TOYOTA TSUSHO CORPORATION

Financial Section 2025

Fiscal year ended March 31, 2025

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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 outlook has become difficult to forecast due to expanding trade friction from protectionist policies, concerns about economic growth stemming from shifts in immigration policies, and political instability in Japan and overseas. And on the economic front, monetary tightening to control inflation will impede growth.

(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 Earth to the children of the future," the Group will accelerate and promote businesses that contribute to the reduction of greenhouse gas (GHG) emissions throughout the industry lifecycle. It will contribute to the global transition to a decarbonized society by achieving its goals of halving its Scope 1 and 2 (*1) GHG emissions compared to the 2019 level by 2030 and realizing effective carbon neutrality by 2050.

*1 Scope 1: Direct GHG emissions from Toyota Tsusho's use of fuel (oil, gas, etc.)
Scope 2: Indirect GHG emissions from Toyota Tsusho's use of purchased electric power and heat

(4) Business and financial issues to address

To achieve its growth strategy, the Group is committed to addressing global issues through its business activities. We will elevate each of our businesses to a higher dimension in the Core Value domain (centered on our long-cultivated mobility business), in the Social Value domain (contributing to solving social issues such as resources recycling), and in the Nature Value domain (contributing to solving global environmental issues such as renewable energy). Furthermore, by overlapping these respective domains, we will create new businesses and provide distinctive forms of value to society and our customers.

Each of the Group's about 70,000 diverse employees across more than 120 countries and regions around the world are leveraging their individuality to awaken the Toyota Tsusho DNA in pursuit of the "Be the Right ONE" vision. To achieve our mission of passing on a better Earth to the children of the future, we will aim for sustainable growth by uniting the diverse strengths of all Group employees as one cohesive, living entity.

2. Approach to and Measures Concerning Sustainability

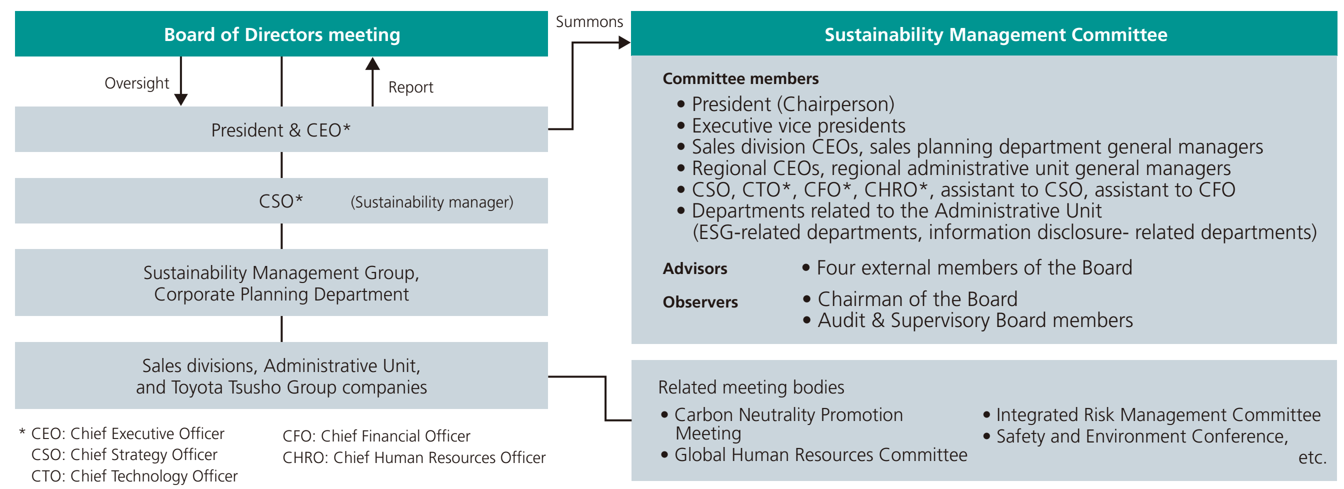
The Toyota Tsusho Group's fundamental philosophy comprises its corporate philosophy of "Living and prospering together with people, society, and the planet, we aim to be a value-generating corporation that contributes to the creation of prosperous societies" and its Global Code of Conduct & Ethics (COCE), which serves as its behavioral guidelines. This fundamental philosophy is positioned as the "Steadfast, overriding ideals that should be passed on through the generations." We have so far enhanced our corporate value by engaging in environment-friendly businesses and developing people who will contribute to society.

The world today is facing problems such as abnormal weather related to climate change, forest destruction, resource exhaustion, and human rights issues. As such, when conducting business activities, society and the environment do not simply need to be considered; rather, they are prerequisites for engaging in business, essentially making them part of our business. Building a better society and global environment together with everyone is the essence of our sustainability, reflecting our belief that sustainability is synonymous with good management.

(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 2025)



* CEO: Chief Executive Officer
CSO: Chief Strategy Officer
CTO: Chief Technology Officer
CFO: Chief Financial Officer
CHRO: Chief Human Resources Officer

(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 2024 is listed below, and a report on the deliberations was presented at the Board of Directors meeting held in December 2024.

<Main agenda>

- The company's basic stance on sustainability
- Necessity of and response to initiatives that include not only the Group but also suppliers
- Reports on and responses to issues specific to overseas sites

<Main comments from the chairperson and external members of the Board>

- Should properly communicate to stakeholders that sustainability elements are integrated into the growth strategy
- Should advance sustainability initiatives that extend to suppliers
- Initiatives with suppliers should be approached with a supportive attitude and from a shared perspective.
- Efforts should continue to be promoted with an awareness of external requirements and quantification of social impact

<Future initiatives>

- Understand human rights issues and environmental issues in the supply chain and implement initiatives to reduce risks
- Disclose information appropriately and enhance dialogue with internal and external stakeholders
- Continuously review Materiality KPIs taking account of changes in the external environment

[Sustainability implementation timeline]

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

(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.

[The Toyota Tsusho Group's key sustainability issues (Materiality)]

	Key sustainability issues (Materiality)	Priority domains
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	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, Circular Economy, Economy of Life*
Material issues that will become foundations for company 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

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 GHG 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 GHG emissions reductions. Under this system, the progress of each sales division's efforts to reduce GHG 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 March 2025

(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 Scope 1 and 2 GHG 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 below 1.5°C. 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 RCP2.6
4°C scenario	Under this scenario, no new policies or regulations are introduced and GHG 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>

Selecting businesses with large climate change impacts (from perspectives A to D below) among all our group's businesses, we performed scenario analyses with the lithium, resource recycling, renewable energy, automotive sales, and automotive parts logistics businesses. The molten aluminum business, which had been analyzed separately until the fiscal year ended March 31, 2024, has been incorporated into the resource recycling business from the fiscal year ending March 31, 2025, in order to expand the scope of GHG emissions and scenario analyses. For the same purpose, we added the automotive parts logistics business into the scope of scenario analysis.

A Non-financial sectors with potentially significant impact from climate change as indicated by the TCFD

➡Energy, transportation (including 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 in five divisions

Circular Economy Division
- **B** Lithium business
- **D** Resources recycling business

Green Infrastructure Division
- **B** **C** Renewable energy business

Supply Chain Division, Mobility Division, Africa Division
- **A** Automotive sales business, A 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 : Positive impact on business : Limited impact on business : Negative impact on business

<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
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.
	4°C scenario	Regarding the risk of reduced lithium production efficiency at our 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.

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.

<Resources recycling business>

Our group has a long history of recycling. Since the 1970s, we have been promoting a circular economy 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, which had been analyzed separately until the fiscal year ended March 31, 2024, has been incorporated into the resource recycling business from the fiscal year ending March 31, 2025, in order to expand the scope of GHG emissions and scenario analyses.

	Category	Details
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.
	4°C scenario	Under the 4°C scenario, the market will not expand at 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.

Measures of the Toyota Tsusho Group

This business is positioned as our main circular economy business, which is one of our priority domains, 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 the 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. Additionally, 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 to be brought about by changes in automotive components 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	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 its 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 components 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 components 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 be 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 the 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 and Scope 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[1] reductions as well as to GHG emissions reductions in society.

*1 GHG emissions, encompassing production processes through raw material procurement, manufacturing, sales, consumption and waste *(d) Metrics and targets*

[i] GHG emission reduction targets and future initiatives

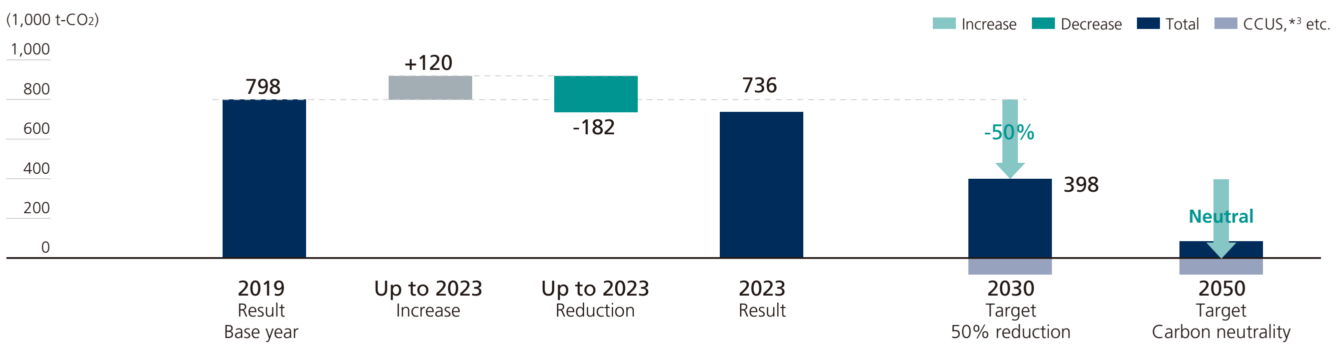
The carbon neutrality of our GHG emissions, as well as our contribution to a decarbonized society, is essential. Therefore, in support of the Paris Agreement and as a concrete policy toward contributing to the transition into a decarbonized society, we established a target of reducing GHG emissions (Scope 1 and Scope 2) by 50% compared to 2019 levels by 2030 and achieving carbon neutrality by 2050. Furthermore, to understand GHG emissions from the entire supply chain, we have calculated Scope 3 emissions and have fully disclosed the results starting from the fiscal year 2023. 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 GHG emissions from production processes and logistics operations through fuel conversion, efficient consumption, technological innovation, and collaboration with our suppliers and customers. The capability to accelerate and promote businesses that contribute to the reduction of 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 GHG 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 GHG emissions throughout the value chain.

[Shift of emission volume in CO_2 equivalents]*2



*2 Covers Scope 1 and Scope 2 emissions from the Toyota Tsusho Group; calculated using the GHG Protocol *3 Carbon dioxide capture, utilization, and storage

[ii] GHG emissions data

2024 Scope 1 and Scope 2 emissions

	Emissions (Thousand t-CO_2)
Scope 1, 2	686

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

(Reference) 2023 Scope 3 emissions

Category	Emissions (Thousand t-CO_2)
1 Purchased goods and services	77,588
2 Capital goods	596
3 Fuel- and energy- related activities (not included in Scope 1 or Scope 2)	137
4 Upstream transportation and distribution	3,460
5 Waste generated in operations	19
6 Business travel	9
7 Employee commuting	29
8 Upstream leased assets	—
9 Downstream transportation and distribution	4,695
10 Processing of sold products	143
11 Use of sold products	34,245
12 End-of-life treatment of sold products	18
13 Downstream leased assets	23
14 Franchises	6
15 Investments	3,160
Total	124,128

2024 Scope 3 emissions will be disclosed on the Company's website along with a third-party assurance.

(2) Human capital

(a) Strategy

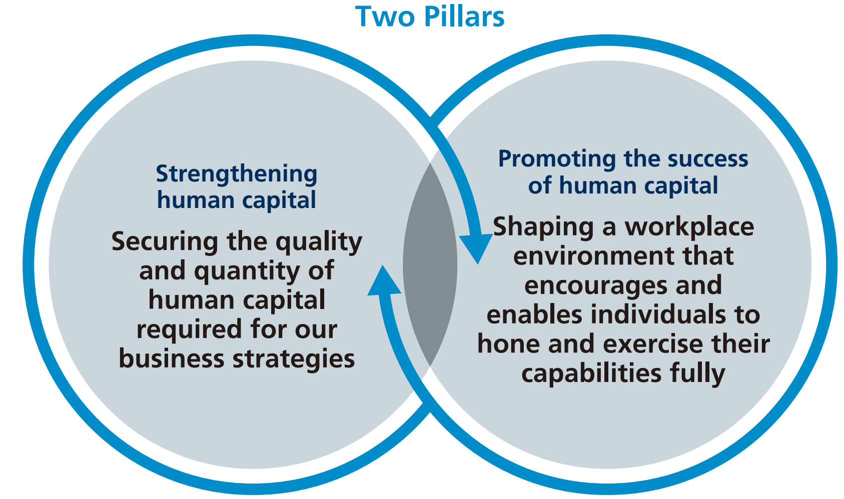
The Group views its business strategies and HR strategy, which form the foundation of its management strategy, as two sides of the same coin, and considers the promotion of an HR strategy that is linked to its business strategies to be the key to its growth. Employees are our human capital, and we are dedicated to creating 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.

Ideal

Toward **"People Company Toyotsu"**

Human Capital Strategy toward the Ideal We Aspire To

Two Pillars



We consider securing the quality and quantity of human capital required for our business strategies and shaping a workplace environment that encourages and enables individuals to hone and exercise their capabilities fully to be most important in maximizing the power of people who form the core of this human capital management. Under this recognition, we have set strengthening human capital and promoting the success of human capital as two pillars. All of our human capital initiatives are based on these two pillars, and we promote measures from the following perspectives.

Major Initiatives

Production of managerial and business-creating people who continue to win globally	The right people in the right places and the right places for the right people, so as to maximize the capabilities of individuals and organizations	Diversity, equity, and inclusion (DE&I) to respect diversity and generate synergies	Well-being management to energize organizations with employees playing active roles in their unique ways	Begin everything we do with respect for human rights

[i] Cultivation of managerial and business-creating people

To flexibly address changes in the business environment and continuously create value together with our partners, we are focusing on cultivating managerial, business-creating global human capital. Based on the 70:20:10 model for learning and development, which outlines that 70% of personal growth comes from experience on the job, 20% comes from advice and feedback from superiors and senior colleagues, and 10% comes from training and books, we have structured a system of maximizing growth opportunities through work—providing various training opportunities, including selective global training programs, and linking learning with practical work through action learning—thereby accelerating a cycle of growth unique to a Toyota Tsusho employee.

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

We are committed to putting the right people in the right places, thus promoting them to the most suitable positions for them to fully demonstrate their abilities based on their career aspirations. In addition, to link our business and human capital strategies, we are clarifying important business position and their roles and focusing on providing the right places for the right people to ensure that the most suitable people are assigned to them.

[iii] DE&I

The Group has historically expanded its business and operating regions through integration and partnerships with a variety of companies, resulting in a globally diverse workforce of about 70,000 employees. In this setting, DE&I efforts are accelerating around three themes: "Expanding opportunities for a diverse workforce" "Fostering a corporate culture that leverages diversity and changes people's mindset," and "enabling work-life balance."

Note: As of March 2025

[iv] Health and productivity management

The Group recognizes that the physical and mental health of its employees is its most important asset. Based on this, we believe that health maintenance and promotion enhance engagement, invigorate the organization, and, ultimately, contribute to greater productivity. We have set improving health literacy*, in which each person independently maintains and improves one's health, as our top priority issue, and we are promoting various measures based on our "Three Guiding Principles of Well-being Management," including Employee Health, Improvement of Workplace Vitality, and Social Contribution.

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

Toyota Tsusho Group Employee Health Management Declaration

We, 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
Taking into consideration our global business operations, 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. In addition, grounded in Diversity, Equity & Inclusion (DE&I), we will also support each individual in addressing their own health challenges as they face various life stages and life events.

Improvement of Workplace Vitality
We will base our efforts on diversity, equity and inclusion (DE&I), which encourages diverse human resources to respect and actively leverage one another's differences. We will foster a workplace environment that enables varied and flexible ways of working. Through initiatives that promote dialogue across organizational levels, we will cultivate individuals who think proactively and act with autonomy and independence. By continuously developing such human resources and encouraging mutual resonance and collaboration, we will build an organization that generates diverse ideas and synergies.

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 achieving prosperous societies for an irreplaceable future through wholesome business activities around the world.

[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. To fulfill this responsibility, we have set "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 the initiatives for addressing 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	7.4%	8.4%	10% in the fiscal year ending March 31, 2026

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. Through this program, 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.

Since 2021, we have also been formulating and reviewing individual development plans with the aim of producing a steady stream of women in management positions. Through these development plans, women are deployed overseas early in their career and promoted to management positions, while being mindful of their life events. At the annual DE&I Executive Report, each division reports on its activities for promoting the advancement of women, 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	91.6% (male employee: 84.3%)	102.3% (male employee: 96.4%)	100% in the fiscal year ending March 31, 2026 (male employee: 100%)

In addition to encouraging "childcare learning" (or learning through child-rearing) since April 2023, by making up to 20 working days of the childcare leave period paid, we have fostered a culture that understands and facilitates the use of the childcare leave system. We have also sent individual guidance encouraging the use of childcare leave to male employees with newly born children and their managers, 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.

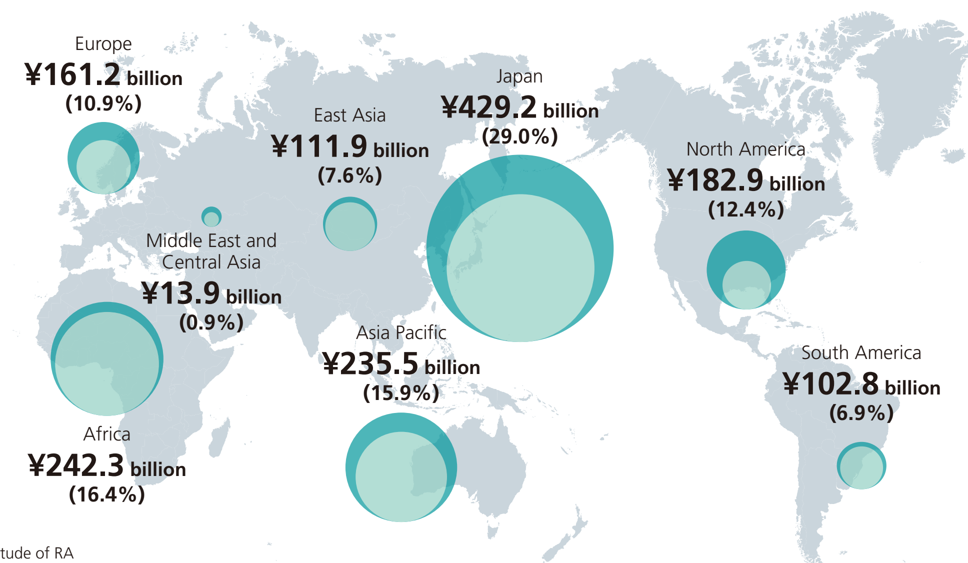
In addition, based on the policy, the Company engages in risk asset management in which risk assets (RA) are calculated by multiplying consolidated risk exposure (RA principle) by risk weight (RW)—which is the maximum expected loss based on credit rating, country risk and other factors—and balancing 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, 2025)]



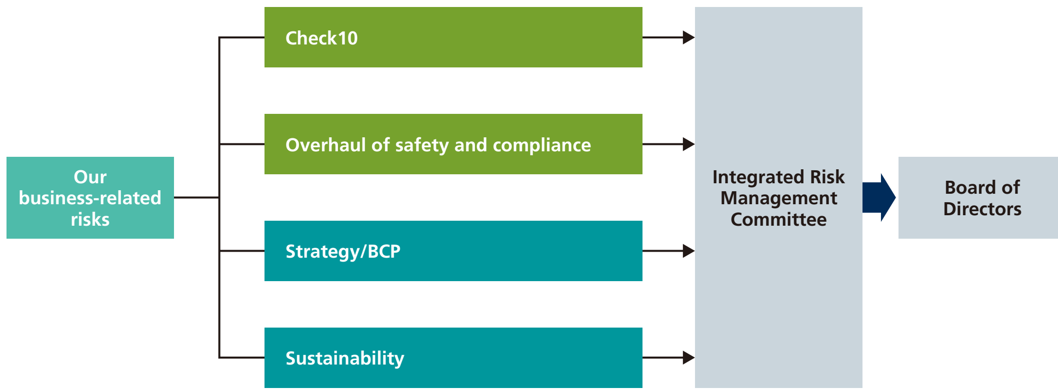
• Circle size corresponds to magnitude of RA
●: March 31, 2025 ●: March 31, 2022
• Aggregation of the Toyota Tsusho Group consolidated assets, guarantees, etc., based on the location of the credit or investment
• Figures on the map indicate the aggregate values and the percentage of the total, as of March 31, 2025

(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.

