TOYOTA TSUSHO CORPORATION

Financial Section 2023

Fiscal year ended March 31, 2023

Contents

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

General Operating Environment

In the fiscal year ended March 31, 2023, although the global economy was recovering from the impact of the COVID-19 pandemic, the pace of the recovery was slowed by persistent inflation caused by the prolonged Russia–Ukraine conflict and other events. The outlook for the economy has become even more uncertain due to the increase in economic security risk, rising credit risks due to lack of confidence in U.S. banking institutions, and other reasons.

In the United States, interest rates increased steadily due to inflation fueled by strong consumer spending and a tight labor market. Concerns over the U.S. banking sector increased due to failures of several regional banks. In Europe, economic growth is slowing as inflation, which is primarily linked to the rising cost of energy caused by the prolonged Russia-Ukraine conflict and other events, slows consumer spending. Furthermore, concerns over the operating stability of major European banks remain. In China, the zero-COVID policy reduced economic growth. However, capital expenditures and consumer spending started recovering after this policy ended in late 2022. Furthermore, sluggish real estate investment and a persistently high unemployment rate were also causes for concern. In emerging market economies, some countries benefited from an economic recovery backed by external demand associated with the resumption of economic activities and the decline in constraints on supplies of many items. However, this growth was offset by the high prices of resources, political instability, and other reasons.

In Japan, external demand backed by the return of foreign tourists and recovery of exports contributed to economic growth, but sluggish consumer spending caused by inflation fueled mainly by the rising cost of imported goods had a negative impact on the economy. In addition, there are concerns about the outlook for foreign trade because of a record-high current account deficit in January 2023 due to the persistent weakness of the yen.

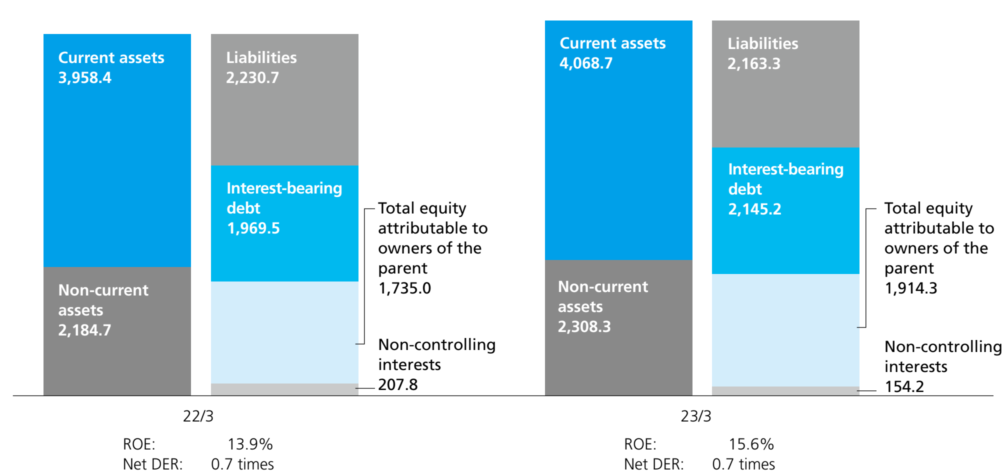
Business Performance of the Toyota Tsusho Group

Consolidated revenue for the Toyota Tsusho Group (the group) for the fiscal year ended March 31, 2023 increased 1,820.5 billion yen (22.7%) year on year, to 9,848.5 billion yen, due to growth in automotive sales volume, increases in metal market prices, and rising electricity prices in Europe.

Consolidated operating profit increased 94.6 billion yen (32.2%) year on year, to 388.7 billion yen, due to an increase in gross profit, which offset higher selling, general and administrative expenses. Profit for the year attributable to owners of the parent increased 61.9 billion yen (27.9%) year on year, to 284.1 billion yen, due to an increase in operating profit as well as increases in the share of profit (loss) of investments accounted for using the equity method, despite the impact of the previous fiscal year's one-time gain.

Balance Sheet Trends

(¥ billion)



Financial Position

As of March 31, 2023, consolidated assets totaled 6,377.0 billion yen, an increase of 233.9 billion yen from March 31, 2022. This was attributable primarily to an increase of 118.6 billion yen in cash and cash equivalents and a 66.3 billion yen increase in inventories. Consolidated equity as of March 31, 2023 totaled 2,068.5 billion yen, an increase of 125.7 billion yen from March 31, 2022. This was attributable in part to an increase of 226.3 billion yen in retained earnings accrued from consolidated profit for the year (attributable to owners of the parent).

As a result, the group ended the fiscal year with a ratio of equity attributable to owners of the parent to total assets (equity ratio) of 30.0% and a net debt-equity ratio (net DER) of 0.7.

Future Issues to be Implemented

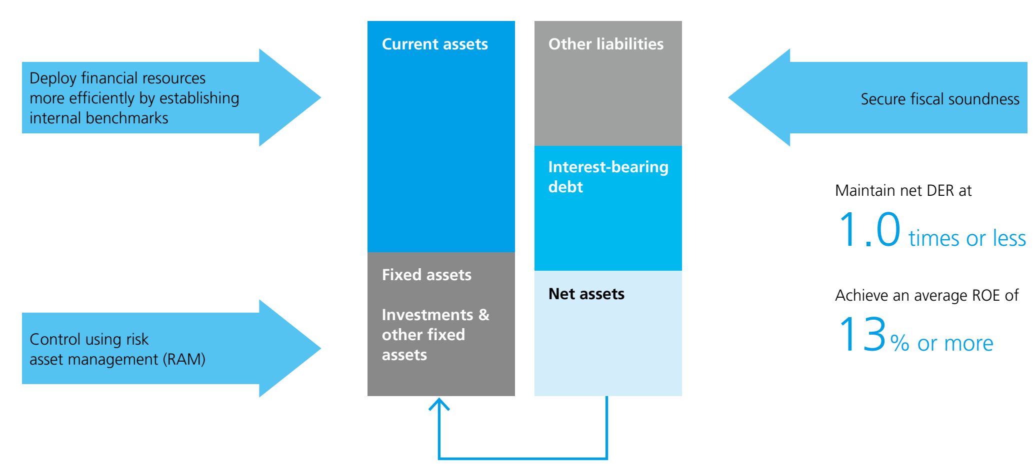
To accelerate the speed of activities for a better future, including measures to help achieve a decarbonized society, we have redefined the priority sectors where we are strongest and the carbon neutrality and circular economy domains. The result is our six priority businesses plus EoL[1] business as an extra business. By clearly defining priority business sectors and linking them with our core businesses of prior years, we are determined to move even faster with activities based on our "Be the Right ONE" Global Vision.

Our six priority businesses plus our EoL business as an extra business

Next Mobility	Renewable Energy & Energy Management	Africa	Circular Economy
• Respond rapidly to changes in the external environment • Contribute to the realization of a safe and comfortable mobility society • Accelerate MaaS[2] and CASE[3] initiatives	• Be the No. 1 renewable energy provider in Japan • Expand into more countries and into more business fields as a clean electric power provider • Contribute to transition to a decarbonized society	• Further expand the mobility business and other businesses (healthcare, consumer goods, etc.) • Help resolve social issues in Africa and contribute to regional development	• Contribute to the development of a recycling-based society by reducing waste • Reuse and recycle natural resources and establish frameworks for resource recycling

1. Economy of Life
2. Mobility as a Service
3. Connected, Autonomous, Shared and Services, and Electric

Financial Risk Management



By carefully choosing and building up strategic investments, ensure strong growth potential and raise investment efficiency

Battery	Hydrogen and Alternative Fuel	EoL
• Develop batteries for the electrified society of the future • Establish a supply chain for sustainable battery production that reduces greenhouse gas emissions • Contribute to the realization of a decarbonized society	• Create a hydrogen society centered on fuel cells • Contribute to the realization of a decarbonized society	• Develop business with a focus on healthcare to improve the QoL[4] in countries and regions where the company has a strong presence • Contribute to the realization of a society where people enjoy pleasant and healthy lives

The group has identified Key Sustainability Issues (Materiality) that should be addressed with priority from among various social issues. Our priority businesses have close ties with four of these issues. Group companies will continue to use business activities to help solve these issues and position these activities as part of growth strategies for accomplishing the targets of the Mid-term Business Plan.

Guided by our "Be the Right ONE" Global Vision, the group is committed to fulfilling its responsibilities to society and the environment by continuing to be an irreplaceable and indispensable partner that is the first choice of customers and society.

4. Quality of Life

Cash Flows in the Fiscal Year Ended March 31, 2023

Cash and cash equivalents ("cash") as of March 31, 2023 totaled 771.6 billion yen, an increase of 118.6 billion yen from March 31, 2022. The increase, which was 159.8 billion yen greater than the previous fiscal year's increase in cash, was attributable to positive cash flows from operating activities, partially offset by negative cash flows from investing and financing activities. The main factors affecting cash flows are as follows.

Net Cash Provided by Operating Activities

Net cash provided by operating activities was 444.2 billion yen, consisting mainly of profit before income taxes. Cash provided increased by 394.1 billion yen from the previous fiscal year, mainly as a result of a decrease of 265.8 billion yen in working capital.

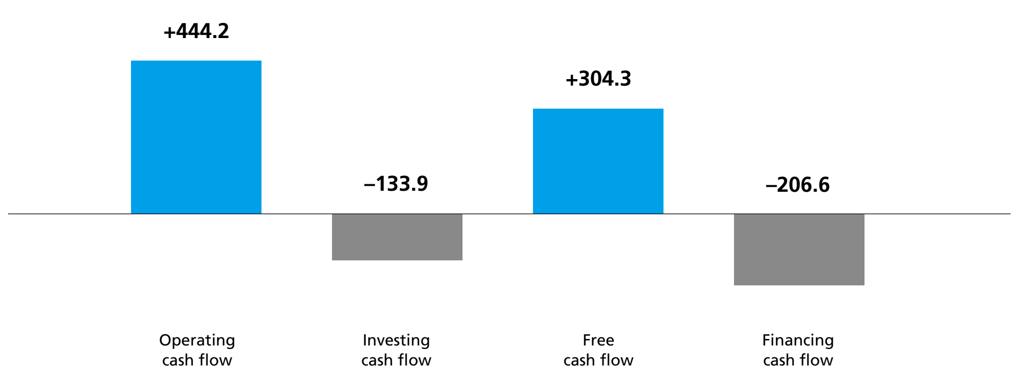
Net Cash Used in Investing Activities

Net cash used in investing activities was 139.9 billion yen, mainly for the purchase of property, plant and equipment. Cash used decreased by 17.4 billion yen from the previous fiscal year, mainly as a result of an increase of 19.1 billion yen in proceeds from sale of investments.

As a result, free cash flow was a positive 304.3 billion yen, an increase of 411.5 billion yen from the previous fiscal year.

Cash Flow Breakdown

(¥ billion)



Net Cash Used in Financing Activities

Net cash used in financing activities was 206.6 billion yen, mainly for payments for acquisition of subsidiaries' interest from non-controlling interests. Cash used increased by 251.5 billion yen from the previous fiscal year.

Financial Strategy

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

With respect to the efficient use of assets, aiming to "generate maximum profit with minimum funds," we strive to use funds more efficiently such as by reducing the collection periods for trade receivables and reducing inventory levels to improve the efficiency of working capital, 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 from these activities to investments in businesses with higher growth potential and to the repayment of interest-bearing debt.

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

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

As of March 31, 2023, the current ratio was 152% on a consolidated basis, meaning that the group has maintained financial soundness in terms of liquidity. In addition, the company and its consolidated subsidiaries have established an adequate level of liquidity mainly through cash and deposits and the aforementioned credit facility.

The company's long-term and short-term credit ratings as of March 31, 2023 are as follows:

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

Business Risks and Uncertainties

Forward-looking statements contained in this report are the reasonable judgments of the group based on available information as of the date of publication.

Major risks recognized by management as having the potential to materially impact the financial condition, operating results, and cash flows of the group include the following.

Major Risks that Require Company-wide Management

1. Geopolitical Risks

The group conducts commercial transactions and business activities in various overseas regions, and as a result, is exposed to risks associated with the manufacture and purchase of products, such as regulations imposed by foreign governments, political instability, and restrictions on funds transfers, as well as loss on investment or other impairment of asset value. The group employs trade insurance and takes other measures to mitigate risks associated with commercial transactions and investment in countries with high country risks. The group also sets upper limits for risk assets, which represent the maximum anticipated amount of loss, that the group holds in each country and ensures that risk is within the maximum defined limits in order to prevent excessive concentration of risk in specific regions or countries. Although the group hedges against and otherwise manages risk, it is difficult to completely avoid risk related to deteriorating environments in the countries of its business partners, or the countries where it conducts business activities. For this reason, delays in or impossibility of collecting receivables or conducting business resulting from such circumstances may adversely affect the operating results and financial condition of the group.

2. Risks Associated with the Changing Global Macroeconomic Environment

The group's main business line is the sale of automobile-related products and other types 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 relevant countries. Sluggish personal consumption or capital investment in conjunction with the situation in Russia and Ukraine or a global economic slowdown involving the United States or China may adversely affect the operating results and financial condition of the group.

3. Risks Associated with Natural Disasters, etc.

The Tohoku earthquake and tsunami in March 2011 and the extensive flooding in Thailand in October of that year had severe impacts on supply chains, and in response, we established the BCP Promotion Group within the General Affairs Department as a specialized organization in April 2012. Today, the Crisis Management & BCM Group of the Compliance & Crisis Management Department conducts business continuity management (BCM) including the formulation of contingency measures for both non-emergency and emergency times in the form of all-hazard business continuity plans (BCPs) for 210 businesses in Japan and overseas in accordance with the TTC Group Business Continuity Principles to respond to risks associated with natural disasters including earthquakes and typhoons, terrorism, pandemics, or any other scenario where employees are unable to report to work, entry into the Head Office is not possible, and IT or major assets cannot be used due to an extended power outage. In March and September of each year, we conduct situational drills (training where the scenario is not disclosed to the participants so that they can respond flexibly) based on a scenario in which the Nagoya or Tokyo Head Office is severely damaged by a large-scale earthquake, and continuously work to improve our initial disaster response manual and countermeasures. Despite these efforts, a natural disaster, such as an earthquake or flooding, may impede the group's business activities, and if additional countermeasure expenditures become necessary, there may be an adverse impact on the group's operating results and financial condition.

4. Customer Concentration

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.

5. Risks 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.

6. Risks 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.

Priority Risks under Check 10

7. Risks Associated with Commodity Pricing

Commodities that the group handles in its businesses, such as non-ferrous metals, petroleum products, rubber, foods, and textiles, are vulnerable to uncertainties arising from price fluctuations. To address this, we set position limits for each commodity and regularly monitor the status of operations within these limits. 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. Risks Associated with Customer 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. To address these credit risks, the group sets bond limits and contract limits for each type of transaction, such as accounts receivables and advances, and uses a company-wide system to understand group credit risks. We also set ratings (eight levels) using our own standards based on the financial status of business partners and regularly confirm the status of business partners. In the case of business partners with low ratings, 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, it is difficult to entirely avoid the risk of deterioration of the financial condition of business partners or risks arising from the occurrence of unforeseen events, and the group's operating results and financial condition could be adversely affected if it becomes difficult to collect receivables due to bankruptcy of business partners or other circumstances.

9. Risks Associated with Business Investment

As of March 31, 2023, the company had 775 consolidated subsidiaries and 232 affiliates subject to the equity method. The company seeks to expand and strengthen the functions of existing businesses or enter new business areas by reinforcing existing partnerships and forming new partnerships.

