TOYOTA TSUSHO CORPORATION

Financial Section 2024

Fiscal year ended March 31, 2024

Contents

Overview of Business

1. Management policy, business environment, issues to address

(1) Management policy

The corporate philosophy of the Toyota Tsusho Group is: "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." Based on this, the Group's fundamental management philosophy is to strive for open and fair corporate activities, be socially responsible and strive for conservation of the natural environment, and be creative and strive to provide all stakeholders, including customers, shareholders, employees, and local communities, with satisfactory added value.

(2) Business environment

The business environment remains highly uncertain. On the geopolitical front, the situation in the Middle East is becoming increasingly intense, and political divisions are occurring in various countries in the run-up to leadership elections, including the presidential election in the U.S. And on the economic front, monetary tightening to control inflation is slowing consumer spending. Furthermore, the pace of change is also accelerating, with technological advances seen in the electrification and automation of cars and generative AI, growing awareness of environmental issues against the backdrop of climate change, and global markets being affected by geopolitical risks.

(3) Management strategies

In May 2016, the Group established its Global Vision of "Be the Right ONE" as a vision of what the company should be, and has since expanded business in its own unique way. Under the slogan of "passing on a better global environment to the children of the future," the Group will accelerate and promote businesses that contribute to the reduction of greenhouse gas emissions throughout the industry lifecycle. It will contribute to the global transition to a decarbonized society by achieving its goals of halving its 2019 emissions by 2030 and realizing effective carbon neutrality by 2050.

(4) Business and financial issues to address

To accelerate its contribution to a future society that includes realization of a decarbonized society, the Group has combined the businesses in which it has strengths together with its carbon neutral and circular economy initiatives aimed at solving social issues, and reorganized them into seven priority domains in its growth strategy. In addition, to further accelerate its growth strategy, the Group reviewed its organizational structure and changed the names of its business divisions to reflect the value they provide society and customers based on a clear mission.

Furthermore, the distinctive characteristics that define Toyota Tsusho and have supported the Group's growth over many years will remain the basis of the shared values that guide Group employees. Based on the recognition that safety and compliance are the first steps for every job it does, the Group will carry out business operations with a focus on safety and quality, steadily pursue its growth strategy while maintaining a sound framework for its activities, and strive to solve social issues and maximize corporate value through its business operations.

With a new growth strategy and a new organizational structure, the Group will pursue its "Be the Right ONE" vision of becoming an irreplaceable and indispensable partner for customers and society, as it aims to maximize two types of value: "value created for society and the environment" and "value created by the Group together with its customers."

New organizational structure (from April 2024)

Hitherto divisions		New divisions	Thoughts Behind New Names = New Mission
Metals	Mobility materials & metal products	Metal+(Plus) Division	To hand over a path to a carbon-neutral society to children of the future as a leader of materials transformation and functional reform in the field of metals by unifying our colorful individual strengths and the keys for the future and creating unique and innovative + (Plus)
	Resource recycling & non-ferrous metals / Automotive materials & chemicals	Circular Economy Division	Delivering a better environment and new affluence to future generations, by designing a new style of resources recycling
Chemicals & Electronics	Electronics	Digital Solutions Division	Always stay ahead of technological innovation and digital transformation, and further expand our solutions business, including solutions for the next-generation mobility society, by using devices and software
Global Parts & Logistics	Name change	Supply Chain Division	Further refine the function of protecting and connecting supply chains to respond to a wide range of geopolitical risk challenges and diversifying global needs
Mobility		Mobility Division	Produce happiness for future society through transportation by building a new business model
Machinery, Energy & Project	Name change	Green Infrastructure Division	Contribute to the realization of social infrastructure that supports a sustainable global environment through synergy between renewable energy and the on-site ability of the machinery business
Food & Consumer Services	Name change	Lifestyle Division	Create businesses unique to Toyotsu as the Economy of Life (EoL) business promotion division
Africa		Africa Division	Accelerate being the No. 1 presence in Africa, steadily anticipate change, and contribute to solving Africa's problems and promoting its future development
Administrative Unit		Administrative Unit	Aim to enhance corporate value as a highly specialized and professional functional group, to solve company-wide issues and promote strategies

2. Approach to and Measures Concerning Sustainability

Toyota Tsusho Group has positioned its corporate philosophy of "Living and prospering together with people, society, and the planet to be a value-generating corporation that contributes to the creation of prosperous societies" as its highest unchanging concept, which should be handed down through the generations. The Group has enhanced its corporate value by engaging in environment-friendly businesses and developing human resources who are valuable to and contribute to society.

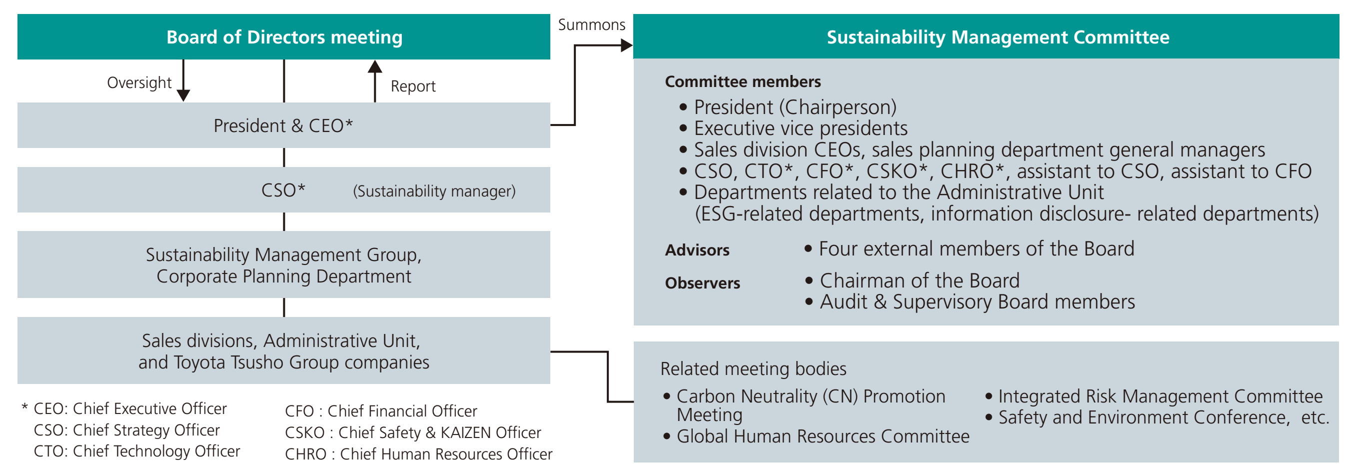
The world today is facing such problems as abnormal weather related to climate change, forest destruction, resource exhaustion, and human rights issues. When conducting business activities, the environment and society do not simply need to be "considered," rather, they are "prerequisites" for engaging in business, essentially making them targets for our business today. For companies, environmental and social issues are both risks and opportunities. In this context, Toyota Tsusho Group is developing its conventional corporate social responsibility (CSR) activities and enhancing its initiatives aimed at realizing a sustainable society with a long-term perspective based on ESG viewpoints.

For the Group, sustainability is synonymous with good management. In striving toward the manifestation of our corporate philosophy, our sustainability management is defined as our continuous and sustainable growth, enhancing value created for society and the environment, and value created by Toyota Tsusho with its customers.

(1) Governance

As shown in the diagram below, in the Group's sustainability management promotion structure, the president & CEO convenes the Sustainability Management Committee under the supervision of the Board of Directors, and reports the discussions and decisions of the committee to the Board of Directors meeting. In addition, members of the Board have abundant competence and experience in ESG-related issues, and a system is in place to ensure appropriate supervision by the Board of Directors meeting. Furthermore, each relevant meeting body discusses specific themes related to sustainability, and in particular, climate change is discussed at the Carbon Neutrality Promotion Meeting, which is chaired by the president & CEO and meets monthly to discuss strategies for the transition to a decarbonized society. Under the supervision of the CSO, who is the officer in charge of sustainability, the Sustainability Management Group of the Corporate Planning Department serves as the secretariat and implements sustainability promotion measures in cooperation with each sales division, Administrative Unit, and group company.

Sustainability Promotion Structure (as of March 2024)



(2) Risk Management

The Company's Sustainability Management Committee meets once a year. The committee is chaired by the president & CEO and includes executive vice presidents, sales division CEOs, and relevant Administrative Unit officers as well as four external members of the Board as advisors and the chairman of the Board and Audit & Supervisory Board members (full-time) as observers. The committee determines important sustainability-related policies and discusses and decides on social trends and the company's response to them. The main agenda for the committee meeting in December 2023 is listed below, and a report on the deliberations was presented at the Board of Directors meeting held in December 2023.

<Main agenda>

- Confirmation of the Group's basic stance on sustainability
- Report and discussion on the review of the fiscal year ended March 31, 2024 and medium- to long-term initiatives
- Approval of changes to Materiality KPIs
- Discussion on future responses based on initiatives for materiality and changes in the external environment
- Comments from the chairperson and external members of the Board

The external members of the Board participating as advisors commented that Toyota Tsusho should continuously review the state of Materiality KPIs and should consider internal and external communication so that many people will agree with the Group's global initiatives to contribute to sustainability and want to work with the Group. The Company will continue to consider reviewing its Materiality KPIs and further strengthen information disclosure and dialogue with internal and external stakeholders through its integrated reports and website. In addition, meetings of the Sustainability Administrative Unit Subcommittee are held once every two months for the heads of relevant departments in the Administrative Unit to steadily address sustainability issues, including matters discussed and decided by the committee.

Sustainability Implementation Timeline

2005	2016	2018	2019	2020	2021	2022	2023	2024
CSR Committee established	Global Code of Conduct & Ethics (COCE) established	Key Sustainability Issues (Materiality) were addressed by the Toyota Tsusho Group with priority identified based on the SDGs	Sustainability Management Group established in the Corporate Planning Department Sustainability Management Committee established	Materiality KPIs set Basic policy for human rights formulated	PDCA started on the established KPIs	Basic policy for human rights, environmental policy, and supply chain and sustainability behavioral guidelines revised	First ESG briefing held Approval for revision to materiality and KPIs	On-site inspections of human rights due diligence in the supply chain begin

(3) Responses to Major Issues

To clarify the social issues that Toyota Tsusho needs to focus on based on its management strategies, the Group has identified key issues (Materiality) that it needs to be aware of as it pursues its corporate philosophy and Global Vision.

	Key Sustainability Issues (Materiality)	Priority domains
Key issues for both solving social issues and achieving corporate growth	Strive for the elimination of traffic casualties and contribute to the creation of a safe and comfortable mobility society	Next Mobility, Africa, Batteries
	Contribute to the transition to a decarbonized society by reducing CO_2 emissions from automobiles and factories/plants through the use of clean energy and innovative technologies	Renewable Energy & Energy Management, Africa, Hydrogen & Alternative Fuels
	Contribute to the development of a recycling-based society by transforming waste into resources for manufacturing	Circular Economy, Batteries, Economy of Life*
	Grow with developing countries, including those in Africa, and endeavor to solve social issues through business operations	Next Mobility, Renewable Energy & Energy Management, Africa, Economy of Life*, Circular Economy
Key issues that will become foundations for corporate growth	Begin everything we do with ensuring safety and compliance, and continue to be an organization trusted by society	
	Respect human rights, and actively develop people who will contribute to society by nurturing them and giving them opportunities to apply their skills	

* Economy of Life: Healthcare, food, and other businesses that are indispensable to people's daily lives and contribute to the creation of a comfortable and healthy future society

Material issues for both solving social issues and achieving corporate growth

- Strive for the elimination of traffic casualties and contribute to the creation of a safe and comfortable mobility society
- Contribute to the transition to a decarbonized society by reducing CO_2 emissions from automobiles and factories/plants through the use of clean energy and innovative technologies
- Contribute to the development of a recycling-based society by transforming waste into resources for manufacturing
- Grow with developing countries, including those in Africa, and endeavor to solve social issues through business operations

Material issues that will become foundations for corporate growth

- Begin everything we do with ensuring safety and compliance, and continue to be an organization trusted by society
- Respect human rights, and actively develop people who will contribute to society by nurturing them and giving them opportunities to apply their skills

One of the Group's four key issues for both solving social issues and achieving corporate growth is to "contribute to the transition to a decarbonized society by reducing CO_2 emissions from automobiles and factories/plants through the use of clean energy and innovative technologies." In this regard, the Group recognizes climate change as a key management issue. It is expanding efforts based on the framework of the Task Force on Climate-related Financial Disclosure (TCFD) and is committed to promoting a carbon-neutral circular economy and working toward solutions.

One of the Group's two key issues that serve as the foundation for growth is to respect human rights, and actively develop people who will contribute to society by nurturing them and giving them opportunities to apply their skills. In this regard, the Group is working to develop human resources who can create business from a global perspective and who can achieve success in the global market, and is providing occupational training opportunities in local communities and actively developing human resources within and outside the company who are valuable to and contribute to society.

(1) Climate change

(a) Governance

We identified climate change as one of the key issues that matter most to our business. The content of Materiality initiatives is verified by the Sustainability Management Committee (held annually),[1] which is chaired by the president & CEO, and incorporated into our business strategies via the sales division CEOs who make up the committee. Since 2020, the committee has been tasked with setting key performance indicators (KPIs) for key issues, monitoring their progress, and reporting on the particulars of deliberations to the Board of Directors meeting. Members of the Board have a wealth of competence and experience concerning ESG issues, including climate change, and have put in place a system to ensure that appropriate oversight is carried out.

To address climate change, the Carbon Neutrality Promotion Meeting (held monthly),[2] which is chaired by the president & CEO, discusses strategies for transitioning to a decarbonized society. The meeting also manages progress in reducing our greenhouse gas emissions. The Carbon Neutrality Promotion Department, which was established in April 2022, serves as the secretariat for the committee and is responsible for further accelerating our decarbonization efforts as a specialized organization.

The status of achievement of energy-saving targets, as well as responses to climate change-related revisions to laws and regulations and new requirements, are deliberated at our Safety and Environment Conference[3] once in a year. Our progress is also confirmed at the conference. The representatives of the sales divisions and group companies who make up the members of the conference incorporate the details of these deliberations into our business activities.

We have introduced an internal carbon pricing system to promote greenhouse gas emissions reductions. Under this system, the progress of each sales division's efforts to reduce greenhouse gas emissions is reflected in the performance and compensation of the CEO who is responsible for that division.

*1 **Sustainability Management Committee**

Decisions on policies and important issues related to Materialities, including climate change

Chairperson Ichiro Kashitani (President & CEO)
Representative officer in charge
Hiroshi Tominaga (Member of the Board, CSO*4)
Secretariat
Sustainability Management Group, Corporate Planning Department

*2 **Carbon Neutrality Promotion Meeting**

Decisions on strategies toward the achievement of carbon neutrality

Chairperson Ichiro Kashitani (President & CEO)
Representative officer in charge
Toshimitsu Imai (Executive Vice President, CTO*5)
Secretariat Carbon Neutrality Promotion Department

*3 **Safety and Environment Conference**

Progress management of responses to climate change-related laws and regulations, etc.

Chairperson
Tatsuya Watanuki (Executive Vice President)
Representative officer in charge
Tatsuya Watanuki (Executive Vice President)
Secretariat
Global Safety & Environmental Promotion Department

*4 CSO : Chief Strategy Officer
*5 CTO : Chief Technology Officer

Note: As of April 2024

(b) Strategy

[i] Scenario Analysis

We conduct scenario analysis, following the TCFD recommendations, of selected businesses that are significantly impacted by climate change.

As for the impact on business, we selected factors that are significantly affected, and conducted a scenario analysis. In terms of risks, the Company considers transition risks (policy and regulation, technology, markets, and reputation) and physical risks (acute and chronic), while in terms of opportunities, it takes into account resource efficiency, energy sources, products and services, and markets.

Furthermore, the Group aims to reduce its greenhouse gas emissions by 50% compared to the 2019 level by 2030, and it also used the year 2030 as the time frame for this scenario analysis.

<Reference Scenarios>

We referred to the following scenarios from the International Energy Agency (IEA), Intergovernmental Panel on Climate Change (IPCC), and other sources to assess new business opportunities and business resilience and to analyze the impact on our business in the event of significant changes in the Group's business environment as a result of climate change.

Category	Scenario overview	Main reference scenarios
1.5°C scenario	Under this scenario, policies and regulations are implemented to achieve a decarbonized society and the global temperature increase from the pre-industrial level remains 1.5°C scenario. Although the transition risk is higher than under the 4°C scenario, the physical risk is lower.	• IEA Net Zero Emissions by 2050 Scenario (NZE) • IEA Sustainable Development Scenario (SDS) • IPCC Representative Concentration Pathway (RCP) 2.6
4°C scenario	Under this scenario, no new policies or regulations are introduced and greenhouse gas emissions continue to increase. The transition risk is lower than under the 1.5°C scenario, but the physical risk is higher.	• IEA Stated Policies Scenario (STEPS) • IPCC RCP8.5

<Selection of Subject Businesses>

Among the Group's businesses, those that are significantly affected by climate change (from perspectives A–D below) were selected as the target businesses for scenario analysis, and the analysis was conducted for the lithium business, molten aluminum supply business, renewable energy business, and automotive sales business. Going forward, the Group plans to expand the scope of businesses subject to analysis.

A **Non-financial sectors with potentially significant impact from climate change as indicated by the TCFD** ➡Energy, transportation (includi ng automobiles, etc.), materials, buildings, agriculture, food, forestry products	**B** **Businesses related to low carbon-related products and services (including constituent parts thereof)**
C **Businesses susceptible to the impacts of natural disasters associated with climate change**	**D** **Businesses with particularly high CO_2 emissions (fossil fuel-related businesses)**

Scenario analysis conducted for five businesses of respective divisions

Circular Economy Division	Green Infrastructure Division	Supply Chain Division, Mobility Division, Africa Division
B **Lithium business** **D** **Resource recycling business**	**B** **C** **Renewable energy business**	**A** **Automotive sales business, Automotive parts logistics business**

The scenarios and understanding of the business environment in this scenario analysis are based on major scenarios presented by international organizations and others and do not represent the Group's medium- to long-term outlook.

[ii] Results of Scenario Analysis for Each Business

Impact on Business : Favorable impact : Limited impact : Adverse impact

<Lithium business>

The Group's production of lithium carbonate began in 2014 at Salar de Olaroz, Argentina, to supply raw materials used in automotive lithium-ion batteries (LiBs), which are essential for electrified vehicles. We constructed a lithium hydroxide manufacturing plant in Naraha-machi, Fukushima Prefecture, and production started in 2022.

	Category	Details	Impact on Business
Climate-related Risks and Opportunities	**Risks**	Reduction in volume of lithium carbonate production in Argentina caused by natural disasters, extreme weather conditions, etc.	
	Opportunities	Increase in demand for lithium products due to vehicle electrification, etc.	
Impact on Businesses in Each Scenario	**1.5°C scenario**	In a comparison between the 1.5°C scenario and the 4°C scenario, a larger increase in demand for electrified vehicles and storage batteries is expected in the 1.5°C scenario resulting in greater opportunities for this business overall.	Favorable impact
	4°C scenario	Regarding the risk of reduced lithium production efficiency at the lithium carbonate production site in Argentina due to changes in rainfall, any impact on lithium production is expected to be minor as the level of precipitation is expected to remain relatively constant, judging from the results for 2022 and the years leading up to it.	Limited impact
		In both scenarios, demand for electrified vehicles and storage facilities that use lithium batteries is expected to increase.	

Measures of the Toyota Tsusho Group

We will aim to build a long-term stable supply structure by enhancing our existing capacity to meet the increasing demand for lithium that will accompany the full-scale popularization of electrified vehicles. In addition, we will expand our business domain and build a structure for the stable supply of lithium hydroxide in preparation for the expected increase in demand due to increasing battery capacity in the future.

<Resource Recycling Business>

Our Group has a long history of recycling. Since the 1970s, we have been promoting the CE as one of our businesses for roughly 50 years. Based on the recognition that all goods are resources, we recover, sort, and recycle them to promote resource recycling in support of manufacturing.

The molten aluminum business, selected until the fiscal year ended March 31, 2024, is included in the resource recycling business from the fiscal year ending March 31, 2025 from the perspective of expanding the scope of our GHG emissions and scenario analyses.