[Group risk management system]



The committee promotes risk management through four activities: Check 10, overhaul of safety and compliance, strategy/BCP, and sustainability.

First, Check 10 is a mechanism whereby we identify 10 risk items that the Company should particularly focus on, and for each risk, each group company conducts an annual 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.

Based on our Group-wide shared value that "safety and compliance are the gateway to all work," the overhaul of safety and compliance refers to all departments within Toyota Tsusho, its domestic and overseas sites, as well as each group company self-assessing the status of acquiring necessary permits and registrations for their own business operations, as well as their compliance with quality and certification standards based on laws and regulations. The process and results of this self-assessment are then subject to on-site, hands-on verification by relevant executive officers from the supervising divisions. By expanding these Check 10 and overhaul of safety and compliance 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.

As for Strategy/BCP initiatives, as business impacts on the Company increase due to rising uncertainty associated with changes in the external environment, we will analyze the risks and opportunities affecting our business strategy and business continuity plans (BCPs) based on PEST (political, economic, social, technological) analysis, and then implement countermeasures for each scenario.

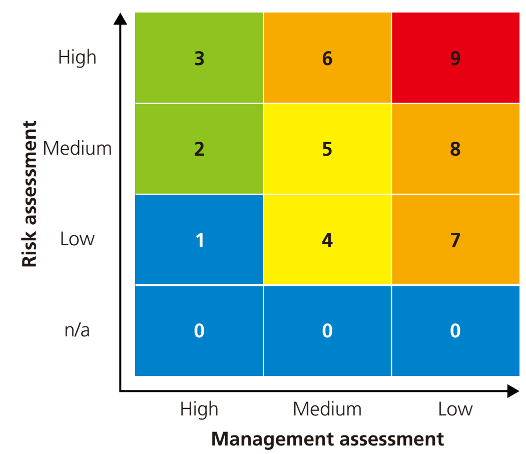
Regarding the sustainability initiatives, we will conduct analysis and implement countermeasures aimed at linking sustainability-related risks and opportunities with our growth strategy.

As described above, we classify risks of high importance and urgency that exist in the execution of the Group's business by element, establish internal management systems tailored to the nature of each element, and will appropriately carry out the process of reporting to the Integrated Risk Management Committee.

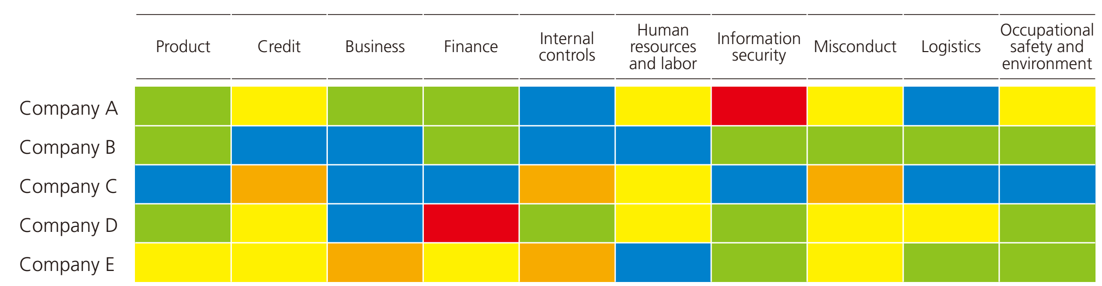
[Check 10 risk items]

Check 10 risks	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, funding, financing Measures against money transfer fraud	Finance Department
(5) Internal control	Reduce risk of improper conduct	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), key cybersecurity measures	IT Strategy Department
(8) Misconduct	Prevention of cartels and collusion	Legal Department
	Education for the prevention of bribery, corruption and misconduct	Compliance & Crisis Management Department
(9) Logistics	Logistics compliance	Global Logistics Management Department
(10) Occupational safety and environment	Occupational accidents, fires/explosions, environmental management	Global Safety & Environmental Promotion Department

[Check 10: Two-axis evaluation based on risk impact 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 18.6% 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 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, 2025, the company had 770 consolidated subsidiaries and 227 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 investment approach is not based 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.

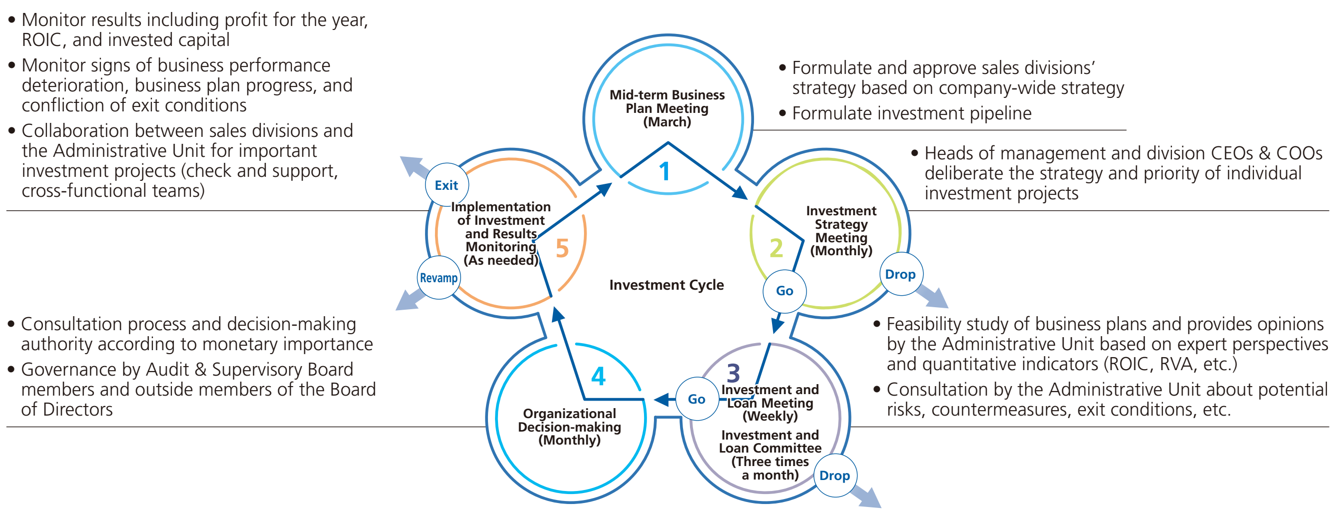
In the process of reviewing investment projects, the Administrative Unit verifies business plans from a technical perspective. Risk assessments and risk mitigation measures are discussed and opinions provided for each investment project, leading to deliberation by the Investment and Loan Meeting and a final decision 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 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.

For many years, we used TVA1 (which measures the value added beyond the cost of capital employed) and RVA2 (which measures risk) as quantitative evaluation indicators for investments.

While utilizing TVA, which can evaluate the contribution to corporate value, we have adopted ROIC3 as a KPI for deliberating investment projects in order to more strongly emphasize the efficiency of returns generated from invested capital. The cost rate of invested capital, which is in contrast to ROIC, is calculated as the weighted average cost of shareholders' equity and interest-bearing debt. Setting the cost of shareholders' equity to reflect the Company's ROE target is designed such that any increase in ROIC through improved capital efficiency, improved profit margins or sales expansion will lead to achievement of our ROE target. In addition, by adjusting for country risk, we ensure an approach that matches the global nature of our business.

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]



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.
3. ROIC: Abbreviation of Return on Invested Capital. ROIC = (Ordinary income – Interest income or expenses) × (1 – Respective country's tax rate) ÷ Invested capital

(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 increase 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 leader of the Company 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 Scope 1 and 2 GHG 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, 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, 2025, there were differences among the economies of major countries as the U.S. economy remained strong while economies remained sluggish in some European countries, China and other areas. Countries changed the direction of monetary policies as interest rates decreased in the U.S. and Europe but increased in Japan. Geopolitical risk increased during the fiscal year because of turmoil in the Middle East, worries about protectionism by the second Trump administration and other sources of concern.

In the U.S., consumer spending increased despite persistent inflation due mainly to rising rent and prices of services as personal income was strong and high stock prices boosted the assets of consumers. Concerns about the outlook for the U.S. economy are growing because of new tariffs, strict measures involving immigrants and other events. In Europe, there were signs of an economic upturn despite softness in the manufacturing sector caused by weak external demand involving China and other countries. The main reason for this recovery is consumer spending backed by a purchasing power recovery as inflation declined. In China, domestic demand was soft as government measures to support the economy were offset by problems in the real estate sector and other factors. There are also concerns about a downturn in exports because of U.S. tariffs. Overall, economic growth in China was lackluster. In emerging countries, economies were generally healthy, primarily in India and the ASEAN region, because of the recovery in IT-sector exports and the increasing speed of the shift of manufacturing to emerging countries.

In Japan, although a decrease in real wages held down consumer spending, the economy recovered slowly with the support of demand created by foreign tourists and of external demand, including a recovery in exports. As the Bank of Japan implemented a phased increase in interest rates, the Nikkei Average fell sharply at one time in response to the yen's rapid appreciation. Interest rates on new loans by banks in Japan rose to the highest level in about 12 years as Japan returned to the world where interest rates exist.

(2) Business activities by segment

On April 1, 2024, to increase the speed of growth strategy progress, the Toyota Tsusho Group revised its organizational structure. In addition, the names of business divisions have been changed to more clearly express how they provide value to society and customers based on the missions of these divisions.

(I) Metal+(Plus)

To make the automotive steel sheet business in Japan more competitive, part of the Metals Business was divested and transferred to Toyota Steel Center Co., Ltd. and some other operations of this business were transferred to Prosteel Co., Ltd. in April 2024. The transfer of the automotive steel sheet business in Japan to Toyota Tsusho Group subsidiaries and the centralization of this business at these companies are expected to raise efficiency and lead to more growth in Japan.

(II) Circular Economy

The Group, spearheaded by PLANIC Co., Ltd., is promoting plastic recycling in Japan for the purpose of realizing a resource-recycling society and helping to reduce environmental impact. PLANIC commenced full-scale operation of its Omaezaki Plant, one of the largest plants in Japan, in 2022. PLANIC was the first in Japan to introduce advanced plastic sorting technology, which had been commercialized in Europe. By using plastics that had previously not been effectively recycled, including from end-of-life vehicles, we are now producing high-quality recycled plastics. Through this, we aim to contribute to reducing reliance on fossil resources and cutting CO_2 emissions, thereby working towards the realization of a sustainable society.

(III) Supply Chain

Toyota Tsusho made an investment in October 2024 in LOGIQUEST INCORPORATED for the purpose of expanding its presence in the last mile delivery category. This category is a critical element of the logistics chain as the final point of contact with end users. Using small vehicles ideally suited to these deliveries helps deal with Japan's shortage of drivers while lowering CO_2 emissions. The combination of our logistics networks, chiefly in the automobile industry, and the delivery network of LOGIQUEST INCORPORATED is expected to help optimize logistics in a broad range of industries including the Economy of Life, which is healthcare, food and other businesses that are essential for a good quality of life.

(IV) Mobility

In May 2024, Toyota Tsusho Manufacturing (Cambodia) Co., Ltd., which assembles motor vehicles, started the semi knock down production of the Hilux pickup truck and Fortuner SUV of Toyota Motor Corporation at its new factory in the Phnom Penh Special Economic Zone. This new activity is expected to make a contribution to progress of the mobility industry in Cambodia. Production of these vehicles will strengthen the mobility value chain, create jobs and give people opportunities to learn new skills. This company looks forward to continuing to use the growth of the mobility industry to support economic and social progress in Cambodia.

(V) Green Infrastructure

On April 1, 2025, Toyota Tsusho integrated the management of Eurus Energy Holdings Corporation, having previously made Terras Energy Corporation a wholly owned subsidiary in April 2024. The integration of these companies will create Japan's leading wind and solar power company based on generating capacity. The new company aims to lead the way in achieving carbon neutrality and becoming a renewable energy company that continues to be selected globally.

(VI) Digital Solutions

In January 2025, Toyota Tsusho used a tender offer to acquire all of the stock of Elematec Corporation, which sells electronic materials, components and equipment and processes, assembles, designs and manufactures these products for other countries. Toyota Tsusho plans to work even more closely with this company concerning products, markets, geographic coverage, functions, human resources and other aspects of operations with the objective of more growth of corporate value at both companies.

(VII) Lifestyle

In December 2024, Toyota Tsusho signed a comprehensive partnership agreement with Kujukuri Town in Chiba Prefecture that has the goals of agricultural promotion and regional revitalization. Toyota Tsusho and Kujukuri Town will share their wealth of knowledge and resources to solve problems in the local agriculture sector. For example, Toyota Tsusho will assist farmers with the use of

Shikiyutaka, a high-yield hybrid rice variety developed with the involvement of Toyota Tsusho. The aim of this cooperation is making a contribution to the achievement of a sustainable society.

(VIII) Africa

In March 2024, CFAO SAS and Eurus Energy Holdings Corporation, which are both wholly owned subsidiaries of Toyota Tsusho, established a jointly owned company called AEOLUS SAS for even faster growth of the renewable energy business in Africa. In August, Toyota Tsusho announced its participation through AEOLUS SAS in two independent power producer (IPP) projects in Tunisia that will operate solar power plants with a total output of 100 MW. In November, Toyota Tsusho announced the expansion of the Gulf of Suez Wind Farm II, a project with Eurus Energy Holdings Corporation, that will make it the largest wind farm in Africa with a total capacity of 654 MW. Toyota Tsusho plans to continue making contributions to green and sustainable economic growth in Africa.

(3) Revenue, profits and total assets

(Unit: Billions of yen)

	Year ended March 31, 2024	Year ended March 31, 2025	Change
Revenue	10,188.9	10,309.5	120.6
Gross profit	1,052.3	1,121.1	68.8
Operating profit	441.5	497.1	55.6
Profit (attributable to owners of the parent)	331.4	362.5	31.1
Total assets	7,059.9	7,057.4	(2.5)

(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. Overview of business, 4 Management analysis of financial position, operating results and cash flows, (1) Overview of Business Results, etc. and 5. Financial information, 1 Consolidated financial statements, etc., (1) Notes to consolidated financial statements, 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, 2025

The Toyota Tsusho Group's consolidated revenue for the fiscal year ended March 31, 2025 increased 120.6 billion yen (1.2%) year on year to 10,309.5 billion yen, mainly due to the depreciation of the yen, despite the falling market prices in the food business.

Consolidated operating profit increased 55.6 billion yen (12.6%) year on year to 497.1 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 31.1 billion yen (9.4%) year on year to 362.5 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 caused by the worsening resource market conditions.

The business results for each segment are as follows.

(I) Metal+(Plus)

Profit for the year (attributable to owners of the parent) increased 7.4 billion yen (20.6%) year on year to 43.4 billion yen, largely due to improved profitability and an increase in trading volume of automobile production-related products mainly in North America.

(II) Circular Economy

Profit for the year (attributable to owners of the parent) decreased 3.1 billion yen (6.2%) year on year to 46.9 billion yen, largely due to the worsening resource market conditions.

(III) Supply Chain

Profit for the year (attributable to owners of the parent) increased 3.7 billion yen (8.2%) year on year to 49.2 billion yen, largely due to an increase in trading volume of automobile production-related products mainly in North America.

(IV) Mobility

Profit for the year (attributable to owners of the parent) increased 1.4 billion yen (2.5%) year on year to 57.3 billion yen, largely due to an increase in export volume, despite a decrease in overseas automotive sales volume mainly in Europe.

(V) Green Infrastructure

Profit for the year (attributable to owners of the parent) increased 8.6 billion yen (31.0%) year on year to 36.5 billion yen. This increase was largely due to gain on sales of shares of subsidiaries and associates in the North American power generation business.

(VI) Digital Solutions

Profit for the year (attributable to owners of the parent) increased 1.1 billion yen (3.6%) year on year to 30.7 billion yen, largely due to the impact of a one-time loss in prior year and an increase in ICT business.

(VII) Lifestyle

Profit for the year (attributable to owners of the parent) increased 3.5 billion yen (30.1%) year on year to 15.3 billion yen, largely due to the impact of a one-time gain, despite the falling market prices in the South American food business.

(VIII) Africa

Profit for the year (attributable to owners of the parent) increased 10.4 billion yen (15.0%) year on year to 79.5 billion yen, largely due to changes in the model mix, despite a decrease in automotive sales volume.

The Company forecasts 340.0 billion yen in profit attributable to owners of the parent for the fiscal year ending March 31, 2026.

(3) Financial condition

As of March 31, 2025, consolidated assets totaled 7,057.4 billion yen, a 2.5 billion yen decrease from March 31, 2024. The decrease is attributable to a 130.8 billion yen decrease in other investments and a 63.5 billion yen decrease in other financial assets, despite a 73.1 billion yen increase in cash and cash equivalents, a 45.9 billion yen increase in property, plant and equipment, a 27.1 billion yen increase in trade and other receivables, and a 20.7 billion yen increase in investments accounted for using the equity method. Consolidated equity as of March 31, 2025 totaled 2,745.8 billion yen, a 125.7 billion yen increase from March 31, 2024. The increase is attributable to a 260.9 billion yen increase in retained earnings accruing from consolidated profit for the year (attributable to owners of the parent), despite a 98.7 billion yen decrease in financial assets measured at FVTOCI and a 31.4 billion yen decrease in non-controlling interests.

The Group ended the fiscal year with a ratio of equity attributable to owners of the parent to total assets (equity ratio) of 37.2% and a net debt/equity ratio of 0.4.