The group's stance on investment is based on strategic investment that will lead to the development of business over the medium to long term and expansion and reinforcement of the group's value chain, rather than investment that pursues short-term profit. The Mid-term Business Plan Meeting and Investment Strategy Meeting confirm strategies and discuss company-wide priorities relating to new investment projects, and the Investment and Loan Meeting and Investment and Loan Committee screen business plans concerning the particulars of individual projects and make institutional decisions. In the course of deliberation, we use TVA[1], which is an indicator unique to the group for verifying that the expected revenue scale corresponding to the invested capital can be achieved, and RVA[2], which is an indicator used to verify that obtained revenue is commensurate with the risk, to carry out entry management. We also conduct assessments of climate change and other environmental risks, greenhouse gas emissions, reduction effects, and other aspects using our own environmental check sheets to verify investment returns, analysis of various risks, and other aspects from wide-ranging perspectives. After investments are made, the Administrative Unit and relevant sales divisions jointly and continuously monitor progress and support projects with issues ("check and support"). In addition, we monitor whether investment returns are obtained as planned and whether profits are commensurate with risk assets. Projects that do not proceed as planned are strictly managed in accordance with rules on restructuring and withdrawal.

Despite these efforts, if the value of an investment target company or the market value of the stock of such a company declines due to changes in the business environment, technological innovation, or other unforeseeable circumstances, the group may lose all or a substantial portion of the invested balance or the group may have no choice but to provide additional funding to such investment targets. In such cases, there could be adverse impacts on the group's operating results and financial condition.

1. An abbreviation of Toyotsu Value Achievement;
   TVA = (Ordinary income – Interest income or expenses) × (1 – Respective country's tax rate) – Invested capital × Cost rate of invested capital by country
   Ordinary income is the earnings per share attributable to owners of the parent before income taxes, adjusted for non-recurring, extraordinary, and significant gains and losses arising from non-operating activities. Cost rate of invested capital by country, which indicates the "earning power" of a sales division or business entity, is the cost rate derived from the weighted average of the cost of capital and government bond yields by country, resulting from the invested capital used in operating and business activities.
2. An abbreviation of Risk-adjusted Value Added;
   RVA = (Ordinary income × 60%) – Risk asset × Risk cost rate
   Risk asset is the maximum amount of expected loss should a contingency (a once-in-a-century event) occur, and risk cost rate is the shareholder expected rate of return based on Toyota Tsusho's return on equity (ROE) target of 13% or more.

10. Risks 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.

11. Risks Associated with Financing

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. As a result, 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. Consequently, the group seeks to optimize funding according to its asset composition while reducing refinancing risks through diversification of the timing of repayment and redemption of long-term funds. We also use cash and deposits, commitment lines, and other means to ensure stable liquidity and strive to maintain good transactional relationships with financial institutions, but risks cannot be entirely avoided. If such risks were to arise, there may be adverse effects on the group's operating results and financial condition.

12. Risks Associated with Human Capital

(Risks Associated with Personnel and Labor)

The group conducts business in many countries and regions and endeavors to strengthen structures by increasing labor management knowledge through training, the provision of tools, and other measures at the Head Offices and overseas sites and prepares BCPs, but in the event of a suspension or restriction of operations due to labor disputes including strikes and the like, supply chains and the group's operating results and financial condition could be adversely affected.

(Human Rights Risks)

When conducting business in each country and region, the group takes action to ensure respect for human rights by performing human rights due diligence of consolidated subsidiaries. In addition, we established the Toyota Tsusho Group Human Rights Policy in accordance with such international standards as the United Nations International Bill of Human Rights, including the Universal Declaration of Human Rights, and the Guiding Principles on Business and Human Rights, and we urge all business partners including suppliers to comply with this policy. If, however, unforeseeable events occur, there could be adverse impacts on the group's operating results and financial condition.

13. Risks Associated with Information Security

The group established group standard rules and guidelines on information security based on Toyota Group and Toyota Tsusho Group standards and makes responses visible, and continuously makes improvements throughout the group. With regard to IT infrastructure including networks and email security, the group takes measures in accordance with these guidelines to efficiently raise effectiveness throughout the group through the use of shared systems. We established a cyberattack response system, regularly collect information on product vulnerabilities and threats including security incidents, and promptly implement countermeasures and preventive measures. In addition, based on recent trends relating to cyberattacks, we have introduced continuous monitoring of communications and terminal behavior as well as automatic isolation as measures to minimize damage in the event of an attack. However, the possibility of leaks of confidential information or personal information due to unforeseeable unauthorized access from outside or infection by a computer virus and shutdown of information systems due to failure of equipment or communications cannot be entirely eliminated. If such incidents were to occur, there could be adverse impacts on the group's operating results and financial condition.

14. Risks Associated with Compliance

The group is involved in a diverse range of businesses in Japan and overseas and is subject to extensive laws and regulations imposed in various business domains. These restrictions include the Companies Act, tax laws, the Antimonopoly Act, the Financial Instruments and Exchange Act, laws relating to corruption, laws relating to trade security, laws relating to sanctions, and other laws and regulations in Japan, as well as various types of laws and regulations in each of the countries where the group conducts business. Toyota Tsusho's fundamental policy on compliance is for the execution of business by officers and employees to follow these laws, regulations, and corporate ethics. The Compliance&Crisis Management Department, a specialized compliance organization, functions as a hub for strengthening the compliance systems of the entire group through a global network, and with the cooperation of relevant administrative departments including the Legal Department, formulates and implements various compliance measures (messages from the company head on compliance, rank-specific compliance training, creation of a global whistleblower system, etc.) to raise awareness of compliance with laws and regulations.

Regarding logistics-related compliance risks, we established trade management systems in compliance with the Foreign Exchange and Foreign Trade Act, customs laws, and other laws and regulations in Japan and the laws and regulations of relevant countries overseas as well as U.S. laws on sanctions and on re-export controls, and we strive to establish appropriate Harmonized System (HS) code determination rules to avoid subsequent surcharges due to HS code errors during import customs clearance in Japan and overseas. Despite the implementation of these measures, compliance risk in business activities cannot be completely eliminated. Any improper or unlawful conduct by officers or employees may damage the social trust of the group. This may adversely affect the group's operating results and financial condition.

15. Risks Associated with Safety

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

16. Risks Associated with the Environment

We have determined that environment-related risks including climate change, scarcity of clean-water resources, and biodiversity conservation have a substantial impact on the group's management, and the Safety and Environment Conference and the Sustainability Management Committee deliberate on these risks and report to the Board of Directors as necessary. The risks are incorporated into business strategies and activities through the relevant departments and the members of these bodies.

With respect to climate change, we select projects that will have a substantial impact and perform scenario analysis in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In terms of risks, we consider transition risks and physical risks while taking into account resource efficiency, energy sources, products and services, and markets in terms of opportunities. The group also established targets for reducing greenhouse gas emissions generated through the business activities of Toyota Tsusho and its domestic and overseas consolidated subsidiaries by 50% compared to 2019 levels by 2030 and achieving carbon neutrality by 2050. In addition, the Key Sustainability Issues (Materiality) set in 2018 include "contribute to the transition to a carbon-neutral society by reducing CO_2 emissions from automobiles and factories/plants through the use of clean energy and innovative technologies."

Climate change, deforestation, global-scale water shortages in conjunction with population growth, deterioration of water quality, flooding, and loss of biodiversity are becoming more serious. We recognize that the sustainable use of water resources and the maintenance of biodiversity pose risks that could have substantial impact on our business activities and are crucial issues. With respect to water risks, we conduct surveys of consolidated subsidiaries using Aqueduct (an assessment tool that has become a global standard relating to water risks provided by the World Resources Institute (WRI)) and are responding to risks including improving water usage efficiency and reducing water usage.

To address biodiversity, we conduct prior investigation and evaluation of impacts on ecosystem services from new investment projects and strive to conserve forests and reduce environmental impact. For existing businesses, we perform risk assessments including water and biodiversity through internal audits of our environmental management systems based on ISO 14001, an international standard for environmental management systems. Even with the implementation of these measures, however, the occurrence of unforeseen circumstances could adversely impact the group's operating results and financial condition.

Consolidated Statement of Financial Position

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries
As of March 31, 2023 and 2022

	Notes	Millions of Yen 2023	Millions of Yen 2022	Thousands of U.S. Dollars 2023
Assets				
Current assets:				
Cash and cash equivalents	9, 16	¥ 771,613	¥ 653,013	$ 5,778,574
Trade and other receivables	6, 9, 14, 16	1,730,426	1,797,084	12,959,080
Other financial assets	9	125,913	154,700	942,956
Inventories	7, 16	1,227,393	1,161,022	9,191,889
Other current assets		213,408	188,289	1,598,202
Subtotal		4,068,756	3,954,111	30,470,725
Assets held for sale	8	–	4,276	–
Total current assets		4,068,756	3,958,387	30,470,725
Non-current assets:				
Investments accounted for using the equity method	4, 10, 16	299,378	273,993	2,242,028
Other investments	9, 16	623,951	622,537	4,672,740
Trade and other receivables	6, 9, 14	42,598	40,195	319,014
Other financial assets	9	49,625	37,213	371,639
Property, plant and equipment	11, 14, 16	1,004,064	941,880	7,519,388
Intangible assets	12	184,001	182,155	1,377,974
Investment property	13	17,303	18,854	129,581
Deferred tax assets	26	36,835	27,073	275,855
Other non-current assets		50,549	40,833	378,559
Total non-current assets		2,308,308	2,184,737	17,286,811
Total assets	4	¥6,377,064	¥6,143,125	$47,757,537

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

	Notes	Millions of Yen 2023	Millions of Yen 2022	Thousands of U.S. Dollars 2023
Liabilities and Equity				
Liabilities				
Current liabilities:				
Trade and other payables	9, 14, 15	¥1,636,877	¥1,704,376	$12,258,496
Bonds and borrowings	9, 16	746,668	740,936	5,591,762
Other financial liabilities	9	24,146	69,504	180,828
Income taxes payable		49,129	31,551	367,924
Provisions	17	8,080	6,831	60,510
Other current liabilities		211,873	173,082	1,586,707
Total current liabilities		2,676,775	2,726,283	20,046,244
Non-current liabilities:				
Bonds and borrowings	9, 16	1,275,032	1,115,728	9,548,655
Trade and other payables	9, 14, 15	97,642	86,088	731,236
Other financial liabilities	9	8,214	16,784	61,514
Retirement benefits liabilities	19	46,152	44,361	345,630
Provisions	17	57,586	46,810	431,258
Deferred tax liabilities	26	121,068	113,279	906,672
Other non-current liabilities	18	26,061	50,928	195,169
Total non-current liabilities		1,631,759	1,473,981	12,220,167
Total liabilities		4,308,535	4,200,265	32,266,419
Equity				
Share capital	21	64,936	64,936	486,302
Capital surplus	20, 21	43,812	156,047	328,106
Treasury shares	20, 21	(3,750)	(3,769)	(28,083)
Other components of equity		282,714	217,444	2,117,232
Retained earnings	21	1,526,615	1,300,352	11,432,749
Total equity attributable to owners of the parent		1,914,327	1,735,011	14,336,306
Non-controlling interests		154,201	207,848	1,154,804
Total equity		2,068,529	1,942,860	15,491,118
Total liabilities and equity		¥6,377,064	¥6,143,125	$47,757,537

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, 2023 and 2022

		Millions of Yen		Thousands of U.S. Dollars
Consolidated Statement of Profit or Loss	Notes	2023	2022	2023
Revenue:				
Sales of goods		¥9,658,202	¥7,875,272	$72,329,828
Sales of services and others		190,358	152,728	1,425,582
Total revenue	4, 22	9,848,560	8,028,000	73,755,410
Cost of sales		(8,879,714)	(7,268,763)	(66,499,767)
Gross profit	4	968,846	759,237	7,255,642
Selling, general and administrative expenses	23	(532,724)	(450,294)	(3,989,545)
Other income (expenses):				
Gain on sale and disposals of fixed assets, net		674	662	5,047
Impairment losses on fixed assets	4, 11, 12	(15,932)	(6,398)	(119,314)
Other, net	24	(32,111)	(9,064)	(240,477)
Total other income (expenses)		(47,368)	(14,801)	(354,736)
Operating profit		388,753	294,141	2,911,353
Finance income (costs):				
Interest income	25	22,866	8,998	171,242
Interest expenses	25	(46,930)	(26,650)	(351,456)
Dividend income	9, 25	25,365	19,041	189,957
Other, net	25	(134)	13,913	(1,003)
Total finance income (costs)		1,166	15,303	8,732
Share of profit of investments accounted for using the equity method	4, 10	37,205	20,686	278,626
Profit before income taxes		427,126	330,132	3,198,726
Income tax expense	4, 26	(112,385)	(81,531)	(841,646)
Profit for the year		¥ 314,741	¥ 248,601	$ 2,357,080
Profit for the year attributable to:				
Owners of the parent	4	¥ 284,155	¥ 222,235	$ 2,128,023
Non-controlling interests		30,585	26,365	229,049
		Yen		U.S. Dollars
Earnings per share attributable to owners of the parent:				
Basic earnings per share	28	¥807.58	¥631.63	$6.04
Diluted earnings per share	28	–	–	–

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

		Millions of Yen		Thousands of U.S. Dollars
Consolidated Statement of Comprehensive Income	Notes	2023	2022	2023
Profit for the year:		¥314,741	¥248,601	$2,357,080
Other comprehensive income				
Items that will not be reclassified to profit or loss:				
Remeasurements of defined benefit pension plans	19, 27	1,550	6,402	11,607
Financial assets measured at fair value through other comprehensive income (loss)	9, 27	1,801	(15,903)	13,487
Share of other comprehensive income (loss) of investments accounted for using the equity method	10, 27	(1,946)	(313)	(14,573)
Items that may be reclassified to profit or loss:				
Cash flow hedges	9, 27	15,933	6,765	119,321
Exchange differences on translation of foreign operations	27	55,528	88,426	415,846
Share of other comprehensive income of investments accounted for using the equity method	10, 27	12,203	10,175	91,387
Other comprehensive income for the year, net of tax	27	85,071	95,553	637,092
Total comprehensive income for the year		¥399,813	¥344,154	$2,994,181
Total comprehensive income for the year attributable to:				
Owners of the parent		¥355,478	¥304,647	$2,662,158
Non-controlling interests		44,334	39,506	332,015

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, 2023 and 2022

		Millions of Yen											
		Equity attributable to owners of the parent											
					Other components of equity								
For the year ended March 31, 2023	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	¥156,047	¥(3,769)	¥ –	¥280,549	¥ 2,084	¥(65,190)	¥217,444	¥1,300,352	¥1,735,011	¥207,848	¥1,942,860
Profit for the year										284,155	284,155	30,585	314,741
Other comprehensive income:													
Remeasurements of defined benefit pension plans					1,407				1,407		1,407	101	1,508
Financial assets measured at fair value through other comprehensive income (loss)						287			287		287	(389)	(102)
Cash flow hedges							15,051		15,051		15,051	3,889	18,940
Exchange differences on translation of foreign operations								54,576	54,576		54,576	10,148	64,725
Comprehensive income (loss) for the year		–	–	–	1,407	287	15,051	54,576	71,322	284,155	355,478	44,334	399,813
Dividends	21									(65,485)	(65,485)	(20,831)	(86,316)
Acquisition (disposal) of treasury shares	20, 21		55	18							73		73
Acquisition (disposal) of non-controlling interests	30		(112,290)								(112,290)	(76,854)	(189,144)
Reclassification to retained earnings					(1,407)	(4,645)			(6,052)	6,052	–		–
Other										1,539	1,539	(295)	1,243
Transactions with owners		–	(112,235)	18	(1,407)	(4,645)	–	–	(6,052)	(57,893)	(176,162)	(97,981)	(274,143)
Balance at the end of the year		¥64,936	¥ 43,812	¥(3,750)	¥ –	¥276,191	¥17,135	¥(10,613)	¥282,714	¥1,526,615	¥1,914,327	¥154,201	¥2,068,529

