived from the difference in timing of refinancing and resetting of the interest rate. All other variables are held constant. The group deems the following financial instruments affected by interest fluctuation and calculates the sensitivity on: floating-rate financial instruments, fixed-rate financial instruments but substantially deemed as floating-rate financial instruments by using interest rate swaps, and cash and cash equivalents.

(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 1% are ¥(3,645) million (($32,923) thousand) and ¥(2,314) million for the years ended March 31, 2021 and 2020, 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.

(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 the 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 areas. The group continuously monitors the credit status of customers and takes actions to secure the receivables as necessary, including acquisition of collateral.

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, 2019	¥27,774	¥18,447	¥46,221	¥2,701	¥ 88	¥–	¥2,789	¥49,011
Changes in financial instruments originated or purchased	2,449	–	2,449	196	25	–	221	2,671
Direct write off	–	(108)	(108)	–	–	–	–	(108)
Changes due to derecognition	(2,506)	(210)	(2,716)	(178)	–	–	(178)	(2,894)
Changes in rate of loss	–	410	410	–	–	–	–	410
Foreign exchange translation	(1,515)	(495)	(2,011)	(122)	–	–	(122)	(2,133)
Other	(649)	1,634	984	319	–	–	319	1,304
March 31, 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

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, 2020	$230,792	$177,734	$408,535	$26,339	$1,029	$–	$27,377	$435,913
Changes in financial instruments originated or purchased	12,555	–	12,555	3,242	289	–	3,540	16,096
Direct write off	(162)	(29,355)	(29,527)	–	–	–	–	(29,527)
Changes due to derecognition	(50,998)	(1,535)	(52,533)	(1,318)	–	–	(1,318)	(53,861)
Changes in rate of loss	–	3,206	3,206	–	–	–	–	3,206
Foreign exchange translation	16,755	4,832	21,596	1,951	–	–	1,951	23,548
Other	3,594	(1,996)	1,589	(379)	–	–	(379)	1,210
March 31, 2021	$212,546	$152,858	$365,414	$29,843	$1,318	$–	$31,171	$396,585

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			Total
	Expected credit losses for 12 months	Lifetime expected credit losses	Credit-impaired financial assets	
April 1, 2019	¥ 12	¥ 120	¥ –	¥ 132
Changes in financial instruments originated or purchased	9	33	–	42
Direct write off	–	–	–	–
Changes due to derecognition	(5)	(37)	(1)	(43)
Changes in classification	3	(4)	1	–
Changes in rate of loss	–	–	–	–
Changes due to business combination	–	–	–	–
March 31, 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	¥ –	¥ –	¥ –	¥ –

Thousands of U.S. Dollars

	Financial guarantee contracts			Total
	Expected credit losses for 12 months	Lifetime expected credit losses	Credit-impaired financial assets	
March 31, 2020	$ 171	$ 1,011	$–	$ 1,183
Changes in financial instruments originated or purchased	–	–	–	–
Direct write off	–	–	–	–
Changes due to derecognition	(171)	(1,011)	–	(1,183)
Changes in classification	–	–	–	–
Changes in rate of loss	–	–	–	–
Changes due to business combination	–	–	–	–
March 31, 2021	$ –	$ –	$–	$ –

3) Carrying amounts of financial assets

Carrying amounts of financial assets are as follows:

Millions of Yen

As of March 31, 2021	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

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	$ –	$12,315,409	$1,229,175
Loans receivables	285,565	2,637	126
Financial guarantee contracts	94,896	165,477	6,928

Millions of Yen

As of March 31, 2020	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	¥ –	¥1,223,437	¥138,377
Loans receivables	29,065	224	12
Financial guarantee contracts	22,440	8,559	1,012

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 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, 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
March 31, 2020				
Bonds and borrowings	¥ 502,985	¥521,057	¥500,421	¥1,524,465
Trade and other payables (excluding lease liabilities)	1,117,407	–	–	1,117,407
Lease liabilities	23,115	63,672	23,569	110,357
Financial guarantee contracts	21,362	9,784	865	32,012

	Thousands of U.S. Dollars			
	Within one year	Between one and five years	Over five years	Total
March 31, 2021				
Bonds and borrowings	$ 5,162,514	$5,170,210	$4,504,227	$14,836,961
Trade and other payables (excluding lease liabilities)	11,673,272	–	–	11,673,272
Lease liabilities	233,980	529,283	238,424	1,001,689
Financial guarantee contracts	77,734	192,340	3,531	273,615

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, 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
March 31, 2020				
Commodity-related derivatives				
(Cash inflows)	¥(32,450)	¥ (861)	¥ –	¥ (33,312)
Cash outflows	31,884	870	–	32,754
Currency-related derivatives				
(Cash inflows)	(5,560)	(4,748)	(1,590)	(11,899)
Cash outflows	7,846	910	–	8,756
Interest-related derivatives				
(Cash inflows)	(25,951)	(95,438)	(81,736)	(203,127)
Cash outflows	24,139	94,401	97,395	215,936

	Thousands of U.S. Dollars			
	Within one year	Between one and five years	Over five years	Total
March 31, 2021				
Commodity-related derivatives				
(Cash inflows)	$(416,746)	$ (17,758)	$ –	$ (434,513)
Cash outflows	474,248	20,278	–	494,535
Currency-related derivatives				
(Cash inflows)	(37,638)	(63,652)	(31,839)	(133,131)
Cash outflows	127,937	21,452	–	149,390
Interest-related derivatives				
(Cash inflows)	(275,982)	(882,702)	(516,945)	(1,675,639)
Cash outflows	266,272	920,070	622,464	1,808,815