(4) Analysis of capital resources and liquidity of funds

(a) Cash flows

Cash and cash equivalents ("cash") as of March 31, 2025, totaled 951.8 billion yen, a 73.1 billion yen increase from March 31,

2024. The increase, which was 19.8 billion yen greater 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 511.8 billion yen, consisting mainly of profit before income taxes. Cash provided decreased by 30.3 billion yen from the previous fiscal year, mainly as a result of a 28.7 billion yen increase in working capital.

Cash flows from investing activities

Net cash used in investing activities was 123.8 billion yen, mainly for the purchase of property, plant and equipment. Cash used decreased by 95.7 billion yen from the previous fiscal year, mainly as a result of a 72.8 billion yen decrease in payment for acquisition of subsidiaries.

As a result, free cash flow was a positive 388.0 billion yen, an increase of 65.4 billion yen from the previous fiscal year.

Cash flows from financing activities

Net cash used in financing activities was 309.0 billion yen, mainly for repayment of long-term borrowings. Cash used increased by 45.8 billion yen from the previous fiscal year.

(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, 2025, the current ratio was 166% 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, 2025 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, 2025. 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, 2025 and 2024

		Millions of Yen		Thousands of U.S. Dollars
	Notes	2025	2024	2025
Assets				
Current assets:				
Cash and cash equivalents	9, 17	¥ 951,884	¥ 878,705	$ 6,366,265
Trade and other receivables	6, 9, 14, 17	1,824,946	1,797,818	12,205,363
Other financial assets	9	44,843	108,391	299,913
Inventories	7, 17	1,198,196	1,203,659	8,013,616
Other current assets		211,133	207,998	1,412,071
Subtotal		4,231,004	4,196,573	28,297,244
Assets held for sale	8	9,812	—	65,623
Total current assets		4,240,816	4,196,573	28,362,867
Non-current assets:				
Investments accounted for using the equity method	4, 10, 17	373,747	353,080	2,499,645
Other investments	9, 17	704,827	835,601	4,713,931
Trade and other receivables	6, 9, 14	61,626	51,554	412,158
Other financial assets	9	67,956	68,398	454,494
Property, plant and equipment	11, 14, 17	1,185,061	1,139,178	7,925,769
Intangible assets	12	275,997	275,042	1,845,886
Investment property	13	23,974	17,007	160,339
Deferred tax assets	26	50,963	49,823	340,844
Other non-current assets		72,490	73,733	484,818
Total non-current assets		2,816,646	2,863,420	18,837,921
Total assets	4	¥7,057,462	¥7,059,994	$47,200,789

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	2025	2024	2025
Liabilities and Equity				
Liabilities				
Current liabilities:				
Trade and other payables	9, 14, 15, 16	¥1,629,371	¥1,643,777	$10,897,344
Bonds and borrowings	9, 17	565,183	626,510	3,779,982
Other financial liabilities	9	24,272	26,928	162,332
Income taxes payable		70,552	57,108	471,856
Provisions	18	9,836	8,271	65,783
Other current liabilities		255,828	233,012	1,710,995
Total current liabilities		2,555,043	2,595,607	17,088,302
Non-current liabilities:				
Bonds and borrowings	9, 17	1,288,631	1,361,558	8,618,452
Trade and other payables	9, 14, 15	109,531	111,982	732,550
Other financial liabilities	9	8,046	9,255	53,812
Retirement benefits liabilities	19	44,073	42,052	294,763
Provisions	18	87,214	75,804	583,293
Deferred tax liabilities	26	186,865	202,353	1,249,765
Other non-current liabilities		32,211	41,270	215,429
Total non-current liabilities		1,756,575	1,844,276	11,748,093
Total liabilities		4,311,618	4,439,884	28,836,396
Equity				43
Share capital	21	64,936	64,936	4,296
Capital surplus	20, 21	29,653	43,119	198,321
Treasury shares	20, 21	(3,768)	(3,774)	(25,200)
Other components of equity		452,453	542,830	3,026,036
Retained earnings	21	2,080,992	1,820,019	13,917,817
Total equity attributable to owners of the parent		2,624,267	2,467,130	17,551,277
Non-controlling interests		121,575	152,979	813,101
Total equity		2,745,843	2,620,110	18,364,386
Total liabilities and equity		¥7,057,462	¥7,059,994	$47,200,789

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, 2025 and 2024

Consolidated Statement of Profit or Loss	Notes	Millions of Yen 2025	Millions of Yen 2024	Thousands of U.S. Dollars 2025
Revenue:				
Sales of goods		¥10,013,433	¥ 9,976,194	$ 66,970,525
Sales of services and others		296,117	212,785	1,980,450
Total revenue	4, 22	10,309,550	10,188,980	68,950,976
Cost of sales		(9,188,426)	(9,136,605)	(61,452,822)
Gross profit	4	1,121,124	1,052,374	7,498,154
Selling, general and administrative expenses	23	(616,794)	(583,702)	(4,125,160)
Other income (expenses):				
Gain on sale and disposals of fixed assets, net		690	3,311	4,614
Impairment losses on fixed assets	4, 11, 12	(3,486)	(9,651)	(23,314)
Other, net	24	(4,358)	(20,743)	(29,146)
Total other income (expenses)		(7,154)	(27,082)	(47,846)
Operating profit		497,174	441,589	3,325,133
Finance income (costs):				
Interest income	25	30,290	32,233	202,581
Interest expenses	25	(56,856)	(60,890)	(380,256)
Dividend income	9, 25	32,946	24,484	220,345
Other, net	25	16,648	6,372	111,342
Total finance income (costs)		23,029	2,200	154,019
Share of profit of investments accounted for using the equity method	4, 10	16,661	25,849	111,429
Profit before income taxes		536,865	469,639	3,590,589
Income tax expense	4, 26	(148,619)	(129,389)	(993,974)
Profit for the year		¥ 388,246	¥ 340,249	$ 2,596,615
Profit for the year attributable to:				
Owners of the parent	4	¥ 362,506	¥ 331,444	$ 2,424,464
Non-controlling interests		25,740	8,805	172,150
		Yen		U.S. Dollars
Earnings per share attributable to owners of the parent:				
Basic earnings per share	28	¥343.40	¥313.98	$2.29
Diluted earnings per share	28	—	—	—

Note: The company conducted a 3-for-1 common stock split on July 1, 2024. Basic earnings per share and diluted earnings per share have been calculated under the assumption that stock split had taken place at the beginning of the fiscal year ended March 31, 2024.
The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income	Notes	Millions of Yen 2025	Millions of Yen 2024	Thousands of U.S. Dollars 2025
Profit for the year:		¥388,246	¥340,249	$2,596,615
Other comprehensive income				
Items that will not be reclassified to profit or loss:				
Remeasurements of defined benefit pension plans	19, 27	(9,592)	14,643	(64,151)
Financial assets measured at fair value through other comprehensive income (loss)	9, 27	(77,843)	166,131	(520,619)
Share of other comprehensive income (loss) of investments accounted for using the equity method	10, 27	1,085	658	7,256
Items that may be reclassified to profit or loss:				
Cash flow hedges	9, 27	5,092	5,378	34,055
Exchange differences on translation of foreign operations	27	(2,260)	121,230	(15,115)
Share of other comprehensive income of investments accounted for using the equity method	10, 27	5,326	6,858	35,620
Other comprehensive income for the year, net of tax	27	(78,191)	314,901	(522,946)
Total comprehensive income for the year		¥310,054	¥655,151	$2,073,662
Total comprehensive income for the year attributable to:				
Owners of the parent		¥284,782	¥634,387	$1,904,641
Non-controlling interests		25,272	20,764	169,020

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, 2025 and 2024

		Millions of Yen											
		Equity attributable to owners of the parent											
					Other components of equity								
For the year ended March 31, 2025	Notes	Share capital	Capital surplus	Treasury shares	Remeasurements of defined benefit pension plans	Financial assets measured at fair value through other comprehensive income (loss)	Cash flow hedges	Exchange differences on translation of foreign operations	Total	Retained earnings	Total	Non-controlling interests	Total equity
Balance at the beginning of the year		¥64,936	¥43,119	¥(3,774)	¥ —	¥414,642	¥21,346	¥106,841	¥542,830	¥1,820,019	¥2,467,130	¥152,979	¥2,620,110
Profit for the year										362,506	362,506	25,740	388,246
Other comprehensive income:													
Remeasurements of defined benefit pension plans					(9,671)				(9,671)		(9,671)	189	(9,481)
Financial assets measured at fair value through other comprehensive income (loss)						(76,411)			(76,411)		(76,411)	(456)	(76,868)
Cash flow hedges							6,570		6,570		6,570	(8)	6,561
Exchange differences on translation of foreign operations								1,788	1,788		1,788	(191)	1,596
Comprehensive income (loss) for the year		—	—	—	(9,671)	(76,411)	6,570	1,788	(77,724)	362,506	284,782	25,272	310,054
Dividends	21									(107,389)	(107,389)	(20,922)	(128,311)
Acquisition (disposal) of treasury shares	20, 21		110	5							116		116
Acquisition (disposal) of non-controlling interests	30		(13,576)								(13,576)	(36,044)	(49,620)
Reclassification to retained earnings					9,671	(22,324)			(12,652)	12,652	—		—
Other										(6,796)	(6,796)	290	(6,505)
Transactions with owners		—	(13,465)	5	9,671	(22,324)	—	—	(12,652)	(101,532)	(127,645)	(56,675)	(184,321)
Balance at the end of the year		¥64,936	¥29,653	¥(3,768)	¥ —	¥315,906	¥27,916	¥108,629	¥452,453	¥2,080,992	¥2,624,267	¥121,575	¥2,745,843

		Millions of Yen											
		Equity attributable to owners of the parent											
					Other components of equity								
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
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	21									(81,331)	(81,331)	(19,053)	(100,384)
Acquisition (disposal) of treasury shares	20, 21		96	(23)							73		73
Acquisition (disposal) of non-controlling interests	30		(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

		Thousands of U.S. Dollars											
		Equity attributable to owners of the parent											
					Other components of equity								
For the year ended March 31, 2025	Notes	Share capital	Capital surplus	Treasury shares	Remeasurements of defined benefit pension plans	Financial assets measured at fair value through other comprehensive income (loss)	Cash flow hedges	Exchange differences on translation of foreign operations	Total	Retained earnings	Total	Non-controlling interests	Total equity
Balance at the beginning of the year		$434,296	$288,382	$(25,240)	$ —	$2,773,154	$142,763	$714,559	$3,630,484	$12,172,411	$16,500,334	$1,023,134	$17,523,475
Profit for the year										2,424,464	2,424,464	172,150	2,596,615
Other comprehensive income:													
Remeasurements of defined benefit pension plans					(64,680)				(64,680)		(64,680)	1,264	(63,409)
Financial assets measured at fair value through other comprehensive income (loss)						(511,042)			(511,042)		(511,042)	(3,049)	(514,098)
Cash flow hedges							43,940		43,940		43,940	(53)	43,880
Exchange differences on translation of foreign operations								11,958	11,958		11,958	(1,277)	10,674
Comprehensive income (loss) for the year		—	—	—	(64,680)	(511,042)	43,940	11,958	(519,823)	2,424,464	1,904,641	169,020	2,073,662
Dividends	21									(718,224)	(718,224)	(139,927)	(858,152)
Acquisition (disposal) of treasury shares	20, 21		735	33							775		775
Acquisition (disposal) of non-controlling interests	30		(90,797)								(90,797)	(241,064)	(331,861)
Reclassification to retained earnings					64,680	(149,304)			(84,617)	84,617	—		—
Other										(45,452)	(45,452)	1,939	(43,505)
Transactions with owners		—	(90,054)	33	64,680	(149,304)	—	—	(84,617)	(679,052)	(853,698)	(379,046)	(1,232,751)
Balance at the end of the year		$434,296	$198,321	$(25,200)	$ —	$2,112,800	$186,704	$726,518	$3,026,036	$13,917,817	$17,551,277	$813,101	$18,364,386

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, 2025 and 2024

	Notes	Millions of Yen		Thousands of U.S. Dollars
		2025	2024	2025
Cash flows from operating activities:				
Profit before income taxes		¥ 536,865	¥ 469,639	$ 3,590,589
Depreciation and amortization		152,586	140,172	1,020,505
Impairment losses on fixed assets		3,486	9,651	23,314
Finance income (costs)		(23,029)	(2,200)	(154,019)
Share of profit of investments accounted for using the equity method		(16,661)	(25,849)	(111,429)
Gain on sale and disposals of fixed assets, net		(690)	(3,311)	(4,614)
(Increase) decrease in trade and other receivables		(25,628)	8,176	(171,401)
(Increase) decrease in inventories		(11,838)	120,548	(79,173)
Increase (decrease) in trade and other payables		10,954	(126,481)	73,261
Other		(22,900)	49,071	(153,156)
Subtotal		603,144	639,416	4,033,868
Interest received		30,433	31,272	203,537
Dividends received		60,063	66,649	401,705
Interest paid		(52,689)	(59,967)	(352,387)
Income taxes paid		(129,076)	(135,245)	(863,269)
Net cash provided by operating activities		511,874	542,125	3,423,448
Cash flows from investing activities:				
Decrease in time deposits		67,398	4,775	450,762
Purchase of property, plant and equipment		(180,862)	(175,031)	(1,209,617)
Proceeds from sale of property, plant and equipment		13,961	25,802	93,372
Purchase of intangible assets		(18,386)	(23,864)	(122,966)
Proceeds from sale of intangible assets		401	604	2,681
Purchase of investment property		(153)	(407)	(1,023)
Proceeds from sale of investment property		—	114	—
Purchase of investments		(70,826)	(34,068)	(473,689)
Proceeds from sale of investments		94,066	57,446	629,119
Payments for acquisition of subsidiaries	29	(21,537)	(94,344)	(144,040)
Proceeds from sale of subsidiaries	29	2,886	7,523	19,301
Payments for loans receivable		(38,685)	(17,793)	(258,727)
Collection of loans receivable		35,600	23,890	238,095
Proceeds from government grants		914	6,021	6,112
Other		(8,608)	(255)	(57,570)
Net cash used in investing activities		(123,831)	(219,586)	(828,190)
Cash flows from financing activities:				
Net decrease in short-term borrowings	29	(36,140)	(219,335)	(241,706)
Proceeds from long-term borrowings	29	148,965	236,806	996,288
Repayment of long-term borrowings	29	(170,668)	(111,768)	(1,141,439)
Proceeds from issuance of bonds	29	10,000	40,000	66,880
Redemption of bonds	29	(63,161)	(70,706)	(422,425)
Purchase of treasury shares		(22)	(55)	(147)
Dividends paid	21	(107,389)	(81,331)	(718,224)
Dividends paid to non-controlling interests		(20,922)	(19,053)	(139,927)
Proceeds from non-controlling interests		259	780	1,732
Payments for acquisition of subsidiaries' interest from non-controlling interests	30	(32,365)	(4,124)	(216,459)
Proceeds from sale of subsidiaries' interest to non-controlling interests		22	14	147
Other	14, 29	(37,614)	(34,480)	(251,565)
Net cash used in financing activities		(309,037)	(263,253)	(2,066,860)
Net increase in cash and cash equivalents		79,005	59,285	528,390
Cash and cash equivalents at the beginning of the year		878,705	771,613	5,876,839
Effect of exchange rate changes on cash and cash equivalents		(5,827)	47,806	(38,971)
Cash and cash equivalents at the end of the year	29	¥ 951,884	¥ 878,705	$ 6,366,265

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, 2025 and 2024

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, 2025 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 312 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 Toshimitsu Imai, President & CEO, and Hideyuki Iwamoto, Director & CFO, on June 19, 2025.

(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 ¥149.52 to U.S.$1, the approximate exchange rate at the fiscal year-end. Such translation should not be construed as a representation that the Japanese yen amounts could be converted into U.S. dollars at the above or any other exchange 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 assumptions and estimates that have a significant risk to cause material revisions in the next fiscal year:

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

(5) Changes in accounting policies

The group has applied accounting standards and interpretations of which application became mandatory effective from the year ended March 31, 2025. There is no significant impact on the group's financial statements from the application.

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 depreciated on a straight-line basis over estimated useful lives (5 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 in 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. 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 on a net basis. There is no impact on cash flows, gross profit and profit (loss) for the year, whether revenues are recognized as 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 has no 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 certain 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 year 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 eight segments: Metal+(Plus), Circular Economy, Supply Chain, Mobility, Green Infrastructure, Digital Solutions, Lifestyle and Africa. These segments correspond to the group's business divisions. The business of each segment is conducted by the company's business divisions, as well as by subsidiaries and associates that are directly supervised by each business division.

The businesses of each division as of March 31, 2025 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). Accordingly, segment information for the year ended March 31, 2024 has been reclassified and restated to conform to the current year's presentation.

(i) Metal+(Plus) Division

The Metals+(Plus) Division engages in processing, manufacturing, treatment and sales, with its main products including automotive steel sheets and aluminum sheets, special steel and stainless steel sheets, bar steel products and steel pipes, electrical steel sheets and building materials.

(ii) Circular Economy Division

The Circular Economy Division engages in processing, manufacturing, treatment and sales, with its main products including non-ferrous metal ingots, precious metals, rare earth resources and rare metals, specialty and inorganic chemicals, aluminum products, copper alloy products, electronic materials and battery materials, iron and steel scrap, non-ferrous metal scrap, ferro-alloy products, recycling of end-of-life vehicles (ELVs) and auto parts, waste catalysts, automotive components, recycled resins, synthetic resins, rubber, organic chemicals, fat and oil products, chemical additives, and pharmaceutical ingredients.

(iii) Supply Chain Division

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

(iv) Mobility Division

The Mobility Division engages in import and sale of supply parts, automotive sales and businesses related to automotive sales (body mounting and conversion, used vehicle sales, captive finance and leases) and vehicle assembly (knockdown assembly) business, with its main products including passenger vehicles, commercial vehicles, motorcycles, trucks, buses and industrial vehicles.

(v) Green Infrastructure Division

The Green Infrastructure Division engages in trading in manufacturing and logistics equipment, parts and tools and construction machinery primarily for automotive industry. The division also engages in the renewable power generation business, such as wind power, solar power, hydropower, geothermal and biomass energy, as well as natural gas, petroleum products and biofuels, and the infrastructure business including electric power plants, airports and ports.

(vi) Digital Solutions Division

The Digital Solutions Division engages in the sales and provision of services related to automotive production components, semiconductors, electronic parts, modular products, automotive embedded software development, network integration and support, electronic equipment, overseas IT infrastructure exports, PCs, PC peripherals and software. The division also engages in cyber security business and development of software.

(vii) Lifestyle Division

The Lifestyle Division engages in processing, manufacturing, sales and providing 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 insurance agency, insurance brokerage, 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.