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

		Thousands of U.S. Dollars											
		Equity attributable to owners of the parent											
					Other components of equity								
For the year ended March 31, 2023	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		$486,302	$1,168,628	$(28,225)	$ –	$2,101,018	$ 15,606	$(488,204)	$1,628,428	$ 9,738,276	$12,993,417	$1,556,564	$14,549,988
Profit for the year										2,128,023	2,128,023	229,049	2,357,080
Other comprehensive income:													
Remeasurements of defined benefit pension plans					10,536				10,536		10,536	756	11,293
Financial assets measured at fair value through other comprehensive income (loss)						2,149			2,149		2,149	(2,913)	(763)
Cash flow hedges							112,716		112,716		112,716	29,124	141,840
Exchange differences on translation of foreign operations								408,717	408,717		408,717	75,997	484,722
Comprehensive income (loss) for the year		–	–	–	10,536	2,149	112,716	408,717	534,127	2,128,023	2,662,158	332,015	2,994,181
Dividends	21									(490,414)	(490,414)	(156,002)	(646,416)
Acquisition (disposal) of treasury shares	20, 21		411	134							546		546
Acquisition (disposal) of non-controlling interests	30		(840,934)								(840,934)	(575,556)	(1,416,490)
Reclassification to retained earnings					(10,536)	(34,786)			(45,323)	45,323	–		–
Other										11,525	11,525	(2,209)	9,308
Transactions with owners		–	(840,522)	134	(10,536)	(34,786)	–	–	(45,323)	(433,558)	(1,319,269)	(733,775)	(2,053,044)
Balance at the end of the year		$486,302	$ 328,106	$(28,083)	$ –	$2,068,381	$128,323	$ (79,480)	$2,117,232	$11,432,749	$14,336,306	$1,154,804	$15,491,118

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, 2023 and 2022

	Notes	Millions of Yen 2023	Millions of Yen 2022	Thousands of U.S. Dollars 2023
Cash flows from operating activities:				
Profit before income taxes		¥ 427,126	¥ 330,132	$ 3,198,726
Depreciation and amortization		128,984	110,885	965,955
Impairment losses on fixed assets		15,932	6,398	119,314
Finance income (costs)		(1,166)	(15,303)	(8,732)
Share of profit of investments accounted for using the equity method		(37,205)	(20,686)	(278,626)
Gain on sale and disposals of fixed assets, net		(674)	(662)	(5,047)
Decrease (increase) in trade and other receivables		128,925	(318,338)	965,513
Increase in inventories		(3,854)	(260,900)	(28,862)
(Decrease) increase in trade and other payables		(131,732)	306,743	(986,534)
Other		(1,208)	(5,717)	(9,046)
Subtotal		525,126	132,551	3,932,644
Interest received		21,886	8,425	163,903
Dividends received		57,840	37,240	433,161
Interest paid		(45,331)	(26,246)	(339,481)
Income taxes paid		(115,230)	(101,832)	(862,952)
Net cash provided by operating activities		444,290	50,137	3,327,267
Cash flows from investing activities:				
Decrease in time deposits		8,650	14,113	64,779
Purchase of property, plant and equipment		(160,980)	(135,769)	(1,205,571)
Proceeds from sale of property, plant and equipment		17,171	10,350	128,592
Purchase of intangible assets		(19,865)	(31,517)	(148,768)
Proceeds from sale of intangible assets		97	219	726
Purchase of investment property		(104)	(477)	(778)
Purchase of investments		(21,099)	(29,200)	(158,009)
Proceeds from sale of investments		24,244	5,157	181,562
Payments for acquisition of subsidiaries	29	(4,562)	(633)	(34,164)
Proceeds from sale of subsidiaries	29	7,035	370	52,684
Payments for loans receivable		(9,061)	(5,976)	(67,857)
Collection of loans receivable		9,460	4,896	70,845
Proceeds from government grants		12,056	9,705	90,286
Other		(2,960)	1,427	(22,167)
Net cash used in investing activities		(139,918)	(157,333)	(1,047,839)
Cash flows from financing activities:				
Net (decrease) increase in short-term borrowings	29	(11,032)	94,336	(82,618)
Proceeds from long-term borrowings	29	262,783	168,558	1,967,969
Repayment of long-term borrowings	29	(167,057)	(108,745)	(1,251,082)
Proceeds from issuance of bonds	29	15,000	10,000	112,334
Redemption of bonds	29	–	(30,000)	–
Purchase of treasury shares		(20)	(31)	(149)
Dividends paid	21	(65,485)	(46,471)	(490,414)
Dividends paid to non-controlling interests		(20,831)	(14,348)	(156,002)
Proceeds from non-controlling interests		1,137	1,012	8,514
Payments for acquisition of subsidiaries' interest from non-controlling interests	30	(190,576)	(2,405)	(1,427,214)
Proceeds from sale of subsidiaries' interest to non-controlling interests		156	1,426	1,168
Other	14, 29	(30,745)	(28,430)	(230,247)
Net cash (used in) provided by financing activities		(206,671)	44,901	(1,547,749)
Net increase (decrease) in cash and cash equivalents		97,699	(62,294)	731,663
Cash and cash equivalents at the beginning of the year		653,013	677,478	4,890,384
Effect of exchange rate changes on cash and cash equivalents		20,899	37,829	156,511
Cash and cash equivalents at the end of the year	29	¥ 771,613	¥ 653,013	$ 5,778,574

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, 2023 and 2022

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, 2023 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 and selling products, investments and providing services in relation to these products.

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

NOTE 2. Basis of Preparing Consolidated Financial Statements

(1) Statement of compliance with IFRSs

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

The consolidated financial statements were authorized for issue by Ichiro Kashitani, President & CEO, and Hideyuki Iwamoto, Director & CFO, on June 23, 2023.

(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 ¥133.53 to U.S.$1, the approximate exchange rate at March 31, 2023. Such translation should not be construed as a representation that the Japanese yen amounts could be converted into U.S. dollars at the above or any other rate.

(4) Significant accounting judgments, estimates and assumptions

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

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

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

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

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

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

(5) Changes in accounting policies

The group has applied the accounting standards and interpretations of which application became mandatory effective for the year ended March 31, 2023. There is no significant impact on the group's financial statements from the changes.

NOTE 3. Significant Accounting Policies

(1) Basis of consolidation

(i) Subsidiaries

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

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

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

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

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

(ii) Business combinations

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

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

(iii) Associates and joint ventures

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

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

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

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

(2) Foreign currency translation

(i) Translation of foreign currency transactions

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

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

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

(ii) Translation of foreign operations

Assets and liabilities of foreign operations are translated into reporting currency using the spot exchange rate at the fiscal year-end. Income and expenses are translated into reporting 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 all reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition including forward-looking information related to credit risk and comparing the risk of a default occurring on the financial instrument at the fiscal year-end with the risk of a default occurring on the financial instrument at the date of initial recognition, 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, if financial assets are individually insignificant.

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

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

(iii) Non-derivative financial liabilities

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

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

(iv) Derivative and hedge accounting

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

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

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

(a) Fair value hedges

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

(b) Cash flow hedges

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

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

(c) Hedges of net investments in foreign operations

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

(v) Offsetting of financial assets and financial liabilities

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

(vi) Application of Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

(a) Interest Rate Benchmark Reform – Phase 1

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

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

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

The group has applied the amendments to IFRS 9 and IFRS 7, and will continue to apply these amendments until the uncertainty arising from Interest Rate Benchmark Reform is no longer present.

(b) Interest Rate Benchmark Reform – Phase 2

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

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

(7) Property, plant and equipment

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

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

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

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

(8) Intangible assets

(i) Goodwill

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

(ii) Intangible assets other than goodwill

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

Intangible assets other than goodwill are mainly amortized on a straight-line basis over the estimated useful life as follows:

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

(12) Provisions

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

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

(13) Employee benefits

(i) Defined benefit plans

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

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

(ii) Defined contribution plans

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

(iii) Short-term employee benefits

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

(14) Stock compensation

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

(15) Equity

(i) Share capital and capital surplus

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

(ii) Treasury shares

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

(16) Revenue recognition

(i) Basis of revenue recognition and measurement

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

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

(ii) Timing of revenue recognition

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

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

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

Consideration of transactions are primarily received within one year and does not contain a significant financing component. The amount of variable consideration is not significant.

(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. There is no impact on cash flows, gross profit and profit (loss) for the year, whether revenues are recognized in gross or net. The group comprehensively determines whether it is a principal or an agent based on the following three indicators:

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

(17) Income taxes

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

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

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

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

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

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

(18) Government grants

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

(19) Adoption of the group tax sharing system

The company and some consolidated subsidiaries apply the group tax sharing system.

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

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

NOTE 4. Segment Information

(1) Description of reportable segments

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

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

The businesses of each division are listed below. Effective April 1, 2023, the group has changed the name of the Automotive Division to the Mobility Division.

(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 metal 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 and retail businesses operated in Africa. The division also develops new businesses designed to solve Africa's social issues, including energy and infrastructure, agriculture and ICT.

(2) Reportable segment information

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

Millions of Yen

For the year ended March 31, 2023	Reportable segments								Other (Note 1)	Adjustments (Note 2)	Consolidated
	Metals	Global Parts & Logistics	Automotive	Machinery, Energy & Project	Chemicals & Electronics	Food & Consumer Services	Africa	Total			
Revenue:											
External customers	¥2,743,805	¥1,159,939	¥826,750	¥ 824,633	¥2,103,856	¥809,192	¥1,373,241	¥9,841,419	¥ 7,140	¥ –	¥9,848,560
Inter-segment	4,515	31,250	6,602	4,717	6,474	696	76	54,334	3,418	(57,752)	–
Total	2,748,320	1,191,189	833,353	829,350	2,110,331	809,889	1,373,317	9,895,753	10,559	(57,752)	9,848,560
Gross profit	157,282	110,767	136,752	102,636	164,018	47,425	254,892	973,777	(555)	(4,375)	968,846
Profit for the year attributable to owners of the parent	¥ 76,619	¥ 34,320	¥ 45,764	¥ 32,612	¥ 47,936	¥ 9,548	¥ 36,371	¥ 283,172	¥ 968	¥ 15	¥ 284,155
Segment assets	¥1,393,401	¥ 590,966	¥405,091	¥1,006,750	¥ 879,024	¥397,228	¥ 880,200	¥5,552,662	¥1,189,386	¥(364,985)	¥6,377,064
Other items:											
(1) Investments accounted for using the equity method	¥ 38,997	¥ 37,583	¥ 34,178	¥ 84,713	¥ 75,772	¥ 21,840	¥ 5,927	¥ 299,013	¥ 364	¥ –	¥ 299,378
(2) Share of profit (loss) of investments accounted for using the equity method	11,995	(182)	3,973	17,127	2,818	4,837	(3,335)	37,234	(10)	(18)	37,205
(3) Depreciation and amortization	14,845	10,833	12,162	27,647	6,774	6,762	34,590	113,616	15,367	–	128,984
(4) Impairment losses on fixed assets	822	–	4	9,081	256	–	5,766	15,931	1	–	15,932
(5) Capital expenditures	20,473	16,343	20,707	68,549	9,469	4,133	56,941	196,619	25,796	–	222,416
(6) Income tax expense	24,903	12,808	15,857	6,143	16,746	3,837	21,375	101,673	10,696	15	112,385

Thousands of U.S. Dollars

	Reportable segments								Other (Note 1)	Adjustments (Note 2)	Consolidated
	Metals	Global Parts & Logistics	Automotive	Machinery, Energy & Project	Chemicals & Electronics	Food & Consumer Services	Africa	Total			
Revenue:											
External customers	$20,548,228	$8,686,729	$6,191,492	$6,175,638	$15,755,680	$6,060,001	$10,284,138	$73,701,932	$ 53,471	$ –	$73,755,410
Inter-segment	33,812	234,029	49,442	35,325	48,483	5,212	569	406,904	25,597	(432,502)	–
Total	20,582,041	8,920,759	6,240,942	6,210,963	15,804,171	6,065,221	10,284,707	74,108,836	79,075	(432,502)	73,755,410
Gross profit	1,177,877	829,528	1,024,129	768,636	1,228,323	355,163	1,908,874	7,292,570	(4,156)	(32,764)	7,255,642
Profit for the year attributable to owners of the parent	$ 573,796	$ 257,020	$ 342,724	$ 244,229	$ 358,990	$ 71,504	$ 272,380	$ 2,120,662	$ 7,249	$ 112	$ 2,128,023
Segment assets	$10,435,115	$4,425,717	$3,033,707	$7,539,504	$ 6,582,970	$2,974,822	$ 6,591,777	$41,583,629	$8,907,256	$(2,733,355)	$47,757,537
Other items:											
(1) Investments accounted for using the equity method	$ 292,046	$ 281,457	$ 255,957	$ 634,411	$ 567,453	$ 163,558	$ 44,387	$ 2,239,294	$ 2,725	$ –	$ 2,242,028
(2) Share of profit (loss) of investments accounted for using the equity method	89,830	(1,362)	29,753	128,263	21,103	36,224	(24,975)	278,843	(74)	(134)	278,626
(3) Depreciation and amortization	111,173	81,127	91,080	207,047	50,730	50,640	259,042	850,864	115,082	–	965,955
(4) Impairment losses on fixed assets	6,155	–	29	68,007	1,917	–	43,181	119,306	7	–	119,314
(5) Capital expenditures	153,321	122,391	155,073	513,360	70,912	30,951	426,428	1,472,470	193,185	–	1,665,663
(6) Income tax expense	186,497	95,918	118,752	46,004	125,410	28,735	160,076	761,424	80,101	112	841,646

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

Millions of Yen

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

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

(3) Information on products and services

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

(4) Geographic information

(Changes in presentation)

Effective from the year ended March 31, 2023, in order to appropriately present global business expansion of the group, geographic information has been changed from the presentation by country to the presentation by region. Prior year amounts have been reclassified to conform to the current year's presentation.

(i) External revenue

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Japan	¥2,732,013	¥2,285,100	$20,459,919
North America	1,303,194	910,636	9,759,559
Europe	689,721	573,065	5,165,288
China	1,195,276	1,159,729	8,951,366
Asia and Oceania	2,050,297	1,756,720	15,354,579
Africa	1,278,000	1,049,552	9,570,882
Other	600,056	293,193	4,493,791
Total	¥9,848,560	¥8,028,000	$73,755,410

Revenue is classified based on the locations of customers.

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

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Japan	¥ 514,055	¥ 512,566	$3,849,734
North America	115,728	97,610	866,681
Europe	173,452	165,650	1,298,974
China	26,228	26,505	196,420
Asia and Oceania	131,255	127,172	982,962
Africa	218,476	186,448	1,636,156
Other	51,523	43,278	385,853
Total	¥1,230,721	¥1,159,232	$9,216,812

(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, 2023 and 2022 are ¥1,482,172 million ($11,099,917 thousand) and ¥984,204 million, respectively.

NOTE 5. Business Combinations

There is no major business combination, individually or collectively, for the years ended March 31, 2023 and 2022.

NOTE 6. Trade and Other Receivables

The breakdown of trade and other receivables is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Notes and accounts receivable	¥1,661,366	¥1,723,576	$12,441,893
Other	165,944	162,460	1,242,746
Loss allowance	(54,286)	(48,757)	(406,545)
Total	1,773,024	1,837,279	13,278,094
Current assets	1,730,426	1,797,084	12,959,080
Non-current assets	42,598	40,195	319,014
Total	¥1,773,024	¥1,837,279	$13,278,094

NOTE 7. Inventories

The breakdown of inventories is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Merchandise and finished goods	¥1,152,445	¥1,100,129	$8,630,607
Work in progress	15,948	12,247	119,433
Raw materials and supplies	58,999	48,646	441,840
Total	¥1,227,393	¥1,161,022	$9,191,889

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
	2023	2022	2023
Investments accounted for using the equity method	¥–	¥4,276	$–

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

The sale of the said assets was completed in July 2022.