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	
	2021		2020		2021	
	Associates	Joint ventures	Associates	Joint ventures	Associates	Joint ventures
Investments accounted for using the equity method	¥227,067	¥42,114	¥227,794	¥37,849	$2,051,007	$380,399

	Millions of Yen				Thousands of U.S. Dollars	
	2021		2020		2021	
	Associates	Joint ventures	Associates	Joint ventures	Associates	Joint ventures
Profit for the year	¥3,453	¥4,070	¥ (7,990)	¥5,500	$31,189	$36,762
Other comprehensive income	1,818	(322)	(3,451)	1,922	16,421	(2,908)
Comprehensive income for the year	¥5,272	¥3,748	¥(11,441)	¥7,423	$47,619	$33,854

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, 2019	¥364,136	¥588,035	¥85,209	¥ 45,472	¥ 77,461	¥1,160,315
Adjustments for application of IFRS 16	–	–	–	–	92,878	92,878
April 1, 2019	¥364,136	¥588,035	¥85,209	¥ 45,472	¥170,339	¥1,253,193
Acquisitions	10,423	34,107	4,851	53,373	39,563	142,319
Acquisition due to business combinations	3,738	1,447	2,222	11,507	8,143	27,059
Disposals	(4,041)	(25,906)	(681)	(2,230)	(15,428)	(48,289)
Foreign exchange translation	(14,121)	(11,838)	(4,005)	1,031	(6,696)	(35,630)
Other	7,308	34,355	(714)	(25,884)	12,723	27,787
March 31, 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

	Thousands of U.S. Dollars					
	Buildings and structures	Machinery and vehicles	Land	Construction in progress	Other	Total
March 31, 2020	$3,318,986	$5,602,023	$784,752	$ 752,136	$1,884,599	$12,342,516
Acquisitions	60,997	177,391	13,025	814,298	249,751	1,315,472
Acquisition due to business combinations	–	–	–	–	–	–
Disposals	(54,773)	(170,264)	(12,699)	(40,294)	(112,817)	(390,868)
Foreign exchange translation	96,423	75,575	30,638	(22,653)	32,020	212,013
Other	37,557	62,270	24,731	(162,035)	66,976	29,509
March 31, 2021	$3,459,190	$5,747,005	$840,457	$1,341,441	$2,120,531	$13,508,644

Increase in "Other" is mainly attributable to the reassessment of asset retirement obligations for wind power related facilities for the year ended March 31, 2020.

	Millions of Yen					
[Accumulated depreciation and accumulated impairment losses]	Buildings and structures	Machinery and vehicles	Land	Construction in progress	Other	Total
April 1, 2019	¥180,667	¥311,926	¥1,969	¥–	¥ 53,164	¥547,727
Depreciation	15,157	40,329	–	–	29,750	85,237
Impairment losses	432	1,027	13	–	5	1,478
Disposals	(2,731)	(22,027)	–	–	(8,768)	(33,527)
Foreign exchange translation	(7,775)	(7,569)	(5)	–	(2,830)	(18,180)
Other	(1,410)	1,397	(107)	–	2,998	2,877
March 31, 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

	Thousands of U.S. Dollars					
	Buildings and structures	Machinery and vehicles	Land	Construction in progress	Other	Total
March 31, 2020	$1,665,061	$2,936,347	$16,890	$–	$671,303	$5,289,612
Depreciation	129,030	322,500	–	–	317,098	768,638
Impairment losses	8,779	3,811	343	–	162	13,115
Disposals	(37,078)	(132,833)	(3,179)	–	(83,605)	(256,715)
Foreign exchange translation	43,130	61,439	0	–	(2,502)	102,068
Other	(3,558)	(2,538)	198	–	4,733	(1,156)
March 31, 2021	$1,805,365	$3,188,736	$14,253	$–	$907,189	$5,915,563

[Carrying amount]	Buildings and structures	Machinery and vehicles	Land	Construction in progress	Other	Total
	Millions of Yen					
March 31, 2020	¥183,105	¥295,116	¥85,010	¥ 83,269	¥134,323	¥780,826
March 31, 2021	183,094	283,225	91,468	148,511	134,329	840,629

	Buildings and structures	Machinery and vehicles	Land	Construction in progress	Other	Total
	Thousands of U.S. Dollars					
March 31, 2021	$1,653,816	$2,558,260	$826,194	$1,341,441	$1,213,341	$7,593,071

"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 ¥1,452 million ($13,115 thousand) and ¥1,478 million for the years ended March 31, 2021 and 2020, respectively.

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.

For the year ended March 31, 2020, 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, since their disposal has been decided.

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:

[Acquisition cost]	Goodwill	Marketing rights, customer-related, etc.	Mining rights	Software	Other intangible assets	Total
	Millions of Yen					
April 1, 2019	¥196,082	¥94,665	¥9,951	¥53,234	¥ 37,297	¥391,231
Acquisitions	–	–	–	4,629	9,367	13,996
Acquisition due to business combinations	8,288	–	–	1	8,531	16,822
Disposals	–	–	–	(5,151)	(584)	(5,736)
Foreign exchange translation	(7,666)	(3,807)	(193)	(1,127)	(631)	(13,426)
Other	5	–	–	17,094	(19,990)	(2,890)
March 31, 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

	Goodwill	Marketing rights, customer-related, etc.	Mining rights	Software	Other intangible assets	Total
	Thousands of U.S. Dollars					
March 31, 2020	$1,776,804	$820,684	$88,140	$620,368	$307,000	$3,613,006
Acquisitions	–	–	–	28,253	92,186	120,449
Acquisition due to business combinations	–	–	–	–	–	–
Disposals	–	–	–	(35,290)	(6,801)	(42,091)
Foreign exchange translation	124,071	70,364	1,517	9,303	3,874	209,140
Other	(17,740)	–	–	57,727	(49,462)	(9,475)
March 31, 2021	$1,883,136	$891,048	$89,657	$680,372	$346,806	$3,891,030

For the year ended March 31, 2021 and 2020, the increase of "Other" in "Software" column is mainly attributable to the reclassification from software in progress included in "Other intangible assets."