(viii) Africa Division

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

(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											
	Reportable segments											
For the year ended March 31, 2025	Metal+(Plus)	Circular Economy	Supply Chain	Mobility	Green Infrastructure	Digital Solutions	Lifestyle	Africa	Total	Other (Note 1)	Adjustments (Note 2)	Consolidated
Revenue:												
External customers	¥1,908,690	¥1,777,271	¥1,243,616	¥1,018,003	¥ 817,876	¥1,347,261	¥ 544,951	¥1,649,425	¥10,307,096	¥ 2,454	¥ —	¥10,309,550
Inter-segment	4,894	7,625	40,124	5,985	6,413	1,910	2,134	27	69,115	7,066	(76,182)	—
Total	1,913,584	1,784,897	1,283,740	1,023,989	824,290	1,349,171	547,085	1,649,452	10,376,211	9,521	(76,182)	10,309,550
Gross profit	109,648	111,927	131,725	166,822	103,746	115,723	64,332	325,596	1,129,523	191	(8,590)	1,121,124
Profit for the year attributable to owners of the parent	¥ 43,472	¥ 46,944	¥ 49,262	¥ 57,373	¥ 36,597	¥ 30,748	¥ 15,383	¥ 79,516	¥ 359,299	¥ 3,209	¥ (2)	¥ 362,506
Segment assets	¥ 777,214	¥ 929,950	¥ 626,372	¥ 530,743	¥1,278,830	¥ 549,612	¥ 356,713	¥1,045,188	¥ 6,094,625	¥1,353,282	¥(390,445)	¥ 7,057,462
Other items:												
(1) Investments accounted for using the equity method	¥ 28,077	¥ 107,078	¥ 47,397	¥ 68,781	¥ 75,642	¥ 3,719	¥ 27,759	¥ 15,127	¥ 373,583	¥ 164	¥ —	¥ 373,747
(2) Share of profit (loss) of investments accounted for using the equity method	2,248	5,508	3,062	4,728	3,266	578	2,228	(4,959)	16,662	(2)	0	16,661
(3) Depreciation and amortization	10,376	10,333	14,802	16,201	41,500	4,632	7,013	31,444	136,305	16,280	—	152,586
(4) Impairment losses on fixed assets	—	1,175	—	3	1,285	18	—	1,002	3,486	0	—	3,486
(5) Capital expenditures	8,544	16,649	20,067	29,295	89,157	5,900	6,491	45,269	221,376	18,958	—	240,334
(6) Income tax expense	16,364	17,318	17,287	21,614	10,730	13,870	8,189	37,432	142,807	5,810	1	148,619

	Thousands of U.S. Dollars											
	Reportable segments											
	Metal+(Plus)	Circular Economy	Supply Chain	Mobility	Green Infrastructure	Digital Solutions	Lifestyle	Africa	Total	Other (Note 1)	Adjustments (Note 2)	Consolidated
Revenue:												
External customers	$12,765,449	$11,886,510	$8,317,388	$6,808,473	$5,470,010	$9,010,573	$3,644,669	$11,031,467	$68,934,563	$ 16,412	$ —	$68,950,976
Inter-segment	32,731	50,996	268,352	40,028	42,890	12,774	14,272	180	462,245	47,257	(509,510)	—
Total	12,798,180	11,937,513	8,585,741	6,848,508	5,512,907	9,023,348	3,658,941	11,031,647	69,396,809	63,677	(509,510)	68,950,976
Gross profit	733,333	748,575	880,985	1,115,716	693,860	773,963	430,256	2,177,608	7,554,327	1,277	(57,450)	7,498,154
Profit for the year attributable to owners of the parent	$ 290,743	$ 313,964	$ 329,467	$ 383,714	$ 244,763	$ 205,644	$ 102,882	$ 531,808	$ 2,403,016	$ 21,462	$ (13)	$ 2,424,464
Segment assets	$ 5,198,060	$ 6,219,569	$4,189,218	$3,549,645	$8,552,902	$3,675,842	$2,385,720	$6,990,288	$40,761,269	$9,050,842	$(2,611,322)	$47,200,789
Other items:												
(1) Investments accounted for using the equity method	$ 187,780	$ 716,144	$ 316,994	$ 460,012	$ 505,898	$ 24,872	$ 185,654	$ 101,170	$ 2,498,548	$ 1,096	$ —	$ 2,499,645
(2) Share of profit (loss) of investments accounted for using the equity method	15,034	36,837	20,478	31,621	21,843	3,865	14,901	(33,166)	111,436	(13)	0	111,429
(3) Depreciation and amortization	69,395	69,107	98,996	108,353	277,554	30,979	46,903	210,299	911,617	108,881	—	1,020,505
(4) Impairment losses on fixed assets	—	7,858	—	20	8,594	120	—	6,701	23,314	0	—	23,314
(5) Capital expenditures	57,142	111,349	134,209	195,926	596,288	39,459	43,412	302,762	1,480,577	126,792	—	1,607,370
(6) Income tax expense	109,443	115,823	115,616	144,555	71,762	92,763	54,768	250,347	955,102	38,857	6	993,974

	Millions of Yen											
	Reportable segments											
For the year ended March 31, 2024	Metal+(Plus)	Circular Economy	Supply Chain	Mobility	Green Infrastructure	Digital Solutions	Lifestyle	Africa	Total	Other (Note 1)	Adjustments (Note 2)	Consolidated
Revenue:												
External customers	¥1,940,708	¥1,724,720	¥1,229,968	¥981,035	¥ 801,485	¥1,243,328	¥691,104	¥1,567,745	¥10,180,097	¥ 8,882	¥ —	¥10,188,980
Inter—segment	5,645	7,237	33,433	6,980	3,574	718	3,646	105	61,340	5,125	(66,466)	—
Total	1,946,353	1,731,957	1,263,401	988,016	805,060	1,244,046	694,751	1,567,851	10,241,438	14,007	(66,466)	10,188,980
Gross profit	97,543	105,302	122,090	158,990	100,772	113,221	60,880	300,557	1,059,358	619	(7,603)	1,052,374
Profit for the year attributable to owners of the parent	¥ 36,050	¥ 50,022	¥ 45,516	¥ 55,956	¥ 27,943	¥ 29,674	¥ 11,821	¥ 69,122	¥ 326,106	¥ 5,341	¥(4)	¥ 331,444
Segment assets	¥ 821,856	¥ 914,517	¥ 626,366	¥482,710	¥1,236,610	¥ 564,914	¥355,550	¥ 966,367	¥ 5,968,893	¥1,492,803	¥(401,702)	¥ 7,059,994
Other items:												
(1) Investments accounted for using the equity method	¥ 27,234	¥ 92,180	¥ 41,853	¥ 43,236	¥ 111,612	¥ 3,105	¥ 25,428	¥ 8,222	¥ 352,873	¥ 206	¥ —	¥ 353,080
(2) Share of profit (loss) of investments accounted for using the equity method	2,201	8,546	4,267	4,596	7,219	485	14	(1,342)	25,987	(155)	17	25,849
(3) Depreciation and amortization	9,015	10,718	11,742	15,034	35,578	4,350	7,094	29,643	123,176	16,995	—	140,172
(4) Impairment losses on fixed assets	—	8,048	—	2	128	205	626	—	9,012	639	—	9,651
(5) Capital expenditures	10,989	10,189	17,222	33,890	92,079	6,228	6,421	52,572	229,594	23,794	—	253,388
(6) Income tax expense	13,790	19,178	15,276	19,305	12,650	10,259	6,125	29,785	126,372	3,026	(9)	129,389

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.
5. Effective April 1, 2024, in order to further accelerate its growth strategy, the group has reorganized its organizational structure. In addition, the group has changed the names of all the divisions to ones that express the value to society and our customers based on our clear missions. Accordingly, segment information for the year ended March 31, 2024 has been reclassified and restated to conform to the current year’s presentation.

(3) Information on products and services

The categories of products and services are the same as those of reportable segments noted above.

(4) Geographic information

(i) External revenue

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Japan	¥ 2,970,820	¥ 2,871,214	$19,869,047
North America	1,260,924	1,229,371	8,433,146
Europe	628,925	701,200	4,206,293
China	1,188,518	1,231,350	7,948,889
Asia and Oceania	1,969,552	1,945,052	13,172,498
Africa	1,562,981	1,487,188	10,453,323
Other	727,827	723,602	4,867,756
Total	¥10,309,550	¥10,188,980	$68,950,976

Notes: 1. Revenue is classified based on the locations of customers.
2. North America includes external revenue in the United States of America in the amount of ¥1,107,670 million ($7,408,172 thousand) and ¥1,123,073 million, respectively.

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

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Japan	¥ 678,795	¥ 648,737	$4,539,827
North America	166,589	135,278	1,114,158
Europe	194,139	192,033	1,298,414
China	28,011	27,183	187,339
Asia and Oceania	154,950	148,600	1,036,316
Africa	244,293	246,517	1,633,848
Other	61,901	65,988	413,998
Total	¥1,528,682	¥1,464,340	$10,223,929

Note: North America includes non-current assets in the United States of America in the amount of ¥160,535 million ($1,073,669 thousand) and ¥130,103 million, respectively.

(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, 2025 and 2024 are ¥1,916,254 million ($12,816,037 thousand) and ¥1,776,723 million, respectively.

NOTE 5. Business Combinations

There is no major business combination, individually or collectively, for the year ended March 31, 2025.

Major business combination for the year ended March 31, 2024 is described below. Other than those described 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
Fair value of consideration paid (Note 1)	¥120,000
Current assets	
Cash and cash equivalents	9,928
Other	8,125
Non-current assets	
Investments accounted for using the equity method	32,655
Intangible assets	12,269
Other	25,111
Total fair value of assets acquired	¥ 88,090
Current liabilities	¥ 15,939
Non-current liabilities	17,056
Total fair value of liabilities assumed	¥ 32,995
Net assets	¥ 55,095
Goodwill (Note 2)	¥ 64,904

Notes: 1. Consideration paid consists of ¥102,000 million of cash and ¥18,000 million 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

(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 and ¥55 million, 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, with the assumption that the business combination would have been completed at the beginning of the year ended March 31, 2024, is ¥10,190,152 million and ¥330,784 million, respectively.

NOTE 6. Trade and Other Receivables

The breakdown of trade and other receivables is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Notes and accounts receivable	¥1,731,132	¥1,702,593	$11,577,929
Other	210,729	203,189	1,409,369
Loss allowance	(55,288)	(56,408)	(369,769)
Total	1,886,573	1,849,373	12,617,529
Current assets	1,824,946	1,797,818	12,205,363
Non-current assets	61,626	51,554	412,158
Total	¥1,886,573	¥1,849,373	$12,617,529

NOTE 7. Inventories

The breakdown of inventories is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Merchandise and finished goods	¥1,141,173	¥1,138,244	$7,632,243
Work in progress	8,147	11,591	54,487
Raw materials and supplies	48,875	53,823	326,879
Total	¥1,198,196	¥1,203,659	$8,013,616

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, 2025 is not material. The revaluation loss of inventories recognized as expense during the year ended March 31, 2024 is ¥11,307 million.

NOTE 8. Assets Held for Sale and Liabilities Directly Associated with Such Assets

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

(1) Assets held for sale

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Investments accounted for using the equity method	¥9,812	¥—	$65,623

The company has been committed to contributing to supporting the transition to a low-carbon society as part of its "Sustainability Key Issue Initiatives." In line with this policy and to focus on the clean energy sector, the company decided to sell the investment in a North American gas-fired power generation company, which was held by a consolidated subsidiary of the company within the Green Infrastructure Division, during the year ended March 31, 2025. The asset was classified as held for sale since negotiations to sell the company's shares made progress, and the sale was expected to be completed within one year from March 31, 2025. As a result of classifying the asset as held for sale, a loss of ¥3,333 million ($22,291 thousand), net of tax, was recognized in the consolidated statement of profit or loss. The amount includes ¥(4,386) million ($(29,333) thousand) of share of profit of investments accounted for using the equity method. The sale of the asset has been completed.

The asset held for sale recognized as of March 31, 2025 is the investment in a coal-fired power generation company in the Philippines, which was held by the company within the Green Infrastructure Division. The decision to sell the asset was made in accordance with the company's policy of early withdrawal from fossil fuel projects. The asset was classified as assets held for sale since negotiations to sell the company's shares made progress, and the sale was expected to be completed within one year from March 31, 2025.

(2) Liabilities directly associated with assets held for sale

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Other non-current liabilities	¥—	¥—	$—

The company has been committed to contributing to supporting the transition to a low-carbon society as part of its "Sustainability Key Issue Initiatives." In line with this policy and to focus on the clean energy sector, the company decided to sell the investment in a North American gas-fired power generation company, which was held by a consolidated subsidiary of the company within the Green Infrastructure Division, during the year ended March 31, 2025. The liabilities were classified as liabilities directly associated with assets held for sale since negotiations to sell the company's shares made progress, and the sale was expected to be completed within one year from March 31, 2025. The sale has been completed before the balance sheet date.

NOTE 9. Financial Instruments

(1) Capital management

The group performs capital management aiming to maximize its corporate value through continuous growth. The group's main key performance indicator (KPI) used for capital management is the net debt-equity ratio (net DER), which is a ratio of (a) the net interest-bearing debt calculated by deducting the amounts of cash and cash equivalents and time deposits from the amount of interest-bearing debt to (b) the total equity attributable to owners of the parent. The group's target ratio is no more than 1.0. As of March 31, 2025 and 2024, net DER is 0.4 and 0.5, 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
	2025	2024	2025
Financial assets:			
Financial assets measured at amortized cost:			
Cash and cash equivalents	¥ 951,884	¥ 878,705	$ 6,366,265
Trade and other receivables	1,886,573	1,849,373	12,617,529
Other financial assets			
Time deposits	8,876	80,287	59,363
Guarantee deposits and membership	15,681	15,396	104,875
Financial assets measured at amortized cost, total	2,863,015	2,823,764	19,148,040
FVTPL financial assets:			
Other investments			
Shares and investments in capital	15,246	13,388	101,966
Other financial assets			
Derivatives	88,241	81,104	590,161
FVTPL financial assets, total	103,487	94,493	692,128
FVTOCI financial assets:			
Other investments			
Shares and investments in capital	689,581	822,212	4,611,964
FVTOCI financial assets, total	689,581	822,212	4,611,964
Total	¥3,656,084	¥3,740,470	$24,452,140
Financial liabilities:			
Financial liabilities measured at amortized cost:			
Trade and other payables (Note)	¥1,595,746	¥1,612,609	$10,672,458
Bonds and borrowings			
Bonds	210,099	285,728	1,405,156
Borrowings	1,643,715	1,657,339	10,993,278
Commercial papers	—	45,000	—
Financial liabilities measured at amortized cost, total	3,449,561	3,600,678	23,070,900
Financial liabilities measured at fair value through profit or loss:			
Other financial liabilities			
Derivatives	32,318	36,184	216,144
Financial liabilities measured at fair value through profit or loss, total	32,318	36,184	216,144
Total	¥3,481,880	¥3,636,862	$23,287,051

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	
	2025		2024		2025	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:						
Trade and other receivables	¥1,886,573	¥1,886,495	¥1,849,373	¥1,849,387	$12,617,529	$12,617,007
Financial liabilities:						
Trade and other payables (Note)	¥1,595,746	¥1,595,746	¥1,612,609	¥1,612,609	$10,672,458	$10,672,458
Bonds and borrowings						
Bonds	210,099	194,401	285,728	278,221	1,405,156	1,300,167
Borrowings	1,643,715	1,619,665	1,657,339	1,635,374	10,993,278	10,832,430
Commercial papers	—	—	45,000	45,000	—	—

Note: Lease liabilities are not included.

The methods utilized to measure the fair value are described below and classified into Level 2 of the fair value hierarchy.

(a) Cash and cash equivalents

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

(b) Trade and other receivables

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

(c) Other financial assets

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

(d) Trade and other payables

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

(e) Bonds and borrowings

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

(iii) Financial instruments measured at fair value

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

	Millions of Yen			
As of March 31, 2025	Level 1	Level 2	Level 3	Total
Financial assets:				
Other financial assets				
Derivatives	¥ 3,564	¥84,677	¥ —	¥ 88,241
Other investments				
Shares and investments in capital	402,038	—	302,788	704,827
Total	¥405,603	¥84,677	¥302,788	¥793,069
Financial liabilities:				
Other financial liabilities				
Derivatives	¥ 1,820	¥30,497	¥ —	¥ 32,318

	Thousands of U.S. Dollars			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Other financial assets				
Derivatives	$ 23,836	$566,325	$ —	$ 590,161
Other investments				
Shares and investments in capital	2,688,857	—	2,025,066	4,713,931
Total	$2,712,700	$566,325	$2,025,066	$5,304,099
Financial liabilities:				
Other financial liabilities				
Derivatives	$ 12,172	$203,966	$ —	$ 216,144

	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

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. 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
	2025	2024	2025
	Other investments	Other investments	Other investments
Balance at the beginning of the year	¥267,337	¥242,607	$1,787,968
Other comprehensive income (loss) arising from FVTOCI financial assets	11,925	(241)	79,755
Purchases	37,177	20,912	248,642
Sales	(1,595)	(1,274)	(10,667)
Foreign exchange translation	(786)	2,023	(5,256)
Other	(11,268)	3,309	(75,361)
Balance at the end of the year	¥302,788	¥267,337	$2,025,066

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

	2025	2024
PBR	0.5 to 5.4 times	0.6 to 5.0 times
Illiquidity discount	30.0%	30.0%

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

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

(i) Fair value by major issuers

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

As of March 31, 2025

Name of issuer	Millions of Yen	Thousands of U.S. Dollars
Toyota Industries Corporation	¥194,310	$1,299,558
Toyota Motor Corporation	131,792	881,433
TOYOTA FUDOSAN CO., LTD.	55,361	370,258
Toyota Battery Manufacturing, Inc.	53,724	359,309
Indus Motor Company Limited	10,952	73,247
Tianjin Denso Engine Electrical Products Co., Ltd.	10,101	67,556
Tianjin Denso Electronics Co., Ltd.	8,071	53,979
PT Astra Daihatsu Motor	7,478	50,013
UMW Toyota Motor Sdn. Bhd.	6,815	45,579
TON YI INDUSTRIAL CORP.	6,809	45,539

As of March 31, 2024

Name of issuer	Millions of Yen
Toyota Industries Corporation	¥239,351
Toyota Motor Corporation	191,039
TOYOTA FUDOSAN CO., LTD.	43,109
Arcadium Lithium plc	25,644
Toyota Battery Manufacturing, Inc.	24,832
Sam-A Aluminiun Co., Ltd.	13,921
PT Astra Daihatsu Motor	11,973
Indus Motor Company Limited	8,587
JTEKT CORPORATION	8,563
Tianjin Denso Electronics Co., Ltd.	7,981

(ii) Dividend income

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Investments derecognized during the year	¥ 813	¥ 924	$ 5,437
Investments held at the year-end	32,133	23,560	214,907
Total	¥32,946	¥24,484	$220,345

(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
	2025	2024	2025
Fair value at the date of sale	¥62,457	¥56,980	$417,716
Cumulative gain or loss upon sale	25,812	46,080	172,632

(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 ¥22,324 million ($149,304 thousand) and ¥28,327 million for the years ended March 31, 2025 and 2024, respectively.

(5) Derivatives

The following is the breakdown of derivative transactions.