	Category	Details	Impact on Business
Climate-related Risks and Opportunities	**Risks**	Difficulty in securing sufficient volume resulting from decreasing waste Resource price fluctuations	
	Opportunities	Market expansion in line with an increase in demand for recycled materials	
Impact on Businesses in Each Scenario	**1.5°C scenario**	Under the 1.5°C scenario, opportunities for the business as a whole are estimated to expand as the market expands due to an increased demand for recycled materials.	Favorable impact
	4°C scenario	Under the 4°C scenario, the market would not expand as the scale estimated to occur under the 1.5°C scenario. The impact on the business as a whole is thus estimated to be limited.	Limited impact

Measures of the Toyota Tsusho Group

The business is positioned as the main CE business, our priority domain, and we will reinforce the recycling value chain from upstream to downstream to establish a closed-loop system.

<Renewable energy business>

The Group is expanding wind, solar, hydroelectric, geothermal, biomass, and other power generation businesses globally. As well, we are focusing on promoting development in Africa and emerging countries and the development of offshore wind power generation.

	Category	Details
Climate-related Risks and Opportunities	Risks	Impact on business due to revision of renewable energy-related policies (feed-in tariffs, subsidies, tax breaks, etc.)
	Opportunities	Increase in demand for renewable energy
Impact on Businesses in Each Scenario	1.5°C scenario	In the 1.5°C scenario, although the discontinuation of feed-in tariffs as a result of the revision of renewable energy policies could have an impact, it is expected that worldwide development of policies and a significant increase in demand for renewable energy will lead to progress of related technological innovations and renewable energy becoming a core energy source. Accordingly, the opportunities for this business as a whole are expected to expand as development progresses in response to the demand for renewable energy.
	4°C scenario	In the 4°C scenario, demand for renewable energy is expected to increase to a certain level, although not to the same degree as under the 1.5°C scenario. While there is a possibility that the business could be affected by policy revisions, the impact on the business as a whole is limited.

Measures of the Toyota Tsusho Group

As this business is positioned as Renewable Energy & Energy Management—one of the Group's priority domains—it plans to expand its business domain, including diversifying its portfolio of power sources and conducting energy management, while accelerating global development by reinforcing its existing business model. We will contribute to the creation of a better global environment through the stable supply of renewable energy with a competitive advantage.

<Automotive sales business>

Our Group exports passenger cars, commercial vehicles including trucks and buses, industrial vehicles, and spare parts produced by automobile and transport equipment manufacturing makers, primarily in the Toyota Group in Japan and overseas, to countries around the world. As well, we conduct business as sole import distributors and dealers through our global network that spans 150 countries around the world.

	Category	Details
Climate-related Risks and Opportunities	Risks	Impact on business due to changes in the sales mix of gasoline and electrified vehicles
	Opportunities	Increase in demand for electrified vehicles
Impact on Businesses in Each Scenario	1.5°C scenario	In the 1.5°C scenario, the share of gasoline vehicles in total sales volume is expected to decrease due to stricter fuel efficiency regulations, though the share of electrified vehicles is expected to increase, expanding opportunities for this business as a whole.
	4°C scenario	In the 4°C scenario, fuel efficiency regulations will not be tightened to the same degree as under the below 1.5°C scenario, and the impact on the sales ratio of gasoline and electrified vehicles will be small, so the impact on the overall business is expected to be limited.
		In both scenarios, the total sales volume of new vehicles is expected to increase globally, especially in emerging countries, thus the risk to the overall business is expected to be minor.

Measures of the Toyota Tsusho Group

Given that the new automotive sales market is expected to continuously grow, especially in emerging countries, our Group will strengthen our sales structures worldwide. We will also promote the popularization of electrified vehicles by securing resources for battery materials, which are key components of electrified vehicles, and by expanding the vehicle battery 3R (Rebuild, Reuse, Recycle) business domain along with expanding our lineup of electrified vehicles.

<Automotive Parts Logistics Business>

Our Group operates affiliates and business frameworks around the world. Utilizing each site and logistic network, we have established a seamless, optimal parts logistics structure and a global-scale automotive parts supply chain.

From the fiscal year ending March 31, 2025, we newly started the analysis of the automotive parts logistics business to expand the scope of our GHG emissions and scenario analyses.

	Category	Details
Climate-related Risks and Opportunities	Risks	Impact to be brought about by changes in automotive component parts as automotive electrification progresses
	Opportunities	Increase in demand for expensive automotive parts manufactured with new technologies as automotive electrification progresses
Impact on Businesses in Each Scenario	1.5°C scenario	Under the 1.5°C scenario, increases in the handling volume of parts and products, such as expensive batteries, are expected with changing automotive component parts as electrification progresses. Opportunities for this business are estimated to expand with the continuously increasing volume of automotive production worldwide.
	4°C scenario	Under the 4°C scenario, it is projected that the progress of electrification would be slow compared to that under the 1.5°C scenario. The impact on the business as a whole would thus be limited, and opportunities for the business are estimated to stable or expand with the continuously increasing volume of automotive production worldwide.

Measures of the Toyota Tsusho Group

As the volume of automotive production worldwide increases, the automotive parts market is estimated to expand going forward. Our Group will contribute to sustained growth of the automotive parts supply chain by reinforcing relationships with new parts partners for electrification and promoting green logistics.

(c) Risk Management

The Group manages environmental risks, including climate change, to a high standard. Businesses and opportunities /risks related to climate change are deliberated by the Carbon Neutrality Promotion Meeting, the Safety and Environment Conference, and the Sustainability Management Committee, and their members incorporate the details of these deliberations into our business strategies and activities. In particular, the Carbon Neutrality Promotion Meeting, chaired by the president & CEO, meets monthly to identify climate change risks and opportunities in light of the external environment and assess their impact on us, as well as to verify the progress of climate change-related businesses. The Integrated Risk Management Committee defines the 10 most important risk items, including the environment, to focus on to review our global risk management status. The committee also manages climate change risk in the company-wide risk management process. We have acquired certification under ISO 14001, an international standard related to environmental management systems, to monitor our risk management processes. Toyota Tsusho conducts internal environmental audits of domestic and overseas consolidated subsidiaries once every three years.

<Investments and loans>

At Toyota Tsusho, our officers participate in various meetings to see the impacts that our investment activities have on ESG: The executive vice president, CSO, and CFO take part in the Investment and Loan Committee; the deputy CSO and deputy CFO in the Investment and Loan Meeting; and the president & CEO, executive vice president, CSO, CFO, and general manager of the Corporate Planning Department in the Investment Strategy Meeting. Among the evaluation items of the Investment and Loan Committee and the Investment and Loan Meeting are environmental risks. Projects that meet or exceed certain requirements and are approved by the Investment and Loan Committee or the Investment and Loan Meeting are required to undergo a preliminary carbon neutrality assessment.

This assessment determines the Scope 1[1] and Scope 2[2] emissions that will increase as a result of the investment, how they can be reduced, and how the investment will contribute to Scope 3[3] reductions as well as to greenhouse gas emissions reductions in society.

*1 Direct greenhouse gas emissions from Toyota Tsusho's use of fuel (oil, gas, etc.)
*2 Indirect greenhouse gas emissions from Toyota Tsusho's use of purchased electric power and heat
*3 Greenhouse gas emissions, encompassing production processes through raw material procurement, manufacturing, sales, consumption and waste

(d) Metrics and Targets

[i] Greenhouse gas emission reduction targets and future initiatives

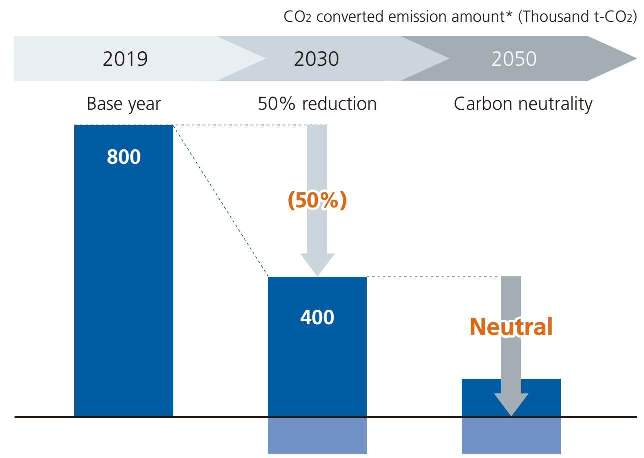
The carbon neutrality of our greenhouse gas emissions, as well as our contribution to a decarbonized society, is essential. Therefore, in support of the Paris Agreement and as a concrete policy toward contributing to the transition into a decarbonized society, we established a target of reducing greenhouse gas emissions (Scope 1 and Scope 2) by 50% compared to 2019 levels by 2030 and achieving carbon neutrality by 2050. The Group is promoting comprehensive energy conservation and renewable energy measures (installing LED lighting and solar power generation facilities, etc.). We also aim to achieve this goal by reducing greenhouse gas emissions from production processes and logistics operations through fuel conversion, efficient consumption, and technological innovation. The capability to accelerate and promote businesses that contribute to the reduction of greenhouse gases (GHG) throughout the entire industrial life cycle is one of our strengths. All of our employees will unite and exert themselves to contribute to the solution of these social issues.

Reduction Targets

- **We aim to be carbon neutral by 2050**
- **We aim for a 50% reduction in greenhouse gas emissions by 2030 compared to 2019**

Included: Toyota Tsusho, domestic and overseas consolidated subsidiaries (Scope 1 and Scope 2)

Note: Scope 3 promotes specific initiatives with suppliers and customers to reduce greenhouse gas emissions throughout the value chain.



■ CCUS (carbon capture, utilization and storage), etc.

* Covers Scope 1 and Scope 2 emissions from the Toyota Tsusho Group; calculated using the Greenhouse Gas Protocol

[ii] Greenhouse gas emissions data

	Result for CY2023 (Unit: Thousand t-CO_2)
Scope 1, 2	736

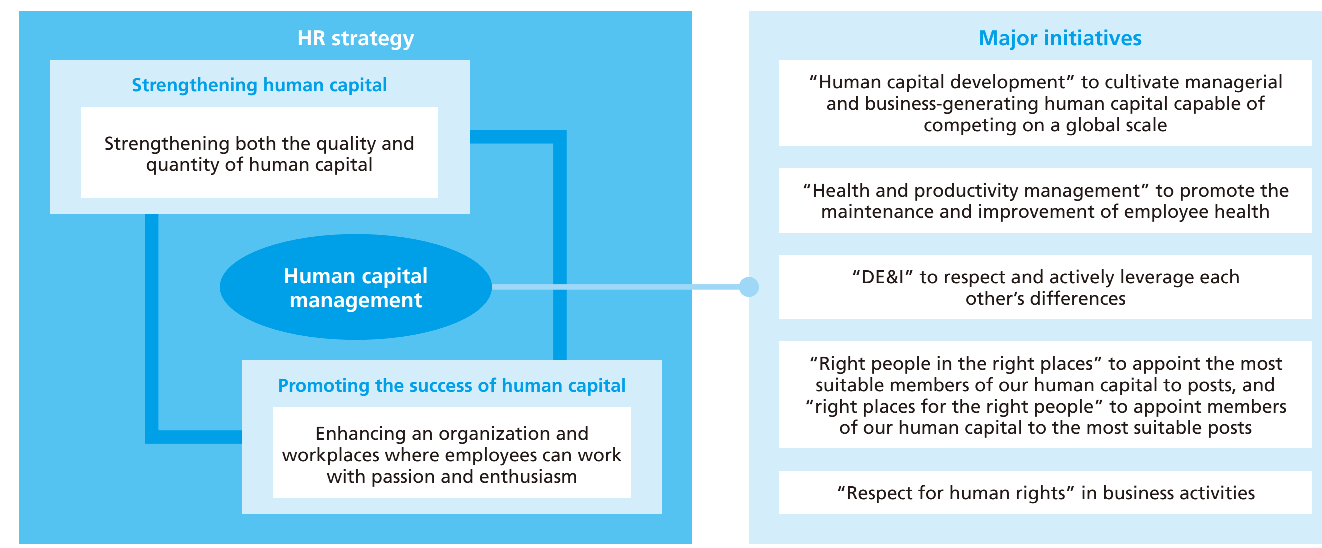
The above figures are preliminary values. Final figures will be disclosed separately on the Company's website along with a third-party guarantee.

(2) Human capital

(a) Strategy

The Group views its business strategies and HR strategy, which form the foundation of its management strategy, as two sides of the same coin, and considers the promotion of an HR strategy that is linked to its business strategies to be the key to its growth. To achieve this, we view our employees as "human capital," and believe that it is essential to have an environment and corporate culture that continuously increases their value and a system that makes the most of each individual. Our vision is to realize "People Company Toyotsu," and be a value-generating corporation that contributes to the creation of prosperous societies by enhancing the value of our human capital.

We are promoting measures to realize "People Company Toyotsu" from the following perspectives, focusing on strengthening human capital (strengthening both the quality and quantity of human capital) and promoting the success of human capital (Enhancing an organization and workplace where employees can work with passion and enthusiasm).



[i] Human capital development

Toyota Tsusho practices the Toyota Tsusho Group Way, which adopts as its keywords "Shokon" (a passion for business), "Genchi, Genbutsu, Genjitsu" (on site, hands on, in touch), and "Team Power" (teamwork). We conduct various educational and training programs and strive to enhance employee skills so that they can independently think and take action. We make use of diverse human resources who can respond flexibly to the company's changing business environment and look ahead to a better future, and we prioritize the development of human resources capable of global business creation and business management to continuously achieve active value creation with our global partners. Our educational programs are made up of three parts: On-the-job training, off-the-job training (seminars and courses), and self-improvement (distance or online learning courses, etc.). Every year, each employee develops a future career plan and engages in dialogue with supervisors to discuss self-realization through business assignments and participation in training programs for skill development. In recent years, the programs have also been actively utilizing e-learning.

[ii] Health and productivity management

We strive to raise the health awareness of our employees based on the belief that initiatives related to health maintenance and promotion enhance their engagement, invigorate the organization, and, ultimately, contribute to greater productivity for the company. We consider "improving health literacy*" as a top priority issue, and are promoting various measures based on our Three Guiding Principles of Health Management.

* All employees independently maintain and improve their own health conditions.

Toyota Tsusho Group Employee Health Management Declaration

We of the Toyota Tsusho Group recognize that the physical and mental health of our employees is our most important asset.

Thus, we welcome and respect the diversity of our employees and declare that we will strive to achieve work environments that provide peace of mind and opportunities for active participation by all. We also declare that we will unwaveringly adhere to our corporate principles and strive to become a value-creating entity by contributing to society through ever-better ways of doing business.

President & CEO Ichiro Kashitani

Three Guiding Principles of Health Management

Employee Health
We will support our employees in acquiring awareness and knowledge of health issues so that they can pursue self-initiative in maintaining and improving their physical and mental well-being.

Improvement of Workplace Vitality
We will support the creation of work environments that facilitate mutual respect for the working style of each member of our diverse workforce and in which each person can actively participate, based on our diversity, equity, and inclusion (DE&I) policy. We aim to maximize organizational vitality and performance through reforms in work styles and increasing job satisfaction.

Social Contribution
With the active participation of each and every employee who is healthy in mind and body, we will strive to endlessly contribute to the achieving of prosperous societies for an irreplaceable future through wholesome business activities around the world.

[iii] DE&I

The Group promotes DE&I as a management strategy, respecting, accepting, and making the most of various differences, such as gender, age, and nationality. We will create diverse ideas and synergy to flexibly cope with the changing business environment and diversifying customer needs and to reinforce the competitiveness of our entire corporate group for sustainable growth in the future.

Through mergers and partnerships with a variety of companies, the Group has expanded its business and operating regions, employing a globally diverse workforce of approximately 69,000 employees. In this context, DE&I efforts are centered on the following three themes.

1. Opportunities for diverse human capital
2. Work-style improvements and work–life balance
3. Fostering a corporate culture that leverages diversity and changes people's mindset

[iv] Right people in the right places and right places for the right people

To realize its vision of "Be the Right ONE," the Group is working to create a system based on the following four themes in order to realize the "right people in the right places" (to appoint the most suitable members of its human capital to posts) and "right places for the right people" (to appoint members of our human capital to the most suitable posts) so that each and every employee can maximize their potential.

1. Reinforce the talent management process
2. "Glocalization" of personnel
3. Establish human capital data infrastructure
4. Promote inter-division/function assignment mobility

[v] Respect for human rights

The Toyota Tsusho Group corporate philosophy is "Living and prospering together with people, society and the planet, we aim to be a value-generating corporation that contributes to creation of prosperous societies," and we are striving to solve social issues through our business activities. As "Be the Right ONE," namely, to be a one-and-only, essential presence for partners and stakeholders, forms our "Ideal Image" as part of our Global Vision, we recognize that it is an extremely important responsibility to understand the human rights issues of countries and regions in which we operate and undertake appropriate actions. We set our idea, "Respect human rights, and actively develop people who will contribute to society by nurturing them and giving them opportunities to apply their skills" as one of our Key Sustainability Issues (Materiality).

For more information on the Toyota Tsusho Group Human Rights Policy, please refer to the Toyota Tsusho website.

(b) Metrics and Targets

Proportion of Female Employees in Managerial Position (Note)

Metric	Description	Previous fiscal year	Current fiscal year	Target
Proportion of Female Employees in Managerial Position	Percentage of women managers at Toyota Tsusho Corporation	6.5%	7.4%	10% in the fiscal year ending March 31, 2026, aiming to expand the range of assignments and opportunities for diverse human resources

The Women's Mentoring Program (WMP) has been implemented on an ongoing basis for female employees since 2015, with the aim of nurturing and expanding the pool of female candidates for the next generation of managers. Managers from other departments within the company and experienced female managers from outside the company serve as mentors, promoting career awareness, expanding viewpoints, and helping employees to address issues.

Starting in 2021, individual development plans have been formulated and reviewed with the aim of producing a steady stream of women in management positions. Opportunities for women to gain management experience in Japan and overseas are provided, such as overseas deployments early in their career, while being mindful of their life events. These activities are reported by each division in the annual DE&I Executive Report, and progress is monitored.

Percentage of childcare leave taken (Note)

Metric	Description	Previous fiscal year	Current fiscal year	Target
Percentage of childcare leave taken	Utilization rate for childcare leave and other parenting leave systems	74.0% (male employee: 66.9%)	91.6% (male employees: 84.3%)	100% in the fiscal year ending March 31, 2026, aiming to increase the percentage of male employees taking childcare leave and utilizing other parenting leave systems, with the goal of encouraging participation in childcare regardless of gender

From 2016 onward, we held seminars on balancing work and childcare and sent individual guidance to male employees with newly born children and their managers to encourage them to take the childcare leave. In addition, from April 2023, we encouraged "childcare learning," or learning from childcare, and making up to 20 working days of the childcare leave period paid. These efforts help employees understand the childcare leave system and foster a culture that encourages its use, thereby promoting male participation in childcare.

Note: At present, the indicators and targets are limited to the Company as only the Company manages these data.

3. Business risks

(1) Group risk management

(1) Risk Management Basic Policy

The Group defines "risk" in the Risk Management Basic Policy as "an event with the potential to cause unexpected losses in business operations, or cause damage to the Toyota Tsusho Group's assets and trust, etc." The Group's fundamental approach is to identify and consider the various risks that occur in the course of business operations, ensure management safety, and increase corporate value by exposing itself to risk only within an appropriate and controlled range.