(2) Liabilities directly associated with assets held for sale

There are no liabilities directly associated with assets held for sale as of March 31, 2023 and 2022.

NOTE 9. Financial Instruments

(1) Capital management

The group performs capital management aiming to maximize its corporate value through continuous growth. The group's main key performance indicator (KPI) used for capital management is the net debt-equity ratio (net DER), which is a ratio of (a) the net interest-bearing debt calculated by deducting the amounts of cash and cash equivalents and time deposits from the amount of interest-bearing debt to (b) the total equity attributable to owners of the parent. The group's target ratio is no more than 1.0. As of March 31, 2023 and 2022, net DER is 0.7 and 0.7, respectively.

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

(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
	2023	2022	2023
Financial assets:			
Financial assets measured at amortized cost:			
Cash and cash equivalents	¥ 771,613	¥ 653,013	$ 5,778,574
Trade and other receivables	1,773,024	1,837,279	13,278,094
Other financial assets			
Time deposits	75,268	78,228	563,678
Guarantee deposits and membership	13,973	13,262	104,643
Financial assets measured at amortized cost, total	2,633,879	2,581,784	19,724,998
FVTPL financial assets:			
Other investments			
Shares and investments in capital	8,696	8,533	65,123
Other financial assets			
Derivatives	86,297	100,423	646,274
FVTPL financial assets, total	94,993	108,956	711,398
FVTOCI financial assets:			
Other investments			
Shares and investments in capital	615,254	614,003	4,607,608
FVTOCI financial assets, total	615,254	614,003	4,607,608
Total	¥3,344,128	¥3,304,745	$25,044,020
Financial liabilities:			
Financial liabilities measured at amortized cost:			
Trade and other payables	¥1,611,030	¥1,677,590	$12,064,929
Bonds and borrowings			
Bonds	318,564	292,253	2,385,711
Borrowings	1,618,137	1,514,412	12,118,153
Commercial papers	85,000	50,000	636,561
Financial liabilities measured at amortized cost, total	3,632,731	3,534,256	27,205,354
Financial liabilities measured at fair value through profit or loss:			
Other financial liabilities			
Derivatives	32,361	86,289	242,350
Financial liabilities measured at fair value through profit or loss, total	32,361	86,289	242,350
Total	¥3,665,092	¥3,620,546	$27,447,704

(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	
	2023		2022		2023	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:						
Trade and other receivables	¥1,773,024	¥1,773,060	¥1,837,279	¥1,837,383	$13,278,094	$13,278,364
Financial liabilities:						
Bonds and borrowings						
Bonds	318,564	313,709	292,253	297,224	2,385,711	2,349,352
Borrowings	1,618,137	1,603,210	1,514,412	1,519,171	12,118,153	12,006,365
Commercial papers	85,000	85,000	50,000	50,000	636,561	636,561
Total	¥2,021,701	¥2,001,919	¥1,856,665	¥1,866,395	$15,140,425	$14,992,278

The methods utilized to measure the fair value are described 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, 2023	Level 1	Level 2	Level 3	Total
Financial assets:				
Other financial assets				
Derivatives	¥ 4,027	¥82,270	¥ –	¥ 86,297
Other investments				
Shares and investments in capital	381,343	–	242,607	623,951
Total	¥385,371	¥82,270	¥242,607	¥710,248
Financial liabilities:				
Other financial liabilities				
Derivatives	¥ 2,122	¥30,238	¥ –	¥ 32,361

	Thousands of U.S. Dollars			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Other financial assets				
Derivatives	$ 30,158	$616,116	$ –	$ 646,274
Other investments				
Shares and investments in capital	2,855,860	–	1,816,872	4,672,740
Total	$2,886,025	$616,116	$1,816,872	$5,319,014
Financial liabilities:				
Other financial liabilities				
Derivatives	$ 15,891	$226,450	$ –	$ 242,350

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

The methods utilized to measure the fair value are described as follows:

(a) Other financial assets

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

(b) Other investments

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

(c) Other financial liabilities

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

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

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
	Other investments	Other investments	Other investments
Balance at the beginning of the year	¥217,704	¥226,218	$1,630,375
Other comprehensive income (loss) arising from FVTOCI financial assets	26,997	(32,202)	202,179
Purchases	10,349	24,797	77,503
Sales	(3,125)	(820)	(23,402)
Foreign exchange translation	1,352	1,366	10,125
Other	(10,671)	(1,655)	(79,914)
Balance at the end of the year	¥242,607	¥217,704	$1,816,872

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

	2023	2022
PBR	0.4 to 4.4 times	0.4 to 4.6 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, 2023

Name of issuer	Millions of Yen	Thousands of U.S. Dollars
Toyota Industries Corporation	¥112,411	$841,840
Toyota Motor Corporation	94,713	709,301
ALLKEM LIMITED	41,871	313,569
TOYOTA FUDOSAN CO., LTD.	35,038	262,397
Tianjin Denso Electronics Co., Ltd.	16,233	121,568
Cataler (Wuxi) Automotive Environment Technology Co., Ltd.	12,056	90,286
PT Astra Daihatsu Motor	11,366	85,119
Tube Investments of India Ltd.	11,276	84,445
Sam-A Aluminium Co., Ltd.	11,150	83,501
TOYOTA BOSHOKU CORPORATION	9,759	73,084

As of March 31, 2022

Name of issuer	Millions of Yen
Toyota Industries Corporation	¥129,540
Toyota Motor Corporation	111,968
ALLKEM LIMITED	41,322
TOYOTA FUDOSAN CO., LTD.	32,186
TOYOTA BOSHOKU CORPORATION	9,143
Indus Motor Company Limited	8,594
Tube Investments of India Ltd.	7,150
Tianjin Denso Electronics Co., Ltd.	6,912
TON YI INDUSTRIAL CORP.	6,840
Koito Manufacturing Co., Ltd.	6,503

(ii) Dividend income

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Investments derecognized during the year	¥ 400	¥ 211	$ 2,995
Investments held at the year-end	24,964	18,830	186,954
Total	¥25,365	¥19,041	$189,957

(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
	2023	2022	2023
Fair value at the date of sale	¥7,993	¥2,659	$59,859
Cumulative gain or loss upon sale	3,642	1,502	27,274

(iv) Reclassification to retained earnings

Cumulative gain or loss from changes in fair value of FVTOCI equity instruments is reclassified to retained earnings when the investment is disposed or impaired. The cumulative gains or losses in other comprehensive income reclassified to retained earnings, after tax, are a profit of ¥4,645 million ($34,786 thousand) and a loss of ¥5,603 million for the years ended March 31, 2023 and 2022, respectively.

(5) Derivatives

The following is the breakdown of derivative transactions.

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Commodity-related derivatives	¥ 9,974	¥ 9,256	$ 74,694
Currency-related derivatives	21,335	5,279	159,776
Interest-related derivatives	22,626	(402)	169,445
Total	¥ 53,936	¥ 14,133	$ 403,924
Other financial assets (current)	¥ 50,645	¥ 76,600	$ 379,278
Other financial assets (non-current)	35,652	23,822	266,996
Other financial liabilities (current)	(24,146)	(69,504)	(180,828)
Other financial liabilities (non-current)	(8,214)	(16,784)	(61,514)
Total	¥ 53,936	¥ 14,133	$ 403,924

(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) Hedges 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, 2023 / 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	¥ 33,226	¥ 248	¥ 323	¥ –	¥ (189)
Cash flow hedges:					
Commodity price fluctuation risk	13,901	47	104	–	(56)
Foreign exchange fluctuation risk	477,957	18,924	2,534	–	16,390
Interest rate fluctuation risk	557,580	28,899	6,459	–	22,439
Hedges of net investments:					
Foreign exchange fluctuation risk	5,847	–	–	5,847	(672)

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	$ 248,827	$ 1,857	$ 2,418	$ –	$ (1,415)
Cash flow hedges:					
Commodity price fluctuation risk	104,103	351	778	–	(419)
Foreign exchange fluctuation risk	3,579,397	141,720	18,977	–	122,743
Interest rate fluctuation risk	4,175,690	216,423	48,371	–	168,044
Hedges of net investments:					
Foreign exchange fluctuation risk	43,787	–	–	43,787	(5,032)

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	(501)	Cost of sales	404	(88)
Foreign exchange fluctuation risk	21,389	Other income (expenses), other	(18,387)	17,995
Interest rate fluctuation risk	22,164	Interest expenses, other	(3,962)	(617)
Hedges of net investments:				
Foreign exchange fluctuation risk	(754)	Other income (expenses), other	–	(672)

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	(3,751)	Cost of sales	3,025	(659)
Foreign exchange fluctuation risk	160,181	Other income (expenses), other	(137,699)	134,763
Interest rate fluctuation risk	165,985	Interest expenses, other	(29,671)	(4,620)
Hedges of net investments:				
Foreign exchange fluctuation risk	(5,646)	Other income (expenses), other	–	(5,032)

As of March 31, 2022 / 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	¥ 32,681	¥ 66	¥ 272	¥ –	¥ (832)
Cash flow hedges:					
Commodity price fluctuation risk	16,825	233	713	–	(209)
Foreign exchange fluctuation risk	445,874	22,989	11,748	–	13,949
Interest rate fluctuation risk	565,556	15,920	15,780	–	62
Hedges of net investments:					
Foreign exchange fluctuation risk	1,537	–	–	1,537	187

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	3,758	Cost of sales	(2,172)	8
Foreign exchange fluctuation risk	(6,289)	Other income (expenses), other	8,828	14,993
Interest rate fluctuation risk	5,501	Interest expenses, other	(658)	(18,819)
Hedges of net investments:				
Foreign exchange fluctuation risk	58	Other income (expenses), other	–	82

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, 2023				
Fair value hedges:				
Commodity price fluctuation risk	¥ 33,226	¥ –	¥ –	¥ 33,226
Cash flow hedges:				
Commodity price fluctuation risk	13,901	–	–	13,901
Foreign exchange fluctuation risk	419,367	42,285	16,304	477,957
Interest rate fluctuation risk	54,797	254,612	248,170	557,580
Hedges of net investments:				
Foreign exchange fluctuation risk	4,169	1,677	–	5,847
March 31, 2022				
Fair value hedges:				
Commodity price fluctuation risk	¥ 32,681	¥ –	¥ –	¥ 32,681
Cash flow hedges:				
Commodity price fluctuation risk	16,825	–	–	16,825
Foreign exchange fluctuation risk	387,623	23,578	34,673	445,874
Interest rate fluctuation risk	215,169	200,076	150,310	565,556
Hedges of net investments:				
Foreign exchange fluctuation risk	1,537	–	–	1,537

	Thousands of U.S. Dollars			
	Within one year	Between one and five years	Over five years	Total
March 31, 2023				
Fair value hedges:				
Commodity price fluctuation risk	$ 248,827	$ –	$ –	$ 248,827
Cash flow hedges:				
Commodity price fluctuation risk	104,103	–	–	104,103
Foreign exchange fluctuation risk	3,140,620	316,670	122,099	3,579,397
Interest rate fluctuation risk	410,372	1,906,777	1,858,533	4,175,690
Hedges of net investments:				
Foreign exchange fluctuation risk	31,221	12,558	–	43,787

(b) Hedged item

As of March 31, 2023	Millions of Yen				
Type of hedge accounting	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	¥ 189	¥5,820	¥95	¥–	¥189
Cash flow hedges:					
Commodity price fluctuation risk	56	–	–	–	–
Foreign exchange fluctuation risk	(16,390)	–	–	–	–
Interest rate fluctuation risk	(22,439)	–	–	–	–
Hedges of net investments:					
Foreign exchange fluctuation risk	672	–	–	–	–

	Thousands of U.S. Dollars				
Type of hedge accounting	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	$ 1,415	$43,585	$711	$–	$1,415
Cash flow hedges:					
Commodity price fluctuation risk	419	–	–	–	–
Foreign exchange fluctuation risk	(122,743)	–	–	–	–
Interest rate fluctuation risk	(168,044)	–	–	–	–
Hedges of net investments:					
Foreign exchange fluctuation risk	5,032	–	–	–	–

As of March 31, 2022	Millions of Yen				
Type of hedge accounting	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	¥ 832	¥7,579	¥933	¥–	¥832
Cash flow hedges:					
Commodity price fluctuation risk	212	–	–	–	–
Foreign exchange fluctuation risk	(13,987)	–	–	–	–
Interest rate fluctuation risk	(76)	–	–	–	–
Hedges of net investments:					
Foreign exchange fluctuation risk	(82)	–	–	–	–

(7) Offsetting financial assets and financial liabilities

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

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Gross amount of financial assets recognized	¥88,118	¥107,436	$659,911
Amount offset on the consolidated statement of financial position	(1,820)	(7,012)	(13,629)
Net amount of financial assets presented in the consolidated statement of financial position	¥86,297	¥100,423	$646,274

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Gross amount of financial liabilities recognized	¥34,181	¥93,302	$255,979
Amount offset on the consolidated statement of financial position	(1,820)	(7,012)	(13,629)
Net amount of financial liabilities presented in the consolidated statement of financial position	¥32,361	¥86,289	$242,350

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, 2023 and 2022, those amounts are ¥16,184 million ($121,201 thousand) and ¥8,436 million, respectively.

(9) Risks arising from financial instruments

Financial risk management

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

(i) 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, each group company hedges foreign exchange positions exposed to foreign exchange fluctuation risk at the group by primarily using foreign exchange forward contracts at an appropriate time, taking into account assets and liabilities denominated in foreign currencies and unrecognized firm commitments are offset. With respect to foreign exchange positions which are not offset or hedged, the group has to take risks on certain transactions and contracts. For such positions, the position limit is set at each group company and the department which is responsible for foreign exchange fluctuation risk management monitors and manages the risk on a monthly basis.

Sensitivity analysis of foreign currency

Sensitivity analysis shows the amount affecting profit (loss) for the year attributable to owners of the parent when Japanese yen ("JPY") is appreciated by 10% 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, 2023 and 2022, such amounts affecting profit (loss) for the year attributable to owners of the parent are ¥(7,368) million ($(55,178) thousand) and ¥(3,070) million for USD, and ¥(5,445) million ($(40,777) thousand) and ¥(3,532) million for euro, respectively. Similarly, for the years ended March 31, 2023 and 2022, the amounts affecting exchange differences on translation of foreign operations are ¥(29,546) million ($(221,268) thousand) and ¥(22,109) million for USD, and ¥(25,232) million ($(188,961) thousand) and ¥(20,921) million for euro, respectively.

(ii) 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 derivative transactions.

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

Interest Rate Benchmark Reform

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

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

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

The following table summarizes major interest rate benchmarks, nominal amounts of hedging instruments, and risk exposures which are subject to Interest Rate Benchmark Reform – Phase 1 as of March 31, 2023 and 2022.

	Millions of Yen				Thousands of U.S. Dollars	
	2023		2022		2023	
	Nominal amount	Risk exposure	Nominal amount	Risk exposure	Nominal amount	Risk exposure
Floating-rate borrowings – USD LIBOR	¥146,343	¥146,343	¥178,955	¥178,955	$1,095,955	$1,095,955

The following table summarizes the carrying amounts of financial instruments for which contracts refer to USD LIBOR, which are subject to Interest Rate Benchmark Reform – Phase 2, but have not been replaced to alternative benchmark rate as of March 31, 2023 and 2022.

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Non-derivative financial assets:			
Loans receivable	¥ 11,565	¥ 10,598	$ 86,609
Non-derivative financial liabilities:			
Borrowings	186,429	221,834	1,396,158
Lease liabilities	2,779	2,181	20,811

(iii) 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. In addition, the Board of Directors annually reports the review result of whether or not to continue holding stocks and the number of shares held. The review is based on the comprehensive consideration including ① the investee's profitability using the group's proprietary cost-of-capital based indicators, ② the establishment, maintenance and strengthening of business relationships with the respective investee, and ③ contributions to and cooperation with regional and social development. Through this review, it is decided to reduce the number of shares that are no longer meaningful to continue holding.