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Commodity-related derivatives	¥ 4,650	¥ 1,585	$ 31,099
Currency-related derivatives	21,935	17,090	146,702
Interest-related derivatives	29,336	26,243	196,201
Total	¥ 55,922	¥ 44,920	$ 374,010
Other financial assets (current)	¥ 37,150	¥ 28,348	$ 248,461
Other financial assets (non-current)	51,091	52,756	341,700
Other financial liabilities (current)	(24,272)	(26,928)	(162,332)
Other financial liabilities (non-current)	(8,046)	(9,255)	(53,812)
Total	¥ 55,922	¥ 44,920	$ 374,010

(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 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 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, 2025	Millions of Yen				
		Carrying amount			
Type of hedge accounting	Notional amount	Other financial assets	Other financial liabilities	Bonds and borrowings	Changes in value of hedging instruments used as a basis of recognizing hedge ineffectiveness
Fair value hedges:					
Commodity price fluctuation risk	¥ 70,274	¥ 548	¥ 7	¥ —	¥ 627
Cash flow hedges:					
Commodity price fluctuation risk	23,319	1,383	47	—	1,335
Foreign exchange fluctuation risk	657,136	25,834	3,244	—	22,590
Interest rate fluctuation risk	471,014	35,965	6,646	—	29,319
Hedges of net investments:					
Foreign exchange fluctuation risk	6,837	56	—	2,772	(464)

	Millions of Yen			
		Reclassification adjustment		
Type of hedge accounting	Changes in amount in other comprehensive income	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	1,941	Cost of sales	(494)	1,364
Foreign exchange fluctuation risk	2,128	Other income (expenses), other	(167)	25,291
Interest rate fluctuation risk	6,553	Interest expenses, other	(3,462)	3,319
Hedges of net investments:				
Foreign exchange fluctuation risk	87	Other income (expenses), other	—	(2,069)

	Thousands of U.S. Dollars				
		Carrying amount			
Type of hedge accounting	Notional amount	Other financial assets	Other financial liabilities	Bonds and borrowings	Changes in value of hedging instruments used as a basis of recognizing hedge ineffectiveness
Fair value hedges:					
Commodity price fluctuation risk	$ 469,997	$ 3,665	$ 46	$ —	$ 4,193
Cash flow hedges:					
Commodity price fluctuation risk	155,959	9,249	314	—	8,928
Foreign exchange fluctuation risk	4,394,970	172,779	21,696	—	151,083
Interest rate fluctuation risk	3,150,173	240,536	44,448	—	196,087
Hedges of net investments:					
Foreign exchange fluctuation risk	45,726	374	—	18,539	(3,103)

	Thousands of U.S. Dollars			
		Reclassification adjustment		
Type of hedge accounting	Changes in amount in other comprehensive income	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	12,981	Cost of sales	(3,303)	9,122
Foreign exchange fluctuation risk	14,232	Other income (expenses), other	(1,116)	169,147
Interest rate fluctuation risk	43,826	Interest expenses, other	(23,154)	22,197
Hedges of net investments:				
Foreign exchange fluctuation risk	581	Other income (expenses), other	—	(13,837)

As of March 31, 2024 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 ineffectiveness
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	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	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)

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, 2025				
Fair value hedges:				
Commodity price fluctuation risk	¥ 70,274	¥ —	¥ —	¥ 70,274
Cash flow hedges:				
Commodity price fluctuation risk	21,950	—	1,369	23,319
Foreign exchange fluctuation risk	596,873	35,444	24,818	657,136
Interest rate fluctuation risk	62,511	139,589	268,913	471,014
Hedges of net investments:				
Foreign exchange fluctuation risk	6,837	—	—	6,837
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

	Thousands of U.S. Dollars Within one year	Between one and five years	Over five years	Total
March 31, 2025				
Fair value hedges:				
Commodity price fluctuation risk	$ 469,997	$ —	$ —	$ 469,997
Cash flow hedges:				
Commodity price fluctuation risk	146,803	—	9,155	155,959
Foreign exchange fluctuation risk	3,991,927	237,051	165,984	4,394,970
Interest rate fluctuation risk	418,077	933,580	1,798,508	3,150,173
Hedges of net investments:				
Foreign exchange fluctuation risk	45,726	—	—	45,726

(b) Hedged item

As of March 31, 2025 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	¥ (627)	¥4,736	¥—	¥420	¥(627)
Cash flow hedges:					
Commodity price fluctuation risk	(1,301)	—	—	—	—
Foreign exchange fluctuation risk	(22,590)	—	—	—	—
Interest rate fluctuation risk	(29,318)	—	—	—	—
Hedges of net investments:					
Foreign exchange fluctuation risk	464	—	—	—	—

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	$ (4,193)	$31,674	$—	$2,808	$(4,193)
Cash flow hedges:					
Commodity price fluctuation risk	(8,701)	—	—	—	—
Foreign exchange fluctuation risk	(151,083)	—	—	—	—
Interest rate fluctuation risk	(196,080)	—	—	—	—
Hedges of net investments:					
Foreign exchange fluctuation risk	3,103	—	—	—	—

As of March 31, 2024 / Type of hedge accounting	Changes in fair value of hedged item used as a basis of recognizing hedge ineffectiveness (Millions of Yen)	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	¥ (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	—	—	—	—

(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 2025	Millions of Yen 2024	Thousands of U.S. Dollars 2025
Gross amount of financial assets recognized	¥89,369	¥86,698	$597,705
Amount offset in the consolidated statement of financial position	(1,128)	(5,593)	(7,544)
Net amount of financial assets presented in the consolidated statement of financial position	¥88,241	¥81,104	$590,161

	Millions of Yen 2025	Millions of Yen 2024	Thousands of U.S. Dollars 2025
Gross amount of financial liabilities recognized	¥33,447	¥41,778	$223,695
Amount offset in the consolidated statement of financial position	(1,128)	(5,593)	(7,544)
Net amount of financial liabilities presented in the consolidated statement of financial position	¥32,318	¥36,184	$216,144

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

Certain liquidated receivables, such as discounted notes, for which the group may be obligated to make payments as recourse when a debtor cannot make a payment, do not meet the criteria for derecognition of financial assets. Accordingly, the group includes them as "Trade and other receivables" and "Bonds and borrowings." As of March 31, 2025 and 2024, those amounts are ¥17,803 million ($119,067 thousand) and ¥18,507 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 management 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, 2025 and 2024, such amounts affecting profit (loss) for the year attributable to owners of the parent are ¥(8,007) million ($(53,551) thousand) and ¥(7,902) million for USD, and ¥(8,524) million ($(57,009) thousand) and ¥(7,056) million for euro, respectively. Similarly, for the years ended March 31, 2025 and 2024, the amounts affecting exchange differences on translation of foreign operations are ¥(41,460) million ($(277,287) thousand) and ¥(36,681) million for USD, and ¥(41,097) million ($(274,859) thousand) and ¥(31,939) 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 ¥(80,407) million ($(537,767) thousand) and ¥(113,652) million for the years ended March 31, 2025 and 2024, 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:

The group has changed the disclosure in the following table to enhance transparency, effective from the year ended March 31,2025. Prior year amounts have been reclassified to conform to the current year's presentation.

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, 2023	¥28,449	¥19,970	¥ 48,420	¥3,633	¥2,232	¥—	¥5,865	¥ 54,286
Provision	2,380	4,975	7,355	85	1,346	—	1,431	8,786
Reversal	(2,906)	(8,079)	(10,986)	(333)	—	—	(333)	(11,319)
Other	2,199	2,016	4,216	438	—	—	438	4,655
March 31, 2024	¥30,122	¥18,883	¥ 49,005	¥3,824	¥3,578	¥—	¥7,402	¥ 56,408
Provision	3,090	351	3,441	11	—	—	11	3,453
Reversal	(3,065)	(1,039)	(4,105)	(165)	(65)	—	(230)	(4,336)
Other	(392)	(226)	(619)	(24)	406	—	382	(237)
March 31, 2025	¥29,753	¥17,969	¥ 47,722	¥3,645	¥3,919	¥—	¥7,565	¥ 55,288

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, 2024	$201,457	$126,290	$327,748	$25,575	$23,929	$—	$49,505	$377,260
Provision	20,666	2,347	23,013	73	—	—	73	23,093
Reversal	(20,498)	(6,948)	(27,454)	(1,103)	(434)	—	(1,538)	(28,999)
Other	(2,621)	(1,511)	(4,139)	(160)	2,715	—	2,554	(1,585)
March 31, 2025	$198,990	$120,177	$319,168	$24,378	$26,210	$—	$50,595	$369,769

Notes: 1. Trade and other receivables include lease receivables.
2. Other primarily comprises foreign exchange translation.

(b) Changes in loss allowance on financial guarantee contracts

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

The group has changed the disclosure in the following table to enhance transparency, effective from the year ended March 31,2025. Prior year amounts have been reclassified to conform to the current year's presentation.

Millions of Yen

	Financial guarantee contracts			Total
	Expected credit losses for 12 months	Lifetime expected credit losses	Credit-impaired financial assets	
April 1, 2023	¥—	¥ 31	¥—	¥ 31
Provision	—	—	—	—
Reversal	—	—	—	—
Other	—	4	—	4
March 31, 2024	¥—	¥ 36	¥—	¥ 36
Provision	—	—	—	—
Reversal	—	(27)	—	(27)
Other	—	(9)	—	(9)
March 31, 2025	¥—	¥ —	¥—	¥ —

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, 2024	$—	$ 240	$—	$ 240
Provision	—	—	—	—
Reversal	—	(180)	—	(180)
Other	—	(60)	—	(60)
March 31, 2025	$—	$ —	$—	$ —

Note: Other primarily comprises foreign exchange translation.

(c) Carrying amounts of financial assets

Carrying amounts of financial assets are as follows:

As of March 31, 2025	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	¥ —	¥1,905,693	¥35,482
Loans receivables	42,156	4,605	—
Financial guarantee contracts	35,712	14,383	—

	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	$ —	$12,745,405	$237,306
Loans receivables	281,942	30,798	—
Financial guarantee contracts	238,844	96,194	—

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	—

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 in 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, 2025				
Bonds and borrowings	¥ 565,190	¥651,835	¥637,323	¥1,854,349
Trade and other payables (excluding lease liabilities)	1,595,746	—	—	1,595,746
Lease liabilities	33,624	61,852	47,678	143,156
Financial guarantee contracts	20,097	20,856	9,143	50,096
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

	Thousands of U.S. Dollars			
	Within one year	Between one and five years	Over five years	Total
March 31, 2025				
Bonds and borrowings	$ 3,780,029	$4,359,517	$4,262,459	$12,402,013
Trade and other payables (excluding lease liabilities)	10,672,458	—	—	10,672,458
Lease liabilities	224,879	413,670	318,873	957,437
Financial guarantee contracts	134,410	139,486	61,149	335,045

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, 2025				
Commodity-related derivatives				
(Cash inflows)	¥(11,691)	¥ —	¥ (1,369)	¥ (13,060)
Cash outflows	8,409	—	—	8,409
Currency-related derivatives				
(Cash inflows)	(19,458)	(8,955)	(10,373)	(38,788)
Cash outflows	15,751	1,100	—	16,852
Interest-related derivatives				
(Cash inflows)	(41,961)	(60,322)	(42,481)	(144,765)
Cash outflows	33,554	45,419	36,454	115,428
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

Thousands of U.S. Dollars

	Within one year	Between one and five years	Over five years	Total
March 31, 2025				
Commodity-related derivatives				
(Cash inflows)	$ (78,190)	$ —	$ (9,155)	$ (87,346)
Cash outflows	56,239	—	—	56,239
Currency-related derivatives				
(Cash inflows)	(130,136)	(59,891)	(69,375)	(259,416)
Cash outflows	105,343	7,356	—	112,707
Interest-related derivatives				
(Cash inflows)	(280,638)	(403,437)	(284,115)	(968,198)
Cash outflows	224,411	303,765	243,806	771,990

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

NOTE 10. Investments Accounted for Using the Equity Method

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

	Millions of Yen				Thousands of U.S. Dollars	
	2025		2024		2025	
	Associates	Joint ventures	Associates	Joint ventures	Associates	Joint ventures
Investments accounted for using the equity method	¥296,343	¥77,404	¥280,380	¥72,699	$1,981,962	$517,683

	Millions of Yen				Thousands of U.S. Dollars	
	2025		2024		2025	
	Associates	Joint ventures	Associates	Joint ventures	Associates	Joint ventures
Profit for the year	¥11,510	¥5,151	¥19,243	¥6,605	$76,979	$34,450
Other comprehensive income	2,003	4,408	4,240	3,276	13,396	29,481
Comprehensive income for the year	¥13,513	¥9,559	¥23,484	¥9,882	$90,375	$63,931

NOTE 11. Property, Plant and Equipment

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

Millions of Yen

	Buildings and structures	Machinery and vehicles	Land	Construction in progress	Other property, plant and equipment	Total
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
March 31, 2025						
Acquisition cost	¥560,000	¥1,071,301	¥112,694	¥95,624	¥360,634	¥2,200,256
Accumulated depreciation and accumulated impairment losses	278,036	569,917	1,428	195	165,617	1,015,194
Carrying amount	281,964	501,383	111,266	95,429	195,017	1,185,061

Thousands of U.S. Dollars

	Buildings and structures	Machinery and vehicles	Land	Construction in progress	Other property, plant and equipment	Total
March 31, 2025						
Acquisition cost	$3,745,318	$7,164,934	$753,705	$639,539	$2,411,944	$14,715,462
Accumulated depreciation and accumulated impairment losses	1,859,523	3,811,643	9,550	1,304	1,107,657	6,789,686
Carrying amount	1,885,794	3,353,283	744,154	638,235	1,304,287	7,925,769

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

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, 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
Acquisitions	13,321	44,576	4,609	109,303	32,925	204,737
Acquisition due to business combinations	2,239	1,797	197	27	625	4,887
Disposals	(8,827)	(16,642)	(4,893)	(3,641)	(5,794)	(39,799)
Depreciation	(21,281)	(67,627)	—	—	(39,995)	(128,904)
Impairment losses	(569)	(996)	(247)	(130)	(1,009)	(2,953)
Foreign exchange translation	(2,004)	2,653	(249)	(138)	5,104	5,366
Other	23,905	62,788	1,608	(90,950)	5,196	2,549
March 31, 2025	¥281,964	¥501,383	¥111,266	¥ 95,429	¥195,017	¥1,185,061

Thousands of U.S. Dollars

	Buildings and structures	Machinery and vehicles	Land	Construction in progress	Other property, plant and equipment	Total
March 31, 2024	$1,840,422	$3,175,722	$737,285	$ 541,452	$1,324,003	$7,618,900
Acquisitions	89,091	298,127	30,825	731,025	220,204	1,369,295
Acquisition due to business combinations	14,974	12,018	1,317	180	4,180	32,684
Disposals	(59,035)	(111,302)	(32,724)	(24,351)	(38,750)	(266,178)
Depreciation	(142,328)	(452,294)	—	—	(267,489)	(862,118)
Impairment losses	(3,805)	(6,661)	(1,651)	(869)	(6,748)	(19,749)
Foreign exchange translation	(13,402)	17,743	(1,665)	(922)	34,135	35,888
Other	159,878	419,930	10,754	(608,279)	34,751	17,047
March 31, 2025	$1,885,794	$3,353,283	$744,154	$ 638,235	$1,304,287	$7,925,769

"Other" includes the amount reclassified from "Construction in progress."

The decrease in "Construction in progress" is mainly due to the reclassification of transmission facilities in the Green Infrastructure 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 ¥2,953 million ($19,749 thousand) and ¥9,216 million for the years ended March 31, 2025 and 2024, respectively.

For the year ended March 31, 2024, the group recognized an impairment loss for lithium hydroxide production properties of the Circular Economy 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.

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

NOTE 12. Intangible Assets

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

Millions of Yen

	Goodwill	Marketing rights, customer-related, etc.	Business rights	Software	Other intangible assets	Total
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
March 31, 2025						
Acquisition cost	¥328,147	¥123,180	¥53,385	¥112,633	¥27,169	¥644,515
Accumulated amortization and accumulated impairment losses	159,550	121,621	15,009	69,435	2,900	368,518
Carrying amount	168,596	1,559	38,375	43,197	24,268	275,997

Thousands of U.S. Dollars

	Goodwill	Marketing rights, customer-related, etc.	Business rights	Software	Other intangible assets	Total
March 31, 2025						
Acquisition cost	$2,194,669	$823,836	$357,042	$753,297	$181,708	$4,310,560
Accumulated amortization and accumulated impairment losses	1,067,081	813,409	100,381	464,386	19,395	2,464,673
Carrying amount	1,127,581	10,426	256,654	288,904	162,306	1,845,886

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, 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
Acquisitions	—	—	—	4,036	14,313	18,349
Acquisition due to business combinations	5,867	—	—	42	208	6,119
Disposals	(88)	—	—	(1,221)	(1,181)	(2,491)
Amortization	—	(2,100)	(4,334)	(15,672)	(700)	(22,808)
Impairment losses	(59)	—	—	(37)	(436)	(533)
Foreign exchange translation	(199)	(5)	1,275	156	482	1,709
Other	5,882	—	—	20,266	(25,537)	610
March 31, 2025	¥168,596	¥ 1,559	¥38,375	¥ 43,197	¥ 24,268	¥275,997

	Thousands of U.S. Dollars					
	Goodwill	Marketing rights, customer-related, etc.	Business rights	Software	Other intangible assets	Total
March 31, 2024	$1,051,324	$ 24,511	$277,120	$ 238,275	$ 248,261	$1,839,499
Acquisitions	—	—	—	26,993	95,726	122,719
Acquisition due to business combinations	39,238	—	—	280	1,391	40,924
Disposals	(588)	—	—	(8,166)	(7,898)	(16,659)
Amortization	—	(14,044)	(28,986)	(104,815)	(4,681)	(152,541)
Impairment losses	(394)	—	—	(247)	(2,915)	(3,564)
Foreign exchange translation	(1,330)	(33)	8,527	1,043	3,223	11,429
Other	39,339	—	—	135,540	(170,793)	4,079
March 31, 2025	$1,127,581	$ 10,426	$256,654	$ 288,904	$ 162,306	$1,845,886

For the years ended March 31, 2025 and 2024, the increase of "Other" in "Software" 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 Green Infrastructure Division, whose average remaining useful life as of March 31, 2025 and 2024 is 11 years and 12 years, respectively.

Impairment losses are shown as "Impairment losses on fixed assets" in the consolidated statement of profit or loss. The amounts are ¥533 million ($3,564 thousand) and ¥130 million for the year ended March 31, 2025 and 2024, respectively.

Impairment losses for the year ended March 31, 2025 were incurred in Green Infrastructure Division.

Impairment losses for the year ended March 31, 2024 were mainly incurred in the Digital Solutions Division.

The carrying amounts of goodwill by segment are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Metals+(Plus)	¥ 38	¥ 54	$ 254
Circular Economy	0	0	0
Supply Chain	875	883	5,852
Mobility	1,233	1,002	8,246
Green Infrastructure	73,495	73,389	491,539
Digital Solutions	709	709	4,741
Lifestyle	5,119	1,670	34,236
Africa	87,086	79,445	582,437
Other	38	38	254
Total	¥168,596	¥157,194	$1,127,581

Effective April 1, 2024, in order to further accelerate its growth strategy, the group has reorganized its organizational structure. In addition, the group has changed the names of all the divisions to ones that express the value to society and our customers based on our clear missions. Accordingly, the carrying amounts of goodwill by segment as of March 31, 2024 have been reclassified and restated to conform to the current year's presentation.