[Accumulated amortization and accumulated impairment losses]	Goodwill	Marketing rights, customer-related, etc.	Mining rights	Software	Other intangible assets	Total
	Millions of Yen					
April 1, 2019	¥126,843	¥54,915	¥9,448	¥36,340	¥6,405	¥233,953
Amortization	–	8,522	34	8,562	747	17,866
Impairment losses	–	–	–	–	–	–
Disposals	–	–	–	(4,796)	(370)	(5,166)
Foreign exchange translation	(4,022)	(2,298)	(183)	(922)	(219)	(7,645)
Other	332	–	–	163	(614)	(118)
March 31, 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

	Thousands of U.S. Dollars					
	Goodwill	Marketing rights, customer-related, etc.	Mining rights	Software	Other intangible assets	Total
March 31, 2020	$1,112,401	$552,253	$83,985	$355,406	$53,725	$2,157,790
Amortization	–	78,809	307	84,030	6,738	169,894
Impairment losses	–	–	–	–	–	–
Disposals	–	–	–	(32,689)	(2,655)	(35,353)
Foreign exchange translation	73,796	51,232	1,463	7,605	(2,637)	131,469
Other	1,815	–	9	(424)	(2,339)	(930)
March 31, 2021	$1,188,022	$682,305	$85,773	$413,928	$52,831	$2,422,870

	Millions of Yen					
[Carrying amount]	Goodwill	Marketing rights, customer-related, etc.	Mining rights	Software	Other intangible assets	Total
March 31, 2020	¥73,556	¥29,717	¥459	¥29,333	¥28,040	¥161,107
March 31, 2021	76,956	23,109	430	29,497	32,546	162,540

	Thousands of U.S. Dollars					
	Goodwill	Marketing rights, customer-related, etc.	Mining rights	Software	Other intangible assets	Total
March 31, 2021	$695,113	$208,734	$3,884	$266,434	$293,975	$1,468,160

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, 2021 and 2020 are as below.

Customer-related assets of the automotive marketing business in Africa, included in "Marketing rights, customer-related, etc.," are ¥12,377 million ($111,796 thousand) and ¥17,914 million for the years ended March 31, 2021 and 2020, respectively. The average remaining useful lives of "Marketing rights, customer-related, etc." as of March 31, 2021 and 2020 are three years and four years, respectively.

The carrying amounts of goodwill by segment are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Metals	¥ 69	¥ 77	$ 623
Global Parts & Logistics	295	290	2,664
Automotive	749	744	6,765
Machinery, Energy & Project	7,723	7,590	69,758
Chemicals & Electronics	750	851	6,774
Food & Consumer Services	1,262	1,264	11,399
Africa	66,065	62,699	596,739
Other	38	38	343
Total	¥76,956	¥73,556	$695,113

Of goodwill shown above, the significant goodwill is the one related to CFAO SAS in the amounts of ¥66,065 million ($596,739 thousand) and ¥62,699 million as of March 31, 2021 and 2020, 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 5.9% to 19.3% 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:

	Millions of Yen		Thousands of U.S. Dollars
[Acquisition cost]	2021	2020	2021
Balance at the beginning of the year	¥23,312	¥22,727	$210,568
Acquisitions	720	1,578	6,503
Disposals or reclassifications to assets held for sale	(88)	(1,131)	(794)
Foreign exchange translation	(17)	(77)	(153)
Other	(1,378)	216	(12,446)
Balance at the end of the year	¥22,548	¥23,312	$203,667

	Millions of Yen		Thousands of U.S. Dollars
[Accumulated depreciation and accumulated impairment losses]	2021	2020	2021
Balance at the beginning of the year	¥4,110	¥4,098	$37,124
Depreciation	443	454	4,001
Disposals or reclassifications to assets held for sale	–	(425)	–
Foreign exchange translation	(1)	(17)	(9)
Other	(743)	–	(6,711)
Balance at the end of the year	¥3,808	¥4,110	$34,396

	Millions of Yen		Thousands of U.S. Dollars
[Carrying amount and fair value]	2021	2020	2021
Carrying amount	¥18,740	¥19,202	$169,271
Fair value	30,187	30,214	272,667

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 ¥1,809 million ($16,339 thousand) and ¥1,932 million for the years ended March 31, 2021 and 2020, 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 ¥836 million ($7,551 thousand) and ¥1,001 million for the years ended March 31, 2021 and 2020, 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, 2019	¥ 71,102	¥ 9,900	¥15,873	¥ 6,372	¥103,249
Increase of right-of-use assets	24,144	9,240	2,380	3,235	39,000
Increase due to business combinations	6,996	–	–	–	6,996
Depreciation	(15,444)	(4,629)	(1,268)	(3,439)	(24,781)
Impairment losses	–	–	–	–	–
Other	(7,778)	(2,558)	4,485	467	(5,384)
March 31, 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

	Thousands of U.S. Dollars				
	Buildings and structures	Machinery and vehicles	Land	Other	Total
April 1, 2020	$ 713,765	$107,966	$ 193,921	$ 59,931	$1,075,602
Increase of right-of-use assets	131,867	33,538	63,436	28,100	256,950
Increase due to business combinations	–	–	–	–	–
Depreciation	(156,535)	(51,955)	(16,692)	(29,030)	(254,231)
Impairment losses	–	–	–	–	–
Other	17,857	(10,252)	(13,801)	731	(5,464)
March 31, 2021	$ 706,964	$ 79,288	$ 226,853	$ 59,741	$1,072,857

(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
	2021	2020	2021
Finance costs	¥3,223	¥2,863	$29,112
Lease expenses due to an exemption to short-term leases	3,859	4,159	34,856
Lease expenses due to an exemption to low-value assets	1,467	1,420	13,250

(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, 2021 are insignificant.