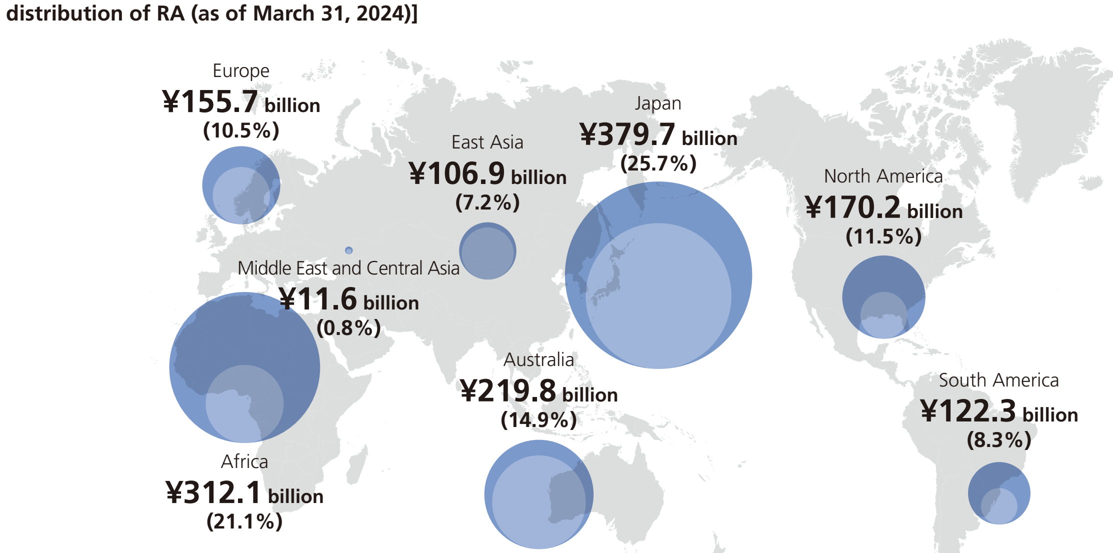
Based on the policy, the Company engages in risk asset management in which risk assets (RA) are calculated by multiplying consolidated risk exposure (RA principle) by risk weight (RW)—which is the maximum expected loss based on credit rating, country risk and other factors—and balancing this against the risk buffer (RB), which is the Company's financial corporate strength.

To adhere to the basic financial policy of RA ÷ RB < 1.0, the Company runs RA ÷ RB simulations based on its investment pipeline and other factors to ensure investment is balanced against financial soundness. For exposures to emerging countries with relatively high country risks, in addition to insuring with Nippon Export and Investment Insurance (NEXI), for example, to hedge risks, the Company manages country risk by setting country-specific ceilings according to risk buffers to prevent an excessive concentration of risk in any particular country.

The Company also uses Risk-adjusted Value Added (RVA) in assessments during trade review and investment discussions to raise awareness of the need to secure returns sufficiently commensurate with risks.

As a result of these efforts for RA management and continually building up RB, for the fiscal year ended March 2024, the Company maintained a sound and stable financial position with RA remaining within the scope of RB (RA ÷ RB = 0.6 < 1.0).

[Regional distribution of RA (as of March 31, 2024)]



- Circle size corresponds to magnitude of RA
  ●: March 31, 2024 ●: March 31, 2021
- Aggregation of the Toyota Tsusho Group consolidated assets, guarantees, etc., based on the location of the credit or investment
- Figures on the map indicate the aggregate values and the percentage of the total, as of March 31, 2024

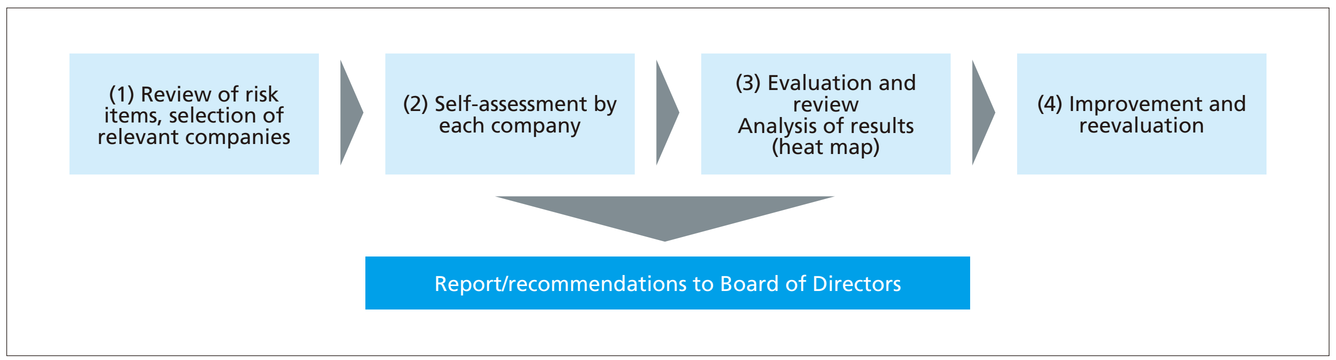
(2) Risk Management System

The Integrated Risk Management Committee was established in April 2020 as a framework to specifically implement the Risk Management Basic Policy, to promote risk management on a more global basis in addition to the risk management that had previously been conducted individually by the respective departments responsible for each risk. The committee, chaired by the CFO, consists mainly of the regional CFOs who are in charge of risk in each overseas region, as well as the general managers of the planning department of each sales division and the directors and general managers in charge of each risk.

The committee also clarifies risks that could have a significant impact on the Group's management, identifies important company-wide risks related to management objectives, discusses and decides on response policies, verifies the effectiveness of the risk management process, reports to the president & CEO, and makes recommendations to the Board of Directors regarding risk management. Based on the recommendations, the Board of Directors meeting continuously supervises the effectiveness of the risk management process and takes appropriate actions when changes are necessary. The committee has also introduced the Check 10 mechanism whereby 10 risk items are identified from among the clarified risks as risks that the Company should particularly focus on, and for each risk, each group company conducts a self-assessment on the degree to which it has achieved the item, the regional headquarters for the respective group company reviews the results of the self-assessment, and the group company then implements improvement activities based on the results of the review.

The Check 10 mechanism is designed to identify weaknesses and take appropriate remedial measures by preparing a heat map (assigning a score for each risk item based on an evaluation on the two axes of risk magnitude and management system) and visualizing the risk management status of each group company for each risk item. Support for improvements is provided as required by the department responsible for the risk. By expanding these Check 10 activities, the Group will not only strengthen cooperation between the head office department responsible for risk and each group company, but also strengthen relationships within the respective region, thereby building an integrated risk management system on a consolidated basis.

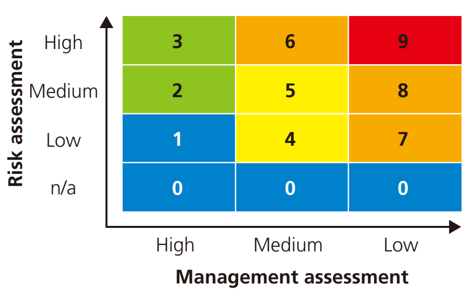
[PDCA cycle of Check 10 activities]



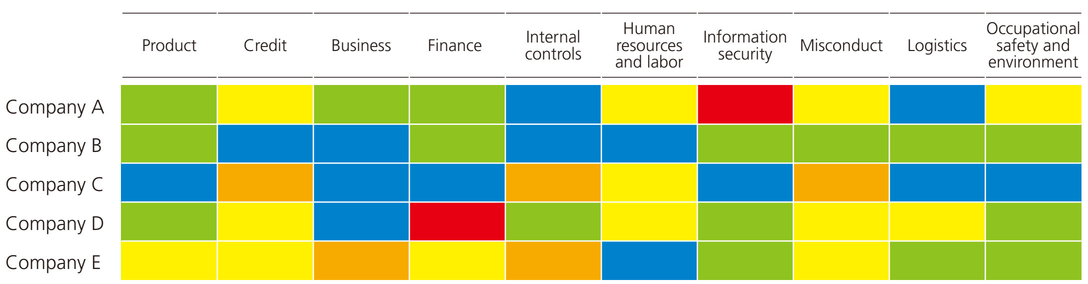
[Check 10 risk items]

Risk	Risk description	Departments responsible for risk
(1) Product	Retained inventory, product positions	Business Accounting Department, Investment and Credit Department
(2) Credit	Delayed collection, low-rating business	Investment and Credit Department
(3) Business	Downturn in performance, low revenue	Investment and Credit Department
(4) Finance	Foreign exchange positions, BS management, measures against money transfer fraud	Finance Department
(5) Internal controls	Long-term postings and concurrent duties	Audit Department
(6) Human resources and labor	Labor disputes and human rights violations	Global Human Resources Department
(7) Information security	Compliance with the All Toyota Security Guideline (ATSG), cybersecurity	IT Strategy Department
(8) Misconduct	Compliance	Legal Department
	Corruption prevention	Compliance & Crisis Management Department
(9) Logistics	Logistics compliance	Global Logistics Management Department
(10) Occupational safety and environment	Lost time accidents, STOP6 accidents (prevention of serious accidents), fires and explosions, environmental compliance	Global Safety & Environmental Promotion Department

[Two-axis Matrix of Risk and Management Systems]



[Risk Evaluation Results (Heat map)]



(2) Individual risks

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. Weaker consumer spending and capital investment on the back of a global economic slowdown stemming from the situation in Russia, Ukraine and the Middle East, as well as the influence of the United States and China, may adversely affect the Group's operating results and financial condition.

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 17.4% 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 and issuing commercial paper and corporate bonds—for such activities as extending credit for trade receivables and acquiring marketable securities and fixed assets. A portion of this debt though is subject to variable interest rates, and there is a risk that the interest burden may increase when interest rates rise. Nevertheless, a considerable portion of this corresponds to operating assets that are capable of absorbing the impact of fluctuating interest rates. 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>

(1) Risks Associated with Commodity Pricing

Commodities handled by the Group in its businesses, such as non-ferrous metals, rare earth resources, foods, and textiles, are vulnerable to uncertainties arising from price fluctuations. To address this, the Group sets position limits for each commodity and regularly monitors 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.

(2) 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.

(3) Risks Associated with Business Investment

As of March 31, 2024, the company had 780 consolidated subsidiaries and 242 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 not on the pursuit of short-term profit, but rather strategic investment that will lead to the development of business and the expansion and reinforcement of the Group's value chain over the medium to long term. To better focus management resources on businesses where the Company can demonstrate its unique strengths, sales division policies and the investment pipeline are discussed at the Mid-term Business Plan Meeting based on company-wide policies, and the strategic value and priority of investments exceeding a certain amount are discussed at the Investment Strategy Meeting to determine whether they should be pursued.

In the process of reviewing investment projects, the Administrative Unit verifies business plans based on a technical perspective and quantitative indicators (such as TVA[1] and RVA[2]). Once risk assessments and risk mitigation measures are considered for each investment project, it is discussed by the Investment and Loan Meeting and the Investment and Loan Committee before a final decision is made by the organization concerned. In addition, to accelerate the investment decision-making process, the Group is proceeding to determine the authorized decision maker based on certain conditions and monetary significance, and to delegate decision-making authority to certain affiliated companies both in Japan and overseas. After investments are implemented, the Administrative Unit and the sales divisions concerned jointly and continuously monitor and support projects facing issues ("check and support"). The Group also monitors investments for signs of declining performance, progress in business plans, exit conditions, and other aspects, and it operates strict restructure and exit rules for projects that are not proceeding as planned.

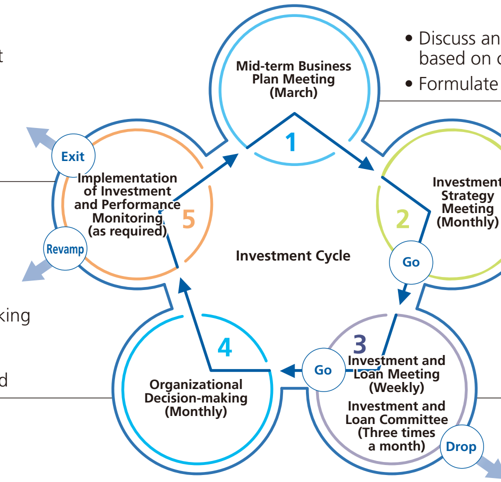
Despite these efforts, if the value of an investment target company or the market value of the stock of such a company declines due to changes in the business environment, technological innovation, or other unforeseeable circumstances, the group may lose all or a substantial portion of the invested balance 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.

[Investment Cycle]

- Monitor results including profit for the year, TVA, and invested capital
- Monitor investments for signs of declining performance, progress in business plans, exit conditions, etc.
- Sales divisions and Administrative Unit collaborative in implementation system for significant investment projects (check and support, cross-functional teams)

- Discuss and approve sales division policies based on company-wide policies
- Formulate investment pipeline

- Heads of management and sales division CEOs and COOs deliberate the strategic value and priority of individual investments



- Develop discussion process and decision-making authority according to monetary importance
- Governance by Audit & Supervisory Board members and external members of the Board

- Administrative Unit verifies business plans and provides opinions based on a technical perspective and quantitative indicators (TVA, RVA, etc.)
- Discusses assumed risks, corresponding measures, exit conditions, etc.

1. 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 profit before income taxes, adjusted for non-recurring, extraordinary, and significant gains and losses arising from non-operating activities, which indicates the "earning power" of a sales division or business entity.
The cost rate of invested capital by country, 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. RVA: Abbreviation of Risk-adjusted Value Added,
RVA = Ordinary income after tax – 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.

(4) Risks Associated with Exchange Rates

Of the trading, 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.

(5) 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, changes in the lending policies of financial institutions, or other similar events may result in restrictions on funding for the Group, or in 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.

(6) Risks Associated with Human Capital

(a) 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.

(b) 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 on all 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.

(7) 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.

(8) 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.

(9) Risks Associated with Safety

Occupational accidents involving employees or service providers, as well as fires and explosions, 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, fire or explosion, or the like, there could be adverse impacts on the Group's operating results and financial condition.

(10) 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.

4. Management analysis of financial position, operating results and cash flows

1) Overview of business results, etc.

1) Business environment

During the fiscal year ended March 31, 2024, the global economy was supported by the resumption of economic activities after the pandemic and a recovery in the manufacturing sector, including automobile output as restrictions on the supply of semiconductors ended. However, inflation and high interest rates held down economic growth in major countries. In addition, geopolitical uncertainty increased, mainly due to the protracted situation in Russian and Ukraine and instability in the Middle East triggered by the attack by Hamas on Israel.

In the U.S., firm consumer spending fueled consistent economic growth even as monetary tightening continued. There is uncertainty about the outlook because of rising U.S.-China tension, sharp political divide as the presidential election in November approaches and other reasons. In Europe, the negative effects of inflation on consumer spending impacted the economy. Another issue is differences in the views of EU member countries about support for Ukraine. Nevertheless, there were positive signs about the economy, including an improvement in business sentiment. In China, economic growth slowed as the continuing downturn of the real estate sector and U.S.-China tension had negative effects on consumer spending, exports and foreign direct investments. In emerging economies, economic growth remained restrained against the backdrop of a slowdown in the Chinese economy and persistently high interest rates in the U.S. and Europe.

In Japan, consumer spending was limited by the decline in real wages because of inflation, although wages increased somewhat. The economy was firm throughout the fiscal year as the Nikkei Average rose to an all-time high. Growth was backed by recoveries in automobile production, exports, foreign tourists and other sectors of the economy. In March, the Bank of Japan made a significant change in its monetary policy by ending negative interest rates. As a result, Japan's financial markets began to show signs of returning to normal.

2) Business Activities by Segment

(I) Metals

Toyota Chemical Engineering Co., Ltd. is conducting a joint project with Toyota Motor Corporation for the purpose of further upgrading technologies for recycling used lithium-ion electric car batteries. In the autumn of 2023, this project started operating a pilot processing line for recycling batteries by using a method that does not require incineration. This recycling is expected to make contributions to achieving a circular economy as well as carbon neutrality.

(II) Global Parts & Logistics
In India, Toyota Tsusho, Musashi Seimitsu Industry Co., Ltd. and Delta Electronics, Inc. reached an agreement in September 2023 to jointly establish a company for the production and sale e-Axle for two-wheeled vehicles. Preparations are under way for starting production during the fiscal year ending in March 2025. The new company is expected to be a global leader in this market as the number of electric two-wheeled vehicles increases in order to play a role in achieving carbon neutrality.

(III) Mobility
In June 2023, demonstration trials in developing countries were completed to determine the viability of a last-mile delivery system for the vaccine cold chain. The trials lasted about one year and were conducted with Gavi, the Vaccine Alliance. The results of the trials, including the reduction of damage to vaccines, were highly evaluated by Gavi, and will be used to contribute to the advancement of health care worldwide by similar improvements in delivery.

(IV) Machinery, Energy & Projects
In April 2023, North Hokkaido Wind Energy Transmission Corporation started commercial operation of a power transmission and substation system. Located in northern Hokkaido, the system consists of about 78 kilometers of transmission lines and the largest lithium-ion storage battery in Japan. In nearby areas, three companies, including Dohoku Wind Farm LLC, which is affiliated with Eurus Energy, are constructing wind power facilities that will have an output of about 540MW, making it one of the largest in Japan. Construction is scheduled for completion in the fiscal year ending March 31, 2026. These wind power facilities will further increase the use of renewable energy in Japan and contribute to achieving carbon neutrality.

(V) Chemicals & Electronics
In November 2023, Toyota Tsusho and Toyota Motor North America, Inc. announced an additional investment of approximately US$370 million in Toyota Battery Manufacturing, Inc., where a factory is now under construction. This raises the total investment in this company to approximately US$750 million. The additional investment will further increase the output of electric car batteries. Toyota Battery Manufacturing, Inc., will manufacture lithium-ion batteries for electric vehicles, meeting the surging demand for these batteries and contributing to the pursuit of carbon neutrality.

(VI) Food & Consumer Services
Toyota Tsusho and Secom Medical System Co., Ltd. have decided to build a second hospital in the Bengaluru region of India. The first hospital, Sakra World Hospital, began operating in 2014. The second hospital will increase the number of beds and further upgrade advanced medical care capabilities and technologies. Completion is scheduled for early 2027. Operating a Japanese-style general hospital will result in an even greater contribution to regional health care in India.

(VII) Africa
In February 2024, Toyota Tsusho signed a Memorandum of Understanding with the Government of Kenya for the purposes of supporting progress involving carbon neutrality, industrial development and education programs. Major goals of this cooperation are the development of renewable energy projects, the use of high-efficiency transformers to reduce energy losses in Kenya's power transmission system, and use of the multi-pathway approach to increase the use of electric vehicles. The overall objective is the establishment of a value chain in Kenya to facilitate the production, distribution and use of green energy.

3) Revenue, Profits and Total Assets

(Unit: Billions of yen)

	Year ended March 31, 2023	Year ended March 31, 2024	Change
Revenue	9,848.5	10,188.9	340.4
Gross profit	968.8	1,052.3	83.5
Operating profit	388.7	441.5	52.8
Profit (attributable to owners of the parent)	284.1	331.4	47.3
Total assets	6,377.0	7,059.9	682.9

(2) Purchases, Contracts, And Sales

1) Purchases
The difference between purchases and sales is minimal and has therefore been omitted.

2) Contracts
The difference between contracts and sales is minimal and has therefore been omitted.

3) Sales
Refer to 2. 4 Management analysis of financial position, operating results and cash flows, (1) Overview of business results, etc. and Notes to Consolidated Financial Statements, NOTE 4.Segment Information.

(3) Management analysis of financial position, operating results and cash flows

1) Important accounting estimates and assumptions used in those estimates
The Group's consolidated financial statements are prepared in accordance with the IFRS. The accounting policies that are significant in preparing these consolidated financial statements are described in Notes to Consolidated Financial Statements, NOTE 3. Material accounting policy Information. In addition, significant estimates and judgments are described in Notes to Consolidated Financial Statements, NOTE 2. Basis of Preparing Consolidated Financial Statements, (4) Significant accounting judgments, estimates, and assumptions.

2) Analysis of operating results for the fiscal year ended March 31, 2024
The Toyota Tsusho Group's consolidated revenue for the fiscal year ended March 31, 2024 increased 340.4 billion yen (3.5%) year on year to 10,188.9 billion yen, mainly due to growth in automotive sales volume and an increase in trading volume of automobile production-related products, despite a decline in metal market prices and falling electricity prices in Europe.

Consolidated operating profit increased 52.8 billion yen (13.6%) year on year to 441.5 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 47.3 billion yen (16.6%) year on year to 331.4 billion yen, largely due to an increase in operating profit, despite a decrease in the share of profit (loss) of investments accounted for using the equity method due to falling electricity prices in Europe and a decline in metal market prices.

The business results for each segment are as follows.

(I) Metals
Profit for the year (attributable to owners of the parent) decreased 15.9 billion yen (20.8%) year on year to 60.7 billion yen, largely due to falling market prices, despite an increase in trading volume of automobile production-related products.

(II) Global Parts & Logistics
Profit for the year (attributable to owners of the parent) increased 11.2 billion yen (32.6%) year on year to 45.5 billion yen, largely due to an increase in trading volume of automotive parts mainly in Japan and North America.

(III) Mobility

Profit for the year (attributable to owners of the parent) increased 10.2 billion yen (22.3%) year on year to 55.9 billion yen, largely due to an increase in sales volume handled by overseas automotive dealerships mainly in Europe.