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 ¥38,687 million ($258,741 thousand) and ¥38,964 million for automotive and ¥29,929 million ($200,167 thousand) and ¥30,143 million for healthcare as of March 31, 2025 and 2024, 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 for the years ended March 31, 2025 and 2024, respectively. The growth rate which exceeds the average growth rate of markets or countries is not used.

For the years ended March 31, 2025 and 2024, the discount rates are determined, based on weighted-average cost of capital, to be 20.7% and 18.8% for automotive and 16.7% and 16.2% and for 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 as of March 31, 2025 and 2024, respectively.

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, which generates electric power from renewable energy sources, and the energy management, which adjusts supply and demand of electric power and controls storing electricity. The amounts allocated to power generation are ¥33,264 million ($222,471 thousand) and ¥33,264 million and those allocated to energy management are ¥31,640 million ($211,610 thousand) and ¥31,640 million as of March 31, 2025 and 2024, respectively.

The recoverable amount of the cash generating unit group, to which goodwill relating to power generation is allocated, is measured at value in use that is calculated by discounting future cash flows to the present value based on the business plan for the project period of each power generation project. The project period is mainly the sum of the Feed-in Tariff ("FIT") period of renewable energy and the period during which the project is expected to be economically feasible to operate thereafter. In measuring the value in use, the group uses key assumptions including the power generation forecast, operating related costs and discount rate 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 for the years ended March 31, 2025 and 2024, 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 diffusion of storage batteries for the grid and steady cash flows being generated. In measuring the value in use, the group uses key assumptions including the discount rate, profit per unit after supply and demand adjustments, market size relating to supply and demand adjustments and power storage control based on past experience and external information such as the Strategic Energy Plan. 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 range of 4.4% to 10.8% and 4.1% to 11.9% for the years ended March 31, 2025 and 2024, respectively. 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, 33.8% and 33.6% is used for the period for the business plan, and 8.4% and 9.5% is used in calculating the continued value for the years ended March 31, 2025 and 2024, respectively.

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% and 0.0% for each of power generation and energy management for the years ended March 31, 2025 and 2024, respectively.

In the power generation, the value in use used to determine impairment as of March 31, 2025, exceeded the carrying amount by ¥10,173 million ($68,037 thousand). The recoverable amount may fall below 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 0.5%. The value in use used to determine impairment as of March 31, 2024, exceeded the carrying amount by ¥4,762 million. The recoverable amount may fall below the carrying amount 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, 2025 exceeded the carrying amount by ¥2,832 million ($18,940 thousand). The recoverable amount may fall below the carrying amount if aforementioned key assumptions, such as the profit per unit after supply and demand adjustments, market size relating to supply and demand adjustments and power storage control and the discount rate, would vary due to trends in electricity supply and demand, or if the after-tax discount rate would increase by approximately 0.6%. The value in use used to determine impairment as of March 31, 2024 exceeded the carrying amount by ¥5,326 million. The recoverable amount may fall below the carrying amount if the after-tax discount rate would increase by approximately 1.0%.

Terras Energy Corporation was merged into Eurus Energy Holdings Corporation effective April 1, 2025.

NOTE 13. Investment Property

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

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Acquisition cost	¥35,094	¥21,750	$234,711
Accumulated depreciation and accumulated impairment losses	11,120	4,742	74,371
Carrying amount	23,974	17,007	160,339

Changes in carrying amount of investment property are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Balance at the beginning of the year	¥17,007	¥17,303	$113,743
Acquisitions	8,645	407	57,818
Disposals or reclassifications to assets held for sale	0	(120)	0
Depreciation	(873)	(415)	(5,838)
Foreign exchange translation	(181)	135	(1,210)
Other	(624)	(304)	(4,173)
Balance at the end of the year	¥23,974	¥17,007	$160,339

Fair value of investment property are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Carrying amount	¥23,974	¥17,007	$160,339
Fair value	31,382	25,427	209,884

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 ¥4,269 million ($28,551 thousand) and ¥1,764 million for the years ended March 31, 2025 and 2024, 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 ¥1,653 million ($11,055 thousand) and ¥1,355 million for the years ended March 31, 2025 and 2024, respectively.

NOTE 14. Leases

(1) Lessee

The Group carries certain property, plant and equipment under lease contracts as a lessee.

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

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

	Millions of Yen				
	Buildings and structures	Machinery and vehicles	Land	Other	Total
April 1, 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
Increase of right-of-use assets	19,890	5,330	2,392	1,750	29,364
Increase due to business combinations	—	—	—	—	—
Depreciation	(21,434)	(5,451)	(2,717)	(1,604)	(31,207)
Impairment losses	—	(86)	—	—	(86)
Other	(2,249)	(1,148)	4,798	(150)	1,250
March 31, 2025	¥ 81,088	¥18,271	¥67,813	¥ 4,373	¥171,547

	Thousands of U.S. Dollars				
	Buildings and structures	Machinery and vehicles	Land	Other	Total
March 31, 2024	$ 567,696	$131,266	$423,615	$ 29,280	$1,151,865
Increase of right-of-use assets	133,025	35,647	15,997	11,704	196,388
Increase due to business combinations	—	—	—	—	—
Depreciation	(143,352)	(36,456)	(18,171)	(10,727)	(208,714)
Impairment losses	—	(575)	—	—	(575)
Other	(15,041)	(7,677)	32,089	(1,003)	8,360
March 31, 2025	$ 542,322	$122,197	$453,537	$ 29,246	$1,147,318

(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
	2025	2024	2025
Finance costs	¥4,936	¥4,166	$33,012
Lease expenses due to an exemption to short-term leases	5,119	4,901	34,236
Lease expenses due to an exemption to low-value assets	1,780	2,036	11,904

(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, 2025 and 2024 are not material.

(iv) Sublease income

Sublease income for the years ended March 31, 2025 and 2024 is not material.

(v) Sale and leaseback transactions

Gain or loss from sale and leaseback transactions for the years ended March 31, 2025 and 2024 is not material.

(vi) Cash outflows associated with leases

Cash outflows associated with leases are ¥37,531 million ($251,009 thousand) and ¥34,608 million for the years ended March 31, 2025 and 2024, respectively.

(vii) Maturity analysis for lease liabilities

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

(2) Lessor

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

Finance income on net investment in the lease and income relating to variable lease payments are shown below. Sales profit or loss is not material.

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Finance income on net investment in the lease	¥5,891	¥3,619	$39,399
Income relating to variable lease payments	—	—	—

(ii) Revenue associated with operating leases

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Lease payments earned	¥52,314	¥45,214	$349,879
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, 2025

	Millions of Yen									
	Within one year	Between one and two years	Between two and three years	Between three and four years	Between four and five years	Over five years	Total	Unearned finance income	Discounted unguaranteed residual value	Net investment in the lease
Undiscounted lease payments receivable	¥12,215	¥9,584	¥9,555	¥9,025	¥6,989	¥20,875	¥68,246	¥16,093	¥—	¥52,152

	Thousands of U.S. Dollars									
	Within one year	Between one and two years	Between two and three years	Between three and four years	Between four and five years	Over five years	Total	Unearned finance income	Discounted unguaranteed residual value	Net investment in the lease
Undiscounted lease payments receivable	$81,694	$64,098	$63,904	$60,359	$46,742	$139,613	$456,433	$107,631	$—	$348,796

	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	¥22,212	¥16,073	¥10,012	¥4,856	¥1,373	¥53	¥54,581

	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	$148,555	$107,497	$66,960	$32,477	$9,182	$354	$365,041

For the year ended March 31, 2024

	Millions of Yen									
	Within one year	Between one and two years	Between two and three years	Between three and four years	Between four and five years	Over five years	Total	Unearned finance income	Discounted unguaranteed residual value	Net investment in the lease
Undiscounted lease payments receivable	¥8,905	¥6,469	¥7,788	¥7,022	¥7,394	¥21,458	¥59,039	¥16,487	¥—	¥42,552

	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

NOTE 15. Trade and Other Payables

The breakdown of trade and other payables is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Notes payable and accounts payable	¥1,293,632	¥1,306,408	$ 8,651,899
Lease liabilities	143,156	143,149	957,437
Other	302,113	306,201	2,020,552
Total	¥1,738,902	¥1,755,759	$11,629,895
Current liabilities	¥1,629,371	¥1,643,777	$10,897,344
Non-current liabilities	109,531	111,982	732,550
Total	¥1,738,902	¥1,755,759	$11,629,895

NOTE 16. Supplier Finance Arrangements

The following summarizes the supplier finance arrangements entered into by the Group.

Domestic loans

The Group has entered into agreements and memorandums of understanding with MUFG Bank, Ltd., Sumitomo Mitsui Banking Corporation and Mizuho Bank, Ltd. regarding import usance transactions.

In accepting import usance to settle purchase obligations, the company issues promissory notes designated by each bank or accepts bills of exchange drawn on each bank.

In addition, the company will pay interest for the period from the borrowing date to the repayment date. The interest will be calculated based on the agreed-upon interest rate, or, if no such agreement exists, at the rate prescribed by each bank.

The carrying amounts of financial liabilities under supplier finance arrangements are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Amounts shown as trade and other payables	¥28,398	¥57,994	$189,927
Of which, amounts paid to the suppliers	28,398	—	189,927

Payment terms of the above financial liabilities and comparable trade payables that are not part of supplier finance arrangements are as follows:

Type of supplier finance arrangements	Type of liabilities	2025	2024
Domestic loans	Liabilities that are part of the arrangement	30 to 360 days after delivery date	—
	Comparable trade payables that are not part of a supplier finance arrangement (Note)	3 to 379 days after delivery date	—

Note: With respect to payment terms of comparable trade payables that are not part of a supplier finance arrangement, the payment terms to suppliers for import transactions financed through domestic loans provided by financial institutions are presented.

Changes in financial liabilities under supplier finance arrangements are as follows:

	Millions of Yen	Thousands of U.S. Dollars
	Trade and other payables	
As of March 31, 2024	¥ 57,994	$ 387,867
Changes with cash flows	(29,020)	(194,087)
Changes due to business combinations	—	—
Foreign exchange translation	(575)	(3,845)
Other	—	—
Changes without cash flows	(575)	(3,845)
As of March 31, 2025	¥ 28,398	$ 189,927

NOTE 17. Bonds and Borrowings

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

	Millions of Yen		Thousands of U.S. Dollars		
	2025	2024	2025	Average rate	Maturity
Short-term borrowings	¥ 351,180	¥ 351,321	$ 2,348,715	4.81%	—
Commercial papers	—	45,000	—	—	—
Current portion of bonds	24,992	85,674	167,148	0.90	—
Current portion of long-term borrowings	189,010	144,513	1,264,111	1.04	—
Bonds (excluding current portion)	185,106	200,053	1,238,001	0.83	2026–2043
Long-term borrowings (excluding current portion)	1,103,524	1,161,504	7,380,444	1.65	2026–2050
Total	¥1,853,814	¥1,988,068	$12,398,434	—	—
Current liabilities	¥565,183	¥626,510	$3,779,982	—	—
Non-current liabilities	1,288,631	1,361,558	8,618,452	—	—
Total	¥1,853,814	¥1,988,068	$12,398,434	—	—

"Average rate" represents the weighted-average interest rate to the balances for the year ended March 31, 2025.

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:

	2025	2024	2025
Multi-currency revolving facilities, total	¥55,000 million equivalent	¥50,000 million equivalent	$367,843 thousand equivalent
Total line of credit	$1,300 million	$1,200 million	$1,300,000 thousand
Balance executed	—	—	—
Balance unused	¥55,000 million equivalent $1,300 million	¥50,000 million equivalent $1,200 million	$367,843 thousand equivalent $1,300,000 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:

	2025	2024	2025
Total line of credit	€335 million	€250 million	$363,140 thousand
Balance executed	—	—	—
Balance unused	€335 million	€250 million	$363,140 thousand

(2) Details of bonds

The following table summarizes details of bonds.

			Millions of Yen		Thousands of U.S. Dollars		
Issuer	Description	Issue date	2025	2024	2025	Coupon (%)	Redemption date
The company	The 18th unsecured domestic corporate bond	December 5, 2013	¥ 14,994 (14,994)	¥ 14,988	$ 100,280 (100,280)	1.01	December 5, 2025
The company	The 19th unsecured domestic corporate bond	July 10, 2014	14,991	14,985	100,260	0.95	July 10, 2026
The company	The 20th unsecured domestic corporate bond	July 10, 2014	14,976	14,971	100,160	1.27	July 10, 2029
The company	The 21st unsecured domestic corporate bond	September 3, 2015	9,997 (9,997)	9,992	66,860 (66,860)	0.74	September 3, 2025
The company	The 22nd unsecured domestic corporate bond	September 3, 2015	9,972	9,969	66,693	1.57	September 2, 2033
The company	The 23rd unsecured domestic corporate bond	July 20, 2016	19,932	19,927	133,306	0.70	July 18, 2036
The company	The 24th unsecured domestic corporate bond	March 7, 2017	19,929	19,923	133,286	1.02	March 6, 2037
The company	The 25th unsecured domestic corporate bond	September 14, 2017	9,961	9,959	66,619	0.89	September 14, 2037
The company	The 26th unsecured domestic corporate bond	March 7, 2018	9,960	9,957	66,613	0.90	March 5, 2038
The company	The 28th unsecured domestic corporate bond	January 21, 2021	9,951	9,948	66,552	0.74	January 21, 2041
The company	The 29th unsecured domestic corporate bond	July 19, 2021	9,970	9,965	66,680	0.27	July 18, 2031
The company	The 30th unsecured domestic corporate bond	November 25, 2022	14,954	14,948	100,013	0.68	November 25, 2032
The company	The 31st unsecured domestic corporate bond	June 15, 2023	19,961	19,950	133,500	0.36	June 15, 2028
The company	The 32nd unsecured domestic corporate bond	June 15, 2023	19,937	19,930	133,340	0.80	June 15, 2033
The company	The 33rd unsecured domestic corporate bond	September 20, 2024	9,972	—	66,693	0.73	September 20, 2029
The company	The 2nd unsecured foreign corporate bond	September 19, 2019	—	75,674 (Note 4) (75,674)	—	2.60	September 19, 2024
North Hokkaido Wind Energy Transmission Corporation	Corporate bond (private placement) (Note 2)	November 30, 2018	634	634	4,240	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)	—	0.09	June 28, 2024
Total	—	—	¥210,099 (24,992)	¥285,728 (85,674)	$1,405,156 (167,148)	—	—

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. 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
	2025	2024	2025
Cash and cash equivalents	¥ 66,199	¥ 61,126	$ 442,743
Trade and other receivables	10,946	23,189	73,207
Inventories	30,475	23,631	203,818
Property, plant and equipment	376,665	358,276	2,519,161
Investments accounted for using the equity method	10,761	11,802	71,970
Other investments	5,987	395	40,041
Other	25,185	36,643	168,439
Total	¥526,220	¥515,066	$3,519,395

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
	2025	2024	2025
Bonds and borrowings	¥407,080	¥381,570	$2,722,578

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 18. Provisions

The breakdown and changes of provisions for the year ended March 31, 2025 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	¥66,178	¥17,897	¥84,075	$442,602	$119,696	$562,299
Increase	10,520	5,675	16,196	70,358	37,954	108,319
Decrease (wrote off)	(414)	(2,949)	(3,364)	(2,768)	(19,723)	(22,498)
Decrease (reversal)	(830)	(374)	(1,205)	(5,551)	(2,501)	(8,059)
Changes due to present value calculation	1,013	—	1,013	6,775	—	6,775
Foreign exchange translation	684	(259)	425	4,574	(1,732)	2,842
Other	253	(343)	(89)	1,692	(2,294)	(595)
Balance at the end of the year	¥77,405	¥19,645	¥97,051	$517,689	$131,387	$649,083
Current liabilities	8	9,828	9,836	53	65,730	65,783
Non-current liabilities	77,397	9,817	87,214	517,636	65,656	583,293
Total	¥77,405	¥19,645	¥97,051	$517,689	$131,387	$649,083

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 31 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 19. Employee Benefits

(1) Post-employment benefits

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

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

(ii) Defined benefit plans

(a) Defined benefit obligations and plan assets

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

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Balance of net defined benefit liability at the beginning of the year	¥ 1,430	¥ 20,954	$ 9,564
Changes in present value of defined benefit obligations:			
Balance at the beginning of the year	¥126,767	¥126,114	$847,826
Service cost	6,063	6,733	40,549
Interest cost	1,917	2,199	12,821
Remeasurements	(5,245)	(3,531)	(35,078)
Benefit paid	(6,853)	(6,264)	(45,833)
Foreign exchange translation	(210)	3,513	(1,404)
Other	(8,732)	(1,998)	(58,400)
Balance at the end of the year	¥113,704	¥126,767	$760,460
Changes in fair value of plan assets:			
Balance at the beginning of the year	¥133,238	¥105,160	$891,104
Interest income	1,302	1,021	8,707
Remeasurements	(12,561)	25,530	(84,008)
Employer contributions	2,389	2,380	15,977
Benefit paid	(2,983)	(2,909)	(19,950)
Foreign exchange translation	(232)	1,674	(1,551)
Other	(2,958)	380	(19,783)
Balance at the end of the year	¥118,194	¥133,238	$790,489
Changes in effect of asset ceiling:			
Balance at the beginning of the year	¥ 7,901	¥ —	$52,842
Remeasurements	11,819	7,901	79,046
Balance at the end of the year	¥ 19,721	¥ 7,901	$131,895
Balance of net defined benefit liability at the end of the year	¥ 15,231	¥ 1,430	$101,865

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
	2025	2024	2025
Funded plan:			
Defined benefit obligations	¥ 61,079	¥ 73,897	$ 408,500
Plan assets	(118,194)	(133,238)	(790,489)
Effect of asset ceiling	19,721	7,901	131,895
Total	(37,393)	(51,439)	(250,086)
Unfunded plan:			
Defined benefit obligations	52,625	52,870	351,959
Total	¥ 15,231	¥ 1,430	$ 101,865

(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, 2025	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	¥ 2,013	¥ —	¥ 2,013
Equity securities:			
Japan	38,351	6,638	44,990
Other than Japan	2,455	6,562	9,017
Debt securities:			
Japan	—	22,977	22,977
Other than Japan	—	6,941	6,941
Life insurance company general accounts	—	10,341	10,341
Other	1,421	20,490	21,911
Total	¥44,241	¥73,952	¥118,194

	Thousands of U.S. Dollars		
Plan assets	Assets with a quoted market price in an active market	Assets without a quoted market price in an active market	Total
Cash and cash equivalents	$ 13,463	$ —	$ 13,463
Equity securities:			
Japan	256,494	44,395	300,896
Other than Japan	16,419	43,887	60,306
Debt securities:			
Japan	—	153,671	153,671
Other than Japan	—	46,421	46,421
Life insurance company general accounts	—	69,161	69,161
Other	9,503	137,038	146,542
Total	$295,886	$494,596	$790,489

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

(c) Major actuarial assumption

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

	2025	2024
Discount rate	Primarily 2.4%	Primarily 1.7%
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, 2025 would decrease by ¥4,081 million ($27,294 thousand) or would increase by ¥4,086 million ($27,327 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 ¥2,211 million ($14,787 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, 2025, the weighted-average duration of the defined benefit plan obligations is 13 years.