(iv) Sublease income

Sublease income for the year ended March 31, 2021 is insignificant.

(v) Sales and leaseback transaction

Gain or loss from sales and leaseback transaction for the year ended March 31, 2021 is insignificant.

(vi) Cash outflows associated with leases

Cash outflows associated with leases are ¥27,962 million ($252,569 thousand) for the year ended March 31, 2021.

(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
	2021	2020	2021
Finance income on net investment in the lease	¥2,105	¥2,251	$19,013
Income relating to variable lease payments	–	–	–

(ii) Revenue associated with operating leases

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Lease payments earned	¥51,204	¥56,249	$462,505
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, 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

	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	$37,042	$32,896	$30,566	$28,082	$24,397	$203,649	$356,652	$130,918	$–	$225,724

	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

	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	$40,041	$19,320	$9,258	$3,197	$1,120	$–	$72,947

For the year ended March 31, 2020

	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	¥3,555	¥3,994	¥3,601	¥3,591	¥3,461	¥18,331	¥36,536	¥13,742	¥–	¥22,793

	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	¥2,262	¥1,108	¥346	¥128	¥46	¥–	¥3,892

NOTE 15. Trade and Other Payables

The breakdown of trade and other payables is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Notes payable and accounts payable	¥1,084,580	¥ 926,669	$ 9,796,585
Other	318,665	301,094	2,878,375
Total	¥1,403,245	¥1,227,764	$12,674,961
Current liabilities	¥1,318,252	¥1,140,522	$11,907,253
Non-current liabilities	84,993	87,241	767,708
Total	¥1,403,245	¥1,227,764	$12,674,961

In accordance with the application of IFRS 16 "Leases," lease liabilities are included in "Other." The amounts of lease liabilities are ¥110,897 million ($1,001,689 thousand) and ¥110,357 million as of March 31, 2021 and 2020, respectively.

NOTE 16. Bonds and Borrowings

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

	Millions of Yen		Thousands of U.S. Dollars		
	2021	2020	2021	Average rate	Maturity
Short-term borrowings	¥ 393,510	¥ 357,804	$ 3,554,421	1.32%	–
Commercial papers	40,000	20,000	361,304	(0.01)	–
Current portion of bonds	29,987	9,986	270,860	1.35	–
Current portion of long-term borrowings	108,031	115,181	975,801	1.49	–
Bonds (excluding current portion)	270,408	278,358	2,442,489	1.75	2023 – 2043
Long-term borrowings (excluding current portion)	801,555	741,977	7,240,131	0.92	2022 – 2043
Total	¥1,643,494	¥1,523,308	$14,845,036	–	–
Current liabilities	¥ 571,542	¥ 502,985	$ 5,162,514	–	–
Non-current liabilities	1,071,951	1,020,322	9,682,512	–	–
Total	¥1,643,494	¥1,523,308	$14,845,036	–	–

"Average rate" presents the weighted-average interest rate to the balances for the year ended March 31, 2021.

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:

	2021	2020	2021
Multi-currency revolving facilities, total	¥50,000 million equivalent	¥50,000 million equivalent	$451,630 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	$451,630 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:

	2021	2020	2021
Total line of credit	€250 million	€250 million	$293,108 thousand
Balance executed	€140 million	€200 million	$164,140 thousand
Balance unused	€110 million	€50 million	$128,967 thousand

(2) Details of bonds

The following table summarizes details of bonds.

			Millions of Yen		Thousands of U.S. Dollars		
Issuer	Description	Issue date	2021	2020	2021	Coupon (%)	Redemption date
The company	The 16th unsecured domestic corporate bond	December 8, 2011	¥ 29,987 ¥ (29,987)	¥ 29,972	$ 270,860 $ (270,860)	1.35	December 8, 2021
The company	The 17th unsecured domestic corporate bond	December 5, 2013	14,980	14,973	135,308	0.81	December 5, 2023
The company	The 18th unsecured domestic corporate bond	December 5, 2013	14,971	14,965	135,227	1.01	December 5, 2025
The company	The 19th unsecured domestic corporate bond	July 10, 2014	14,968	14,962	135,200	0.95	July 10, 2026
The company	The 20th unsecured domestic corporate bond	July 10, 2014	14,957	14,952	135,100	1.27	July 10, 2029
The company	The 21st unsecured domestic corporate bond	September 3, 2015	9,978	9,974	90,127	0.74	September 3, 2025
The company	The 22nd unsecured domestic corporate bond	September 3, 2015	9,961	9,958	89,973	1.57	September 2, 2033
The company	The 23rd unsecured domestic corporate bond	July 20, 2016	19,911	19,905	179,848	0.70	July 18, 2036
The company	The 24th unsecured domestic corporate bond	March 7, 2017	19,908	19,903	179,821	1.02	March 6, 2037
The company	The 25th unsecured domestic corporate bond	September 14, 2017	9,950	9,948	89,874	0.89	September 14, 2037
The company	The 26th unsecured domestic corporate bond	March 7, 2018	9,949	9,947	89,865	0.90	March 5, 2038
The company	The 27th unsecured domestic corporate bond	March 6, 2019	–	9,986 (9,986)	–	0.07	March 5, 2021
The company	The 28th unsecured domestic corporate bond	January 21, 2021	9,940	–	89,784	0.74	January 21, 2041
The company	The 1st unsecured foreign corporate bond	September 13, 2018	55,086	54,043	(Note 4) 497,570	3.63	September 13, 2023
The company	The 2nd unsecured foreign corporate bond	September 19, 2019	55,139	54,145	(Note 5) 498,048	2.60	September 19, 2024
North Hokkaido Wind Energy Transmission Corporation	Corporate bond (private placement) (Note 2)	November 30, 2018	705	705	6,367	4.00	March 31, 2043
Eurus Energy Holdings Corporation	The 1st unsecured corporate bond (private placement) (Note 3)	June 30, 2020	10,000	–	90,326	0.09	June 28, 2024
Total	–	–	¥300,395 ¥ (29,987)	¥288,344 ¥ (9,986)	$2,713,350 $ (270,860)	–	–