(IV) Machinery, Energy & Projects

Profit for the year (attributable to owners of the parent) decreased 4.7 billion yen (14.3%) year on year to 27.9 billion yen, largely due to falling electricity prices in Europe.

(V) Chemicals & Electronics

Profit for the year (attributable to owners of the parent) increased 7.1 billion yen (14.8%) year on year to 55.0 billion yen, largely due to an increase in trading volume of automobile production-related products in the electronics business and automotive materials business.

(VI) Food & Consumer Services

Profit for the year (attributable to owners of the parent) increased 2.3 billion yen (23.8%) year on year to 11.8 billion yen, largely due to the falling transportation costs in the South American food business, despite the impact of a year earlier one-time gain in the in domestic consumer products & services business.

(VII) Africa

Profit for the year (attributable to owners of the parent) increased 32.8 billion yen (90.0%) year on year to 69.1 billion yen, largely due to an increase in sales volume handled by automotive dealerships, especially in the West African region.

The Company forecasts 350.0 billion yen in profit attributable to owners of the parent for the fiscal year ending March 31, 2025.

3) Financial condition

As of March 31, 2024, consolidated assets totaled 7,059.9 billion yen, a 682.9 billion yen increase from March 31, 2023. The increase is attributable in part to a 211.7 billion yen increase in other investments, a 135.1 billion yen increase in property, plant and equipment, and a 107.1 billion yen increase in cash and cash equivalents. Consolidated equity as of March 31, 2024 totaled 2,620.1 billion yen, a 551.6 billion yen increase from March 31, 2023. The increase is attributable in part to a 293.4 billion yen increase in retained earnings accruing from consolidated profit for the year (attributable to owners of the parent).

The Group consequently ended the fiscal year with a ratio of equity attributable to owners of the parent to total assets (equity ratio) of 34.9% and a net debt-equity ratio of 0.5.

4) Analysis of capital resources and liquidity of funds

(a) Cash flows

Cash and cash equivalents (“cash”) as of March 31, 2024, totaled 878.7 billion yen, a 107.1 billion yen increase from March 31, 2023. The increase, which was 38.4 billion yen smaller than the previous fiscal year’s increase in cash, is 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.

Cash flows from operating activities

Net cash provided by operating activities was 542.1 billion yen, consisting mainly of profit before income taxes. Cash provided increased by 97.9 billion yen from the previous fiscal year, mainly as a result of a 42.5 billion yen increase in profit before income taxes.

Cash flows from investing activities

Net cash used in investing activities was 219.5 billion yen, mainly for the purchase of property, plant and equipment. Cash used increased by 79.6 billion yen from the previous fiscal year, mainly as a result of a 89.8 billion yen increase in payment for acquisition of subsidiary.

As a result, free cash flow was a positive 322.6 billion yen, an increase of 18.3 billion yen from the previous fiscal year.

Cash flows from financing activities

Net cash used in financing activities was 263.2 billion yen, which is an increased by 56.6 billion yen from the previous fiscal year. The increase is primarily due to short-term borrowings.

(b) 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, 2024, the current ratio was 162% 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, 2024 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)	—

5. Material contracts, etc.

Nothing to be noted.

6. Research and development activities

Nothing to be noted.

* Cautionary note on forward-looking statements
This document contains forward-looking statements regarding performance outlook and other matters. These forward-looking statements are considered by the Group to be reasonable based on information available as of the end of the consolidated fiscal year ended March 31, 2024. Actual results, etc. may differ significantly from the statements due to a range of factors.

Consolidated Statement of Financial Position

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries
As of March 31, 2024 and 2023

		Millions of Yen		Thousands of U.S. Dollars
	Notes	2024	2023	2024
Assets				
Current assets:				
Cash and cash equivalents	8, 15	¥ 878,705	¥ 771,613	$ 5,803,480
Trade and other receivables	6, 8, 13, 15	1,797,818	1,730,426	11,873,839
Other financial assets	8	108,391	125,913	715,877
Inventories	7, 15	1,203,659	1,227,393	7,949,666
Other current assets		207,998	213,408	1,373,740
Total current assets		4,196,573	4,068,756	27,716,617
Non-current assets:				
Investments accounted for using the equity method	4, 9, 15	353,080	299,378	2,331,946
Other investments	8, 15	835,601	623,951	5,518,796
Trade and other receivables	6, 8, 13	51,554	42,598	340,492
Other financial assets	8	68,398	49,625	451,740
Property, plant and equipment	10, 13, 15	1,139,178	1,004,064	7,523,796
Intangible assets	11	275,042	184,001	1,816,537
Investment property	12	17,007	17,303	112,324
Deferred tax assets	24	49,823	36,835	329,060
Other non-current assets		73,733	50,549	486,975
Total non-current assets		2,863,420	2,308,308	18,911,696
Total assets	4	¥7,059,994	¥6,377,064	$46,628,320

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

		Millions of Yen		Thousands of U.S. Dollars
	Notes	2024	2023	2024
Liabilities and Equity				
Liabilities				
Current liabilities:				
Trade and other payables	8, 13, 14	¥1,643,777	¥1,636,877	$10,856,462
Bonds and borrowings	8, 15	626,510	746,668	4,137,837
Other financial liabilities	8	26,928	24,146	177,848
Income taxes payable		57,108	49,129	377,174
Provisions	16	8,271	8,080	54,626
Other current liabilities		233,012	211,873	1,538,947
Total current liabilities		2,595,607	2,676,775	17,142,903
Non-current liabilities:				8,992,523
Bonds and borrowings	8, 15	1,361,558	1,275,032	739,594
Trade and other payables	8, 13, 14	111,982	97,642	61,125
Other financial liabilities	8	9,255	8,214	277,735
Retirement benefits liabilities	17	42,052	46,152	500,653
Provisions	16	75,804	57,586	1,336,457
Deferred tax liabilities	24	202,353	121,068	272,571
Other non-current liabilities		41,270	26,061	12,180,674
Total non-current liabilities		1,844,276	1,631,759	29,323,584
Total liabilities		4,439,884	4,308,535	
Equity				
Share capital	19	64,936	64,936	428,875
Capital surplus	18, 19	43,119	43,812	284,783
Treasury shares	18, 19	(3,774)	(3,750)	(24,925)
Other components of equity		542,830	282,714	3,585,166
Retained earnings	19	1,820,019	1,526,615	12,020,467
Total equity attributable to owners of the parent		2,467,130	1,914,327	16,294,366
Non-controlling interests		152,979	154,201	1,010,362
Total equity		2,620,110	2,068,529	17,304,735
Total liabilities and equity		¥7,059,994	¥6,377,064	$46,628,320

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, 2024 and 2023

Consolidated Statement of Profit or Loss	Notes	2024 (Millions of Yen)	2023 (Millions of Yen)	2024 (Thousands of U.S. Dollars)
Revenue:				
Sales of goods		¥ 9,976,194	¥ 9,658,202	$ 65,888,607
Sales of services and others		212,785	190,358	1,405,356
Total revenue	4, 20	10,188,980	9,848,560	67,293,970
Cost of sales		(9,136,605)	(8,879,714)	(60,343,471)
Gross profit	4	1,052,374	968,846	6,950,492
Selling, general and administrative expenses	21	(583,702)	(532,724)	(3,855,108)
Other income (expenses):				
Gain on sale and disposals of fixed assets, net		3,311	674	21,867
Impairment losses on fixed assets	4, 10, 11	(9,651)	(15,932)	(63,740)
Other, net	22	(20,743)	(32,111)	(136,998)
Total other income (expenses)		(27,082)	(47,368)	(178,865)
Operating profit		441,589	388,753	2,916,511
Finance income (costs):				
Interest income	23	32,233	22,866	212,885
Interest expenses	23	(60,890)	(46,930)	(402,153)
Dividend income	8, 23	24,484	25,365	161,706
Other, net	23	6,372	(134)	42,084
Total finance income (costs)		2,200	1,166	14,530
Share of profit of investments accounted for using the equity method	4, 9	25,849	37,205	170,721
Profit before income taxes		469,639	427,126	3,101,770
Income tax expense	4, 24	(129,389)	(112,385)	(854,560)
Profit for the year		¥ 340,249	¥ 314,741	$ 2,247,202
Profit for the year attributable to:				
Owners of the parent	4	¥ 331,444	¥ 284,155	$ 2,189,049
Non-controlling interests		8,805	30,585	58,153
		Yen		U.S. Dollars
Earnings per share attributable to owners of the parent:				
Basic earnings per share	26, 31	¥941.94	¥807.58	$6.22
Diluted earnings per share	26, 31	—	—	—

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

Consolidated Statement of Comprehensive Income	Notes	2024 (Millions of Yen)	2023 (Millions of Yen)	2024 (Thousands of U.S. Dollars)
Profit for the year:		¥340,249	¥314,741	$2,247,202
Other comprehensive income				
Items that will not be reclassified to profit or loss:				
Remeasurements of defined benefit pension plans	17, 25	14,643	1,550	96,710
Financial assets measured at fair value through other comprehensive income (loss)	8, 25	166,131	1,801	1,097,226
Share of other comprehensive income (loss) of investments accounted for using the equity method	9, 25	658	(1,946)	4,345
Items that may be reclassified to profit or loss:				
Cash flow hedges	8, 25	5,378	15,933	35,519
Exchange differences on translation of foreign operations	25	121,230	55,528	800,673
Share of other comprehensive income of investments accounted for using the equity method	9, 25	6,858	12,203	45,294
Other comprehensive income for the year, net of tax	25	314,901	85,071	2,079,789
Total comprehensive income for the year		¥655,151	¥399,813	$4,326,999
Total comprehensive income for the year attributable to:				
Owners of the parent		¥634,387	¥355,478	$4,189,861
Non-controlling interests		20,764	44,334	137,137

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, 2024 and 2023

Millions of Yen

For the year ended March 31, 2024	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
		Equity attributable to owners of the parent			Other components of equity								
Balance at the beginning 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
Profit for the year										331,444	331,444	8,805	340,249
Other comprehensive income:													
Remeasurements of defined benefit pension plans					14,499				14,499		14,499	132	14,632
Financial assets measured at fair value through other comprehensive income (loss)						166,778			166,778		166,778	22	166,801
Cash flow hedges							4,210		4,210		4,210	(52)	4,157
Exchange differences on translation of foreign operations								117,454	117,454		117,454	11,855	129,309
Comprehensive income (loss) for the year		—	—	—	14,499	166,778	4,210	117,454	302,943	331,444	634,387	20,764	655,151
Dividends	19									(81,331)	(81,331)	(19,053)	(100,384)
Acquisition (disposal) of treasury shares	18, 19		96	(23)							73		73
Acquisition (disposal) of non-controlling interests	28		(785)								(785)	(1,014)	(1,800)
Reclassification to retained earnings					(14,499)	(28,327)			(42,827)	42,827	—		—
Other			(4)							464	460	(1,918)	(1,458)
Transactions with owners		—	(693)	(23)	(14,499)	(28,327)	—	—	(42,827)	(38,040)	(81,584)	(21,986)	(103,570)
Balance at the end of the year		¥64,936	¥43,119	¥(3,774)	¥ —	¥414,642	¥21,346	¥106,841	¥542,830	¥1,820,019	¥2,467,130	¥152,979	¥2,620,110

Millions of Yen

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
		Equity attributable to owners of the parent			Other components of 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	19									(65,485)	(65,485)	(20,831)	(86,316)
Acquisition (disposal) of treasury shares	18, 19		55	18							73		73
Acquisition (disposal) of non-controlling interests	28		(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

Thousands of U.S. Dollars

For the year ended March 31, 2024	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
		Equity attributable to owners of the parent			Other components of equity								
Balance at the beginning of the year		$428,875	$289,360	$(24,767)	$ —	$1,824,126	$113,169	$ (70,094)	$1,867,208	$10,082,656	$12,643,332	$1,018,433	$13,661,772
Profit for the year										2,189,049	2,189,049	58,153	2,247,202
Other comprehensive income:													
Remeasurements of defined benefit pension plans					95,759				95,759		95,759	871	96,638
Financial assets measured at fair value through other comprehensive income (loss)						1,101,499			1,101,499		1,101,499	145	1,101,651
Cash flow hedges							27,805		27,805		27,805	(343)	27,455
Exchange differences on translation of foreign operations								775,734	775,734		775,734	78,297	854,032
Comprehensive income (loss) for the year		—	—	—	95,759	1,101,499	27,805	775,734	2,000,812	2,189,049	4,189,861	137,137	4,326,999
Dividends	19									(537,157)	(537,157)	(125,837)	(662,994)
Acquisition (disposal) of treasury shares	18, 19		634	(151)							482		482
Acquisition (disposal) of non-controlling interests	28		(5,184)								(5,184)	(6,697)	(11,888)
Reclassification to retained earnings					(95,759)	(187,088)			(282,854)	282,854	—		—
Other			(26)							3,064	3,038	(12,667)	(9,629)
Transactions with owners		—	(4,576)	(151)	(95,759)	(187,088)	—	—	(282,854)	(251,238)	(538,828)	(145,208)	(684,036)
Balance at the end of the year		$428,875	$284,783	$(24,925)	$ —	$2,738,537	$140,981	$705,640	$3,585,166	$12,020,467	$16,294,366	$1,010,362	$17,304,735

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, 2024 and 2023

	Notes	Millions of Yen		Thousands of U.S. Dollars
		2024	2023	2024
Cash flows from operating activities:				
Profit before income taxes		¥ 469,639	¥ 427,126	$ 3,101,770
Depreciation and amortization		140,172	128,984	925,777
Impairment losses on fixed assets		9,651	15,932	63,740
Finance income (costs)		(2,200)	(1,166)	(14,530)
Share of profit of investments accounted for using the equity method		(25,849)	(37,205)	(170,721)
Gain on sale and disposals of fixed assets, net		(3,311)	(674)	(21,867)
Decrease (increase) in trade and other receivables		8,176	128,925	53,999
Increase in inventories		120,548	(3,854)	796,169
(Decrease) increase in trade and other payables		(126,481)	(131,732)	(835,354)
Other		49,071	(1,208)	324,093
Subtotal		639,416	525,126	4,223,076
Interest received		31,272	21,886	206,538
Dividends received		66,649	57,840	440,188
Interest paid		(59,967)	(45,331)	(396,057)
Income taxes paid		(135,245)	(115,230)	(893,236)
Net cash provided by operating activities		542,125	444,290	3,580,509
Cash flows from investing activities:				
Decrease in time deposits		4,775	8,650	31,536
Purchase of property, plant and equipment		(175,031)	(160,980)	(1,156,006)
Proceeds from sale of property, plant and equipment		25,802	17,171	170,411
Purchase of intangible assets		(23,864)	(19,865)	(157,611)
Proceeds from sale of intangible assets		604	97	3,989
Purchase of investment property		(407)	(104)	(2,688)
Proceeds from sale of investment property		114	—	752
Purchase of investments		(34,068)	(21,099)	(225,004)
Proceeds from sale of investments		57,446	24,244	379,406
Payments for acquisition of subsidiaries	27	(94,344)	(4,562)	(623,102)
Proceeds from sale of subsidiaries	27	7,523	7,035	49,686
Payments for loans receivable		(17,793)	(9,061)	(117,515)
Collection of loans receivable		23,890	9,460	157,783
Proceeds from government grants		6,021	12,056	39,766
Other		(255)	(2,960)	(1,684)
Net cash used in investing activities		(219,586)	(139,918)	(1,450,274)
Cash flows from financing activities:				
Net (decrease) increase in short-term borrowings	27	(219,335)	(11,032)	(1,448,616)
Proceeds from long-term borrowings	27	236,806	262,783	1,564,005
Repayment of long-term borrowings	27	(111,768)	(167,057)	(738,181)
Proceeds from issuance of bonds	27	40,000	15,000	264,183
Redemption of bonds	27	(70,706)	—	(466,983)
Purchase of treasury shares		(55)	(20)	(363)
Dividends paid	19	(81,331)	(65,485)	(537,157)
Dividends paid to non-controlling interests		(19,053)	(20,831)	(125,837)
Proceeds from non-controlling interests		780	1,137	5,151
Payments for acquisition of subsidiaries' interest from non-controlling interests	28	(4,124)	(190,576)	(27,237)
Proceeds from sale of subsidiaries' interest to non-controlling interests		14	156	92
Other	13, 27	(34,480)	(30,745)	(227,726)
Net cash (used in) provided by financing activities		(263,253)	(206,671)	(1,738,676)
Net increase (decrease) in cash and cash equivalents		59,285	97,699	391,552
Cash and cash equivalents at the beginning of the year		771,613	653,013	5,096,182
Effect of exchange rate changes on cash and cash equivalents		47,806	20,899	315,738
Cash and cash equivalents at the end of the year	27	¥ 878,705	¥ 771,613	$ 5,803,480

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, 2024 and 2023

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, 2024 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 21, 2024.

(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. "Material Accounting Policy Information."

(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 ¥151.41 to U.S.$1, the approximate exchange rate at the fiscal year-end. Since March 31, 2024 fell on a Sunday, the exchange rate on March 29, 2024 is used as the one at the fiscal year-end. Such translation s hould 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. Material Accounting Policy Information, (1) Basis of consolidation
- Note 3. Material Accounting Policy Information, (16) Revenue recognition

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

- Note 10. Property, Plant and Equipment
- Note 11. Intangible Assets

(5) Changes in accounting policies

The group has applied the following accounting standard and interpretation effective for the year ended March 31, 2024. There is no significant impact on the group's financial statements as of and for the year ended March 31, 2024 and 2023 from the changes.

IFRSs	Title	Outline of new or amended standard
IAS 12	Income Taxes	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

NOTE 3. Material Accounting Policy Information

(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 amount of a financial asset when the group has no reasonable expectations of recovering the contractual cash flows on the asset.

(iii) Non-derivative financial liabilities

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

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

(iv) Derivatives and hedge accounting

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

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

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

(a) Fair value hedges

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

(b) Cash flow hedges

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

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

(c) Hedges of net investments in foreign operations

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

(v) Offsetting of financial assets and financial liabilities

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

(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:

Business rights	9 to 18 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, the cash-generating unit or the cash-generating unit group. 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 the asset, the cash-generating unit or the cash-generating unit group is measured at the higher of its fair value less costs of disposals and value in use. If the carrying amount of the asset, the cash-generating unit or the cash-generating unit group exceeds its recoverable amount, the carrying amount 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, the cash-generating unit or the cash-generating unit group. If the recoverable amount exceeds the carrying amount of the asset, the cash-generating unit or the cash-generating unit group, 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 recognized after considering economic benefit available and making adjustments for asset ceiling if necessary. 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 material.

(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 (i) is not a business combination, (ii) affects neither accounting profit nor taxable profit (tax loss) on the transaction date and (iii) does not give rise to equal taxable and deductible temporary differences 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 in 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. The application of Pillar Two income taxes is not expected to have significant impact on the group's financial statements.

(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

The following is the major standard and interpretation issued prior to the date of authorization of the consolidated financial statements, but not yet applied. The impact from the application on the company is under review and cannot be estimated.

IFRSs	Title	Mandatory application date (from fiscal years beginning on or after)	Planned fiscal year of application	Outline of new or amended standard
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027	Fiscal year ending March 31, 2028	Improved comparability in the statement of profit or loss, enhanced transparency of management-defined performance measures and more useful grouping of information in the financial statements

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, Mobility, 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 as of March 31, 2024 are listed below. Effective April 1, 2024, the group has reorganized Metal Division and Chemicals & Electronics Division to the following three business divisions: Metal + (Plus) Division, Circular Economy Division and Digital Solutions Division. In addition, the group has changed the names of all the divisions to ones that express the value to our customers (functions, services and products).

(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, etc. The division manufactures, processes, sells and disposes of the products listed above.

(ii) Global Parts & Logistics Division

The Global Parts & Logistics Division engages in manufacturing/ assembling of mobility parts and development/ design/ sale of mobility accessories, as well as runs logistics, techno parks, airport operation, environmental solutions and supply chains/ mobility related business development, etc.

(iii) Mobility Division

The Mobility Division mainly handles passenger vehicles, commercial vehicles, motorcycles, trucks, buses and industrial vehicles. The division exports, sells and provides services for the products listed above. The division also engages in various business related to automotive sales, including import of supply parts, body mounting and conversion, used vehicle sales, captive finance and leases and vehicle assembly (knockdown assembly) business.