Sensitivity analysis of stock prices

For marketable stocks traded in active markets, the amounts affecting other comprehensive income, before tax, in the case that the stock price decreases by 10% are ¥(38,134) million ($(285,583) thousand) and ¥(40,483) million for the years ended March 31, 2023 and 2022, respectively. Under this analysis, all variables other than the stock price are assumed to be constant and the correlation among issuers is disregarded.

(iv) Commodity price fluctuation risk management

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

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

(v) Credit risk management

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

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

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

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

(a) 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, 2021	¥23,531	¥16,923	¥40,455	¥3,304	¥ 146	¥–	¥3,451	¥43,906
Changes in financial instruments originated or purchased	3,558	–	3,558	331	–	–	331	3,889
Direct write off	(4)	(46)	(50)	–	–	–	–	(50)
Changes due to derecognition	(1,741)	(147)	(1,889)	(74)	–	–	(74)	(1,964)
Changes in rate of loss	–	383	383	–	–	–	–	383
Foreign exchange translation	1,591	1,500	3,091	168	–	–	168	3,260
Other	251	(612)	(361)	(161)	(146)	–	(308)	(669)
March 31, 2022	¥27,187	¥18,000	¥45,188	¥3,568	¥ –	¥–	¥3,568	¥48,757
Changes in financial instruments originated or purchased	4,341	–	4,341	26	2,232	–	2,259	6,601
Direct write off	(19)	(258)	(277)	–	–	–	–	(277)
Changes due to derecognition	(3,618)	(1,125)	(4,743)	(198)	–	–	(198)	(4,942)
Changes in rate of loss	–	2,270	2,270	–	–	–	–	2,270
Foreign exchange translation	627	1,082	1,710	242	–	–	242	1,953
Other	(70)	–	(70)	(6)	–	–	(6)	(76)
March 31, 2023	¥28,449	¥19,970	¥48,420	¥3,633	¥2,232	¥–	¥5,865	¥54,286

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, 2022	$203,602	$134,801	$338,410	$26,720	$ –	$–	$26,720	$365,138
Changes in financial instruments originated or purchased	32,509	–	32,509	194	16,715	–	16,917	49,434
Direct write off	(142)	(1,932)	(2,074)	–	–	–	–	(2,074)
Changes due to derecognition	(27,095)	(8,425)	(35,520)	(1,482)	–	–	(1,482)	(37,010)
Changes in rate of loss	–	16,999	16,999	–	–	–	–	16,999
Foreign exchange translation	4,695	8,103	12,806	1,812	–	–	1,812	14,625
Other	(524)	–	(524)	(44)	–	–	(44)	(569)
March 31, 2023	$213,053	$149,554	$362,615	$27,207	$16,715	$–	$43,922	$406,545

Trade and other receivables include lease receivables.

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

(b) Changes in loss allowance on financial guarantee contracts

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

Millions of Yen

	Financial guarantee contracts			
	Expected credit losses for 12 months	Lifetime expected credit losses	Credit-impaired financial assets	Total
April 1, 2021	¥–	¥ –	¥–	¥ –
Changes in financial instruments originated or purchased	–	–	–	–
Direct write off	–	–	–	–
Changes due to derecognition	–	–	–	–
Changes in classification	–	–	–	–
Changes in rate of loss	–	–	–	–
Changes due to business combination	–	–	–	–
March 31, 2022	¥–	¥ –	¥–	¥ –
Changes in financial instruments originated or purchased	–	–	–	–
Direct write off	–	–	–	–
Changes due to derecognition	–	–	–	–
Changes in classification	–	–	–	–
Changes in rate of loss	–	31	–	31
Changes due to business combination	–	–	–	–
March 31, 2023	¥–	¥31	¥–	¥31

Thousands of U.S. Dollars

	Financial guarantee contracts			
	Expected credit losses for 12 months	Lifetime expected credit losses	Credit-impaired financial assets	Total
March 31, 2022	$–	$ –	$–	$ –
Changes in financial instruments originated or purchased	–	–	–	–
Direct write off	–	–	–	–
Changes due to derecognition	–	–	–	–
Changes in classification	–	–	–	–
Changes in rate of loss	–	232	–	232
Changes due to business combination	–	–	–	–
March 31, 2023	$–	$232	$–	$232

(c) Carrying amounts of financial assets

Carrying amounts of financial assets are as follows:

As of March 31, 2023	Millions of Yen		
	Basis of recognition of loss allowance		
	Expected credit losses for 12 months	Lifetime expected credit losses	Credit-impaired financial assets and credit-impaired financial guarantee contracts
Trade and other receivables	¥ –	¥1,797,328	¥32,467
Loans receivables	35,672	4,824	12
Financial guarantee contracts	19,441	31,180	–

	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	$ –	$13,460,106	$243,143
Loans receivables	267,145	36,126	89
Financial guarantee contracts	145,592	233,505	–

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

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.

(vi) Liquidity risk management

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

	Millions of Yen			
	Within one year	Between one and five years	Over five years	Total
March 31, 2023				
Bonds and borrowings	¥ 735,599	¥643,994	¥618,045	¥1,997,638
Trade and other payables (excluding lease liabilities)	1,611,030	–	–	1,611,030
Lease liabilities	25,847	60,737	36,905	123,490
Financial guarantee contracts	39,280	9,110	2,231	50,622
March 31, 2022				
Bonds and borrowings	¥ 740,936	¥597,932	¥505,044	¥1,843,913
Trade and other payables (excluding lease liabilities)	1,677,590	–	–	1,677,590
Lease liabilities	26,785	56,009	30,079	112,873
Financial guarantee contracts	8,200	35,693	1,556	45,449

	Thousands of U.S. Dollars			
	Within one year	Between one and five years	Over five years	Total
March 31, 2023				
Bonds and borrowings	$ 5,508,866	$4,822,841	$4,628,510	$14,960,218
Trade and other payables (excluding lease liabilities)	12,064,929	–	–	12,064,929
Lease liabilities	193,566	454,856	276,379	924,810
Financial guarantee contracts	294,166	68,224	16,707	379,105

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, 2023				
Commodity-related derivatives				
(Cash inflows)	¥(23,376)	¥ –	¥ –	¥ (23,376)
Cash outflows	13,401	–	–	13,401
Currency-related derivatives				
(Cash inflows)	(19,100)	(8,312)	(5,506)	(32,919)
Cash outflows	10,426	1,157	–	11,584
Interest-related derivatives				
(Cash inflows)	(83,751)	(88,933)	(36,510)	(209,195)
Cash outflows	75,022	77,365	34,180	186,569
March 31, 2022				
Commodity-related derivatives				
(Cash inflows)	¥(53,292)	¥ (1,812)	¥ –	¥ (55,104)
Cash outflows	44,800	1,047	–	45,848
Currency-related derivatives				
(Cash inflows)	(15,440)	(8,371)	(5,886)	(29,697)
Cash outflows	22,703	1,714	–	24,418
Interest-related derivatives				
(Cash inflows)	(34,682)	(107,728)	(40,922)	(183,333)
Cash outflows	30,868	106,193	46,674	183,736

	Thousands of U.S. Dollars			
	Within one year	Between one and five years	Over five years	Total
March 31, 2023				
Commodity-related derivatives				
(Cash inflows)	$(175,061)	$ –	$ –	$ (175,061)
Cash outflows	100,359	–	–	100,359
Currency-related derivatives				
(Cash inflows)	(143,039)	(62,248)	(41,234)	(246,528)
Cash outflows	78,079	8,664	–	86,752
Interest-related derivatives				
(Cash inflows)	(627,207)	(666,015)	(273,421)	(1,566,651)
Cash outflows	561,836	579,382	255,972	1,397,206

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 immaterial, are accounted for using the equity method.

	Millions of Yen				Thousands of U.S. Dollars	
	2023		2022		2023	
	Associates	Joint ventures	Associates	Joint ventures	Associates	Joint ventures
Investments accounted for using the equity method	¥259,400	¥39,977	¥232,691	¥41,301	$1,942,634	$299,385

	Millions of Yen				Thousands of U.S. Dollars	
	2023		2022		2023	
	Associates	Joint ventures	Associates	Joint ventures	Associates	Joint ventures
Profit for the year	¥15,266	¥21,939	¥ 9,709	¥10,976	$114,326	$164,300
Other comprehensive income	5,969	4,287	7,378	2,483	44,701	32,105
Comprehensive income for the year	¥21,236	¥26,227	¥17,088	¥13,460	$159,035	$196,412

NOTE 11. Property, Plant and Equipment

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

	Millions of Yen					
[Acquisition cost]	Buildings and structures	Machinery and vehicles	Land	Construction in progress	Other property, plant and equipment	Total
April 1, 2021	¥382,967	¥636,251	¥93,047	¥ 148,511	¥234,764	¥1,495,542
Acquisitions	11,905	29,346	987	86,247	24,408	152,895
Acquisition due to business combinations	1,202	4,145	1	88	301	5,739
Disposals	(3,549)	(16,190)	(792)	(739)	(17,283)	(38,555)
Foreign exchange translation	23,707	29,710	5,826	(2,974)	11,041	67,311
Other	10,934	50,221	(523)	(59,761)	10,833	11,704
March 31, 2022	¥427,168	¥733,484	¥98,546	¥ 171,371	¥264,065	¥1,694,636
Acquisitions	8,122	53,275	2,242	92,562	46,487	202,689
Acquisition due to business combinations	699	17,583	931	364	388	19,968
Disposals	(7,085)	(31,258)	(2,409)	(1,492)	(35,661)	(77,906)
Foreign exchange translation	15,879	26,876	2,425	2,742	7,383	55,306
Other	33,599	64,558	690	(153,739)	6,255	(48,635)
March 31, 2023	¥478,383	¥864,519	¥102,428	¥ 111,809	¥288,918	¥1,846,060

Thousands of U.S. Dollars

	Buildings and structures	Machinery and vehicles	Land	Construction in progress	Other property, plant and equipment	Total
March 31, 2022	$3,199,041	$5,493,027	$738,006	$ 1,283,389	$1,977,570	$12,691,050
Acquisitions	60,825	398,974	16,790	693,192	348,138	1,517,928
Acquisition due to business combinations	5,234	131,678	6,972	2,725	2,905	149,539
Disposals	(53,059)	(234,089)	(18,040)	(11,173)	(267,063)	(583,434)
Foreign exchange translation	118,917	201,273	18,160	20,534	55,290	414,184
Other	251,621	483,471	5,167	(1,151,344)	46,843	(364,225)
March 31, 2023	$3,582,588	$6,474,342	$767,078	$ 837,332	$2,163,693	$13,825,058

As of March 31, 2023, "Other" includes the amount reclassified from "Construction in progress" and the effect of government grant deducted from the acquisition costs.

The government grant deducted from the acquisition costs are mainly received by the Machinery, Energy & Project Division, for the acquisition of transmission facilities in the amount of ¥36,348 million ($272,208 thousand).

There are no unfulfilled conditions or other contingencies associated with the government grant.

The decrease in "Construction in progress" as of March 31, 2023 is mainly due to the amount reclassification of transmission facilities in the Machinery, Energy & Project Division.

Millions of Yen

[Accumulated depreciation and accumulated impairment losses]	Buildings and structures	Machinery and vehicles	Land	Construction in progress	Other property, plant and equipment	Total
April 1, 2021	¥199,872	¥353,025	¥ 1,578	¥–	¥100,435	¥654,912
Depreciation	15,231	42,022	–	–	32,376	89,630
Impairment losses	868	4,700	31	–	237	5,837
Disposals	(2,307)	(13,108)	(29)	–	(13,219)	(28,665)
Foreign exchange translation	10,228	15,699	24	–	4,906	30,858
Other	(161)	1,655	23	–	(1,333)	183
March 31, 2022	¥223,731	¥403,994	¥ 1,627	¥–	¥123,402	¥752,756
Depreciation	17,738	52,411	–	–	36,126	106,276
Impairment losses	709	9,118	181	–	209	10,219
Disposals	(5,741)	(20,846)	–	–	(29,974)	(56,561)
Foreign exchange translation	8,067	14,857	25	–	3,103	26,053
Other	(1,208)	8,076	(1,018)	–	(2,597)	3,251
March 31, 2023	¥243,297	¥467,611	¥ 816	¥–	¥130,270	¥841,995

Thousands of U.S. Dollars

	Buildings and structures	Machinery and vehicles	Land	Construction in progress	Other property, plant and equipment	Total
March 31, 2022	$1,675,511	$3,025,492	$12,184	$–	$ 924,151	$5,637,354
Depreciation	132,839	392,503	–	–	270,545	795,896
Impairment losses	5,309	68,284	1,355	–	1,565	76,529
Disposals	(42,994)	(156,114)	–	–	(224,473)	(423,582)
Foreign exchange translation	60,413	111,263	187	–	23,238	195,109
Other	(9,046)	60,480	(7,623)	–	(19,448)	24,346
March 31, 2023	$1,822,039	$3,501,917	$ 6,110	$–	$ 975,586	$6,305,661

Millions of Yen

[Carrying amount]	Buildings and structures	Machinery and vehicles	Land	Construction in progress	Other property, plant and equipment	Total
March 31, 2022	¥203,436	¥329,489	¥ 96,919	¥171,371	¥140,663	¥ 941,880
March 31, 2023	235,086	396,907	101,611	111,809	158,648	1,004,064

Thousands of U.S. Dollars

	Buildings and structures	Machinery and vehicles	Land	Construction in progress	Other property, plant and equipment	Total
March 31, 2023	$1,760,548	$2,972,418	$760,960	$837,332	$1,188,107	$7,519,388

"Other property, plant and equipment" 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 ¥10,219 million ($76,529 thousand) and ¥5,837 million for the years ended March 31, 2023 and 2022, respectively.

For the year ended March 31, 2023, the group recognized an impairment loss for power generation business properties of the Machinery, Energy & Project Division by reducing their carrying amount to the recoverable amount as it became highly unlikely to earn profits as initially projected based on the review of its business plan and declines in electricity price.

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

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, and carrying amount of intangible assets are as follows:

Millions of Yen

[Acquisition cost]	Goodwill	Marketing rights, customer-related, etc.	Business rights	Software	Other intangible assets	Total
April 1, 2021	¥208,482	¥ 98,648	¥16,051	¥ 75,324	¥32,270	¥430,776
Acquisitions	–	–	15,697	4,047	11,996	31,741
Acquisition due to business combinations	34	–	–	–	780	814
Disposals	(1)	–	–	(10,093)	(269)	(10,363)
Foreign exchange translation	10,519	5,244	525	1,804	2,812	20,905
Other	159	–	–	7,070	(6,233)	996
March 31, 2022	¥219,195	¥103,892	¥32,274	¥ 78,153	¥41,357	¥474,872
Acquisitions	–	–	–	3,560	17,217	20,778
Acquisition due to business combinations	900	–	–	10	264	1,175
Disposals	–	–	–	(7,380)	(817)	(8,197)
Foreign exchange translation	11,089	6,855	3,001	1,257	1,525	23,728
Other	(31)	–	–	8,021	(7,125)	864
March 31, 2023	¥231,154	¥110,747	¥35,275	¥ 83,623	¥52,421	¥513,221

	Thousands of U.S. Dollars					
	Goodwill	Marketing rights, customer-related, etc.	Business rights	Software	Other intangible assets	Total
March 31, 2022	$1,641,541	$778,042	$241,698	$585,284	$309,720	$3,556,294
Acquisitions	–	–	–	26,660	128,937	155,605
Acquisition due to business combinations	6,740	–	–	74	1,977	8,799
Disposals	–	–	–	(55,268)	(6,118)	(61,386)
Foreign exchange translation	83,045	51,336	22,474	9,413	11,420	177,697
Other	(232)	–	–	60,068	(53,358)	6,470
March 31, 2023	$1,731,101	$829,379	$264,172	$626,248	$392,578	$3,843,488

For the years ended March 31, 2023 and 2022, the increase of "Other" in "Software" column is mainly attributable to the reclassification from software in progress included in "Other intangible assets."