(iii) Defined contribution plans

Costs of defined contribution plans are ¥1,477 million ($9,878 thousand) and ¥1,535 million for the years ended March 31, 2025 and 2024, 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:

- 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.
- If some employers stop making contributions, other employers may be obligated to provide sufficient funds.
- 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 ¥347,899 million ($2,326,772 thousand) and ¥328,499 million for the years ended March 31, 2025 and 2024, respectively.

NOTE 20. Stock Compensation

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

(1) Outline of the plan

Under the Plan, the eligible directors shall pay in all amounts of monetary compensation receivables provided as stock compensation by the company as contributions in kind and receive the company's shares upon issuance or disposal. 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.

	2025	2024
Grant date	July 19, 2024	July 21, 2023
Number of shares	46,242 shares	17,833 shares
Fair value	¥2,970 ($19.86)	¥7,175

Note: The company conducted a 3-for-1 common stock split on July 1, 2024. The number of shares granted for the year ended March 31, 2024 is 53,499 shares after the stock split.

(3) Stock compensation

The amounts of stock compensation for the years ended March 31, 2025 and 2024 are ¥137 million ($916 thousand) and ¥127 million, respectively, and included in "Selling, general and administrative expenses" in the consolidated statement of profit or loss.

NOTE 21. Equity

(1) Share capital

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

	Thousands of U.S. Dollars	
	2025	2024
Number of authorized shares:		
Common stock (no par value)	3,000,000	1,000,000
Number of shares issued and outstanding:		
Beginning of the year	354,056	354,056
Changes during the year	708,113	—
End of the year	1,062,169	354,056

Notes: 1. The number of shares issued and outstanding includes the number of treasury shares of 6,505 thousand and 2,181 thousand as of March 31, 2025 and 2024, respectively.
2. The company conducted a 3-for-1 common stock split on July 1, 2024. The number of authorized shares, shares issued and outstanding and treasury shares for the year ended March 31, 2025 is calculated taking into account the stock split.

(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 23, 2023	Common stock	¥37,320	$249,598	¥106	$0.70	March 31, 2023	June 26, 2023
Board of Directors' meeting held on October 31, 2023	Common stock	44,011	294,348	125	0.83	September 30, 2023	November 27, 2023
General meeting of shareholders held on June 21, 2024	Common stock	54,573	364,987	155	1.03	March 31, 2024	June 24, 2024
Board of Directors' meeting held on October 31, 2024	Common stock	52,815	353,230	50	0.33	September 30, 2024	November 26, 2024

Note: The company conducted a 3-for-1 common stock split on July 1, 2024. For dividends per share with record date on or before July 1, 2024, the actual dividend amount paid before the stock split is stated.

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

The following matter was submitted for approval at the General meeting of shareholders held on June 20, 2025.

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 20, 2025	Common stock	¥58,096	$388,550	Retained earnings	¥55	$0.36	March 31, 2025	June 23, 2025

NOTE 22. Revenue

(1) Disaggregation of revenue

The group's revenue mainly consists of revenues recognized from sale of goods whose control is transferred to customers at a point in time, and revenues recognized over time are not 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.

For the year ended March 31, 2025	Millions of Yen — Reportable segments: Metals+(Plus)	Circular Economy	Supply Chain	Mobility	Green Infrastructure	Digital Solutions
Revenue recognized from contracts with customers	¥1,908,690	¥1,776,227	¥1,243,616	¥1,006,063	¥816,629	¥1,347,261
Revenue recognized from other sources	—	1,043	—	11,940	1,247	—
Total	¥1,908,690	¥1,777,271	¥1,243,616	¥1,018,003	¥817,876	¥1,347,261

	Millions of Yen — Reportable segments: Lifestyle	Africa	Total	Other (Note 1)	Consolidated
Revenue recognized from contracts with customers	¥533,742	¥1,611,771	¥10,244,001	¥2,454	¥10,246,455
Revenue recognized from other sources	11,208	37,654	63,094	—	63,094
Total	¥544,951	¥1,649,425	¥10,307,096	¥2,454	¥10,309,550

	Thousands of U.S. Dollars — Reportable segments: Metals+(Plus)	Circular Economy	Supply Chain	Mobility	Green Infrastructure	Digital Solutions
Revenue recognized from contracts with customers	$12,765,449	$11,879,527	$8,317,388	$6,728,618	$5,461,670	$9,010,573
Revenue recognized from other sources	—	6,975	—	79,855	8,340	—
Total	$12,765,449	$11,886,510	$8,317,388	$6,808,473	$5,470,010	$9,010,573

	Thousands of U.S. Dollars — Reportable segments: Lifestyle	Africa	Total	Other (Note 1)	Consolidated
Revenue recognized from contracts with customers	$3,569,703	$10,779,634	$68,512,580	$16,412	$68,528,992
Revenue recognized from other sources	74,959	251,832	421,976	—	421,976
Total	$3,644,669	$11,031,467	$68,934,563	$16,412	$68,950,976

For the year ended March 31, 2024	Millions of Yen — Reportable segments: Metals+(Plus)	Circular Economy	Supply Chain	Mobility	Green Infrastructure	Digital Solutions
Revenue recognized from contracts with customers	¥1,940,708	¥1,721,802	¥1,229,968	¥971,371	¥800,288	¥1,243,328
Revenue recognized from other sources	—	2,918	—	9,664	1,197	—
Total	¥1,940,708	¥1,724,720	¥1,229,968	¥981,035	¥801,485	¥1,243,328

	Millions of Yen — Reportable segments: Lifestyle	Africa	Total	Other (Note 1)	Consolidated
Revenue recognized from contracts with customers	¥679,696	¥1,536,135	¥10,123,299	¥8,882	¥10,132,182
Revenue recognized from other sources	11,408	31,609	56,798	—	56,798
Total	¥691,104	¥1,567,745	¥10,180,097	¥8,882	¥10,188,980

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."
3. On April 1, 2024, to increase the speed of growth strategy progress, the group has revised its organizational structure. In addition, the names of business divisions have been changed to more clearly express how they provide value to society and customers based on the missions of these divisions. Accordingly, segment information for the year ended March 31, 2024 has been reclassified and restated to conform to the current year's presentation.

(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		
	2025			2024			2025		
	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	¥1,701,262	¥1,331	¥115,031	¥1,656,891	¥ 4,474	¥104,194	$11,378,156	$ 8,901	$769,335
Changes during the year	28,273	265	464	44,370	(3,143)	10,837	189,091	1,772	3,103
Balance at the ending of the year	¥1,729,535	¥1,596	¥115,496	¥1,701,262	¥ 1,331	¥115,031	$11,567,248	$10,674	$772,445

Of revenues recognized for the years ended March 31, 2025 and 2024, ¥88,323 million ($590,710 thousand) and ¥102,324 million, respectively, were included in contract liabilities as at the beginning of the year. In addition, for the years ended March 31, 2025 and 2024, 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
	2025	2024	2025
Within one year	¥ 112,381	¥ 87,592	$ 751,611
Over one year	1,007,273	580,350	6,736,710
Total	¥1,119,654	¥667,942	$7,488,322

(4) Contract costs

There are no contract costs capitalized as an asset for the years ended March 31, 2025 and 2024.

NOTE 23. Selling, General and Administrative Expenses

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

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Salaries and wages	¥346,516	¥327,293	$2,317,522
Travel and transportation	20,237	18,432	135,346
Commissions and fees	79,566	69,705	532,142
Rent	13,897	12,879	92,944
Depreciation and amortization	62,386	59,981	417,241
Other	94,189	95,410	629,942
Total	¥616,794	¥583,702	$4,125,160

NOTE 24. Foreign Exchange Translation Gains and Losses

Foreign exchange translation gains and losses included in "Other, net" under "Other income (expenses)" in the consolidated statement of profit or loss for the years ended March 31, 2025 and 2024 are ¥(10,454) million ($(69,917) thousand) and ¥(22,364) million, respectively.

NOTE 25. Finance Income (Costs)

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

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Interest income:			
Financial assets measured at amortized cost	¥ 30,290	¥ 32,233	$ 202,581
Interest expenses:			
Financial liabilities measured at amortized cost	(62,798)	(68,315)	(419,997)
Derivatives	5,941	7,425	39,733
Total interest expenses	(56,856)	(60,890)	(380,256)
Dividends received:			
FVTOCI financial assets	32,946	24,484	220,345
Other	16,648	6,372	111,342

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 ¥5,182 million ($34,657 thousand) and ¥(7,257) million for the years ended March 31, 2025 and 2024, respectively.

For the year ended March 31, 2025, "Other" includes ¥10,518 million ($70,345 thousand) of gain on sale of an entity accounted for using equity method, within the Green Infrastructure Division, which engages in gas-fired power generation business in the United States.

NOTE 26. Deferred Taxes and Corporate Income Taxes

(1) Deferred taxes

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

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

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Deferred tax assets:			
Elimination of unrealized profits	¥ 6,398	¥ 6,440	$ 42,790
Inventories and property, plant and equipment	57,568	50,046	385,018
Loss allowance	7,942	7,384	53,116
Retirement benefits liabilities	10,616	10,122	71,000
Accruals	11,946	11,095	79,895
Other investment	9,030	14,866	60,393
Net operating losses	12,272	6,575	82,075
Other	21,277	39,589	142,302
Total deferred tax assets	¥ 137,052	¥ 146,121	$ 916,613
Deferred tax liabilities:			
Valuation difference on assets and liabilities of subsidiaries	¥ (3,460)	¥ (5,023)	$ (23,140)
Other investments	(147,338)	(170,560)	(985,406)
Equity interests in subsidiaries and associates	(31,972)	(21,791)	(213,830)
Property, plant and equipment	(60,369)	(52,222)	(403,752)
Other	(29,813)	(49,054)	(199,391)
Total deferred tax liabilities	¥(272,954)	¥(298,651)	$(1,825,535)
Total deferred tax assets (liabilities), net	¥(135,901)	¥(152,529)	$ (908,915)

(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
	2025	2024	2025
Balance of deferred tax assets (liabilities), net at the beginning of the year	¥(152,529)	¥ (84,232)	$(1,020,124)
Deferred tax expense	687	3,517	4,594
Income taxes on other comprehensive income	21,148	(84,516)	141,439
Other	(5,207)	12,702	(34,824)
Balance of deferred tax assets (liabilities), net at the end of the year	¥(135,901)	¥(152,529)	$ (908,915)

(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 ¥31,510 million ($210,741 thousand) and ¥32,803 million as of March 31, 2025 and 2024, 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
	2025	2024	2025
Expire within one year	¥ 4,472	¥ 4,086	$ 29,909
Expire in a fiscal year between one and five years	11,180	15,048	74,772
Expire in a fiscal year between five and ten years	58,830	41,691	393,459
Expire in a fiscal year over ten years	11,509	19,236	76,972
Total	¥85,992	¥80,063	$575,120

(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 ¥784,046 million ($5,243,753 thousand) and ¥807,563 million as of March 31, 2025 and 2024, 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
	2025	2024	2025
Current	¥149,306	¥132,907	$998,568
Deferred	(687)	(3,517)	(4,594)
Total	¥148,619	¥129,389	$993,974

Deferred tax above includes adjustments due to reassessment of recoverability of deferred tax assets. For the years ended March 31, 2025 and 2024, 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:

	%	
	2025	2024
Statutory effective tax rate	30.6%	30.6%
(Adjustments)		
Permanent nondeductible differences such as entertainment expenses	0.1	0.2
Equity in earnings of unconsolidated subsidiaries and associates accounted for using the equity method	(0.9)	(1.5)
Differences in tax rates applied for foreign operations	(4.1)	(3.7)
Reassessment of recoverability of deferred tax assets	(1.1)	0.4
Other	3.0	1.6
Average effective tax rate	27.7%	27.6%

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, 2025 and 2024. For foreign operations, however, local foreign corporate tax rates are to be applied.

NOTE 27. Other Comprehensive Income

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

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Remeasurements of defined benefit pension plans:			
Amount arising during the year	¥(14,231)	¥ 20,982	$ (95,177)
Income tax effects	4,638	(6,339)	31,019
Total	(9,592)	14,643	(64,151)
FVTOCI financial assets:			
Amount arising during the year	(95,570)	242,159	(639,178)
Income tax effects	17,726	(76,027)	118,552
Total	(77,843)	166,131	(520,619)
Cash flow hedges:			
Amount arising during the year	10,434	17,257	69,783
Reclassification to profit or loss in the year	(4,125)	(9,728)	(27,588)
Income tax effects	(1,217)	(2,150)	(8,139)
Total	5,092	5,378	34,055
Exchange differences on translation of foreign operations:			
Amount arising during the year	(4,466)	121,416	(29,868)
Reclassification to profit or loss in the year	2,206	(186)	14,753
Income tax effects	—	—	—
Total	(2,260)	121,230	(15,115)
Share of other comprehensive income of investments accounted for using the equity method:			
Amount arising during the year	7,827	8,004	52,347
Reclassification to profit or loss in the year	(1,416)	(487)	(9,470)
Income tax effects	—	—	—
Total	6,411	7,517	42,877
Total	¥(78,191)	¥314,901	$(522,946)

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

NOTE 28. Earnings per Share

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

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Profit for the year attributable to owners of the parent	¥ 362,506	¥ 331,444	$2,424,464
Basic weighted-average shares (thousand shares)	1,055,652	1,055,619	

	Yen		U.S. Dollars
	2025	2024	2025
Basic earnings per share attributable to owners of the parent	¥343.40	¥313.98	$2.29

Note: The company conducted a 3-for-1 common stock split on July 1, 2024. Basic weighted-average shares and basic earnings per share attributable to owners of the parent have been calculated as if this stock split had taken place at the beginning of the fiscal year ended March 31, 2024.

NOTE 29. Cash Flow Information

(1) Cash and cash equivalents

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

(2) Changes in liabilities arising from financing activities

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

	Millions of Yen					
	Short-term borrowings	Long-term borrowings	Commercial papers	Bonds	Lease liabilities	Total
April 1, 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
Changes arising from cash flows	8,859	(21,703)	(45,000)	(53,161)	(37,531)	(148,536)
Changes arising from business combinations	348	3,816	—	—	687	4,853
Foreign exchange translation	(1,882)	6,480	—	—	(1,954)	2,643
Changes arising from increase in right-of-use assets	—	—	—	—	31,780	31,780
Other	(7,466)	(2,076)	—	(22,468)	7,023	(24,987)
Changes not arising from cash flows	(9,000)	8,220	—	(22,468)	37,537	14,289
March 31, 2025	¥ 351,180	¥1,292,535	¥ —	¥210,099	¥143,156	¥1,996,970

	Thousands of U.S. Dollars					
	Short-term borrowings	Long-term borrowings	Commercial papers	Bonds	Lease liabilities	Total
March 31, 2024	$2,349,658	$8,734,731	$ 300,963	$1,910,968	$ 957,390	$14,253,725
Changes arising from cash flows	59,249	(145,151)	(300,963)	(355,544)	(251,009)	(993,418)
Changes arising from business combinations	2,327	25,521	—	—	4,594	32,457
Foreign exchange translation	(12,586)	43,338	—	—	(13,068)	17,676
Changes arising from increase in right-of-use assets	—	—	—	—	212,546	212,546
Other	(49,933)	(13,884)	—	(150,267)	46,970	(167,114)
Changes not arising from cash flows	(60,192)	54,975	—	(150,267)	251,050	95,565
March 31, 2025	$2,348,715	$8,644,562	$ —	$1,405,156	$ 957,437	$13,355,872

(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
	2025	2024	2025
Assets acquired:			
Current assets	¥8,260	¥ 18,476	$55,243
Non-current assets	7,606	137,330	50,869
Liabilities assumed:			
Current liabilities	5,699	15,950	38,115
Non-current liabilities	3,712	17,056	24,826

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Consideration payable [of which, cash and cash equivalents]	¥ (23,314) [(23,314)]	¥ (122,676) [(104,676)]	$ (155,925) [(155,925)]
Of assets acquired, the amount of cash and cash equivalents	1,777	10,332	11,884
Difference: Amount paid upon acquisition of subsidiaries	¥ (21,537)	¥ (94,344)	$ (144,040)

Of consideration payable as of March 31, 2025, ¥17,974 million ($120,211 thousand) was related to the additional acquisition of 15.0% voting rights of Terras Energy Corporation as a business combination for the year ended March 31, 2024. As of the date of the acquisition, it was recognized under "Trade and other payables." The details of the business combination for the year ended March 31, 2024 are stated in Note 5. "Business combination."

(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
	2025	2024	2025
Assets sold:			
Current assets	¥30,137	¥3,974	$201,558
Non-current assets	26,112	5,719	174,638
Liabilities relieved:			
Current liabilities	30,175	1,630	201,812
Non-current liabilities	3,055	5,360	20,432

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Consideration assumed [of which, cash and cash equivalents]	¥ 5,644 [5,644]	¥ 8,384 [8,384]	$ 37,747 [37,747]
Of assets sold, the amount of cash and cash equivalents	(2,758)	(861)	(18,445)
Difference: Amount received upon sale of subsidiaries	¥ 2,886	¥ 7,523	$ 19,301

NOTE 30. Major Subsidiaries

(1) Major subsidiaries are as follows:

Corporate name	Location	Major business description	Voting rights (%)
Toyota Steel Center Co., Ltd.	Tokai-shi, Aichi	Metal+(Plus)	100.0
Toyotsu Tekkou Hanbai Corporation	Nakamura-ku, Nagoya	Metal+(Plus)	100.0
Toyota Tsusho Material Incorporated	Nakamura-ku, Nagoya	Circular Economy	100.0
Toyotsu Chemiplas Corporation	Minato-ku, Tokyo	Circular Economy	100.0
Eurus Energy Holdings Corporation	Minato-ku, Tokyo	Green Infrastructure	100.0
Terras Energy Corporation	Chiyoda-ku, Tokyo	Green Infrastructure	100.0
Toyotsu Machinery Corporation	Nakamura-ku, Nagoya	Green Infrastructure	100.0
Toyota Tsusho Marine Fuels Corporation	Minato-ku, Tokyo	Green Infrastructure	100.0
Nexty Electronics Corporation	Minato-ku, Tokyo	Digital Solutions	100.0
Elematec Corporation	Minato-ku, Tokyo	Digital Solutions	100.0
Tomen Devices Corporation	Chuo-ku, Tokyo	Digital Solutions	50.1
Guangqi Toyotsu Steel Processing Co., Ltd.	Guangzhou, China	Metal+(Plus)	70.0
TT Automotive Steel (Thailand) Co., Ltd.	Chachoengsao, Thailand	Metal+(Plus)	100.0
Toyotsu Rare Earths India Private Limited	Anakapalle, India	Circular Economy	100.0
Toyota Tsusho South Pacific Holdings Pty Ltd	Brisbane, Australia	Mobility	100.0
Toyota Caucasus LLC.	Tbilisi, Georgia	Mobility	100.0
PT. Toyota Tsusho Real Estate Cikarang	Bekasi, Indonesia	Lifestyle	89.0
NovaAgri Infra-Estrutura de Armazenagem e Escoamento Agrícola S.A.	São Paulo, Brazil	Lifestyle	100.0
CFAO SAS	Boulogne-Billancourt, 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
Toyota Tsusho India Private Limited	Bangalore, India	Overseas subsidiary	100.0
Toyota Tsusho (Shanghai) Co., Ltd.	Shanghai, 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 are not more than 50%.
3. Effective April 1, 2025, Terras Energy Corporation, as the absorbed company, was merged into Eurus Energy Holdings Corporation, the surviving company.