(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), etc. 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, etc. 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, etc. In addition, the division also engages in the general hospital business and hotel residence business.

(vii) Africa Division

The Africa Division carries out the mobility business including new vehicle sale, after-sales services and production support, the healthcare business including production, wholesale and retail sale of pharmaceutical products, the consumer business including manufacturing and wholesale of consumer goods and the infrastructure business including renewable energy/ port development.

(2) Reportable segment information

The accounting policies of each reportable segment are consistent with those in Note 3. "Material Accounting Policy Information."

Millions of Yen

For the year ended March 31, 2024	Reportable segments										
	Metals	Global Parts & Logistics	Mobility	Machinery, Energy & Project	Chemicals & Electronics	Food & Consumer Services	Africa	Total	Other (Note 1)	Adjustments (Note 2)	Consolidated
Revenue:											
External customers	¥2,818,105	¥1,229,968	¥981,035	¥ 801,485	¥2,090,651	¥691,104	¥1,567,745	¥10,180,097	¥ 8,882	¥ —	¥10,188,980
Inter-segment	4,513	33,433	6,980	3,574	6,238	3,646	105	58,492	5,125	(63,617)	—
Total	2,822,618	1,263,401	988,016	805,060	2,096,890	694,751	1,567,851	10,238,589	14,007	(63,617)	10,188,980
Gross profit	142,561	122,090	158,990	100,772	172,906	60,880	300,557	1,058,758	619	(7,003)	1,052,374
Profit for the year attributable to owners of the parent	¥ 60,712	¥ 45,516	¥ 55,956	¥ 27,943	¥ 55,021	¥ 11,821	¥ 69,122	¥ 326,094	¥ 5,341	¥ 8	¥ 331,444
Segment assets	¥1,337,960	¥ 626,366	¥482,710	¥1,236,610	¥ 963,190	¥355,550	¥ 966,367	¥ 5,968,756	¥1,492,803	¥(401,565)	¥ 7,059,994
Other items:											
(1) Investments accounted for using the equity method	¥ 51,416	¥ 41,853	¥ 43,236	¥ 111,612	¥ 71,104	¥ 25,428	¥ 8,222	¥ 352,873	¥206	¥ —	¥ 353,080
(2) Share of profit (loss) of investments accounted for using the equity method	6,318	4,267	4,596	7,219	4,914	14	(1,342)	25,987	(155)	17	25,849
(3) Depreciation and amortization	16,401	11,742	15,034	35,578	7,682	7,094	29,643	123,176	16,995	—	140,172
(4) Impairment losses on fixed assets	6,385	—	2	128	1,868	626	—	9,012	639	—	9,651
(5) Capital expenditures	17,817	17,222	33,890	92,079	9,589	6,421	52,572	229,594	23,794	—	253,388
(6) Income tax expense	23,685	15,276	19,305	12,650	19,537	6,125	29,785	126,366	3,026	(3)	129,389

Thousands of U.S. Dollars

	Reportable segments										
	Metals	Global Parts & Logistics	Mobility	Machinery, Energy & Project	Chemicals & Electronics	Food & Consumer Services	Africa	Total	Other (Note 1)	Adjustments (Note 2)	Consolidated
Revenue:											
External customers	$18,612,410	$8,123,426	$6,479,327	$5,293,474	$13,807,879	$4,564,454	$10,354,302	$67,235,301	$ 58,661	$ —	$67,293,970
Inter-segment	29,806	220,811	46,099	23,604	41,199	24,080	693	386,315	33,848	(420,163)	—
Total	18,642,216	8,344,237	6,525,434	5,317,086	13,849,085	4,588,541	10,355,002	67,621,616	92,510	(420,163)	67,293,970
Gross profit	941,556	806,353	1,050,062	665,557	1,141,972	402,087	1,985,053	6,992,655	4,088	(46,251)	6,950,492
Profit for the year attributable to owners of the parent	$ 400,977	$ 300,614	$ 369,566	$ 184,551	$ 363,390	$ 78,072	$ 456,522	$ 2,153,715	$ 35,275	$ 52	$ 2,189,049
Segment assets	$ 8,836,668	$4,136,886	$3,188,098	$8,167,294	$ 6,361,468	$2,348,259	$ 6,382,451	$39,421,147	$9,859,342	$(2,652,169)	$46,628,320
Other items:											
(1) Investments accounted for using the equity method	$ 339,581	$ 276,421	$ 285,555	$ 737,150	$ 469,612	$ 167,941	$ 54,302	$ 2,330,579	$ 1,360	$ —	$ 2,331,946
(2) Share of profit (loss) of investments accounted for using the equity method	41,727	28,181	30,354	47,678	32,454	92	(8,863)	171,633	(1,023)	112	170,721
(3) Depreciation and amortization	108,321	77,551	99,293	234,977	50,736	46,852	195,779	813,526	112,244	—	925,777
(4) Impairment losses on fixed assets	42,170	—	13	845	12,337	4,134	—	59,520	4,220	—	63,740
(5) Capital expenditures	117,673	113,744	223,829	608,143	63,331	42,408	347,216	1,516,372	157,149	—	1,673,522
(6) Income tax expense	156,429	100,891	127,501	83,547	129,033	40,453	196,717	834,594	19,985	(19)	854,560

Notes: 1. "Other" comprises businesses, such as a professional division that supports group-wide operations and 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 mobility business (new vehicle sales, after-sales services and production support, etc.), followed by those in the healthcare business (production, wholesale and retail sale 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, 2023	Reportable segments										
	Metals	Global Parts & Logistics	Mobility	Machinery, Energy & Project	Chemicals & Electronics	Food & Consumer Services	Africa	Total	Other (Note 1)	Adjustments (Note 2)	Consolidated
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

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 mobility business (new vehicle sales, after-sales services and production support, etc.), followed by those in the healthcare business (production, wholesale and retail sale 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. Effective April 1, 2023, the group has changed the name of the Automotive Division to the Mobility Division.

(3) Information on products and services

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

(4) Geographic information

(i) External revenue

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Japan	¥2,871,214	¥2,732,013	$18,963,172
North America	1,229,371	1,303,194	8,119,483
Europe	701,200	689,721	4,631,134
China	1,231,350	1,195,276	8,132,553
Asia and Oceania	1,945,052	2,050,297	12,846,258
Africa	1,487,188	1,278,000	9,822,257
Other	723,602	600,056	4,779,089
Total	¥10,188,980	¥9,848,560	$67,293,970

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
	2024	2023	2024
Japan	¥ 648,737	¥ 514,055	$4,284,637
North America	135,278	115,728	893,454
Europe	192,033	173,452	1,268,297
China	27,183	26,228	179,532
Asia and Oceania	148,600	131,255	981,441
Africa	246,517	218,476	1,628,142
Other	65,988	51,523	435,823
Total	¥1,464,340	¥1,230,721	$9,671,355

(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, 2024 and 2023 are ¥1,776,723 million ($11,734,515 thousand) and ¥1,482,172 million, respectively.

NOTE 5. Business Combinations

The major business combination for the year ended March 31, 2024 is described below. Other than those descrived below, there is no major business combination, individually or collectively.

Acquisition of SB Energy Corp.

(1) Name of acquiree and description of its business

Name of acquiree: SB Energy Corp.

(current business name: Terras Energy Corporation)

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

(2) Reason for business combination

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

With SB Energy Corp. 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.

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

On April 28, 2023, the company acquired 85.0% of the acquiree's voting rights through acquisition of shares.

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

As of March 31, 2024, the initial fair value measurement has been completed for assets acquired and liabilities assumed through this business combination. The impact from these adjustments is not material.

	Millions of Yen	Thousands of U.S. Dollars
Fair value of consideration paid (Note 1)	¥120,000	$792,550
Current assets		
Cash and cash equivalents	9,928	65,570
Other	8,125	53,662
Non-current assets		
Investments accounted for using the equity method	32,655	215,672
Intangible assets	12,269	81,031
Other	25,111	165,847
Total fair value of assets acquired	¥ 88,090	$581,797
Current liabilities	¥ 15,939	$105,270
Non-current liabilities	17,056	112,647
Total fair value of liabilities assumed	¥ 32,995	$217,918
Net assets	¥ 55,095	$363,879
Goodwill (Note 2)	¥ 64,904	$428,663

Notes: 1. Consideration paid consists of ¥102,000 million ($673,667 thousand) of cash and ¥18,000 million ($118,882 thousand) of trade and other payables.
2. Goodwill is the excess earnings expected from the future business development through the synergies between the company and the acquiree.

(5) Costs related to acquisition

Remuneration and fee for advisory and other services: ¥35 million ($231 thousand)

(6) Impact on the group's performance

On and after the date of acquisition, revenue and profit of the acquiree (that belongs to the owners of the parent company) recognized for the year ended March 31, 2024 are ¥4,300 million ($28,399 thousand) and ¥55 million ($363 thousand), respectively.

Pro forma information (unaudited) on revenue and profit of the Group (that belongs to the owners of the parent company) for the year ended March 31, 2024, as if the business combination would have been completed at the beginning of the year ended March 31, 2024, is ¥10,190,152 million ($67,301,710 thousand) and ¥330,784 million ($2,184,690 thousand), respectively.

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

NOTE 6. Trade and Other Receivables

The breakdown of trade and other receivables is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Notes and accounts receivable	¥1,702,593	¥1,661,366	$11,244,917
Other	203,189	165,944	1,341,978
Loss allowance	(56,408)	(54,286)	(372,551)
Total	1,849,373	1,773,024	12,214,338
Current assets	1,797,818	1,730,426	11,873,839
Non-current assets	51,554	42,598	340,492
Total	¥1,849,373	¥1,773,024	$12,214,338

NOTE 7. Inventories

The breakdown of inventories is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Merchandise and finished goods	¥1,138,244	¥1,152,445	$7,517,627
Work in progress	11,591	15,948	76,553
Raw materials and supplies	53,823	58,999	355,478
Total	¥1,203,659	¥1,227,393	$7,949,666

The carrying amount of inventories measured at fair value after deducting direct selling cost is not material. The revaluation loss of inventories recognized as expense during the year ended March 31, 2024 is ¥11,307 million ($74,678 thousand). The revaluation loss of inventories recognized as expense during the year ended March 31, 2023 is not material.

NOTE 8. 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, 2024 and 2023, net DER is 0.5 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
	2024	2023	2024
Financial assets:			
Financial assets measured at amortized cost:			
Cash and cash equivalents	¥ 878,705	¥ 771,613	$ 5,803,480
Trade and other receivables	1,849,373	1,773,024	12,214,338
Other financial assets			
Time deposits	80,287	75,268	530,262
Guarantee deposits and membership	15,396	13,973	101,684
Financial assets measured at amortized cost, total	2,823,764	2,633,879	18,649,785
FVTPL financial assets:			
Other investments			
Shares and investments in capital	13,388	8,696	88,422
Other financial assets			
Derivatives	81,104	86,297	535,658
FVTPL financial assets, total	94,493	94,993	624,086
FVTOCI financial assets:			
Other investments			
Shares and investments in capital	822,212	615,254	5,430,367
FVTOCI financial assets, total	822,212	615,254	5,430,367
Total	¥3,740,470	¥3,344,128	$24,704,246
Financial liabilities:			
Financial liabilities measured at amortized cost:			
Trade and other payables (Note)	¥1,612,609	¥1,611,030	$10,650,610
Bonds and borrowings			
Bonds	285,728	318,564	1,887,114
Borrowings	1,657,339	1,618,137	10,946,033
Commercial papers	45,000	85,000	297,206
Financial liabilities measured at amortized cost, total	3,600,678	3,632,731	23,780,978
Financial liabilities measured at fair value through profit or loss:			
Other financial liabilities			
Derivatives	36,184	32,361	238,980
Financial liabilities measured at fair value through profit or loss, total	36,184	32,361	238,980
Total	¥3,636,862	¥3,665,092	$24,019,959

Note: Lease liabilities are not included.

(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	
	2024		2023		2024	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:						
Trade and other receivables	¥1,849,373	¥1,849,387	¥1,773,024	¥1,773,060	$12,214,338	$12,214,431
Financial liabilities:						
Trade and other payables (Note)	¥1,612,609	¥1,612,609	¥1,611,030	¥1,611,030	$10,650,610	$10,650,610
Bonds and borrowings						
Bonds	285,728	278,221	318,564	313,709	1,887,114	1,837,533
Borrowings	1,657,339	1,635,374	1,618,137	1,603,210	10,946,033	10,800,964
Commercial papers	45,000	45,000	85,000	85,000	297,206	297,206

Note: Lease liabilities are not included.

The methods utilized to measure the fair value are described below. The financial liabilities for put options over non-controlling interests (NCI puts) are classified into Level 3 of the fair value hierarchy. Other than those are 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. Trade and other payables include financial liabilities for NCI put option and their fair value is determined based on a method discounting future cash flows.

(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, 2024	Level 1	Level 2	Level 3	Total
Financial assets:				
Other financial assets				
Derivatives	¥ 4,384	¥76,720	¥ —	¥ 81,104
Other investments				
Shares and investments in capital	568,263	—	267,337	835,601
Total	¥572,647	¥76,720	¥267,337	¥916,705
Financial liabilities:				
Other financial liabilities				
Derivatives	¥ 3,180	¥33,003	¥ —	¥ 36,184

	Thousands of U.S. Dollars			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Other financial assets				
Derivatives	$ 28,954	$506,703	$ —	$ 535,658
Other investments				
Shares and investments in capital	3,753,140	—	1,765,649	5,518,796
Total	$3,782,094	$506,703	$1,765,649	$6,054,454
Financial liabilities:				
Other financial liabilities				
Derivatives	$ 21,002	$217,971	$ —	$ 238,980

	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

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
	2024	2023	2024
	Other investments	Other investments	Other investments
Balance at the beginning of the year	¥242,607	¥217,704	$1,602,318
Other comprehensive income (loss) arising from FVTOCI financial assets	(241)	26,997	(1,591)
Purchases	20,912	10,349	138,115
Sales	(1,274)	(3,125)	(8,414)
Foreign exchange translation	2,023	1,352	13,361
Other	3,309	(10,671)	21,854
Balance at the end of the year	¥267,337	¥242,607	$1,765,649

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

	2024	2023
PBR	0.6 to 5.0 times	0.4 to 4.4 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, 2024

Name of issuer	Millions of Yen	Thousands of U.S. Dollars
Toyota Industries Corporation	¥239,351	$1,580,813
Toyota Motor Corporation	191,039	1,261,733
TOYOTA FUDOSAN CO., LTD.	43,109	284,716
Arcadium Lithium plc	25,644	169,367
Toyota Battery Manufacturing, Inc.	24,832	164,005
Sam-A Aluminiun Co., Ltd.	13,921	91,942
PT Astra Daihatsu Motor	11,973	79,076
Indus Motor Company Limited	8,587	56,713
JTEKT CORPORATION	8,563	56,555
Tianjin Denso Electronics Co., Ltd.	7,981	52,711

As of March 31, 2023

Name of issuer	Millions of Yen
Toyota Industries Corporation	¥112,411
Toyota Motor Corporation	94,713
ALLKEM LIMITED	41,871
TOYOTA FUDOSAN CO., LTD.	35,038
Tianjin Denso Electronics Co., Ltd.	16,233
Cataler (Wuxi) Automotive Environment Technology Co., Ltd.	12,056
PT Astra Daihatsu Motor	11,366
Tube Investments of India Ltd.	11,276
Sam-A Aluminium Co., Ltd.	11,150
TOYOTA BOSHOKU CORPORATION	9,759

(ii) Dividend income

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Investments derecognized during the year	¥ 924	¥ 400	$ 6,102
Investments held at the year-end	23,560	24,964	155,603
Total	¥24,484	¥25,365	$161,706

(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
	2024	2023	2024
Fair value at the date of sale	¥56,980	¥7,993	$376,329
Cumulative gain or loss upon sale	46,080	3,642	304,339

(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 ¥28,327 million ($187,088 thousand) and ¥4,645 million for the years ended March 31, 2024 and 2023, respectively.

(5) Derivatives

The following is the breakdown of derivative transactions.

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Commodity-related derivatives	¥ 1,585	¥ 9,974	$ 10,468
Currency-related derivatives	17,090	21,335	112,872
Interest-related derivatives	26,243	22,626	173,324
Total	¥ 44,920	¥ 53,936	$ 296,677
Other financial assets (current)	¥ 28,348	¥ 50,645	$ 187,226
Other financial assets (non-current)	52,756	35,652	348,431
Other financial liabilities (current)	(26,928)	(24,146)	(177,848)
Other financial liabilities (non-current)	(9,255)	(8,214)	(61,125)
Total	¥ 44,920	¥ 53,936	$ 296,677

(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 not material.

(a) Hedging instruments

As of March 31, 2024

Type of hedge accounting	Millions of Yen				
	Notional amount	Carrying amount			Changes in value of hedging instruments used as a basis of recognizing hedge neffectiveness
		Other financial assets	Other financial liabilities	Bonds and borrowings	
Fair value hedges:					
Commodity price fluctuation risk	¥ 48,250	¥ 202	¥ 3	¥ —	¥ 678
Cash flow hedges:					
Commodity price fluctuation risk	7,908	98	157	—	(59)
Foreign exchange fluctuation risk	494,393	33,059	7,663	—	25,396
Interest rate fluctuation risk	432,418	32,335	6,306	—	26,028
Hedges of net investments:					
Foreign exchange fluctuation risk	2,079	—	177	1,902	(1,812)

Type of hedge accounting	Thousands of U.S. Dollars				
	Notional amount	Carrying amount			Changes in value of hedging instruments used as a basis of recognizing hedge neffectiveness
		Other financial assets	Other financial liabilities	Bonds and borrowings	
Fair value hedges:					
Commodity price fluctuation risk	$ 318,671	$ 1,334	$ 19	$ —	$ 4,477
Cash flow hedges:					
Commodity price fluctuation risk	52,229	647	1,036	—	(389)
Foreign exchange fluctuation risk	3,265,259	218,340	50,610	—	167,730
Interest rate fluctuation risk	2,855,940	213,559	41,648	—	171,904
Hedges of net investments:					
Foreign exchange fluctuation risk	13,730	—	1,169	12,561	(11,967)

Type of hedge accounting	Millions of Yen			
	Changes in amount in other comprehensive income	Reclassification adjustment		Cash flow hedges reserve and foreign exchange reserve as a result of applying hedge accounting
		Account name	Amount	
Fair value hedges:				
Commodity price fluctuation risk	¥ —	—	¥ —	¥ —
Cash flow hedges:				
Commodity price fluctuation risk	6	Cost of sales	—	(82)
Foreign exchange fluctuation risk	9,888	Other income (expenses), other	(4,552)	23,331
Interest rate fluctuation risk	5,995	Interest expenses, other	(5,149)	228
Hedges of net investments:				
Foreign exchange fluctuation risk	(1,484)	Other income (expenses), other	—	(2,157)

Type of hedge accounting	Thousands of U.S. Dollars			
	Changes in amount in other comprehensive income	Reclassification adjustment		Cash flow hedges reserve and foreign exchange reserve as a result of applying hedge accounting
		Account name	Amount	
Fair value hedges:				
Commodity price fluctuation risk	$ —	—	$ —	$ —
Cash flow hedges:				
Commodity price fluctuation risk	39	Cost of sales	—	(541)
Foreign exchange fluctuation risk	65,306	Other income (expenses), other	(30,064)	154,091
Interest rate fluctuation risk	39,594	Interest expenses, other	(34,007)	1,505
Hedges of net investments:				
Foreign exchange fluctuation risk	(9,801)	Other income (expenses), other	—	(14,246)

As of March 31, 2023 Type of hedge accounting	Millions of Yen Notional amount	Carrying amount Other financial assets	Other financial liabilities	Bonds and borrowings	Changes in value of hedging instruments used as a basis of recognizing hedge neffectiveness
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	Millions of Yen Changes in amount in other comprehensive income	Reclassification adjustment Account name	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)

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, 2024				
Fair value hedges:				
Commodity price fluctuation risk	¥ 48,250	¥ —	¥ —	¥ 48,250
Cash flow hedges:				
Commodity price fluctuation risk	7,908	—	—	7,908
Foreign exchange fluctuation risk	441,229	25,842	27,321	494,393
Interest rate fluctuation risk	41,888	188,389	202,140	432,418
Hedges of net investments:				
Foreign exchange fluctuation risk	177	1,902	—	2,079
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

	Thousands of U.S. Dollars Within one year	Between one and five years	Over five years	Total
March 31, 2024				
Fair value hedges:				
Commodity price fluctuation risk	$ 318,671	$ —	$ —	$ 318,671
Cash flow hedges:				
Commodity price fluctuation risk	52,229	—	—	52,229
Foreign exchange fluctuation risk	2,914,133	170,675	180,443	3,265,259
Interest rate fluctuation risk	276,652	1,244,230	1,335,050	2,855,940
Hedges of net investments:				
Foreign exchange fluctuation risk	1,169	12,561	—	13,730

(b) Hedged item

As of March 31, 2024 Type of hedge accounting	Millions of Yen Changes in fair value of hedged item used as a basis of recognizing hedge ineffectiveness	Carrying amount Inventories	Other current assets	Other current liabilities	Accumulated adjustment for fair value hedges included in carrying amount
Fair value hedges:					
Commodity price fluctuation risk	¥ (678)	¥4,410	¥—	¥704	¥(678)
Cash flow hedges:					
Commodity price fluctuation risk	59	—	—	—	—
Foreign exchange fluctuation risk	(25,396)	—	—	—	—
Interest rate fluctuation risk	(26,028)	—	—	—	—
Hedges of net investments:					
Foreign exchange fluctuation risk	1,812	—	—	—	—

Type of hedge accounting	Thousands of U.S. Dollars Changes in fair value of hedged item used as a basis of recognizing hedge ineffectiveness	Carrying amount Inventories	Other current assets	Other current liabilities	Accumulated adjustment for fair value hedges included in carrying amount
Fair value hedges:					
Commodity price fluctuation risk	$ (4,477)	$29,126	$—	$4,649	$(4,477)
Cash flow hedges:					
Commodity price fluctuation risk	389	—	—	—	—
Foreign exchange fluctuation risk	(167,730)	—	—	—	—
Interest rate fluctuation risk	(171,904)	—	—	—	—
Hedges of net investments:					
Foreign exchange fluctuation risk	11,967	—	—	—	—

As of March 31, 2023 / Type of hedge accounting	Millions of Yen: Changes in fair value of hedged item used as a basis of recognizing hedge ineffectiveness	Carrying amount: Inventories	Carrying amount: Other current assets	Carrying amount: Other current liabilities	Accumulated adjustment for fair value hedges included in carrying amount
Fair value hedges:					
Commodity price fluctuation risk	¥ 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	—	—	—	—

(7) Offsetting financial assets and financial liabilities

Any financial assets and financial liabilities which fulfill the offsetting criteria are offset in 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 material financial assets or financial liabilities offset in the consolidated statement of financial position.