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 ¥55,086 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 $498,559 thousand as of March 31, 2021.
5. It is the calculated figure by translating ¥55,139 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 $497,971 thousand as of March 31, 2021.

(3) Assets pledged as collateral

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

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Cash and cash equivalents	¥ 32,309	¥ 31,020	$ 291,834
Trade and other receivables	6,273	6,135	56,661
Inventories	8,754	13,976	79,071
Property, plant and equipment	271,834	263,773	2,455,369
Other investments	6,457	15,193	58,323
Other	16,207	13,366	146,391
Total	¥341,836	¥343,465	$3,087,670

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
	2021	2020	2021
Bonds and borrowings	¥243,264	¥231,298	$2,197,308

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, 2021 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	¥36,745	¥10,651	¥47,397	$331,903	$ 96,206	$428,118
Increase	457	1,809	2,266	4,127	16,339	20,467
Decrease (wrote off)	(868)	(1,934)	(2,803)	(7,840)	(17,469)	(25,318)
Decrease (reversal)	–	(691)	(691)	–	(6,241)	(6,241)
Changes due to present value calculation	–	–	–	–	–	–
Foreign exchange translation	(93)	345	252	(840)	3,116	2,276
Other	586	94	680	5,293	849	6,142
Balance at the end of the year	¥36,827	¥10,275	¥47,103	$332,643	$ 92,810	$425,462
Current liabilities	–	6,034	6,034	–	54,502	54,502
Non-current liabilities	36,827	4,240	41,068	332,643	38,298	370,951
Total	¥36,827	¥10,275	¥47,103	$332,643	$ 92,810	$425,462

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, 2021, the balance of other non-current liabilities includes ¥18,308 million ($165,368 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
	2021	2020	2021
Balance of net defined benefit liability at the beginning of the year	¥ 33,802	¥ 32,527	$ 305,320
Changes in present value of defined benefit obligations:			
Balance at the beginning of the year	¥120,648	¥119,345	$1,089,766
Service cost	6,026	5,656	54,430
Interest cost	925	822	8,355
Remeasurements	221	1,234	1,996
Benefit paid	(4,935)	(5,037)	(44,575)
Foreign exchange translation	1,856	(971)	16,764
Other	(194)	(401)	(1,752)
Balance at the end of the year	¥124,547	¥120,648	$1,124,984
Changes in fair value of plan assets:			
Balance at the beginning of the year	¥ 86,845	¥ 86,817	$ 784,436
Interest income	1,085	1,095	9,800
Remeasurements	10,248	(964)	92,566
Employer contributions	2,121	2,212	19,158
Benefit paid	(2,594)	(2,552)	(23,430)
Foreign exchange translation	956	(476)	8,635
Other	333	714	3,007
Balance at the end of the year	¥ 98,995	¥ 86,845	$ 894,183
Balance of net defined benefit liability at the end of the year	¥ 25,551	¥ 33,802	$ 230,792

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
	2021	2020	2021
Defined benefit obligations of funded plan	¥ 78,774	¥ 80,592	$ 711,534
Plan assets	(98,995)	(86,845)	(894,183)
Subtotal	(20,221)	(6,253)	(182,648)
Defined benefit obligations of unfunded plan	45,773	40,056	413,449
Total	¥ 25,551	¥ 33,802	$ 230,792

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

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

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

	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	$ 13,747	$ –	$ 13,747
Equity securities:			
Japan	236,437	58,666	295,104
Other than Japan	23,385	67,943	91,328
Debt securities:			
Japan	–	183,027	183,027
Other than Japan	–	56,300	56,300
Life insurance company general accounts	–	123,213	123,213
Other	605	130,828	131,442
Total	$274,184	$619,998	$894,183

As of March 31, 2020

	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	¥ 1,258	¥ –	¥ 1,258
Equity securities:			
Japan	20,823	4,414	25,237
Other than Japan	2,126	5,547	7,673
Debt securities:			
Japan	–	20,797	20,797
Other than Japan	–	5,571	5,571
Life insurance company general accounts	–	12,505	12,505
Other	4	13,796	13,801
Total	¥24,212	¥62,632	¥86,845

(c) Major actuarial assumption

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

	2021	2020
Discount rate	Primarily 0.7%	Primarily 0.6%
Salary increase rate	Primarily 3.1%	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, 2021 decreases by ¥4,463 million ($40,312 thousand) or increases by ¥4,479 million ($40,457 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 ¥2,931 million ($26,474 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, 2021, the weighted-average duration of the defined benefit plan obligations is 14 years.

(iii) Defined contribution plans

Costs of defined contribution plans are ¥1,156 million ($10,441 thousand) and ¥1,226 million for the years ended March 31, 2021 and 2020, 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 ¥235,577 million ($2,127,874 thousand) and ¥237,380 million for the years ended March 31, 2021 and 2020, respectively.