	Millions of Yen					
[Accumulated amortization and accumulated impairment losses]	Goodwill	Marketing rights, customer-related, etc.	Business rights	Software	Other intangible assets	Total
April 1, 2021	¥131,526	¥ 75,538	¥1,465	¥45,826	¥13,879	¥268,236
Amortization	–	9,209	760	10,333	505	20,809
Impairment losses	–	–	–	20	540	561
Disposals	(0)	–	–	(9,691)	(131)	(9,823)
Foreign exchange translation	5,576	4,449	48	1,507	1,438	13,020
Other	80	–	867	18	(1,054)	(88)
March 31, 2022	¥137,182	¥ 89,197	¥3,142	¥48,015	¥15,178	¥292,716
Amortization	–	8,009	2,406	11,162	671	22,249
Impairment losses	3,319	2,228	–	5	159	5,713
Disposals	–	–	–	(7,021)	(229)	(7,251)
Foreign exchange translation	7,250	6,170	323	1,004	1,078	15,827
Other	44	–	–	(89)	10	(34)
March 31, 2023	¥147,796	¥105,605	¥5,872	¥53,076	¥16,869	¥329,220

	Thousands of U.S. Dollars					
	Goodwill	Marketing rights, customer-related, etc.	Business rights	Software	Other intangible assets	Total
March 31, 2022	$1,027,349	$667,992	$23,530	$359,582	$113,667	$2,192,136
Amortization	–	59,979	18,018	83,591	5,025	166,621
Impairment losses	24,855	16,685	–	37	1,190	42,784
Disposals	–	–	–	(52,579)	(1,714)	(54,302)
Foreign exchange translation	54,294	46,206	2,418	7,518	8,073	118,527
Other	329	–	–	(666)	74	(254)
March 31, 2023	$1,106,837	$790,870	$43,975	$397,483	$126,331	$2,465,513

	Millions of Yen					
[Carrying amount]	Goodwill	Marketing rights, customer-related, etc.	Business rights	Software	Other intangible assets	Total
March 31, 2022	¥82,012	¥14,694	¥29,131	¥30,137	¥26,178	¥182,155
March 31, 2023	83,357	5,141	29,403	30,546	35,552	184,001

	Thousands of U.S. Dollars					
	Goodwill	Marketing rights, customer-related, etc.	Business rights	Software	Other intangible assets	Total
March 31, 2023	$624,256	$38,500	$220,197	$228,757	$266,247	$1,377,974

(Changes in presentation)
"Business rights," which was previously included in "Other intangible assets," is shown as a separate line item from the year ended March 31, 2023, since the amount has become significant. In addition, "Mining rights," which was previously shown as a separate line item, is included in "Other intangible assets from the year ended March 31, 2023, since the amount has become insignificant. Prior year amounts have been reclassified to conform to the current year's presentation.

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 are as below.

Customer-related assets of the automotive marketing business in Africa, included in "Marketing rights, customer-related, etc.," are ¥5,586 million for the year ended March 31, 2022 whose average remaining useful lives is three years.

"Business rights" represents the power generation right in the Machinery, Energy & Project Division, whose average remaining useful life as of March 31, 2023 and 2022 is 13 years and 14 years, respectively.

Impairment losses are shown as "Impairment losses on fixed assets" in the consolidated statement of profit or loss. The amounts are ¥5,713 million ($42,784 thousand) and ¥561 million for the years ended March 31, 2023 and 2022, respectively.

Impairment losses for the year ended March 31, 2022 were mainly incurred in the Metals Division.

Impairment losses for the year ended March 31, 2023, mainly incurred in the beverage business in the Africa Division, include ¥3,319 million ($24,855 thousand) of impairment loss on total goodwill recognized based on the recoverable amount and ¥2,228 million ($16,685 thousand) of impairment loss on marketing rights, customer-related, etc. The recoverable amount is measured at value in use taking into account deterioration in profitability due to intensified competition and country risks, and estimated by applying an appropriate discount rate, which reflects assumed risks specific to the asset or cash-generating unit.

The carrying amounts of goodwill by segment are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Metals	¥ 54	¥ 64	$ 404
Global Parts & Logistics	805	326	6,028
Automotive	1,206	739	9,031
Machinery, Energy & Project	7,898	7,798	59,147
Chemicals & Electronics	709	712	5,309
Food & Consumer Services	1,259	1,260	9,428
Africa	71,383	71,072	534,583
Other	38	38	284
Total	¥83,357	¥82,012	$624,256

Of goodwill shown above, the significant goodwill is the one related to CFAO SAS in the amounts of ¥71,383 million ($534,583 thousand) and ¥71,072 million as of March 31, 2023 and 2022, respectively. Of which, the goodwill recognized upon the acquisition of CFAO SAS as a subsidiary are mainly allocated to the cash-generating units of automotive and healthcare.

The recoverable amount of goodwill is measured at value in use based on the next three-to-five-year business plan and growth rates, which are projected based on the business environment of each cash-generating unit and approved by management. The group determines the growth rate based on the average growth rate of markets or countries to which cash-generating units belong. The growth rate which exceeds the average growth rate of markets or countries is not used. The discount rates are determined, based on weighted-average cost of capital, to be 6.5% for domestic and 6.2% to 24.7% 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, and carrying amount and fair value are as follows:

	Millions of Yen		Thousands of U.S. Dollars
[Acquisition cost]	2023	2022	2023
Balance at the beginning of the year	¥23,156	¥22,548	$173,414
Acquisitions	104	477	778
Disposals or reclassifications to assets held for sale	–	–	–
Foreign exchange translation	122	130	913
Other	(2,207)	0	(16,528)
Balance at the end of the year	¥21,176	¥23,156	$158,586

	Millions of Yen		Thousands of U.S. Dollars
[Accumulated depreciation and accumulated impairment losses]	2023	2022	2023
Balance at the beginning of the year	¥4,302	¥3,808	$32,217
Depreciation	458	445	3,429
Disposals or reclassifications to assets held for sale	–	–	–
Foreign exchange translation	46	48	344
Other	(934)	0	(6,994)
Balance at the end of the year	¥3,872	¥4,302	$28,997

	Millions of Yen		Thousands of U.S. Dollars
[Carrying amount and fair value]	2023	2022	2023
Carrying amount	¥17,303	¥18,854	$129,581
Fair value	25,454	28,309	190,623

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 ¥1,782 million ($13,345 thousand) and ¥1,770 million for the years ended March 31, 2023 and 2022, 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 ¥996 million ($7,458 thousand) and ¥954 million for the years ended March 31, 2023 and 2022, respectively.

NOTE 14. Leases

(1) Lessee

The Group carries certain property, plant and equipment under lease contracts as a 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, 2021	¥ 78,268	¥ 8,778	¥25,115	¥ 6,614	¥118,776
Increase of right-of-use assets	14,971	2,889	6,946	2,755	27,563
Increase due to business combinations	15	4	74	–	94
Depreciation	(17,030)	(4,500)	(2,084)	(3,054)	(26,670)
Impairment losses	–	–	–	–	–
Other	1,112	(893)	3,481	(720)	2,978
March 31, 2022	¥ 77,337	¥ 6,277	¥33,533	¥ 5,594	¥122,743
Increase of right-of-use assets	24,410	8,478	8,034	1,285	42,210
Increase due to business combinations	67	281	–	–	348
Depreciation	(19,563)	(3,866)	(2,473)	(2,808)	(28,711)
Impairment losses	(87)	–	(98)	–	(185)
Other	(1,093)	(1,177)	892	26	(1,352)
March 31, 2023	¥ 81,071	¥ 9,993	¥39,888	¥ 4,097	¥135,052

	Thousands of U.S. Dollars				
	Buildings and structures	Machinery and vehicles	Land	Other	Total
March 31, 2022	$ 579,173	$ 47,008	$251,127	$ 41,893	$ 919,216
Increase of right-of-use assets	182,805	63,491	60,166	9,623	316,108
Increase due to business combinations	501	2,104	–	–	2,606
Depreciation	(146,506)	(28,952)	(18,520)	(21,028)	(215,015)
Impairment losses	(651)	–	(733)	–	(1,385)
Other	(8,185)	(8,814)	6,680	194	(10,125)
March 31, 2023	$ 607,136	$ 74,837	$298,719	$ 30,682	$1,011,398

(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
	2023	2022	2023
Finance costs	¥3,506	¥3,063	$26,256
Lease expenses due to an exemption to short-term leases	4,038	3,690	30,240
Lease expenses due to an exemption to low-value assets	1,629	1,824	12,199

(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 years ended March 31, 2023 and 2022 are insignificant.

(iv) Sublease income

Sublease income for the years ended March 31, 2023 and 2022 is insignificant.

(v) Sale and leaseback transactions

Gain or loss from sale and leaseback transactions for the years ended March 31, 2023 and 2022 is insignificant.

(vi) Cash outflows associated with leases

Cash outflows associated with leases are ¥30,838 million ($230,944 thousand) and ¥28,391 million for the years ended March 31, 2023 and 2022, respectively.

(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, (vi) 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
	2023	2022	2023
Finance income on net investment in the lease	¥2,895	¥2,648	$21,680
Income relating to variable lease payments	–	–	–

(ii) Revenue associated with operating leases

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Lease payments earned	¥39,041	¥24,882	$292,376
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, 2023

	Millions of Yen									
	Within one year	Between one and two years	Between two and three years	Between three and four years	Between four and five years	Over five years	Total	Unearned finance income	Discounted unguaranteed residual value	Net investment in the lease
Undiscounted lease payments receivable	¥5,844	¥4,958	¥4,264	¥3,639	¥4,470	¥21,718	¥44,896	¥12,860	¥–	¥32,035

	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	$43,765	$37,130	$31,932	$27,252	$33,475	$162,645	$336,224	$96,307	$–	$239,908

	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	¥16,014	¥10,781	¥7,011	¥3,534	¥1,160	¥110	¥38,613

	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	$119,928	$80,738	$52,505	$26,465	$8,687	$823	$289,170

For the year ended March 31, 2022

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

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

NOTE 15. Trade and Other Payables

The breakdown of trade and other payables is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Notes payable and accounts payable	¥1,367,584	¥1,434,044	$10,241,773
Lease liabilities	123,490	112,873	924,810
Other	243,445	243,546	1,823,148
Total	¥1,734,520	¥1,790,464	$12,989,740
Current liabilities	¥1,636,877	¥1,704,376	$12,258,496
Non-current liabilities	97,642	86,088	731,236
Total	¥1,734,520	¥1,790,464	$12,989,740

(Changes in presentation)

"Lease liabilities," previously included in "Other," is separately presented since the materiality increased. The prior year amount has been reclassified to conform to the current year's presentation.

NOTE 16. Bonds and Borrowings

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

	Millions of Yen		Thousands of U.S. Dollars		
	2023	2022	2023	Average rate	Maturity
Short-term borrowings	¥ 494,936	¥ 519,158	$ 3,706,552	3.76%	–
Commercial papers	85,000	50,000	636,561	0.01	–
Current portion of bonds	81,704	–	611,877	3.03	–
Current portion of long-term borrowings	85,028	171,778	636,770	1.69	–
Bonds (excluding current portion)	236,859	292,253	1,773,826	1.28	2024–2043
Long-term borrowings (excluding current portion)	1,038,172	823,475	7,774,822	1.23	2024–2044
Total	¥2,021,701	¥1,856,665	$15,140,425	–	–
Current liabilities	¥ 746,668	¥ 740,936	$ 5,591,762	–	–
Non-current liabilities	1,275,032	1,115,728	9,548,655	–	–
Total	¥2,021,701	¥1,856,665	$15,140,425	–	–

"Average rate" presents the weighted-average interest rate to the balances for the year ended March 31, 2023.

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:

	2023	2022	2023
Multi-currency revolving facilities, total	¥50,000 million equivalent	¥50,000 million equivalent	$374,447 thousand equivalent
Total line of credit	$1,200 million	$1,200 million	$1,200,000 thousand
Balance executed	–	–	–
Balance unused	¥50,000 million equivalent $1,200 million	¥50,000 million equivalent $1,200 million	$374,447 thousand equivalent $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:

	2023	2022	2023
Total line of credit	€250 million	€250 million	$272,822 thousand
Balance executed	–	–	–
Balance unused	€250 million	€250 million	$272,822 thousand

(2) Details of bonds

The following table summarizes details of bonds.

			Millions of Yen		Thousands of U.S. Dollars		
Issuer	Description	Issue date	2023	2022	2023	Coupon (%)	Redemption date
The company	The 17th unsecured domestic corporate bond	December 5, 2013	¥ 14,994 (14,994)	¥ 14,987	$ 112,289 (112,289)	0.81	December 5, 2023
The company	The 18th unsecured domestic corporate bond	December 5, 2013	14,982	14,976	112,199	1.01	December 5, 2025
The company	The 19th unsecured domestic corporate bond	July 10, 2014	14,979	14,973	112,177	0.95	July 10, 2026
The company	The 20th unsecured domestic corporate bond	July 10, 2014	14,966	14,961	112,079	1.27	July 10, 2029
The company	The 21st unsecured domestic corporate bond	September 3, 2015	9,987	9,983	74,792	0.74	September 3, 2025
The company	The 22nd unsecured domestic corporate bond	September 3, 2015	9,966	9,963	74,634	1.57	September 2, 2033
The company	The 23rd unsecured domestic corporate bond	July 20, 2016	19,921	19,916	149,187	0.70	July 18, 2036
The company	The 24th unsecured domestic corporate bond	March 7, 2017	19,918	19,913	149,164	1.02	March 6, 2037
The company	The 25th unsecured domestic corporate bond	September 14, 2017	9,956	9,953	74,560	0.89	September 14, 2037
The company	The 26th unsecured domestic corporate bond	March 7, 2018	9,954	9,952	74,545	0.90	March 5, 2038
The company	The 28th unsecured domestic corporate bond	January 21, 2021	9,945	9,943	74,477	0.74	January 21, 2041
The company	The 29th unsecured domestic corporate bond	July 19, 2021	9,961	9,956	74,597	0.27	July 18, 2031
The company	The 30th unsecured domestic corporate bond	November 25, 2022	14,943	–	111,907	0.68	November 25, 2032
The company	The 1st unsecured foreign corporate bond	September 13, 2018	66,709 (66,709)	61,027	499,580 (Note 4) (499,580)	3.63	September 13, 2023
The company	The 2nd unsecured foreign corporate bond	September 19, 2019	66,668	61,038	(Note 5) (499,273)	2.60	September 19, 2024
North Hokkaido Wind Energy Transmission Corporation	Corporate bond (private placement) (Note 2)	November 30, 2018	705	705	5,279	4.00	March 31, 2043
Eurus Energy Holdings Corporation	The 1st unsecured corporate bond (private placement) (Note 3)	June 30, 2020	10,000	10,000	74,889	0.09	June 28, 2024
Total	–	–	¥318,564 (81,704)	¥292,253	$2,385,711 (611,877)	–	–

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 ¥66,709 million into U.S. dollars using the exchange rate as explained in Note 2. The carrying value of the bond in the original currency is $499,720 thousand as of March 31, 2023.
5. It is the calculated figure by translating ¥66,668 million into U.S. dollars using the exchange rate as explained in Note 2. The carrying value of the bond in the original currency is $499,094 thousand as of March 31, 2023.