	Millions of Yen 2024	Millions of Yen 2023	Thousands of U.S. Dollars 2024
Gross amount of financial assets recognized	¥86,698	¥88,118	$572,604
Amount offset in the consolidated statement of financial position	(5,593)	(1,820)	(36,939)
Net amount of financial assets presented in the consolidated statement of financial position	¥81,104	¥86,297	535,658

	Millions of Yen 2024	Millions of Yen 2023	Thousands of U.S. Dollars 2024
Gross amount of financial liabilities recognized	¥41,778	¥34,181	$275,926
Amount offset in the consolidated statement of financial position	(5,593)	(1,820)	(36,939)
Net amount of financial liabilities presented in the consolidated statement of financial position	¥36,184	¥32,361	238,980

The amounts of financial assets and financial liabilities, which were not offset since they did not meet some or all of the offsetting criteria, are not material.

(8) Transfer of financial assets

(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, 2024 and 2023, those amounts are ¥18,507 million ($122,231 thousand) and ¥16,184 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, 2024 and 2023, such amounts affecting profit (loss) for the year attributable to owners of the parent are ¥(7,902) million ($(52,189) thousand) and ¥(7,368) million for USD, and ¥(7,056) million ($(46,601) thousand) and ¥(5,445) million for euro, respectively. Similarly, for the years ended March 31, 2024 and 2023, the amounts affecting exchange differences on translation of foreign operations are ¥(36,681) million ($(242,262) thousand) and ¥(29,546) million for USD, and ¥(31,939) million ($(210,943) thousand) and ¥(25,232) 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 derivatives transactions.

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

(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 (i) the investee's profitability using the group's proprietary cost-of-capital based indicators, (ii) the establishment, maintenance and strengthening of business relationships with the respective investee, and (iii) 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 20% are ¥(113,652) million ($(750,624) thousand) and ¥(76,268) million for the years ended March 31, 2024 and 2023, 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 and food, 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, 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
Changes in financial instruments originated or purchased	2,380	—	2,380	85	1,346	—	1,431	3,811
Direct write off	(0)	(6,995)	(6,995)	—	—	—	—	(6,995)
Changes due to derecognition	(2,906)	(1,084)	(3,991)	(333)	—	—	(333)	(4,324)
Changes in rate of loss	—	4,975	4,975	—	—	—	—	4,975
Foreign exchange translation	2,161	2,016	4,178	438	—	—	438	4,617
Other	38	—	38	—	—	—	—	38
March 31, 2024	¥30,122	¥18,883	¥49,005	¥3,824	¥3,578	¥—	¥7,402	¥56,408

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, 2023	$187,893	$131,893	$319,793	$23,994	$14,741	$—	$38,735	$358,536
Changes in financial instruments originated or purchased	15,718	—	15,718	561	8,889	—	9,451	25,170
Direct write off	(0)	(46,199)	(46,199)	—	—	—	—	(46,199)
Changes due to derecognition	(19,192)	(7,159)	(26,358)	(2,199)	—	—	(2,199)	(28,558)
Changes in rate of loss	—	32,857	32,857	—	—	—	—	32,857
Foreign exchange translation	14,272	13,314	27,593	2,892	—	—	2,892	30,493
Other	250	—	250	—	—	—	—	250
March 31, 2024	$198,943	$124,714	$323,657	$25,255	$23,631	$—	$48,887	$372,551

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			Total
	Expected credit losses for 12 months	Lifetime expected credit losses	Credit-impaired financial assets	
April 1, 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
Changes in financial instruments originated or purchased	—	—	—	—
Direct write off	—	—	—	—
Changes due to derecognition	—	—	—	—
Changes in classification	—	—	—	—
Changes in rate of loss	—	4	—	4
Changes due to business combination	—	—	—	—
March 31, 2024	¥—	¥36	¥—	¥36

Thousands of U.S. Dollars

	Financial guarantee contracts			Total
	Expected credit losses for 12 months	Lifetime expected credit losses	Credit-impaired financial assets	
March 31, 2023	$—	$204	$—	$204
Changes in financial instruments originated or purchased	—	—	—	—
Direct write off	—	—	—	—
Changes due to derecognition	—	—	—	—
Changes in classification	—	—	—	—
Changes in rate of loss	—	26	—	26
Changes due to business combination	—	—	—	—
March 31, 2024	$—	$237	$—	$237

(c) Carrying amounts of financial assets

Carrying amounts of financial assets are as follows:

As of March 31, 2024	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	¥ —	¥1,901,784	¥34,255
Loans receivables	40,477	4,025	—
Financial guarantee contracts	9,777	39,900	—

	Thousands of U.S. Dollars — Basis of recognition of loss allowance — Expected credit losses for 12 months	Lifetime expected credit losses	Credit-impaired financial assets and credit-impaired financial guarantee contracts
Trade and other receivables	$ —	$12,560,491	$226,240
Loans receivables	267,333	26,583	—
Financial guarantee contracts	64,573	263,522	—

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	—

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, 2024				
Bonds and borrowings	¥603,996	¥664,064	¥698,073	¥1,966,134
Trade and other payables (excluding lease liabilities)	1,612,609	—	—	1,612,609
Lease liabilities	31,167	67,508	44,473	143,149
Financial guarantee contracts	32,777	12,908	3,992	49,678
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

	Thousands of U.S. Dollars			
	Within one year	Between one and five years	Over five years	Total
March 31, 2024				
Bonds and borrowings	$ 3,989,142	$4,385,866	$4,610,481	$12,985,496
Trade and other payables (excluding lease liabilities)	10,650,610	—	—	10,650,610
Lease liabilities	205,845	445,862	293,725	945,439
Financial guarantee contracts	216,478	85,251	26,365	328,102

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, 2024				
Commodity-related derivatives				
(Cash inflows)	¥(14,150)	¥ —	¥ —	¥(14,150)
Cash outflows	12,564	—	—	12,564
Currency-related derivatives				
(Cash inflows)	(11,514)	(11,214)	(9,910)	(32,639)
Cash outflows	14,363	1,184	—	15,548
Interest-related derivatives				
(Cash inflows)	(12,191)	98,417	(41,033)	(151,642)
Cash outflows	8,340	79,609	37,448	125,398
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

	Thousands of U.S. Dollars			
	Within one year	Between one and five years	Over five years	Total
March 31, 2024				
Commodity-related derivatives				
(Cash inflows)	$(93,454)	$ —	$ —	$ (93,454)
Cash outflows	82,979	—	—	82,979
Currency-related derivatives				
(Cash inflows)	(76,045)	(74,063)	(65,451)	(215,567)
Cash outflows	94,861	7,819	—	102,688
Interest-related derivatives				
(Cash inflows)	(80,516)	650,003	(271,005)	(1,001,532)
Cash outflows	55,082	525,784	247,328	828,201

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 9. Investments Accounted for Using the Equity Method

The following investments, individually not material, are accounted for using the equity method.

	Millions of Yen				Thousands of U.S. Dollars	
	2024		2023		2024	
	Associates	Joint ventures	Associates	Joint ventures	Associates	Joint ventures
Investments accounted for using the equity method	¥280,380	¥72,699	¥259,400	¥39,977	$1,851,793	$480,146

	Millions of Yen				Thousands of U.S. Dollars	
	2024		2023		2024	
	Associates	Joint ventures	Associates	Joint ventures	Associates	Joint ventures
Profit for the year	¥19,243	¥6,605	¥15,266	¥21,939	$127,092	$43,623
Other comprehensive income	4,240	3,276	5,969	4,287	28,003	21,636
Comprehensive income for the year	¥23,484	¥9,882	¥21,236	¥26,227	$155,102	$65,266

NOTE 10. Property, Plant and Equipment

(Changes in presentation)
Effective from the year ended March 31, 2024, the group has changed the footnote disclosure of property, plant and equipment for clearer presentation. The detailed tables previously presented separately for changes in "Acquisition cost" and "Accumulated depreciation and accumulated impairment losses" are combined as "Changes in carrying amount of property, plant and equipment." Prior year amounts have been reclassified to conform to the current year's presentation.

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

	Millions of Yen					
	Buildings and structures	Machinery and vehicles	Land	Construction in progress	Other property, plant and equipment	Total
March 31, 2023						
Acquisition cost	¥478,383	¥864,519	¥102,428	¥111,809	¥288,918	¥1,846,060
Accumulated depreciation and accumulated impairment losses	243,297	467,611	816	—	130,270	841,995
Carrying amount	235,086	396,907	101,611	111,809	158,648	1,004,064
March 31, 2024						
Acquisition cost	¥550,804	¥996,528	¥111,208	¥ 80,958	¥354,893	¥2,094,392
Accumulated depreciation and accumulated impairment losses	275,624	521,694	968	—	156,927	955,214
Carrying amount	275,180	474,834	110,239	80,958	197,965	1,139,178

	Thousands of U.S. Dollars					
	Buildings and structures	Machinery and vehicles	Land	Construction in progress	Other property, plant and equipment	Total
March 31, 2024						
Acquisition cost	$3,637,831	$6,581,652	$734,482	$534,693	$2,343,920	$13,832,587
Accumulated depreciation and accumulated impairment losses	1,820,381	3,445,571	6,393	—	1,036,437	6,308,790
Carrying amount	1,817,449	3,136,080	728,082	534,693	1,307,476	7,523,796

"Other property, plant and equipment" includes right-of-use assets. For the carrying amount of right-of-use assets, please see Note 13. "Leases, (1) Lessee, (i) Changes associated with right-of-use assets."

Changes in carrying amount of property, plant and equipment are as follows:

	Millions of Yen					
	Buildings and structures	Machinery and vehicles	Land	Construction in progress	Other property, plant and equipment	Total
April 1, 2022	¥203,436	¥329,489	¥96,919	¥171,371	¥140,663	¥941,880
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	(1,344)	(10,412)	(2,409)	(1,492)	(5,686)	(21,344)
Depreciation	(17,738)	(52,411)	—	—	(36,126)	(106,276)
Impairment losses	(709)	(9,118)	(181)	—	(209)	(10,219)
Foreign exchange translation	7,811	12,019	2,399	2,742	4,279	29,252
Other	34,807	56,482	1,708	(153,739)	8,852	(51,887)
March 31, 2023	¥235,086	¥396,907	¥101,611	¥111,809	¥158,648	¥1,004,064
Acquisitions	11,464	71,765	1,746	99,160	46,296	230,433
Acquisition due to business combinations	4	2,949	—	1,901	12,555	17,411
Disposals	(1,394)	(10,425)	(703)	(3,325)	(5,904)	(21,753)
Depreciation	(20,579)	(60,385)	—	—	(38,804)	(119,769)
Impairment losses	(3,315)	(4,855)	(612)	(64)	(367)	(9,216)
Foreign exchange translation	14,790	21,436	6,494	3,358	10,874	56,953
Other	39,124	57,440	1,703	(131,881)	14,667	(18,944)
March 31, 2024	¥275,180	¥474,834	¥110,239	¥80,958	¥197,965	¥1,139,178

	Thousands of U.S. Dollars					
	Buildings and structures	Machinery and vehicles	Land	Construction in progress	Other property, plant and equipment	Total
March 31, 2023	$1,552,645	$2,621,405	$671,098	$ 738,451	$1,047,803	$6,631,424
Acquisitions	75,714	473,977	11,531	654,910	305,765	1,521,914
Acquisition due to business combinations	26	19,476	—	12,555	82,920	114,992
Disposals	(9,206)	(68,852)	(4,643)	(21,960)	(38,993)	(143,669)
Depreciation	(135,915)	(398,817)	—	—	(256,284)	(791,024)
Impairment losses	(21,894)	(32,065)	(4,042)	(422)	(2,423)	(60,867)
Foreign exchange translation	97,681	141,575	42,890	22,178	71,818	376,150
Other	258,397	379,367	11,247	(871,019)	96,869	(125,117)
March 31, 2024	$1,817,449	$3,136,080	$728,082	$ 534,693	$1,307,476	$7,523,796

"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 is mainly received by the Machinery, Energy & Project Division, for the acquisition of transmission facilities. The amount is not material as of March 31, 2024 while ¥36,348 million as of March 31, 2023. There are no unfulfilled conditions or other contingencies associated with the government grant.

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

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 ¥9,216 million ($60,867 thousand) and ¥10,219 million for the years ended March 31, 2024 and 2023, respectively.

For the year ended March 31, 2024, the group recognized an impairment loss for lithium hydroxide production properties of the Metals Division by reducing their carrying amount to the recoverable amount when it became highly unlikely to earn profits as initially projected due to decline in market prices.

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.

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 11. Intangible Assets

(Changes in presentation)

Effective from the year ended March 31, 2024, the group has changed the footnote disclosure of intangible assets for clearer presentation. The detailed tables previously presented separately for changes in "Acquisition cost" and "Accumulated amortization and accumulated impairment losses" are combined as "Changes in carrying amount of intangible assets." Prior year amounts have been reclassified to conform to the current year's presentation.

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

	Millions of Yen					
	Goodwill	Marketing rights, customer-related, etc.	Business rights	Software	Other intangible assets	Total
March 31, 2023						
Acquisition cost	¥231,154	¥110,747	¥35,275	¥83,623	¥52,421	¥513,221
Accumulated amortization and accumulated impairment losses	147,796	105,605	5,872	53,076	16,869	329,220
Carrying amount	83,357	5,141	29,403	30,546	35,552	184,001
March 31, 2024						
Acquisition cost	¥319,538	¥124,062	¥51,440	¥101,163	¥56,383	¥652,588
Accumulated amortization and accumulated impairment losses	162,343	120,397	10,005	65,536	19,263	377,545
Carrying amount	157,194	3,665	41,435	35,627	37,120	275,042

	Thousands of U.S. Dollars					
	Goodwill	Marketing rights, customer-related, etc.	Business rights	Software	Other intangible assets	Total
March 31, 2024						
Acquisition cost	$2,110,415	$819,377	$339,739	$668,139	$372,386	$4,310,071
Accumulated amortization and accumulated impairment losses	1,072,207	795,172	66,078	432,837	127,224	2,493,527
Carrying amount	1,038,200	24,205	273,660	235,301	245,162	1,816,537

Changes in carrying amount of intangible assets are as follows:

	Millions of Yen					
	Goodwill	Marketing rights, customer-related, etc.	Business rights	Software	Other intangible assets	Total
April 1, 2022	¥ 82,012	¥14,694	¥29,131	¥ 30,137	¥26,178	¥182,155
Acquisitions	—	—	—	3,560	17,217	20,778
Acquisition due to business combinations	900	—	—	10	264	1,175
Disposals	—	—	—	(358)	(588)	(946)
Amortization	—	(8,009)	(2,406)	(11,162)	(671)	(22,249)
Impairment losses	(3,319)	(2,228)	—	(5)	(159)	(5,713)
Foreign exchange translation	3,839	684	2,677	253	447	7,901
Other	(75)	—	—	8,111	(7,136)	898
March 31, 2023	¥ 83,357	¥ 5,141	¥29,403	¥30,546	¥35,552	¥184,001
Acquisitions	—	—	—	4,906	17,760	22,667
Acquisition due to business combinations	65,343	—	12,262	1	5	77,613
Disposals	(208)	—	—	(221)	(3,453)	(3,882)
Amortization	—	(2,007)	(3,149)	(13,864)	(965)	(19,987)
Impairment losses	—	—	—	(130)	—	(130)
Foreign exchange translation	8,310	531	2,918	684	1,798	14,242
Other	390	—	—	13,704	(13,576)	518
March 31, 2024	¥157,194	¥ 3,665	¥41,435	¥ 35,627	¥37,120	¥275,042

	Thousands of U.S. Dollars					
	Goodwill	Marketing rights, customer-related, etc.	Business rights	Software	Other intangible assets	Total
March 31, 2023	$ 550,538	$ 33,954	$194,194	$201,743	$234,806	$1,215,249
Acquisitions	—	—	—	32,402	117,297	149,706
Acquisition due to business combinations	431,563	—	80,985	6	33	512,601
Disposals	(1,373)	—	—	(1,459)	(22,805)	(25,638)
Amortization	—	(13,255)	(20,797)	(91,565)	(6,373)	(132,005)
Impairment losses	—	—	—	(858)	—	(858)
Foreign exchange translation	54,884	3,507	19,272	4,517	11,875	94,062
Other	2,575	—	—	90,509	(89,663)	3,421
March 31, 2024	$1,038,200	$ 24,205	$273,660	$235,301	$245,162	$1,816,537

For the years ended March 31, 2024 and 2023, the increase of "Other" in "Software" column is mainly attributable to the reclassification from software in progress included in "Other intangible assets."

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.

"Business rights" represents the power generation right in the Machinery, Energy & Project Division, whose average remaining useful life as of March 31, 2024 and 2023 is 12 years and 13 years, respectively.

Impairment losses are shown as "Impairment losses on fixed assets" in the consolidated statement of profit or loss. The amounts are ¥130 million ($858 thousand) and ¥5,713 million for the year ended March 31, 2024 and 2023, respectively.

Impairment losses for the year ended March 31, 2024 were mainly incurred in the Chemicals & Electronics Division.

Impairment losses for the year ended March 31, 2023, mainly incurred in the beverage business in the Africa Division, include ¥3,319 million of impairment loss on total goodwill recognized based on the recoverable amount and ¥2,228 million 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
	2024	2023	2024
Metals	¥ 54	¥ 54	$ 356
Global Parts & Logistics	883	805	5,831
Mobility	1,002	1,206	6,617
Machinery, Energy & Project	73,389	7,898	484,703
Chemicals & Electronics	709	709	4,682
Food & Consumer Services	1,670	1,259	11,029
Africa	79,445	71,383	524,701
Other	38	38	250
Total	¥157,194	¥83,357	$1,038,200

Of goodwill shown above, the significant goodwill is as follows:

CFAO SAS

The goodwill recognized upon the acquisition of CFAO SAS as a subsidiary is mainly allocated to the cash generating units of automotive and healthcare. The amounts by cash generating unit are ¥38,964 million ($257,340 thousand) and ¥34,782 million for automotive and ¥30,143 million ($199,081 thousand) and ¥26,908 million for healthcare as of March 31, 2024 and 2023, respectively.