NOTE 20. Equity

(1) Share capital

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

	Thousands of Shares	
	2021	2020
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: 2,217 thousand and 2,210 thousand, as of March 31, 2021 and 2020, 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

Resolution	Class of stock	Total amounts of dividends (Millions of Yen)	Total amounts of dividends (Thousands of U.S. Dollars)	Dividends per share (Yen)	Dividends per share (U.S. Dollars)	Record date	Effective date
General meeting of shareholders held on June 25, 2019	Common stock	¥17,605	$159,019	¥50	$0.45	March 31, 2019	June 26, 2019
Board of Directors' meeting held on October 31, 2019	Common stock	21,123	190,795	60	0.54	September 30, 2019	November 26, 2019
General meeting of shareholders held on June 23, 2020	Common stock	17,602	158,991	50	0.45	March 31, 2020	June 24, 2020
Board of Directors' meeting held on October 29, 2020	Common stock	17,602	158,991	50	0.45	September 30, 2020	November 26, 2020

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

Resolution	Class of stock	Total amounts of dividends (Millions of Yen)	Total amounts of dividends (Thousands of U.S. Dollars)	Source of dividends	Dividends per share (Yen)	Dividends per share (U.S. Dollars)	Record date	Effective date
General meeting of shareholders held on June 24, 2021	Common stock	¥21,827	$197,154	Retained earnings	¥62	$0.56	March 31, 2021	June 25, 2021

NOTE 21. 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

For the year ended March 31, 2021	Reportable segments: 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

Millions of Yen

For the year ended March 31, 2021	Reportable segments: Africa	Reportable segments: 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

Thousands of U.S. Dollars

For the year ended March 31, 2021	Reportable segments: Metals	Global Parts & Logistics	Automotive	Machinery, Energy & Project	Chemicals & Electronics	Food & Consumer Services
Revenue recognized from contracts with customers	$13,678,412	$7,289,215	$4,468,385	$6,249,652	$13,241,269	$4,294,724
Revenue recognized from other sources	63,246	–	65,495	9,520	–	109,899
Total	$13,741,658	$7,289,215	$4,533,890	$6,259,181	$13,241,269	$4,404,624

Thousands of U.S. Dollars

For the year ended March 31, 2021	Reportable segments: Africa	Reportable segments: Total	Other (Note 1)	Adjustments (Note 2)	Consolidated
Revenue recognized from contracts with customers	$7,712,970	$56,934,658	$56,399	$(351,756)	$56,639,300
Revenue recognized from other sources	101,969	350,149	–	–	350,149
Total	$7,814,939	$57,284,807	$56,399	$(351,756)	$56,989,458

Millions of Yen

For the year ended March 31, 2020	Reportable segments: Metals	Global Parts & Logistics	Automotive	Machinery, Energy & Project	Chemicals & Electronics	Food & Consumer Services
Revenue recognized from contracts with customers	¥1,662,413	¥883,421	¥607,595	¥795,220	¥1,477,184	¥428,191
Revenue recognized from other sources	(2,474)	–	8,608	1,106	–	11,849
Total	¥1,659,939	¥883,421	¥616,203	¥796,327	¥1,477,184	¥440,040

Millions of Yen

For the year ended March 31, 2020	Reportable segments: Africa	Reportable segments: Total	Other (Note 1)	Adjustments (Note 2)	Consolidated
Revenue recognized from contracts with customers	¥842,548	¥6,696,575	¥7,417	¥(40,426)	¥6,663,566
Revenue recognized from other sources	11,414	30,505	–	–	30,505
Total	¥853,963	¥6,727,080	¥7,417	¥(40,426)	¥6,694,071

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		Thousands of U.S. Dollars
	2021	2020	2021
Receivables arising from contracts with customers	¥1,331,781	¥1,181,480	$12,029,455
Contract assets	12,182	19,457	110,035
Contract liabilities	90,477	97,018	817,243

Of revenues recognized for the year ended March 31, 2021, ¥96,973 million ($875,919 thousand) was included in contract liabilities as at April 1, 2020. In addition, for the year ended March 31, 2021 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 table does not include transactions whose individual contractual periods are expected to be less than one year.

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Within one year	¥ 80,369	¥ 87,766	$ 725,941
Over one year	648,888	691,096	5,861,150
Total	¥729,258	¥778,862	$6,587,101

(4) Contract costs

There are no contract costs capitalized as an asset for the year ended March 31, 2021.

NOTE 22. Selling, General and Administrative Expenses

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

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Salaries and wages	¥234,506	¥236,247	$2,118,200
Travel and transportation	5,431	18,872	49,056
Commissions and fees	41,727	41,752	376,903
Rent	10,390	11,357	93,848
Depreciation and amortization	51,205	49,556	462,514
Other	56,823	72,378	513,259
Total	¥400,086	¥430,164	$3,613,819

NOTE 23. 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, 2021 and 2020 are ¥(988) million ($(8,924) thousand) and ¥(6,020) million, respectively.

NOTE 24. Finance Income (Costs)

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

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Interest income:			
Financial assets measured at amortized cost	¥ 8,341	¥ 13,180	$ 75,340
Interest expenses:			
Financial liabilities measured at amortized cost	(28,182)	(36,443)	(254,556)
Derivatives	3,476	6,562	31,397
Total interest expenses	(24,706)	(29,880)	(223,159)
Dividends received:			
FVTOCI financial assets	16,180	18,530	146,147
Other	1,027	15,089	9,276

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 ¥(13,429) million ($(121,298) thousand) and ¥(1,582) million for the years ended March 31, 2021 and 2020, respectively.