(2) Transactions with non-controlling interests

Of transactions with non-controlling interests for the year ended March 31, 2025, the major transaction was the acquisition of shares of Elematec Corporation (hereinafter referred to as "Elematec") from non-controlling interests, and the outline is as follows:

The group acquired the remaining 41.37% of shares in Elematec, a consolidated subsidiary, making it a wholly owned subsidiary. The transaction is accounted for as a capital transaction.

(i) Purpose of share acquisition

Elematec consists of 23 companies, including Elematec and 22 subsidiaries (hereinafter referred to as the "Elematec group"). The Elematec group's main business includes the sale, processing and assembly of electronic materials, components and equipment, as well as contract-based product design and manufacturing, in Japan and overseas, for various electronic product fields such as car electronics, smartphones and other information equipment devices, industrial equipment and medical equipment.

On the other hand, in May 2016, the company established its "Global Vision" as a goal and roadmap to be achieved while continuing to pursue and realize its basic philosophy, with "Be the Right ONE" set as its ideal state. Furthermore, in the Mid-Term Business Plan, the company has identified the following seven priority areas (strategies): Next Mobility, Renewable Energy & Energy Management, Africa, Circular Economy, Batteries, Hydrogen & Alternative Fuel, and Economy of Life. The Digital Solutions Division, which is responsible for expanding synergies with Elematec in the electronics industry and creating new added value, is taking the lead in technological innovation and digital transformation. It is engaged in two emerging fields of Devices & Software and ICT, aiming to further grow its solutions business, including addressing challenges in the next-generation mobility society through the use of devices and software.

Currently, the electronics industry surrounding the group is rapidly changing due to technological innovation, globalization, and shifts in the industrial structure. For example, the market for in-vehicle and AI servers (Note 1) is expected to expand over the medium- to long-term due to the evolution of electronics-related hardware and rising demand for software. However, the company recognizes that engineering functions, such as software and IT, are key drivers of value creation and important factors in differentiation.

In light of the external environment, it is recognized that the group's competitors, overseas mega-distributors (Note 2), continue to invest aggressively through M&A and are expanding their businesses in response to changes in the global supply chain, while domestic electronics trading companies are also actively engaging in integration and reorganization due to intensifying competition.

In considering specific measures for Elematec's sustainable growth over the medium- to long-term, the company has been working jointly with Elematec to examine its organic growth strategies, address management issues and implement its growth strategy. On the other hand, in the face of intensifying competition and limited engineering resources resulting from rapid changes in the market environment and structure, the company believes that current organic growth strategies alone are insufficient for Elematec to maintain its competitive advantage and achieve sustainable growth. The company recognizes that it is essential to reform its business model and to significantly and rapidly expand its business domains and capability through non-organic growth measures (Note 3). This includes promptly and flexibly leveraging the management resources of the group including Elematec (human resources, financial base, customer base, sales information, functional expertise, etc.).

However, under the current circumstances, where the company and Elematec each operate independently as listed companies, the mutual utilization of management resources of the group, including those of Elematec, requires careful consideration of the usefulness and objective fairness of the transaction, in light of the interests of all stakeholders, including Elematec's minority shareholders. Thus, certain restrictions exist regarding the sharing business opportunity information and the exchange of human resources when mutually utilizing of management resources between the group and the Elematec group to make prompt and flexible decisions.

Additionally, the provider and the beneficiary of management resources are not always the same. Furthermore, when the company provides Elematec with management resources that contribute to enhancing corporate value, there is a possibility that a portion of the resulting profits may flow outside the group. The company believes that these factors impose certain limitations on implementing flexible and effective measures and on maximizing the corporate value of the group, including Elematec. Therefore, the company believes that mobility and flexibility in decision making and effective utilization of the group's management resources, including Elematec, are essential for maintaining Elematec's competitive advantage and sustainable growth. Thus, the company acquired shares of Elematec, determining that this was the most effective way to eliminate the structural conflict of interest between the company and Elematec and to establish a framework that enables the prompt and flexible mutual utilization of the group's management resources, including those of Elematec.

Notes: 1. It refers to high-performance servers equipped with artificial intelligence chips.
2. It refers to major overseas semiconductor trading companies, with offices around the world, and distribute and supply a wide range of semiconductors and electronic components in large volumes on a global basis.
3. Non-organic growth refers to growth achieved through capital and business alliances with other companies or through acquisitions (M&A).

(ii) Overview of acquired company (as of March 31, 2025)

Name:	Elematec Corporation
Location:	3-5-19 Mita, Minato-ku, Tokyo
Representative:	Chief Executive Officer and Chairman of the Board Akira Yokode
Business details:	Sale, processing and assembly of electronic materials, components and equipment, as well as contract-based product design and manufacturing, in Japan and overseas

(iii) Number of shares acquired, acquisition cost and status of shares owned before and after the acquisition

Number of shares before acquisition:
24,005,800 shares (Ownership percentage (Note 4): 58.63%)
Number of shares acquired:
16,939,833 (Ownership percentage (Note 4): 41.37%)
Acquisition cost:
¥40,600 million ($271,535 thousand)

Note: 4. "Ownership percentage" is calculated as a ratio based on the number of shares outstanding (40,946,133 shares), which is derived by deducting the number of treasury shares held by Elematec (1,358,813 shares) from the total number of shares issued (42,304,946 shares) as of September 30, 2024, as stated in Elematec's Semiannual Securities Report for the 79th Period, published on November 8, 2024. Any fraction is rounded off to the second decimal place.

	Millions of Yen	Thousands of U.S. Dollars
Carrying amount of non-controlling interests acquired	¥28,622	$191,425
Consideration paid to non-controlling interests	40,655	271,903
Excess amount of consideration recognized in the transaction with non-controlling interests in equity	¥12,033	$ 80,477

5. Consideration paid consists of ¥31,558 million ($211,062 thousand) of cash and ¥9,097 million ($60,841 thousand) of trade and other payables.

NOTE 31. Related Party Information

(1) Related party transactions

For the years ended March 31, 2025 and 2024

Classification	Corporate name	Type of transaction	Millions of Yen 2025	Millions of Yen 2024	Thousands of U.S. Dollars 2025
Entity with significant influence over the group	Toyota Motor Corporation Group	Sales of raw materials	¥2,358,346	¥2,170,455	$15,772,779
		Purchase of automobiles	1,776,454	1,709,643	11,881,046

Outstanding balances arising from the transactions above are as follows:

	Millions of Yen 2025	Millions of Yen 2024	Thousands of U.S. Dollars 2025
Trade and other receivables	¥281,511	¥251,647	$1,882,764
Trade and other payables	153,016	145,818	1,023,381

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 those 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, 2025 and 2024 are ¥897 million ($5,999 thousand) and ¥657 million, respectively.

NOTE 32. Contingent Liabilities

(1) Guarantees

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

	Millions of Yen 2025	Millions of Yen 2024	Thousands of U.S. Dollars 2025
Guarantees issued for associates accounted for using the equity method	¥32,108	¥25,526	$214,740
Guarantees issued for third parties	17,988	24,151	120,304
Total	¥50,096	¥49,678	$335,045

In addition, loss allowance is recorded for certain of the financial guarantees above. The balance of such loss allowance is ¥36 million as of March 31, 2024.

(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, 2025, there are several pending issues which may result in liabilities to the group, including unsettled lawsuits or notices of assessments from tax authorities and customs authorities based on different interpretations or applications of tax laws primarily in emerging economies. However, it is impossible to estimate their outcomes at this point in time due to the following reasons: (i) the collection of evidence is still underway, (ii) many related facts need to be identified and verified, and (iii) the legal basis or the nature of claims is not very clear.

NOTE 33. Subsequent Events

(Planned Tender Offer for Own Shares)

On June 3, 2025, the company resolved to repurchase own shares and to commence a tender offer for its own shares (hereinafter referred to as the "Repurchase Tender Offer") as the specific method of the repurchase of own shares based on the provisions of the company's Articles of Incorporation pursuant to Article 459 (1) of the Companies Act (Act No. 86 of 2005, as amended; the "Companies Act") and the provisions of Article 156 (1) of the Companies Act by written resolution in lieu of a resolution at a meeting of the Board of Directors pursuant to Article 370 of the Companies Act and the provisions of the company's Articles of Incorporation.

(1) Purpose of the repurchase of own shares

The company has concluded that the repurchase of own shares will contribute to improving capital efficiency, such as basic earnings per share (EPS) and return on equity (ROE), and lead to greater profit return for shareholders.

(2) Details of the repurchase of own shares

(i) Class of shares subject to repurchase

Common stock of the company

(ii) Total number of shares to be repurchased

118,095,502 shares (maximum)

(Percentage of total shares issued and outstanding, excluding treasury shares: 11.9%)

Notes: 1 It presents the percentage of total shares issued and outstanding, excluding treasury shares, (1,055,664,195 shares) as of March 31, 2025. Any fraction is rounded to the second decimal place.
2. As the number of tendered shares may exceed the number of shares to be repurchased and the actual number of shares repurchased may exceed the planned number of shares to be repurchased as a result of unit adjustment on a pro rata basis, the total number in the resolution by the Board of Directors includes an addition of one unit (100 shares) to the number of shares to be repurchased.

(iii) Repurchase price, etc.

To be determined.

Note: The company has resolved to set the repurchase price in the Repurchase Tender Offer (hereinafter referred to as the "Repurchase Tender Offer Price") per one share of the company's common stock (hereinafter referred to as the "Shares") to be the lower of the closing price of the Shares on the TSE Prime Market on the business day before the date of the resolution by the Board of Directors to finally determine the Repurchase Tender Offer Price or the simple average of the closing prices of the Shares on the TSE Prime Market for the past one month up to that date, with a 10% discount applied (rounded to the nearest yen; however, ¥3,054 ($20.43) (any fraction is rounded) (hereinafter referred to as the "Repurchase Tender Offer Maximum Price") in case that the amount exceeds the closing price of ¥3,054 ($20.43) on the TSE Prime Market on June 2, 2025, which is the business day preceding the date of the resolution of the Board of Directors regarding the planned implementation of the Repurchase Tender Offer), and the company plans to formally make another resolution once the Repurchase Tender Offer commences as soon as practicable following the satisfaction or waiver at the company's discretion of the conditions as defined in (vi) below (hereinafter referred to as the "Conditions Precedent"). The Repurchase Tender Offer Price will be announced as soon as it is determined.

(iv) Total amount of repurchasing shares

¥360,663,663,108 ($2,412,143,279) (maximum)

Note: The amount is calculated by multiplying the total number of shares to be repurchased (118,095,502 shares) by the Repurchase Tender Offer Maximum Price (¥3,054 (US$20.43)).

(v) Repurchase period

The Repurchase Tender Offer is planned to be implemented as soon as practicable following the satisfaction or waiver at the company's discretion of the Conditions Precedent, and the company intends to commence the Repurchase Tender Offer on or around mid-January 2026. Details of the schedule of the Repurchase Tender Offer will be announced as soon as they are decided. In addition, if there is any change to the expected timing of the commencement of the Repurchase Tender Offer, the company will promptly announce it. The company plans for the period of repurchase, etc. in the Repurchase Tender Offer to be, in principle, 20 business days.

(vi) Conditions

The Repurchase Tender Offer is planned to be implemented subject to satisfaction or waiver at the company's discretion of each of the following Conditions Precedent, and the company intends to formally pass a resolution for the implementation as soon as practicable following the satisfaction or waiver at the company's discretion of the Conditions Precedent.

(a) As noted in the press release titled "Notice Concerning Planned Commencement of Tender Offer for the Share Certificates, Etc. of Toyota Industries Corporation (Securities Code: 6201) issued by Toyota Fudosan Co., Ltd. on June 3, 2025, the tender offer for the share certificates, etc. of the Toyota Industries Corporation (hereinafter referred to as "Toyota Industries"), by the stock company, which is planned to be held all of the issued shares thereof by the other stock company to be established by Toyota Fudosan Co., Ltd. from now, has been successfully completed and the settlement thereof has been completed.

(b) There is no judgment by any judicial and administrative agency that restricts or prohibits any or all of the Toyota Industries' tender in the Repurchase Tender Offer or the Repurchase Tender Offer, the implementation of the Repurchase Tender Offer does not violate any laws or regulations, and no petition, lawsuit, or proceeding seeking is pending before any judicial and administrative agency that seeks to restrict or prohibit any or all of the Repurchase Tender Offer.

(vii) How to repurchase shares

Tender offer for own shares

(Participation in the tender offer)

Based on a written resolution on June 3, 2025 in lieu of a resolution at a meeting of the Board of Directors pursuant to Article 370 of the Companies Act and the provisions of the company's Articles of Incorporation, the company has resolved to tender all common shares of Toyota Industries held by the company in the tender offer announced by Toyota Industries (hereinafter referred to as the "Toyota Industries Tender Offer") on June 3, 2025 in their press release titled "Notice Concerning Expression of Opinion in Support of Planned Commencement of Tender Offer for Company Shares by Toyota Fudosan Co., Ltd. and Neutral Opinion to Tender Share Therein" (hereinafter referred to as the "Toyota Industries Press Release").

(1) Reason for participation in the Toyota Industries Tender Offer

The company holds Toyota Industries' shares as policy stockholdings for the purpose of building, maintaining and strengthening a good business and cooperative relationship with Toyota Industries, an important partner in the automotive-related business. However, the company has been reducing its policy shareholdings and has decided to participate in the Toyota Industries Tender Offer after comprehensive review of the tender offer.

(2) Number of holding shares to participate in the Toyota Industries Tender Offer

Number of holding shares before participating	15,294,053 shares
Number of shares to participate	15,294,053 shares
Number of holding shares after participating	0 shares

(3) Proposed offered price of the Toyota Industries Tender Offer

¥16,300 ($109) per share of common stock

(Total amount to be sold ¥249,200 million ($1,666 thousand)

(4) Schedule of the Toyota Industries Tender Offer

According to the Toyota Industries' press release, the Toyota Industries Tender Offer will commence by early December 2025; however, since it is difficult to accurately estimate the amount of time required for the procedures involving domestic and foreign competition authorities, and authorities having jurisdiction over investment control laws and regulations, the detailed schedule for the Toyota Industries Tender Offer will be promptly announced as soon as it is decided. Any changes to the expected timing of the commencement of the Toyota Industries Tender Offer will be also announced promptly.

(5) Future outlook

If the Toyota Industries Tender Offer is consummated at the proposed offered price and the company sells all of its shares of Toyota Industries during the year ending March 31, 2026, the resulting gain on sale of investment securities will be accounted for as other comprehensive income. Accordingly, it will have no impact on the company's consolidated profit or loss.

(Significant Business Combinations)

On July 11, 2025 (U.S. local time: July 10), the company acquired 100% shares of Radius Recycling, Inc. (hereinafter referred to as "Radius") through Toyota Tsusho America, Inc. (hereinafter referred to as "TAI"), the company's consolidated subsidiary in the United States. As a result of the acquisition, Radius has become a consolidated subsidiary of TAI.

(1) Outline of the business combination

(i) Name and business details of the acquired company

Name of the acquired company: Radius Recycling, Inc.

Business details: Recycling of end-of-life vehicles, scrap metals, etc. and manufacturing of steel products

(ii) Reason for the business combination

The group has been working to build a "recycling-oriented society" by recycling scrap metal and end-of-life vehicles for more than half a century. In recent years, the group has expanded its operations into a wide variety of material fields, including plastics and fibers, in response to growing social demands for the realization of a circular economy.

Headquartered in Portland, Oregon, Radius is one of the North America's top recycling companies, with the strength to recover, process, and recycle ferrous and nonferrous metals, and to provide a stable supply of high-quality recycled resources to the United States and global customers using advanced processing and sorting technologies.

The company believes that this acquisition will further expand its circular economy business and accelerate its efforts toward carbon neutrality by leveraging Radius's strengths in combination with its own capabilities to build a closed-loop supply chain centered on recycled resources.

(iii) Date of the business combination

July 11, 2025 (U.S. local time: July 10)

(iv) Name of the company after the business combination

Radius Recycling, Inc.

(v) Voting rights acquired

100%

(vi) How to acquire the control of the acquired company

The acquisition was conducted by way of a reverse triangular merger, in which TAI established a new wholly owned subsidiary, TAI Merger Corporation (hereinafter referred to as "TAIMC"), which then merged with Radius. The surviving company after the merger was Radius. Radius' shareholders received cash as consideration for the merger, while TAIMC was absorbed by Radius, the surviving company, which became a wholly owned subsidiary of TAI.

(2) Breakdown of acquisition cost of the acquired company and types of consideration

Items	Amount (in Millions of U.S. dollars) (Note)
Consideration of acquisition:	
Cash	$912
Acquisition cost	$912

Note: The amount shown is the original amount denominated in U.S. dollars.
The acquisition of shares was funded through cash on hand and borrowings from main banks.

(3) Details and amount of major acquisition-related expenses

The amounts are under calculations and have not been determined yet.

Detail information on the accounting treatments is omitted since the initial accounting treatment for the business combination have not been determined yet.

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, 2025, 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, including material accounting policy information.

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, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting 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 audit of 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.

Goodwill Evaluation of Terras Energy Corporation (Note 12. Intangible Assets)	
Key audit matter description	How our audit addressed the key audit matter
As of March 31, 2025, the Group recorded goodwill related to Terras Energy Corporation (renamed to Eurus Energy Holdings Co., Ltd. on the same day due to an absorption merger by Eurus Energy Holdings Co., Ltd., a subsidiary of the Company, on April 1, 2025), 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.	Our procedures related to management's goodwill impairment assessment mainly included: • Inquired 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. • Obtained an understanding of and assess processes to prepare and approve the business plan, as well as processes and internal controls related to
The goodwill was recognized when Terras Energy Corporation became a subsidiary in April 2023. 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 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 and steady cash flows are being generated following the expiration of FIT and diffusion of storage batteries for the grid. The key assumptions for the value in use are profit per unit for supply and demand adjustments, the market size relating to supply and demand adjustment and power storage control, and the discount rate. 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 management's subjective judgments and gave rise to significant estimation uncertainties in its goodwill impairment assessment.	determination of assumptions used in estimating future cash flows. • Performed 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 evaluated 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 compared 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. The market size for supply-demand adjustment and power storage control was evaluated for reasonableness based on the information available at an external research institute. • Compared 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. • Involved 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. • Compared the growth rate used for the estimate with the data published by external organizations. • Performed an independent sensitivity analysis on the assumptions used in determining value in use and compare our result with that of management.

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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 IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the consolidated financial statement audit is not to express an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures of the consolidated financial statements are in accordance with IFRS Accounting Standards, 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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, 2025 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, 2025, 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 ¥855 million and ¥2,181 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.

Hitoshi Kiuchi

Hitoshi Kiuchi

Designated Engagement Partner
Certified Public Accountant

Koji Sugimoto

Koji Sugimoto
Designated Engagement Partner
Certified Public Accountant

Takahiro Oikawa

Takahiro Oikawa
Designated Engagement Partner
Certified Public Accountant

August 21, 2025

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