The recoverable amount of the cash generating unit group, to which goodwill relating to automotive and healthcare is allocated, is measured at value in use based on the next three-year business plan and growth rates, which are projected by considering the business environment of each cash-generating unit and approved by management. In measuring the value in use, the group uses key assumptions including the growth rate, discount rate, revenue growth rate and gross profit margin based on past experience and external information.

Based on the average growth rate of markets or countries to which cash-generating units belong, the group determines the growth rate to be 3.0% for each of automotive and healthcare. 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 18.8% and 16.2% for automotive and healthcare, respectively.

Management considers the significant impairment of goodwill would be highly unlikely even if key assumptions used for the aforementioned impairment test would have changed within a reasonable and predictable scope.

Terras Energy Corporation

The goodwill recognized upon the acquisition of Terras Energy Corporation as a subsidiary is allocated to the cash generating units of power generation and energy management. The amounts allocated to power generation are ¥33,264 million ($219,694 thousand) and those allocated to energy management are ¥31,640 million ($208,969 thousand) as of March 31, 2024.

The recoverable amount of the cash generating unit group, to which goodwill relating to energy management is allocated, is measured at value in use based on the business plan and growth rates, which are projected by considering the business environment of cash-generating unit and approved by management. The period for the business plan is 10 years based on the medium-term management plan of the company subject to the measurement, including the period when the target market for the energy management is expected to expand following the expiration of FIT and steady cash flows being generated. In measuring the value in use, the group uses key assumptions including the discount rate and profit per unit for supply and demand adjustments based on past experience and external information. The group is supported by an independent appraiser in measuring the value in use.

The recoverable amount of the cash generating unit group, to which goodwill relating to energy management is allocated, is measured at value in use based on the business plan and growth rates, which are projected by considering the business environment of cash-generating unit and approved by management. The period for the business plan is 10 years based on the medium-term management plan of the company subject to the measurement, including the period when the target market for the energy management is expected to expand following the expiration of FIT and steady cash flows being generated. In measuring the value in use, the group uses key assumptions including the discount rate and profit per unit after supply and demand adjustments based on past experience and external information. The group is supported by an independent appraiser in measuring the value in use.

The discount rate primarily used for power generation is determined, based on weighted-average cost of capital, to be within the rage of 4.1% to 11.9%. The discount rate for energy management is determined by taking into account the expected rate of return generally used by a similar business based on the stage of the business. Accordingly, 33.6% is used for the period for the business plan, and 9.5% is used in calculating the continued value.

The growth rate is determined by taking into account the average growth rate in the market or country to which the cash generating unit belongs, to the extent not exceeding such average growth rate, to be 0.0% for each of power generation and energy management.

In the power generation, the value in use used to determine impairment as of March 31, 2024, exceeded the carrying amount by ¥4,762 million ($31,451 thousand). The recoverable amount may be less than the carrying amount if power generation forecast and operating related costs vary due to future weather conditions, material prices and project development environment, or if the after-tax discount rate would increase by approximately 0.1%. In the energy management, the value in use used to determine impairment as of March 31, 2024 exceeded the carrying amount by ¥5,326 million ($35,176 thousand). The recoverable amount may be less than the carrying amount if the profit per unit after supply and demand adjustments varies due to trends in electricity supply and demand, or if the after-tax discount rate would increase by approximately 1.0%.

NOTE 12. Investment Property

(Changes in presentation)
Effective from the year ended March 31, 2024, the group has changed the footnote disclosure of investment property for clearer presentation. The detailed tables previously presented separately for changes in "Acquisition cost" and "Accumulated depreciation and accumulated impairment losses" are combined as "Changes in carrying amount of investment property." Prior year amounts have been reclassified to conform to the current year's presentation.

Acquisition cost, accumulated depreciation and accumulated impairment losses and carrying amount are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Acquisition cost	¥21,750	¥21,176	$143,649
Accumulated depreciation and accumulated impairment losses	4,742	3,872	31,318
Carrying amount	17,007	17,303	112,324

Changes in carrying amount of investment property are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Balance at the beginning of the year	¥17,303	¥18,854	$114,279
Acquisitions	407	104	2,688
Disposals or reclassifications to assets held for sale	(120)	—	(792)
Depreciation	(415)	(458)	(2,740)
Foreign exchange translation	135	76	891
Other	(304)	(1,273)	(2,007)
Balance at the end of the year	¥17,007	¥17,303	$112,324

Fair value of investment property are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Carrying amount	¥17,007	¥17,303	$112,324
Fair value	25,427	25,454	167,934

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" in the consolidated statement of profit or loss, are ¥1,764 million ($11,650 thousand) and ¥1,782 million for the years ended March 31, 2024 and 2023, respectively.

Direct costs incurred to earn rental revenues are accounted for as "Cost of sales" in the consolidated statement of profit or loss, amounting to ¥1,355 million ($8,949 thousand) and ¥996 million for the years ended March 31, 2024 and 2023, respectively.

NOTE 13. 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, 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
Increase of right-of-use assets	24,343	5,759	19,363	3,160	52,626
Increase due to business combinations	—	9,759	2,837	—	12,597
Depreciation	(21,402)	(4,672)	(2,567)	(3,059)	(31,700)
Impairment losses	—	—	—	—	—
Other	869	(1,213)	3,816	179	3,651
March 31, 2024	¥ 84,882	¥19,627	¥63,339	¥ 4,378	¥172,227

	Thousands of U.S. Dollars				
	Buildings and structures	Machinery and vehicles	Land	Other	Total
March 31, 2023	$ 535,440	$ 65,999	$263,443	$ 27,058	$ 891,962
Increase of right-of-use assets	160,775	38,035	127,884	20,870	347,572
Increase due to business combinations	—	64,454	18,737	—	83,197
Depreciation	(141,351)	(30,856)	(16,953)	(20,203)	(209,365)
Impairment losses	—	—	—	—	—
Other	5,739	(8,011)	25,203	1,182	24,113
March 31, 2024	$ 560,610	$129,628	$418,327	$ 28,914	$1,137,487

(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
	2024	2023	2024
Finance costs	¥4,166	¥3,506	$27,514
Lease expenses due to an exemption to short-term leases	4,901	4,038	32,369
Lease expenses due to an exemption to low-value assets	2,036	1,629	13,446

(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, 2024 and 2023 are not material.

(iv) Sublease income

Sublease income for the years ended March 31, 2024 and 2023 is not material.

(v) Sale and leaseback transactions

Gain or loss from sale and leaseback transactions for the years ended March 31, 2024 and 2023 is not material.

(vi) Cash outflows associated with leases

Cash outflows associated with leases are ¥34,608 million ($228,571 thousand) and ¥30,838 million for the years ended March 31, 2024 and 2023, respectively.

(vii) Maturity analysis for lease liabilities

Balances of lease liabilities by maturities are stated in Note 8. "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 not material.

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Finance income on net investment in the lease	¥3,619	¥2,895	$23,901
Income relating to variable lease payments	—	—	—

(ii) Revenue associated with operating leases

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Lease payments earned	¥45,214	¥39,041	$298,619
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, 2024

	Millions of Yen									
	Within one year	Betwee 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	¥8,905	¥6,469	¥7,788	¥7,022	¥7,394	¥21,458	¥59,039	¥16,487	¥—	¥42,552

	Thousands of U.S. Dollars									
	Within one year	Betwee 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	$58,813	$42,725	$51,436	$46,377	$48,834	$141,721	$389,928	$108,889	$—	$281,038

	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	¥16,800	¥12,599	¥8,408	¥4,828	¥1,459	¥68	¥44,165

	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	$110,957	$83,211	$55,531	$31,886	$9,636	$449	$291,691

For the year ended March 31, 2023

	Millions of Yen									
	Within one year	Betwee 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

	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

NOTE 14. Trade and Other Payables

The breakdown of trade and other payables is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Notes payable and accounts payable	¥1,306,408	¥1,367,584	$8,628,280
Lease liabilities	143,149	123,490	945,439
Other	306,201	243,445	2,022,330
Total	¥1,755,759	¥1,734,520	$11,596,057
Current liabilities	¥1,643,777	¥1,636,877	$10,856,462
Non-current liabilities	111,982	97,642	739,594
Total	¥1,755,759	¥1,734,520	$11,596,057

NOTE 15. Bonds and Borrowings

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

	Millions of Yen		Thousands of U.S. Dollars		
	2024	2023	2024	Average rate	Maturity
Short-term borrowings	¥351,321	¥494,936	$2,320,328	6.28%	—
Commercial papers	45,000	85,000	297,206	0.02	—
Current portion of bonds	85,674	81,704	565,841	2.20	—
Current portion of long-term borrowings	144,513	85,028	954,448	2.05	—
Bonds (excluding current portion)	200,053	236,859	1,321,266	0.85	2025–2043
Long-term borrowings (excluding current portion)	1,161,504	1,038,172	7,671,250	1.34	2025–2045
Total	¥1,988,068	¥2,021,701	$13,130,361	—	—
Current liabilities	¥626,510	¥746,668	$4,137,837	—	—
Non-current liabilities	1,361,558	1,275,032	8,992,523	—	—
Total	¥1,988,068	¥2,021,701	$13,130,361	—	—

"Average rate" presents the weighted-average interest rate to the balances for the year ended March 31, 2024.

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:

	2024	2023	2024
Multi-currency revolving facilities, total	¥50,000 million equivalent	¥50,000 million equivalent	$330,229 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	$330,229 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:

	2024	2023	2024
Total line of credit	€250 million	€250 million	$269,533 thousand
Balance executed	—	—	—
Balance unused	€250 million	€250 million	$269,533 thousand

(2) Details of bonds

The following table summarizes details of bonds.

			Millions of Yen		Thousands of U.S. Dollars		
Issuer	Description	Issue date	2024	2023	2024	Coupon (%)	Redemption date
The company	The 17th unsecured domestic corporate bond	December 5, 2013	¥ —	¥ 14,994 (14,994)	$ —	0.81	December 5, 2023
The company	The 18th unsecured domestic corporate bond	December 5, 2013	14,988	14,982	98,989	1.01	December 5, 2025
The company	The 19th unsecured domestic corporate bond	July 10, 2014	14,985	14,979	98,969	0.95	July 10, 2026
The company	The 20th unsecured domestic corporate bond	July 10, 2014	14,971	14,966	98,877	1.27	July 10, 2029
The company	The 21st unsecured domestic corporate bond	September 3, 2015	9,992	9,987	65,992	0.74	September 3, 2025
The company	The 22nd unsecured domestic corporate bond	September 3, 2015	9,969	9,966	65,841	1.57	September 2, 2033
The company	The 23rd unsecured domestic corporate bond	July 20, 2016	19,927	19,921	131,609	0.70	July 18, 2036
The company	The 24th unsecured domestic corporate bond	March 7, 2017	19,923	19,918	131,583	1.02	March 6, 2037
The company	The 25th unsecured domestic corporate bond	September 14, 2017	9,959	9,956	65,775	0.89	September 14, 2037
The company	The 26th unsecured domestic corporate bond	March 7, 2018	9,957	9,954	65,761	0.90	March 5, 2038
The company	The 28th unsecured domestic corporate bond	January 21, 2021	9,948	9,945	65,702	0.74	January 21, 2041
The company	The 29th unsecured domestic corporate bond	July 19, 2021	9,965	9,961	65,814	0.27	July 18, 2031
The company	The 30th unsecured domestic corporate bond	November 25, 2022	14,948	14,943	98,725	0.68	November 25, 2032
The company	The 31st unsecured domestic corporate bond	June 15, 2023	19,950	—	131,761	0.36	June 15, 2028
The company	The 32nd unsecured domestic corporate bond	June 15, 2023	19,930	—	131,629	0.80	June 15, 2033
The company	The 1st unsecured foreign corporate bond	September 13, 2018	—	66,709 (66,709)	—	3.63	September 13, 2023
The company	The 2nd unsecured foreign corporate bond	September 19, 2019	75,674 (Note 4) (75,674)	66,668	499,795 (499,795)	2.60	September 19, 2024
North Hokkaido Wind Energy Transmission Corporation	Corporate bond (private placement) (Note 2)	November 30, 2018	634	705	4,187	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)	10,000	66,045 (66,045)	0.09	June 28, 2024
Total	—	—	¥285,728 (85,674)	¥318,564 (81,704)	$1,887,114 (565,841)	—	—

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 ¥75,674 million into U.S. dollars using the exchange rate as explained in Note 2. The carrying amount of the bond in the original currency is $499,716 thousand as of March 31, 2024.

(3) Assets pledged as collateral

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

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Cash and cash equivalents	¥ 61,126	¥ 45,210	$ 403,711
Trade and other receivables	23,189	3,458	153,153
Inventories	23,631	22,605	156,072
Property, plant and equipment	358,276	266,024	2,366,263
Investments accounted for using the equity method	11,802	5,866	77,947
Other investments	395	341	2,608
Other	36,643	31,140	242,011
Total	¥515,066	¥374,647	$3,401,796

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
	2024	2023	2024
Bonds and borrowings	¥381,570	¥354,800	$2,520,110

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 16. Provisions

The breakdown and changes of provisions for the year ended March 31, 2024 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	¥48,216	¥17,449	¥65,666	$318,446	$115,243	$433,696
Increase	15,564	2,962	18,527	102,793	19,562	122,363
Decrease (wrote off)	(17)	(3,042)	(3,059)	(112)	(20,091)	(20,203)
Decrease (reversal)	—	(832)	(832)	—	(5,495)	(5,495)
Changes due to present value calculation	712	—	712	4,702	—	4,702
Foreign exchange translation	649	1,232	1,881	4,286	8,136	12,423
Other	1,052	127	1,180	6,948	838	7,793
Balance at the end of the year	¥66,178	¥17,897	¥84,075	$437,078	$118,202	$555,280
Current liabilities	—	8,271	8,271	—	54,626	54,626
Non-current liabilities	66,178	9,626	75,804	437,078	63,575	500,653
Total	¥66,178	¥17,897	¥84,075	$437,078	$118,202	$555,280

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 32 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 17. 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
	2024	2023	2024
Balance of net defined benefit liability at the beginning of the year	¥ 20,954	¥ 19,870	$138,392
Changes in present value of defined benefit obligations:			
Balance at the beginning of the year	¥126,114	¥127,473	$832,930
Service cost	6,733	6,516	44,468
Interest cost	2,199	1,318	14,523
Remeasurements	(3,531)	(7,419)	(23,320)
Benefit paid	(6,264)	(4,932)	(41,371)
Foreign exchange translation	3,513	1,741	23,201
Other	(1,998)	1,416	(13,195)
Balance at the end of the year	¥126,767	¥126,114	$837,243
Changes in fair value of plan assets:			
Balance at the beginning of the year	¥105,160	¥107,603	$694,538
Interest income	1,021	1,246	6,743
Remeasurements	25,530	(4,203)	168,615
Employer contributions	2,380	2,795	15,718
Benefit paid	(2,909)	(2,462)	(19,212)
Foreign exchange translation	1,674	785	11,056
Other	380	(606)	2,509
Balance at the end of the year	¥133,238	¥105,160	$879,981
Changes in effect of asset ceiling:			
Balance at the beginning of the year	—	—	—
Remeasurements	7,901	—	52,182
Balance at the end of the year	7,901	—	52,182
Balance of net defined benefit liability at the end of the year	¥ 1,430	¥ 20,954	$ 9,444

Notes: 1. Remeasurements are the actuarial differences mainly arisen from correction to actual results.
2. For certain plan assets, the asset ceiling is calculated based on their economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. Changes in the asset ceiling are shown above.

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

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
DFunded plan:			
efined benefit obligations of funded plan	¥ 73,897	¥ 74,929	$ 488,058
Plan assets	(133,238)	(105,160)	(879,981)
Effect of asset ceiling	7,901	—	52,182
Total	(51,439)	(30,230)	(339,733)
Unfunded plan:			
Defined benefit obligations of unfunded plan	52,870	51,185	349,184
Total	¥ 1,430	¥ 20,954	$ 9,444

(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, 2024	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	¥ 1,772	¥ —	¥ 1,772
Equity securities:			
Japan	51,631	6,370	58,001
Other than Japan	3,669	6,246	9,916
Debt securities:			
Japan	—	23,974	23,974
Other than Japan	—	7,294	7,294
Life insurance company general accounts	—	16,534	16,534
Other	903	14,840	15,743
Total	¥57,976	¥75,262	¥133,238

	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	$ 11,703	$ —	$ 11,703
Equity securities:			
Japan	341,001	42,071	383,072
Other than Japan	24,232	41,252	65,491
Debt securities:			
Japan	—	158,338	158,338
Other than Japan	—	48,173	48,173
Life insurance company general accounts	—	109,200	109,200
Other	5,963	98,012	103,975
Total	$382,907	$497,074	$879,981

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

(c) Major actuarial assumption

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

	2024	2023
Discount rate	Primarily 1.7%	Primarily 1.3%
Salary increase rate	Primarily 2.9%	Primarily 2.9%

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, 2024 decreases by ¥4,752 million ($31,384 thousand) or increases by ¥4,767 million ($31,484 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 ¥2,366 million ($15,626 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, 2024, the weighted-average duration of the defined benefit plan obligations is 13 years.

(iii) Defined contribution plans

Costs of defined contribution plans are ¥1,535 million ($10,138 thousand) and ¥1,341 million for the years ended March 31, 2024 and 2023, 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 ¥328,499 million ($2,169,599 thousand) and ¥301,061 million for the years ended March 31, 2024 and 2023, respectively.

NOTE 18. 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.

	2024	2023
Grant date	July 21, 2023	July 22, 2022
Number of shares	17,833 shares	20,877 shares
Fair value	¥7,175 ($47.38)	¥4,420

(3) Stock compensation

The amounts of stock compensation for the years ended March 31, 2024 and 2023 are ¥127 million ($838 thousand) and ¥92 million, respectively, and included in "Selling, general and administrative expenses" in the consolidated statement of profit or loss.

NOTE 19. Equity

(1) Share capital

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

Thousands of U.S. Dollars

	2024	2023
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 2,181 thousand and 2,192 thousand as of March 31, 2024 and 2023, respectively.