(3) Assets pledged as collateral

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

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Cash and cash equivalents	¥ 45,210	¥ 47,363	$ 338,575
Trade and other receivables	3,458	3,023	25,896
Inventories	22,605	14,557	169,287
Property, plant and equipment	266,024	285,481	1,992,241
Investments accounted for using the equity method	5,866	–	43,930
Other investments	341	6,306	2,553
Other	31,140	31,431	233,206
Total	¥374,647	¥388,164	$2,805,714

The group has borrowings under loan agreements with financial institutions, and the 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
	2023	2022	2023
Bonds and borrowings	¥354,800	¥316,279	$2,657,080

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, 2023 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	¥41,206	¥12,434	¥53,641	$308,589	$ 93,117	$401,714
Increase	6,205	6,518	12,723	46,468	48,813	95,281
Decrease (wrote off)	(500)	(1,905)	(2,405)	(3,744)	(14,266)	(18,010)
Decrease (reversal)	(83)	(91)	(174)	(621)	(681)	(1,303)
Changes due to present value calculation	488	–	488	3,654	–	3,654
Foreign exchange translation	759	486	1,246	5,684	3,639	9,331
Other	139	6	145	1,040	44	1,085
Balance at the end of the year	¥48,216	¥17,449	¥65,666	$361,087	$130,674	$491,769
Current liabilities	–	8,080	8,080	–	60,510	60,510
Non-current liabilities	48,216	9,369	57,586	361,087	70,164	431,258
Total	¥48,216	¥17,449	¥65,666	$361,087	$130,674	$491,769

The group's provisions for asset retirement obligations primarily include costs to remove facilities in the wind power and solar power business. The payments for these obligations are expected to be incurred at the time when each facility is removed in the future. Some of those payments will be incurred after a maximum of 33 years, so they are inherently difficult to predict and affected by future business plans and other factors. The current balance recorded represents our best estimate.

NOTE 18. Other Non-Current Liabilities

As of March 31, 2022, the balance of other non-current liabilities includes ¥27,458 million 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
	2023	2022	2023
Balance of net defined benefit liability at the beginning of the year	¥ 19,870	¥ 25,551	$148,805
Changes in present value of defined benefit obligations:			
Balance at the beginning of the year	¥127,473	¥124,547	$954,639
Service cost	6,516	6,320	48,798
Interest cost	1,318	1,195	9,870
Remeasurements	(7,419)	(2,455)	(55,560)
Benefit paid	(4,932)	(4,919)	(36,935)
Foreign exchange translation	1,741	1,420	13,038
Other	1,416	1,364	10,604
Balance at the end of the year	¥126,114	¥127,473	$944,461
Changes in fair value of plan assets:			
Balance at the beginning of the year	¥107,603	¥ 98,995	$805,833
Interest income	1,246	1,666	9,331
Remeasurements	(4,203)	6,581	(31,476)
Employer contributions	2,795	2,638	20,931
Benefit paid	(2,462)	(2,719)	(18,437)
Foreign exchange translation	785	671	5,878
Other	(606)	(230)	(4,538)
Balance at the end of the year	¥105,160	¥107,603	$787,538
Balance of net defined benefit liability at the end of the year	¥ 20,954	¥ 19,870	$156,923

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
	2023	2022	2023
Defined benefit obligations of funded plan	¥ 74,929	¥ 79,419	$ 561,139
Plan assets	(105,160)	(107,603)	(787,538)
Subtotal	(30,230)	(28,184)	(226,391)
Defined benefit obligations of unfunded plan	51,185	48,054	383,322
Total	¥ 20,954	¥ 19,870	$ 156,923

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

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

As of March 31, 2023

	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	¥ 1,630	¥ –	¥ 1,630
Equity securities:			
Japan	29,206	5,525	34,732
Other than Japan	3,170	6,049	9,220
Debt securities:			
Japan	–	22,698	22,698
Other than Japan	–	6,403	6,403
Life insurance company general accounts	–	14,953	14,953
Other	72	15,449	15,521
Total	¥34,080	¥71,079	¥105,160

	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	$ 12,206	$ –	$ 12,206
Equity securities:			
Japan	218,722	41,376	260,106
Other than Japan	23,739	45,300	69,048
Debt securities:			
Japan	–	169,984	169,984
Other than Japan	–	47,951	47,951
Life insurance company general accounts	–	111,982	111,982
Other	539	115,696	116,236
Total	$255,223	$532,307	$787,538

As of March 31, 2022

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

(c) Major actuarial assumption

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

	2023	2022
Discount rate	Primarily 1.3%	Primarily 0.9%
Salary increase rate	Primarily 2.9%	Primarily 3.0%

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, 2023 decreases by ¥5,199 million ($38,935 thousand) or increases by ¥5,212 million ($39,032 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 ¥2,451 million ($18,355 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, 2023, the weighted-average duration of the defined benefit plan obligations is 13 years.

(iii) Defined contribution plans

Costs of defined contribution plans are ¥1,341 million ($10,042 thousand) and ¥1,302 million for the years ended March 31, 2023 and 2022, 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 ¥301,061 million ($2,254,631 thousand) and ¥262,199 million for the years ended March 31, 2023 and 2022, respectively.

NOTE 20. Stock Compensation

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

(1) Outline of the Plan

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

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

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

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

	2023	2022
Grant date	July 22, 2022	July 21, 2021
Number of shares	20,877 shares	14,373 shares
Fair value	¥4,420 ($33.10)	¥5,350

(3) Stock compensation

The amounts of stock compensation for the years ended March 31, 2023 and 2022 are ¥92 million ($688 thousand) and ¥76 million, respectively, and included in "Selling, general and administrative expenses" in the consolidated statement of profit or loss.

NOTE 21. Equity

(1) Share capital

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

Thousands of Shares

	2023	2022
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 of 2,192 thousand and 2,210 thousand as of March 31, 2023 and 2022, respectively.

(2) Capital surplus

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

(3) Retained earnings

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

(4) Dividends

(i) Amount of dividend payments

		Total amounts of dividends		Dividends per share			
Resolution	Class of stock	(Millions of Yen)	(Thousands of U.S. Dollars)	(Yen)	(U.S. Dollars)	Record date	Effective date
General meeting of shareholders held on June 24, 2021	Common stock	¥21,827	$163,461	¥62	$0.46	March 31, 2021	June 25, 2021
Board of Directors' meeting held on October 29, 2021	Common stock	24,644	184,557	70	0.52	September 30, 2021	November 26, 2021
General meeting of shareholders held on June 24, 2022	Common stock	31,685	237,287	90	0.67	March 31, 2022	June 27, 2022
Board of Directors' meeting held on October 28, 2022	Common stock	33,799	253,119	96	0.71	September 30, 2022	November 25, 2022

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

		Total amounts of dividends			Dividends per share			
Resolution	Class of stock	(Millions of Yen)	(Thousands of U.S. Dollars)	Source of dividends	(Yen)	(U.S. Dollars)	Record date	Effective date
General meeting of shareholders held on June 23, 2023	Common stock	¥37,320	$279,487	Retained earnings	¥106	$0.79	March 31, 2023	June 26, 2023

NOTE 22. Revenue

(1) Disaggregation of revenue

The group's revenue mainly consists of revenues recognized from sale of goods whose control is transferred to customers at a point in time, and revenues recognized over time are not significant. For transactions in which the group acts as an agent, revenues are recognized on a net basis. However, the amount of revenues recognized on a net basis is not significant as a percentage of total revenues.

The following table summarizes disaggregation of revenue and segment revenue.

	Millions of Yen					
	Reportable segments					
For the year ended March 31, 2023	Metals	Global Parts & Logistics	Automotive	Machinery, Energy & Project	Chemicals & Electronics	Food & Consumer Services
Revenue recognized from contracts with customers	¥2,742,222	¥1,159,939	¥818,633	¥823,434	¥2,103,856	¥797,976
Revenue recognized from other sources	1,582	–	8,117	1,199	–	11,216
Total	¥2,743,805	¥1,159,939	¥826,750	¥824,633	¥2,103,856	¥809,192

	Millions of Yen			
	Reportable segments			
	Africa	Total	Other (Note 1)	Consolidated
Revenue recognized from contracts with customers	¥1,345,049	¥9,791,112	¥7,140	¥9,798,253
Revenue recognized from other sources	28,191	50,307	–	50,307
Total	¥1,373,241	¥9,841,419	¥7,140	¥9,848,560

	Thousands of U.S. Dollars					
	Reportable segments					
	Metals	Global Parts & Logistics	Automotive	Machinery, Energy & Project	Chemicals & Electronics	Food & Consumer Services
Revenue recognized from contracts with customers	$20,536,373	$8,686,729	$6,130,704	$6,166,659	$15,755,680	$5,976,005
Revenue recognized from other sources	11,847	–	60,787	8,979	–	83,996
Total	$20,548,228	$8,686,729	$6,191,492	$6,175,638	$15,755,680	$6,060,001

	Thousands of U.S. Dollars			
	Reportable segments			
	Africa	Total	Other (Note 1)	Consolidated
Revenue recognized from contracts with customers	$10,073,009	$73,325,185	$53,471	$73,378,663
Revenue recognized from other sources	211,121	376,746	–	376,746
Total	$10,284,138	$73,701,932	$53,471	$73,755,410

	Millions of Yen					
	Reportable segments					
For the year ended March 31, 2022	Metals	Global Parts & Logistics	Automotive	Machinery, Energy & Project	Chemicals & Electronics	Food & Consumer Services
Revenue recognized from contracts with customers	¥2,100,099	¥922,677	¥678,803	¥688,752	¥1,898,098	¥579,134
Revenue recognized from other sources	1,544	–	6,792	1,112	–	12,021
Total	¥2,101,644	¥922,677	¥685,596	¥689,864	¥1,898,098	¥591,155

	Millions of Yen			
	Reportable segments			
	Africa	Total	Other (Note 1)	Consolidated
Revenue recognized from contracts with customers	¥1,116,217	¥7,983,784	¥5,706	¥7,989,490
Revenue recognized from other sources	17,038	38,509	–	38,509
Total	¥1,133,256	¥8,022,293	¥5,706	¥8,028,000

Notes: 1. "Other" comprises businesses, such as a professional division that supports group-wide operations not included in reportable segments.
2. 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		
	2023			2022			2023		
	Receivables arising from contracts with customers	Contract assets	Contract liabilities	Receivables arising from contracts with customers	Contract assets	Contract liabilities	Receivables arising from contracts with customers	Contract assets	Contract liabilities
Balance at the beginning of the year	¥1,719,407	¥4,169	¥84,567	¥1,331,781	¥12,182	¥90,477	$12,876,559	$31,221	$633,318
Changes during the year	(62,516)	305	19,627	387,625	(8,013)	(5,909)	(468,179)	2,284	146,985
Balance at the beginning of the year	¥1,656,891	¥4,474	¥104,194	¥1,719,407	¥ 4,169	¥84,567	$12,408,380	$33,505	$780,304

Of revenues recognized for the years ended March 31, 2023 and 2022, ¥79,757 million ($597,296 thousand) and ¥89,459 million, respectively, were included in contract liabilities as at the beginning of the year. In addition, for the years ended March 31, 2023 and 2022, the amounts of revenues recognized from the performance obligations satisfied or partially satisfied in the past period are not significant.

(3) Transaction price allocated to the remaining performance obligations

The table shown below summarizes the period in which revenue recognition is expected and the aggregate amount of the transaction price allocated to the remaining performance obligations under electric power sales contracts and service contracts. The aggregate amount of the transaction price allocated to the remaining performance obligations mainly consists of that of electric power sales contracts, and the revenue is expected to be recognized for up to 20 years from the point in time at which the contract is concluded. The aggregate amount consists of two or more contracts concluded with different customers or at different point in time and the amount of revenues expected to be recognized gradually decrease year by year.The table does not include transactions whose individual contractual periods are expected to be less than one year, since practical expedients are applied.

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Within one year	¥ 93,712	¥ 79,450	$ 701,804
Over one year	626,242	595,881	4,689,897
Total	¥719,954	¥675,332	$5,391,702

(4) Contract costs

There are no contract costs capitalized as an asset for the years ended March 31, 2023 and 2022.

NOTE 23. Selling, General and Administrative Expenses

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

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Salaries and wages	¥300,202	¥261,174	$2,248,198
Travel and transportation	13,838	7,445	103,632
Commissions and fees	60,263	48,161	451,306
Rent	10,942	10,417	81,944
Depreciation and amortization	59,259	54,699	443,787
Other	88,216	68,395	660,645
Total	¥532,724	¥450,294	$3,989,545

NOTE 24. Foreign Exchange Translation Gains and Losses

Foreign exchange translation gains and losses included in "Other, net" under "Other income (expenses)" in the consolidated statement of profit or loss for the years ended March 31, 2023 and 2022 are ¥(30,236) million ($(226,436) thousand) and ¥(9,969) million, respectively.

NOTE 25. Finance Income (Costs)

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

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Interest income:			
Financial assets measured at amortized cost	¥ 22,866	¥ 8,998	$ 171,242
Interest expenses:			
Financial liabilities measured at amortized cost	(53,233)	(29,411)	(398,659)
Derivatives	6,303	2,760	47,202
Total interest expenses	(46,930)	(26,650)	(351,456)
Dividends received:			
FVTOCI financial assets	25,365	19,041	189,957
Other	(134)	13,913	(1,003)

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 ¥9,733 million ($72,889 thousand) and ¥(56,024) million for the years ended March 31, 2023 and 2022, respectively.

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

NOTE 26. Deferred Taxes and Corporate Income Taxes

(1) Deferred taxes

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

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

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Deferred tax assets:			
Elimination of unrealized profits	¥ 6,069	¥ 5,141	$ 45,450
Inventories and property, plant and equipment	22,538	20,506	168,786
Loss allowance	7,414	6,573	55,523
Retirement benefits liabilities	10,228	10,344	76,597
Accruals	9,593	8,133	71,841
Other investment	13,614	17,278	101,954
Net operating losses	7,557	5,921	56,594
Other	35,756	34,674	267,775
Total deferred tax assets	¥ 112,773	¥ 108,574	$ 844,551
Deferred tax liabilities:			
Valuation difference on assets and liabilities of subsidiaries	¥ (1,961)	¥ (5,196)	$ (14,685)
Other investments	(106,866)	(106,402)	(800,314)
Equity interests in subsidiaries and associates	(14,408)	(13,121)	(107,900)
Property, plant and equipment	(22,926)	(22,105)	(171,691)
Other	(50,843)	(47,955)	(380,760)
Total deferred tax liabilities	¥(197,006)	¥(194,781)	$(1,475,368)
Total deferred tax assets (liabilities), net	¥ (84,232)	¥ (86,206)	$ (630,809)

(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
	2023	2022	2023
Balance of deferred tax assets (liabilities), net at the beginning of the year	¥(86,206)	¥(96,281)	$(645,592)
Deferred tax expense	8,885	7,587	66,539
Income taxes on other comprehensive income	(4,523)	2,113	(33,872)
Other	(2,388)	373	(17,883)
Balance of deferred tax assets (liabilities), net at the end of the year	¥(84,232)	¥(86,206)	$(630,809)

(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 ¥12,533 million ($93,859 thousand) and ¥11,932 million as of March 31, 2023 and 2022, 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
	2023	2022	2023
Expire within one year	¥ 2,597	¥ 133	$ 19,448
Expire in a fiscal year between one and five years	13,952	11,468	104,485
Expire in a fiscal year between five and ten years	19,921	12,403	149,187
Expire in a fiscal year over ten years	25,430	30,114	190,444
Total	¥61,902	¥54,119	$463,581

(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 ¥706,210 million ($5,288,774 thousand) and ¥593,183 million as of March 31, 2023 and 2022, 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
	2023	2022	2023
Current	¥121,270	¥89,118	$908,185
Deferred	(8,885)	(7,587)	(66,539)
Total	¥112,385	¥81,531	$841,646

Deferred tax above includes adjustments due to reassessment of recoverability of deferred tax assets. For the years ended March 31, 2023 and 2022, 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:

	%	
	2023	2022
Statutory effective tax rate	30.6%	30.6%
(Adjustments)		
Permanent nondeductible differences such as entertainment expenses	0.1	0.1
Equity in earnings of unconsolidated subsidiaries and associates accounted for using the equity method	(2.4)	(2.0)
Differences in tax rates applied for foreign operations	(3.3)	(2.1)
Reassessment of recoverability of deferred tax assets	0.2	(4.6)
Other	1.1	2.7
Average effective tax rate	26.3%	24.7%

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 years ended March 31, 2023 and 2022. For foreign operations, however, local foreign corporate tax rates are to be applied.