For the year ended March 31, 2020, “Other” includes ¥12,991 million of gain on sale of shares of an associate which engaged in the electric power business in the Machinery, Energy & Project Division.

NOTE 25. 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
	2021	2020	2021
Deferred tax assets:			
Elimination of unrealized profits	¥ 5,174	¥ 5,270	$ 46,734
Loss allowance	4,494	5,482	40,592
Retirement benefits liabilities	10,124	9,365	91,446
Accruals	6,471	6,777	58,450
Other investment	17,035	21,239	153,870
Net operating losses	6,366	6,237	57,501
Other	46,547	44,415	420,440
Total deferred tax assets	¥ 96,214	¥ 98,788	$ 869,063
Deferred tax liabilities:			
Valuation difference on assets and liabilities of subsidiaries	¥ (7,383)	¥ (9,629)	$ (66,687)
Other investments	(111,802)	(51,076)	(1,009,863)
Equity interests in subsidiaries and associates	(12,370)	(11,165)	(111,733)
Property, plant and equipment	(23,054)	(17,260)	(208,237)
Other	(37,884)	(37,293)	(342,191)
Total deferred tax liabilities	¥(192,495)	¥(126,425)	$(1,738,731)
Total deferred tax assets (liabilities), net	¥ (96,281)	¥ (27,637)	$ (869,668)

(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
	2021	2020	2021
Balance of deferred tax assets (liabilities), net at the beginning of the year	¥(27,637)	¥(47,688)	$(249,634)
Deferred tax expense	(220)	1,064	(1,987)
Income taxes on other comprehensive income	(68,465)	26,691	(618,417)
Other	41	(7,704)	370
Balance of deferred tax assets (liabilities), net at the end of the year	¥(96,281)	¥(27,637)	$(869,668)

(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 ¥10,452 million ($94,408 thousand) and ¥28,780 million as of March 31, 2021 and 2020, 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
	2021	2020	2021
Expire within one year	¥ 800	¥ –	$ 7,226
Expire in a fiscal year between one and five years	9,180	1,775	82,919
Expire in a fiscal year between five and ten years	11,392	689	102,899
Expire in a fiscal year over ten years	20,940	15,869	189,142
Total	¥42,314	¥18,334	$382,205

(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 ¥526,657 million ($4,757,086 thousand) and ¥502,627 million as of March 31, 2021 and 2020, 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
	2021	2020	2021
Current	¥64,757	¥70,079	$584,924
Deferred	220	(1,064)	1,987
Total	¥64,978	¥69,014	$586,920

Deferred tax above includes adjustments due to reassessment of recoverability of deferred tax assets. For the years ended March 31, 2021 and 2020, 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:

	%	
	2021	2020
Statutory effective tax rate	30.6%	30.6%
(Adjustments)		
Permanent nondeductible differences such as entertainment expenses	0.1	0.3
Equity in earnings of unconsolidated subsidiaries and associates accounted for using the equity method	0.5	0.3
Differences in tax rates applied for foreign operations	(3.3)	(1.6)
Reassessment of recoverability of deferred tax assets	(0.3)	(1.5)
Other	1.7	2.7
Average effective tax rate	29.3%	30.7%

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 year ended March 31, 2021 and 2020. For foreign operations, however, local foreign corporate tax rates are to be applied.

NOTE 26. Other Comprehensive Income

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

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Remeasurements of defined benefit pension plans:			
Amount arising during the year	¥ 10,631	¥ (1,036)	$ 96,025
Income tax effects	(2,497)	266	(22,554)
Total	8,133	(770)	73,462
FVTOCI financial assets:			
Amount arising during the year	193,851	(67,659)	1,750,980
Income tax effects	(59,160)	21,652	(534,369)
Total	134,690	(46,006)	1,216,601
Cash flow hedges:			
Amount arising during the year	6,322	(16,441)	57,104
Reclassification to profit or loss in the year	3,623	11,161	32,725
Income tax effects	(6,806)	4,772	(61,475)
Total	3,138	(507)	28,344
Exchange differences on translation of foreign operations:			
Amount arising during the year	33,868	(53,125)	305,916
Reclassification to profit or loss in the year	1,098	320	9,917
Income tax effects	–	–	–
Total	34,966	(52,805)	315,834
Share of other comprehensive income (loss) of investments accounted for using the equity method:			
Amount arising during the year	421	(4,674)	3,802
Reclassification to profit or loss in the year	1,075	3,145	9,710
Total	1,496	(1,528)	13,512
Total	¥182,425	¥(101,618)	$1,647,773

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 27. Earnings per Share

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

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Profit for the year attributable to owners of the parent	¥134,602	¥135,551	$1,215,807
Basic weighted-average shares (thousand shares)	351,843	351,856	

	Yen		U.S. Dollars
Basic earnings per share attributable to owners of the parent	¥382.56	¥385.25	$3.45

NOTE 28. 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, 2019	¥336,262	¥846,687	¥ 85,000	¥235,097	¥ 4,658	¥1,507,705
Adjustments for application of IFRS 16	–	–	–	–	93,004	93,004
April 1, 2019	¥336,262	¥846,687	¥ 85,000	¥235,097	¥ 97,662	¥1,600,709
Changes arising from cash flows	33,284	20,141	(65,000)	53,161	(24,818)	16,767
Changes arising from business combinations	3,189	4,340	–	–	6,966	14,497
Foreign exchange translation	(14,439)	(5,031)	–	–	(2,594)	(22,066)
Changes arising from increase in right-of-use assets	–	–	–	–	38,197	38,197
Other	(492)	(8,977)	–	86	(5,056)	(14,440)
Changes not arising from cash flows	(11,742)	(9,669)	–	86	37,513	16,188
March 31, 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