(2) Capital surplus

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

(3) Retained earnings

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

(4) Dividends

(i) Amount of dividend payments

Resolution	Class of stock	Total amounts of dividends (Millions of Yen)	Total amounts of dividends (Thousands of U.S. Dollars)	Dividends per share (Yen)	Dividends per share (U.S. Dollars)	Record date	Effective date
General meeting of shareholders held on June 24, 2022	Common stock	¥31,685	$209,266	¥90	$0.59	March 31, 2022	June 27, 2022
Board of Directors' meeting held on October 28, 2022	Common stock	33,799	223,228	96	0.63	September 30, 2022	November 25, 2022
General meeting of shareholders held on June 23, 2023	Common stock	37,320	246,483	106	0.70	March 31, 2023	June 26, 2023
Board of Directors' meeting held on October 31, 2023	Common stock	44,011	290,674	125	0.82	September 30, 2023	November 27, 2023

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

Resolution	Class of stock	Total amounts of dividends (Millions of Yen)	Total amounts of dividends (Thousands of U.S. Dollars)	Source of dividends	Dividends per share (Yen)	Dividends per share (U.S. Dollars)	Record date	Effective date
General meeting of shareholders held on June 21, 2024	Common stock	¥54,573	$360,431	Retained earnings	¥155	$1.02	March 31, 2024	June 24, 2024

NOTE 20. 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 material. 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, 2024	Metals	Global Parts & Logistics	Mobility	Machinery, Energy & Project	Chemicals & Electronic	Food & Consumer Services
Revenue recognized from contracts with customers	¥2,815,187	¥1,229,968	¥971,371	¥800,288	¥2,090,651	¥679,696
Revenue recognized from other sources	2,918	—	9,664	1,197	—	11,408
Total	¥2,818,105	¥1,229,968	¥981,035	¥801,485	¥2,090,651	¥691,104

	Millions of Yen			
	Reportable segments			
	Africa	Total	Other (Note 1)	Consolidated
Revenue recognized from contracts with customers	¥1,536,135	¥10,123,299	¥8,882	¥10,132,182
Revenue recognized from other sources	31,609	56,798	—	56,798
Total	¥1,567,745	¥10,180,097	¥8,882	¥10,188,980

	Thousands of U.S. Dollars					
	Reportable segments					
	Metals	Global Parts & Logistics	Mobility	Machinery, Energy & Project	Chemicals & Electronic	Food & Consumer Services
Revenue recognized from contracts with customers	$18,593,137	$8,123,426	$6,415,500	$5,285,568	$13,807,879	$4,489,109
Revenue recognized from other sources	19,272	—	63,826	7,905	—	75,345
Total	$18,612,410	$8,123,426	$6,479,327	$5,293,474	$13,807,879	$4,564,454

	Thousands of U.S. Dollars			
	Reportable segments			
	Africa	Total	Other (Note 1)	Consolidated
Revenue recognized from contracts with customers	$10,145,531	$66,860,174	$58,661	$66,918,842
Revenue recognized from other sources	208,764	375,127	—	375,127
Total	$10,354,302	$67,235,301	$58,661	$67,293,970

	Millions of Yen					
	Reportable segments					
For the year ended March 31, 2023	Metals	Global Parts & Logistics	Mobility	Machinery, Energy & Project	Chemicals & Electronic	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

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		
	2024			2023			2024		
	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	¥1,656,891	¥4,474	¥104,194	¥1,719,407	¥4,169	¥ 84,567	$10,943,075	$ 29,548	$688,157
Changes during the year	44,370	(3,143)	10,837	(62,516)	305	19,627	293,045	(20,758)	71,573
Balance at the ending of the year	¥1,701,262	¥1,331	¥115,031	¥1,656,891	¥4,474	¥104,194	$11,236,127	$ 8,790	$759,731

Of revenues recognized for the years ended March 31, 2024 and 2023, ¥102,324 million ($675,807 thousand) and ¥79,757 million, respectively, were included in contract liabilities as at the beginning of the year. In addition, for the years ended March 31, 2024 and 2023, the amounts of revenues recognized from the performance obligations satisfied or partially satisfied in the past period are not material.

(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
	2024	2023	2024
Within one year	¥ 87,592	¥ 93,712	$ 578,508
Over one year	580,350	626,242	3,832,970
Total	¥667,942	¥719,954	$4,411,478

(4) Contract costs

There are no contract costs capitalized as an asset for the years ended March 31, 2024 and 2023.

NOTE 21. Selling, General and Administrative Expenses

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

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Salaries and wages	¥327,293	¥300,202	$2,161,633
Travel and transportation	18,432	13,838	121,735
Commissions and fees	69,705	60,263	460,372
Rent	12,879	10,942	85,060
Depreciation and amortization	59,981	59,259	396,149
Other	95,410	88,216	630,143
Total	¥583,702	¥532,724	$3,855,108

NOTE 22. 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, 2024 and 2023 are ¥(22,364) million ($(147,704) thousand) and ¥(30,236) million, respectively.

NOTE 23. Finance Income (Costs)

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

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Interest income:			
Financial assets measured at amortized cost	¥ 32,233	¥ 22,866	$ 212,885
Interest expenses:			
Financial liabilities measured at amortized cost	(68,315)	(53,233)	(451,192)
Derivatives	7,425	6,303	49,039
Total interest expenses	(60,890)	(46,930)	(402,153)
Dividends received:			
FVTOCI financial assets	24,484	25,365	161,706
Other	6,372	(134)	42,084

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 ¥(7,257) million ($(47,929) thousand) and ¥9,733 million for the years ended March 31, 2024 and 2023, respectively.

NOTE 24. 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
	2024	2023	2024
Deferred tax assets:			
Elimination of unrealized profits	¥ 6,440	¥ 6,069	$ 42,533
Inventories and property, plant and equipment	50,046	41,410	330,532
Loss allowance	7,384	7,414	48,768
Retirement benefits liabilities	10,122	10,228	66,851
Accruals	11,095	9,593	73,277
Other investment	14,866	13,614	98,183
Net operating losses	6,575	7,557	43,425
Other	39,589	35,756	261,468
Total deferred tax assets	¥ 146,121	¥ 131,645	$ 965,068
Deferred tax liabilities:			
Valuation difference on assets and liabilities of subsidiaries	¥(5,023)	¥ (1,961)	$(33,174)
Other investments	(170,560)	(106,866)	(1,126,477)
Equity interests in subsidiaries and associates	(21,791)	(14,408)	(143,920)
Property, plant and equipment	(52,222)	(41,798)	(344,904)
Other	(49,054)	(50,843)	(323,981)
Total deferred tax liabilities	¥(298,651)	¥(215,878)	$(1,972,465)
Total deferred tax assets (liabilities), net	¥(152,529)	¥ (84,232)	$(1,007,390)

(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
	2024	2023	2024
Balance of deferred tax assets (liabilities), net at the beginning of the year	¥ (84,232)	¥(86,206)	$ (556,317)
Deferred tax expense	3,517	8,885	23,228
Income taxes on other comprehensive income	(84,516)	(4,523)	(558,192)
Other	12,702	(2,388)	83,891
Balance of deferred tax assets (liabilities), net at the end of the year	¥(152,529)	¥(84,232)	$(1,007,390)

(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 ¥32,803 million ($216,650 thousand) and ¥12,533 million as of March 31, 2024 and 2023, 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
	2024	2023	2024
Expire within one year	¥ 4,086	¥ 2,597	$ 26,986
Expire in a fiscal year between one and five years	15,048	13,952	99,385
Expire in a fiscal year between five and ten years	41,691	19,921	275,351
Expire in a fiscal year over ten years	19,236	25,430	127,045
Total	¥80,063	¥61,902	$528,782

(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 ¥807,563 million ($5,333,617 thousand) and ¥706,210 million as of March 31, 2024 and 2023, 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
	2024	2023	2024
Current	¥132,907	¥121,270	$877,795
Deferred	(3,517)	(8,885)	(23,228)
Total	¥129,389	¥112,385	$854,560

Deferred tax above includes adjustments due to reassessment of recoverability of deferred tax assets. For the years ended March 31, 2024 and 2023, 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:

	%	
	2024	2023
Statutory effective tax rate	30.6%	30.6%
(Adjustments)		
Permanent nondeductible differences such as entertainment expenses	0.2	0.1
Equity in earnings of unconsolidated subsidiaries and associates accounted for using the equity method	(1.5)	(2.4)
Differences in tax rates applied for foreign operations	(3.7)	(3.3)
Reassessment of recoverability of deferred tax assets	0.4	0.2
Other	1.6	1.1
Average effective tax rate	27.6%	26.3%

The statutory effective tax rate in Japan, which is calculated based on corporation tax, inhabitant tax and tax-deductible enterprise tax, is 30.6% for the years ended March 31, 2024 and 2023. For foreign operations, however, local foreign corporate tax rates are to be applied.

NOTE 25. 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
	2024	2023	2024
Remeasurements of defined benefit pension plans:			
Amount arising during the year	¥ 20,982	¥ 1,968	$ 138,577
Income tax effects	(6,339)	(417)	(41,866)
Total	14,643	1,550	96,710
FVTOCI financial assets:			
Amount arising during the year	242,159	2,024	1,599,359
Income tax effects	(76,027)	(222)	(502,126)
Total	166,131	1,801	1,097,226
Cash flow hedges:			
Amount arising during the year	17,257	41,762	113,975
Reclassification to profit or loss in the year	(9,728)	(21,945)	(64,249)
Income tax effects	(2,150)	(3,883)	(14,199)
Total	5,378	15,933	35,519
Exchange differences on translation of foreign operations:			
Amount arising during the year	121,416	52,606	801,902
Reclassification to profit or loss in the year	(186)	2,922	(1,228)
Income tax effects	—	—	—
Total	121,230	55,528	800,673
Share of other comprehensive income of investments accounted for using the equity method:			
Amount arising during the year	8,004	11,048	52,863
Reclassification to profit or loss in the year	(487)	(790)	(3,216)
Income tax effects	—	—	—
Total	7,517	10,257	49,646
Total	¥314,901	¥ 85,071	$2,079,789

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 8. "Financial Instruments, (6) Hedge accounting, (ii) Matters regarding hedge accounting."

NOTE 26. 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
	2024	2023	2024
Profit for the year attributable to owners of the parent	¥331,444	¥284,155	$2,189,049
Basic weighted-average shares (thousand shares)	351,873	351,859	

	Yen		U.S. Dollars
	2024	2023	2024
Basic earnings per share attributable to owners of the parent	¥941.94	¥807.58	$6.22

NOTE 27. 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, 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
Changes arising from cash flows	(179,335)	125,038	(40,000)	(30,706)	(34,608)	(159,611)
Changes arising from business combinations	—	13,464	—	—	13,412	26,876
Foreign exchange translation	33,598	21,350	—	—	8,367	63,315
Changes arising from increase in right-of-use assets	—	—	—	—	34,155	34,155
Other	2,122	22,963	—	(2,129)	(1,666)	21,291
Changes not arising from cash flows	35,720	57,778	—	(2,129)	54,268	145,638
March 31, 2024	¥351,321	¥1,306,017	¥ 45,000	¥285,728	¥143,149	¥2,131,217

	Thousands of U.S. Dollars					
	Short-term borrowings	Long-term borrowings	Commercial papers	Bonds	Lease liabilities	Total
March 31, 2023	$ 3,268,846	$7,418,274	$ 561,389	$2,103,982	$ 815,600	$14,168,093
Changes arising from cash flows	(1,184,432)	825,823	(264,183)	(202,800)	(228,571)	(1,054,164)
Changes arising from business combinations	—	88,924	—	—	88,580	177,504
Foreign exchange translation	221,900	141,007	—	—	55,260	418,169
Changes arising from increase in right-of-use assets	—	—	—	—	225,579	225,579
Other	14,014	151,661	—	(14,061)	(11,003)	140,618
Changes not arising from cash flows	235,915	381,599	—	(14,061)	358,417	961, 878
March 31, 2024	$ 2,320,328	$8,625,698	$ 297,206	$1,887,114	$ 945,439	$14,075,800

(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
	2024	2023	2024
Assets acquired:			
Current assets	¥ 18,476	¥10,394	$122,026
Non-current assets	137,330	19,758	907,007
Liabilities assumed:			
Current liabilities	15,950	6,682	105,343
Non-current liabilities	17,056	15,128	112,647

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Consideration payable [of which, cash and cash equivalents]	¥ (122,676) [(104,676)]	¥ (7,070) [(7,070)]	$ (810,223) [(691,341)]
Of assets acquired, the amount of cash and cash equivalents	10,332	2,507	68,238
Difference: Amount paid upon acquisition of subsidiaries	¥ (94,344)	¥ (4,562)	$ (623,102)

(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
	2024	2023	2024
Assets sold:			
Current assets	¥3,974	¥8,230	$26,246
Non-current assets	5,719	5,039	37,771
Liabilities relieved:			
Current liabilities	1,630	5,382	10,765
Non-current liabilities	5,360	4,200	35,400

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Consideration assumed [of which, cash and cash equivalents]	¥ 8,384 [8,384]	¥ 7,949 [7,949]	$ 55,372 [55,372]
Of assets sold, the amount of cash and cash equivalents	(861)	(913)	(5,686)
Difference: Amount received upon sale of subsidiaries	¥ 7,523	¥ 7,035	$ 49,686

NOTE 28. 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	100.0
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
Terras Energy Corporation	Chiyoda-ku, Tokyo	Machinery, Energy & Project	85.0
Toyotsu Machinery Corporation	Nakamura-ku, Nagoya	Machinery, Energy & Project	100.0
Toyota Tsusho Marine Fuels Corporation	Minato-ku, Tokyo	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
Guangqi Toyotsu Steel Processing Co., Ltd.	Guangzhou, China	Metals	70.0
TT Automotive Steel (Thailand) Co., Ltd.	Chachoengsao, Thailand	Metals	100.0
Toyotsu Rare Earths India Private Limited	Visakhapatnam, India	Metals	100.0
Toyota Tsusho South Pacific Holdings Pty Ltd	Brisbane, Australia	Mobility	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%.

(2) Transactions with non-controlling interests

There is no significant transaction with non-controlling interests for the year ended March 31, 2024.

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 shown below.

As a result of the acquisition, its voting rights held by the company increased to 100.0% from 60.0%.

	Millions of Yen
Carrying amount of non-controlling interests acquired	¥ 72,021
Consideration paid to non-controlling interests	185,000
Excess amount of consideration recognized in the transaction with non-controlling interests in equity	¥112,978

NOTE 29. Related Party Information

(1) Related party transactions

For the years ended March 31, 2024 and 2023

Classification	Corporate name	Type of transaction	Millions of Yen 2024	Millions of Yen 2023	Thousands of U.S. Dollars 2024
Entity with significant influence over the group	Toyota Motor Corporation Group	Sales of raw materials	¥2,170,455	¥1,842,376	$14,334,951
		Purchase of automobiles	1,709,643	1,621,898	11,291,480

Outstanding balances arising from the transactions above are as follows:

	Millions of Yen 2024	Millions of Yen 2023	Thousands of U.S. Dollars 2024
Trade and other receivables	¥251,647	¥286,824	$1,662,023
Trade and other payables	145,818	164,226	963,067

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.
3. Amounts of transactions in which the company acts as an agent are included in sales of raw materials to related parties and purchase of automobiles from related parties. These amounts are presented on a gross basis, although there are recognized in the consolidated statement of profit or loss on a net basis.

(2) Remuneration to management executives

The amounts of remuneration to the company's management executives for the years ended March 31, 2024 and 2023 are ¥657 million ($4,339 thousand) and ¥645 million, respectively.

NOTE 30. 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 2024	Millions of Yen 2023	Thousands of U.S. Dollars 2024
Guarantees issued for associates accounted for using the equity method	¥25,526	¥21,800	$168,588
Guarantees issued for third parties	24,151	28,821	159,507
Total	¥49,678	¥50,622	$328,102

In addition, loss allowance is recorded for some of the financial guarantees above. The balance of such loss allowance is ¥36 million ($237 thousand) and ¥31 million as of March 31, 2024 and 2023, 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, 2024, 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 31. Subsequent Events

The Company resolved at its Board of Director's meeting held on May 29, 2024 to split each share of common stock of the Company. In conjunction with the stock split, the Company made partial amendment to the Article of Incorporation.

(1) Stock split

(i) Purpose of stock split

By splitting the company's stock, the company aims to lower the price per investment unit, make the stock seem more affordable for investors, expand investor base and improve trading liquidity.

(ii) How to split stock

With the record date of June 30, 2024 (actually June 28, 2024 due to the holiday for shareholder registry administrator), the shares of common stock held by shareholders listed or recorded in the shareholder registry as of the end of the record date will be split at a ratio of 3 shares for 1 share.

(iii) Number of shares to be increased through stock split

Number of shares issued and outstanding before stock split	354,056,516 shares
Number of shares to be increased through stock split	708,113,032 shares
Number of shares issued and outstanding after stock split	1,062,169,548 shares
Number of authorized shares after stock split	3,000,000,000 shares

(iv) Schedule

Public notice of record date	June 11, 2024
Record date	June 30, 2024
Effective date	July 1, 2024

(v) Impact on earnings per share

Earnings per share for the years ended March 31, 2024 and 2023, as if the stock split would have been conducted at the beginning of the year ended March 31, 2023, are as follows:

	Yen		U.S. Dollars
	2024	2023	2024
Equity per share attributable to owners of the parent	¥2,337.13	¥1,813.51	$15.43
Basic earnings per share	313.98	269.19	2.07

(2) Partial amendment to the Article of Incorporation

(i) Reason for amendment

Based on the resolution at the Board of Director's meeting pursuant to Article 184, Paragraph 2 of the Companies Act, the company's Article of Incorporation will be partially amended as follows in connection with the stock split on July 1, 2024.

(ii) Detail of amendment

Current	After amendment
(Total number of authorized shares) Article 6. The number of authorized shares of the company shall be 1,000 million shares.	(Total number of authorized shares) Article 6. The number of authorized shares of the company shall be 3,000 million shares.

(iii) Schedule of amendment

Effective date July 1, 2024

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, 2024, and the consolidated statement of profit or loss, 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, 2024, 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 Terras Energy Corporation goodwill (Note 5 "Business Combinations" and 11 "Intangible Assets")	
Key audit matter description	How our audit addressed the key audit matter
As of March 31, 2024, the Group recorded goodwill related to Terras Energy Corporation, which operates a renewable energy power generation business in Japan, with a total carrying amount of 64,904 million yen, which accounts for 0.9% of total consolidated assets. The goodwill was recognized when Terras Energy Corporation became a subsidiary. The carrying amount was allocated to the cash generating units of power generation and energy management, in amounts of JPY 33,264 million yen and JPY 31,640 million yen, respectively. 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 Group analyzes the factors that make up the goodwill and allocates the goodwill to each of the groups of CGU that are expected to benefit from the associated factors. The recoverable amount of a CGU is the higher of the CGU's value in use and fair value less costs of disposal. The recoverable amount of the power generation group is based on the value in use and is determined by the discounted future cash flows based on the business plan for the periods in sum of the duration of the Feed-in Tariff ("FIT") of renewable energy and the periods during which the project is expected to be economically feasible to operate thereafter. The key assumptions for the value in use are power generation forecast, operating related costs and discount rate. The recoverable amount of the energy management group is based on the value in use and is determined by the discounted future cash flows based on the business plan for the periods (10 years) when the target market for the energy management is expected to expand following the expiration of FIT and steady cash flows are being generated. The key assumptions for the value in use are the discount rate and profit per unit for supply and demand adjustments. The growth rate is determined by taking into account the average growth rate in the market or country to which the CGU belongs, to the extent not exceeding such average growth rate, to be 0.0% for each of power generation and energy management. The Group determined value in use for each group of CGU based on the above. No impairment charge was recognized as the value in use exceeded the carrying amount. We considered impairment assessment of Terras Energy Corporation goodwill was a key audit matter as the amount of Terras Energy Corporation goodwill was quantitatively material to the consolidated financial statements, and the determination of future cash flows based on the business plan, and discount rate involved	Our procedures related to management's goodwill impairment assessment mainly included: • Inquiry with the management of Terras Energy Corporation to understand the business conditions, market environment, strategies, and business risks facing Terras Energy Corporation during the period, and to assess their impact on the significant 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. • Inquiry with the management of the range of relevant benefits from groups of CGU by analysis of the factors which make up the goodwill in connection with the allocation of goodwill. • Perform the following procedures to evaluate the significant assumptions for the value in use to assess the reasonableness: - For the indicators underlying power generation forecasts and operating related costs in the power generation group of CGU, we evaluate management's assumptions by comparing these assumptions to the data published by the Procurement Price Calculation Committee of the Ministry of Economy, Trade and Industry, and comparing these to the actual results for the projects that have already been placed in service. - For the profit per unit for supply and demand adjustments in the energy management group of CGU, we compare this assumption to the latest actual data of non-fossil value trading published by the Japan Electric Power Exchange (JEPX) and the publicly available data released by the Agency for Natural Resources and Energy of the Ministry of Economy, Trade and Industry. • Compare the business plan from the prior year with the actual results. Verify that the business plan is prepared appropriately for the power generation group of CGU and the energy management group of 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 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.

PricewaterhouseCoopers Japan LLC
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management's subjective judgments and gave rise to significant estimation uncertainties in its goodwill impairment assessment.	• Compare the growth rate used for the estimate with the data published by external organizations. • Perform an independent sensitivity analysis on the assumptions used in determining value in use and compare our result with that of management.

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 and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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, actions taken to eliminate threats or safeguards applied.

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 (Currency: e.g. U.S. dollar) amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2024 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into (Currency: e.g. 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.

FEE-RELATED INFORMATION

In connection with our audit of the consolidated financial statements for the year ended March 31, 2024, the amounts of fees for the audit and the other services charged to Toyota Tsusho Corporation and its controlled entities by PricewaterhouseCoopers Japan LLC and other PwC Network firms are ¥2,330million and ¥376 million, respectively.

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:
Hitoshi Kiuchi
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Hitoshi Kiuchi

Designated Engagement Partner
Certified Public Accountant

DocuSigned by:
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August 22, 2024

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