NOTE 27. Other Comprehensive Income

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

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Remeasurements of defined benefit pension plans:			
Amount arising during the year	¥ 1,968	¥ 8,233	$ 14,738
Income tax effects	(417)	(1,830)	(3,122)
Total	1,550	6,402	11,607
FVTOCI financial assets:			
Amount arising during the year	2,024	(21,509)	15,157
Income tax effects	(222)	5,605	(1,662)
Total	1,801	(15,903)	13,487
Cash flow hedges:			
Amount arising during the year	41,762	26,469	312,753
Reclassification to profit or loss in the year	(21,945)	(18,042)	(164,345)
Income tax effects	(3,883)	(1,661)	(29,079)
Total	15,933	6,765	119,321
Exchange differences on translation of foreign operations:			
Amount arising during the year	52,606	85,135	393,963
Reclassification to profit or loss in the year	2,922	3,290	21,882
Income tax effects	–	–	–
Total	55,528	88,426	415,846
Share of other comprehensive income of investments accounted for using the equity method:			
Amount arising during the year	11,048	9,227	82,737
Reclassification to profit or loss in the year	(790)	634	(5,916)
Income tax effects	–	–	–
Total	10,257	9,861	76,814
Total	¥85,071	¥ 95,553	$ 637,092

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 hedges of net investments in foreign operations. The amounts are stated in Note 9. "Financial Instruments, (6) Hedge accounting, (ii) Matters regarding hedge accounting."

NOTE 28. Earnings per Share

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

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Profit for the year attributable to owners of the parent	¥284,155	¥222,235	$2,128,023
Basic weighted-average shares (thousand shares)	351,859	351,844	

	Yen		U.S. Dollars
Basic earnings per share attributable to owners of the parent	¥807.58	¥631.63	$6.04

NOTE 29. Cash Flow Information

(1) Cash and cash equivalents

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

(2) Changes in liabilities arising from financing activities

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

Millions of Yen

	Short-term borrowings	Long-term borrowings	Commercial papers	Bonds	Lease liabilities	Total
April 1, 2021	¥393,510	¥ 909,587	¥40,000	¥300,395	¥110,897	¥1,754,391
Changes arising from cash flows	84,336	59,813	10,000	(20,000)	(28,391)	105,758
Changes arising from business combinations	–	5,100	–	–	0	5,101
Foreign exchange translation	41,904	10,844	–	–	4,857	57,606
Changes arising from increase in right-of-use assets	–	–	–	–	27,034	27,034
Other	(592)	9,906	–	11,857	(1,524)	19,647
Changes not arising from cash flows	41,311	25,852	–	11,857	30,367	109,388
March 31, 2022	¥519,158	¥ 995,253	¥50,000	¥292,253	¥112,873	¥1,969,539
Changes arising from cash flows	(46,032)	95,726	35,000	15,000	(30,838)	68,855
Changes arising from business combinations	0	13,199	–	–	366	13,566
Foreign exchange translation	23,953	16,449	–	–	2,300	42,702
Changes arising from increase in right-of-use assets	–	–	–	–	40,716	40,716
Other	(2,143)	2,572	–	11,310	(1,927)	9,812
Changes not arising from cash flows	21,810	32,221	–	11,310	41,454	106,797
March 31, 2023	¥494,936	¥1,123,201	¥85,000	¥318,564	¥123,490	¥2,145,191

Thousands of U.S. Dollars

	Short-term borrowings	Long-term borrowings	Commercial papers	Bonds	Lease liabilities	Total
March 31, 2022	$3,887,950	$7,453,403	$374,447	$2,188,669	$ 845,300	$14,749,786
Changes arising from cash flows	(344,731)	716,887	262,113	112,334	(230,944)	515,651
Changes arising from business combinations	0	98,846	–	–	2,740	101,595
Foreign exchange translation	179,382	123,185	–	–	17,224	319,793
Changes arising from increase in right-of-use assets	–	–	–	–	304,920	304,920
Other	(16,048)	19,261	–	84,700	(14,431)	73,481
Changes not arising from cash flows	163,334	241,301	–	84,700	310,447	799,797
March 31, 2023	$3,706,552	$8,411,600	$636,561	$2,385,711	$ 924,810	$16,065,236

(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
	2023	2022	2023
Assets acquired:			
Current assets	¥10,394	¥ 477	$ 77,840
Non-current assets	19,758	6,758	147,966
Liabilities assumed:			
Current liabilities	6,682	366	50,041
Non-current liabilities	15,128	5,308	113,292

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Consideration payable [of which, cash and cash equivalents]	¥ (7,070) [(7,070)]	¥ (1,012) [(1,012)]	$ (52,946) [(52,946)]
Of assets acquired, the amount of cash and cash equivalents	2,507	379	18,774
Difference: Amount paid upon acquisition of subsidiaries	¥ (4,562)	¥ (633)	$ (34,164)

(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
	2023	2022	2023
Assets sold:			
Current assets	¥8,230	¥6,924	$61,634
Non-current assets	5,039	3,011	37,736
Liabilities relieved:			
Current liabilities	5,382	8,319	40,305
Non-current liabilities	4,200	543	31,453

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Consideration assumed [of which, cash and cash equivalents]	¥ 7,949 [7,949]	¥ 728 [728]	$ 59,529 [59,529]
Of assets sold, the amount of cash and cash equivalents	(913)	(358)	(6,837)
Difference: Amount received upon sale of subsidiaries	¥ 7,035	¥ 370	$ 52,684

NOTE 30. Major Subsidiaries

(1) Major subsidiaries are as follows:

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

Notes: 1. "Major business description" column primarily shows the segment name.
2. Toyota Tsusho Thai Holdings Co., Ltd. is treated as a subsidiary of the company, because it is substantially controlled by the company, although its voting rights held by the company is not more than 50%.
3. Toyota Tsusho Gas E&P Trefoil Pty Ltd and Toyota Tsusho Wheatland Inc., which were specified subsidiaries of the company for the year ended March 31, 2022, were excluded from the scope of consolidation, since they are no longer under substantial control of the company due to the progress of their liquidation procedure.

(2) Transactions with non-controlling interests

Of transactions with non-controlling interests for the year ended March 31, 2023, the major transaction was the acquisition of shares of Eurus Energy Holdings Corporation ("Eurus") from non-controlling interests, and the outline is as follows:

The group acquired the remaining 40% shares of Eurus and made it a wholly owned subsidiary of the company. This transaction was accounted for as a capital transaction.

(i) Purpose of share acquisition

In July 2021, the group set a goal to reduce greenhouse gas ("GHG") emissions by 50% by 2030, compared with 2019, and to achieve carbon neutrality by 2050, and established Carbon Neutrality Roadmap 2030 in November 2021. The group has positioned the promotion of business contributing to the reduction of GHG emissions as one of its most important business strategies. The renewable energy business is one of our core businesses, and going forward, this line of business is to be even more accelerated and expanded by this wholly acquisition of Eurus.

(ii) Outline of the company to be acquired

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

(iii) Outline of the seller of Eurus' shares

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

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

Number of holding shares before the acquisition: 14,911 shares (holding ratio: 60%)
Number of shares to be acquired: 9,941 shares (ratio to the number of outstanding shares: 40%)
Acquisition cost: ¥185 billion ($1,385 million)

(v) Acquisition date

August 1, 2022

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

	Millions of Yen	Thousands of U.S. Dollars
Carrying amount of non-controlling interests acquired	¥ 72,021	$ 539,361
Consideration paid to non-controlling interests	185,000	1,385,456
Excess amount of consideration recognized in the transaction with non-controlling interests in equity	¥112,978	$ 846,087

NOTE 31. Related Party Information

(1) Related party transactions

Amounts of transactions in which the company acts as an agent, which are included in sales of raw materials to related parties and purchase of automobiles from related parties, are recognized in the consolidated statement of profit or loss on a net basis. For the footnote disclosure purpose of related party transactions, the company has changed the presentation of those amounts on a gross basis effective from the year ended March 31, 2023.

The reason for the change is as follows: as a result of discussions about this disclosure, the company has determined that it would be more useful for users of the consolidated financial statements to disclose the related party transactions, such as sales of raw materials and purchase of automobiles, on a gross basis, since it would allow users to estimate the volume of transactions.

Accordingly, the prior year amounts of ¥984,204 million and ¥1,068,505 million for sales of raw materials and purchase of automobiles, respectively, have been reclassified to conform to the current year's presentation. This change does not affect unsettled balances of "Trade and other receivables" and "Trade and other payables."

For the years ended March 31, 2023 and 2022

			Millions of Yen		Thousands of U.S. Dollars
Classification	Corporate name	Type of transaction	2023	2022	2023
Entity with significant influence over the group	Toyota Motor Corporation Group	Sales of raw materials	¥1,842,376	¥1,553,028	$13,797,468
		Purchase of automobiles	1,621,898	1,637,850	12,146,319

Outstanding balances arising from the transactions above are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Trade and other receivables	¥286,824	¥167,162	$2,148,011
Trade and other payables	164,226	183,572	1,229,880

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, 2023 and 2022 are ¥645 million ($4,830 thousand) and ¥701 million, respectively.

NOTE 32. Contingent Liabilities

(1) Guarantees

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

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Guarantees issued for associates accounted for using the equity method	¥21,800	¥15,876	$163,259
Guarantees issued for third parties	28,821	29,573	215,839
Total	¥50,622	¥45,449	$379,105

In addition, loss allowance is recorded for some of the financial guarantees above. The balance of such loss allowance is ¥31 million ($232 thousand) and ¥29 million as of March 31, 2023 and 2022, 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, 2023, there are several pending issues which may result in liabilities to the group, including unsettled lawsuits or notices of assessments from tax authorities and customs authorities based on different interpretations or applications of tax laws primarily in emerging economies. However, it is impossible to estimate their outcomes at this point in time due to the following reasons: (i) the collection of evidence is still underway, (ii) many related facts need to be identified and verified, and (iii) the legal basis or the nature of claims is not very clear.

NOTE 33. Subsequent Events

The company acquired 85% shares of SB Energy Corp. ("SB Energy") on April 28, 2023. This resulted in SB Energy becoming a subsidiary of the company. The details are as follows:

(1) Outline of business combinations

(i) Name of acquiree and description of its business

Name of acquiree: SB Energy Corp.

Business: Business generating and storing electricity from renewable energy sources, business related to adjusting the supply and demand of electric power. etc.

(ii) Name of counterparty and description of its business

Name of counterparty: SoftBank Group Corp.

Business: Pure holding company

(iii) Reason for business combinations

The group has been actively expanding its renewable energy businesses in Japan and overseas, primarily through its subsidiary Eurus Energy Holdings Corporation, which is the largest wind power generator in Japan.

With SB Energy joining under the company's umbrella, the group becomes one of Japan's largest power generators not only in wind power but also in solar power. The company determined that this business combination would enable the company to promote carbon neutrality initiatives by accelerating the creation of new businesses that utilize renewable energy responding to market needs and the evolution of technology in the renewable energy sector.

(iv) Date of business combination

April 28, 2023

(v) Legal form of business combination

Acquisition of shares

(vi) Name of acquiree after business combination

Terras Energy Corporation

(vii) Voting rights acquired

85%

(viii) Grounds for determining acquiring company

The company acquired the acquiree's shares in exchange for cash, etc.

(2) Breakdown of acquisition cost of acquiree and type of consideration

	Millions of Yen	Thousands of U.S. Dollars
Consideration:		
Cash	¥102,000	$763,873
Financial liabilities	18,000	134,801
Acquisition cost	¥120,000	$898,674

Funds for acquisition of shares are mainly borrowings from the group's main banks.

(3) Description of major acquisition-related costs and the amounts

Major acquisition-related costs and the amounts are under calculation and have not yet been determined.

(4) Goodwill arising from business combination and reason for goodwill

Goodwill arising from business combination and reason for goodwill are under calculation and have not yet been determined.

(5) Breakdown of assets acquired and liabilities assumed on the closing date of business combinations

Breakdown of assets acquired and liabilities assumed on the closing date of business combinations is under calculation and has not yet been determined.

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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, 2023, 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, 2023, 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, 2023, the Group recorded goodwill related to CFAO SAS, a French trading company conducting business in Africa, with a total carrying amount of 71,383 million yen, which accounts for 1.1% of total consolidated assets (Note 12 "Intangible Assets"). It mainly consists of goodwill recognized when CFAO SAS became a subsidiary during the year ended March 31, 2013, which was allocated to the Automobile cash-generating unit (CGU) and the Healthcare CGU. The Automobile CGU distributes and sells vehicles and industrial machinery, and the Healthcare CGU manufactures and wholesale pharmaceutical products.	Our procedures related to management's goodwill impairment assessment mainly included: • Inquiries with the management of CFAO SAS to understand the business conditions, market environment, strategies, and business risks facing CFAO SAS during the period, and to assess their impact on the assumptions. • Obtain an understanding of and assess processes to prepare and approve the business plan, as well as processes and internal controls related to determination of assumptions used in estimating future cash flows.

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The Group performs its goodwill impairment test annually or more frequently if there is an indication of impairment by comparing the carrying value 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 value of a CGU exceeds its recoverable amount, the carrying value of the CGU is reduced to its recoverable amount and that reduction is recognized as an impairment loss. In determining the recoverable amount of CFAO SAS goodwill is measured at value in use based on the three-to-five-year business plan and growth rates, which are projected based on the business environment of each cash-generating unit and approved by management. The assumptions on which the Group bases its determination of value in use include future cash flows in the business plan, the growth rate estimated for the period beyond the business plan, and discount rate. In the business plan, future cash flows are determined based on 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 each CGU based on the above. Except for the beverage business, which impaired its entire goodwill balance of 3,319 million yen as of March 31, 2023, no impairment charge was recognized as the value in use exceeded the carrying amount (Note 12 "Intangible Assets"). As described in Note 12 to the consolidated financial statements, the Group considers it highly unlikely that goodwill would be impaired if these assumptions would have changed within a reasonable and predictable extent. 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	• Assess the assumptions on which the Group bases its determination of value in use for reasonableness, such as future cash flows estimated in the three-to-five-year business plan, the growth rate estimated for the period beyond the business plan, and the discount rate, through discussion with management to obtain an understanding of the basis for and test the process to develop and select those assumptions. • Compare the business plan from the prior year with the actual results. Verify that the business plan is prepared appropriately for the Automobile CGU and the Healthcare CGU and assess the reasonableness of cash flows based on the consideration of prior year results and the business plan through discussion with management. • Involve valuation specialists to perform the following procedures: - Agree the growth rate estimated for the period beyond the business plan to average growth rate projections of markets or countries to which the CGUs belong. - Evaluate the discount rate by verifying that the risk premium reflects the business conditions of each CGU and the weighted average cost of capital is assessed appropriately. • Perform an independent sensitivity analysis on the assumptions used in determining value in use and compare our result with that of management.

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.	

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

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

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

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

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

We have nothing to report in this regard.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or

error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

Convenience translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2023 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2 to the consolidated financial statements.

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

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

DocuSigned by:
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Hitoshi Kiuchi

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August 10, 2023

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