	Thousands of U.S. Dollars					
	Short-term borrowings	Long-term borrowings	Commercial papers	Bonds	Lease liabilities	Total
April 1, 2020	$3,231,903	$7,742,380	$180,652	$2,604,498	$ 996,811	$14,756,255
Changes arising from cash flows	217,441	434,296	180,652	90,326	(252,569)	670,147
Changes arising from business combinations	–	–	–	–	–	–
Foreign exchange translation	85,728	39,887	–	–	25,255	150,871
Changes arising from increase in right-of-use assets	–	–	–	–	231,876	231,876
Other	19,347	(632)	–	18,516	307	37,557
Changes not arising from cash flows	105,076	39,255	–	18,516	257,447	420,314
March 31, 2021	$3,554,421	$8,215,942	$361,304	$2,713,350	$1,001,689	$15,846,725

(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
	2021	2020	2021
Assets acquired:			
Current assets	¥ –	¥56,254	$ –
Non-current assets	86	44,696	776
Liabilities assumed:			
Current liabilities	–	45,133	–
Non-current liabilities	–	12,273	–

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Consideration payable [of which, cash and cash equivalents]	¥ (86) [(86)]	¥ (43,491) [(43,491)]	$ (776) [(776)]
Of assets acquired, the amount of cash and cash equivalents	–	14,255	–
Difference: Amount paid upon acquisition of subsidiaries	¥ (86)	¥ (29,235)	$ (776)

(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
	2021	2020	2021
Assets sold:			
Current assets	¥ 333	¥1,090	$ 3,007
Non-current assets	659	1,496	5,952
Liabilities relieved:			
Current liabilities	1,147	1,009	10,360
Non-current liabilities	102	15	921

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Consideration assumed [of which, cash and cash equivalents]	¥ 142 [142]	¥ 2,562 [2,562]	$ 1,282 [1,282]
Of assets sold,the amount of cash and cash equivalents	(393)	(419)	(3,549)
Difference: Amount received upon sale of subsidiaries	¥(250)	¥ 2,143	$(2,258)

NOTE 29. 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 Foods Corporation	Minato-ku, Tokyo	Food & Consumer Services	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
TT Automotive Steel (Thailand) Co., Ltd.	Chachoengsao, Thailand	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 Petroleum Pte. Ltd.	Singapore, Singapore	Machinery, Energy & Project	100.0
Toyota Tsusho CBM Queensland Pty Ltd	Brisbane, Australia	Machinery, Energy & Project	100.0
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	100.0
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%.

(2) Transactions with non-controlling interests

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

For the year ended March 31, 2020, the major transaction with non-controlling interests is the acquisition of shares of Toyota Tsusho (Thailand) Co., Ltd. from non-controlling interests and the outline is shown below.

As a result of this acquisition, the voting rights held by the company increased from 49.0% to 100.0%.

	Millions of Yen	Thousands of U.S. Dollars
Carrying amount of non-controlling interests acquired	¥25,642	$231,614
Consideration paid to non-controlling interests	26,068	235,462
Excess amount of consideration recognized in the transaction with non-controlling interests in equity	¥ 426	$ 3,847

NOTE 30. Related Party Information

(1) Related party transactions

For the years ended March 31, 2021 and 2020

			Millions of Yen		Thousands of U.S. Dollars
Classification	Corporate name	Type of transaction	2021	2020	2021
Entity with significant influence over the group	Toyota Motor Corporation Group	Sales of raw materials	¥949,142	¥ 848,163	$8,573,227
		Purchase of automobiles	872,884	1,046,092	7,884,418

Outstanding balances arising from the transactions above are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Trade and other receivables	¥137,357	¥ 92,749	$1,240,691
Trade and other payables	126,129	111,301	1,139,273

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, 2021 and 2020 are ¥634 million ($5,726 thousand) and ¥798 million, respectively.

NOTE 31. 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		Thousands of U.S. Dollars
	2021	2020	2021
Guarantees issued for associates accounted for using the equity method	¥12,868	¥21,977	$116,231
Guarantees issued for third parties	17,424	10,034	157,384
Total	¥30,292	¥32,012	$273,615

Some of the guarantees above are secured by third parties' counter guarantees, whose balances are ¥2,612 million as of March 31, 2020.

In addition, loss allowance is recorded for some of the financial guarantees above. The balance of such loss allowance is ¥568 million ($5,130 thousand) and ¥1,657 million as of March 31, 2021 and 2020, 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, 2021, 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 32. Subsequent Events

There is no significant subsequent event which may give a material impact on the company's financial position.

Report of Independent Auditors

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries

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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, 2021, 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, 2021, 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, 2021, the Group records goodwill related to CFAO SAS, a French trading company conducting business in Africa, with a total carrying amount of 66,065 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. Automobile CGU distributes and sells vehicles and industrial machinery, and Healthcare CGU manufactures and wholesales 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, the Group uses value in use for the Automobile CGU and the Healthcare CGU, which is determined as the present value of estimated future cash flows of each of the CGUs. Future cash flows are determined based on the three-year business plan as approved by management. Management estimates future cash flows beyond this period by extrapolating the business plan projections based on an expected growth rate. The key 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 key assumptions would have changed within a reasonable and predictable scope.	Our procedures related to management's goodwill impairment assessment mainly included: • 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 key assumptions on which the Group bases its determination of value in use for reasonableness, such as future cash flows estimated in the three-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 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 key assumptions used in determining value in use and compare our result with that of management.

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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 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.	

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, 2021 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.

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