TOYOTA TSUSHO CORPORATION

Financial Section 2026

Fiscal year ended March 31, 2026

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Overview of Business

1. Management Policy, Business Environment, Issues to Address

(1) Management policy

The Toyota Tsusho Group positions its Mission, Vision and Values (MVV) as the foundation of its management philosophy as it works to enhance corporate value on a sustainable basis. Striving to fulfill its Mission of passing on a better Earth to the children of the future, the Group seeks to solve global issues while growing its business. Guided by its Vision of Be the Right ONE, it aims to create the kind of value that only Toyota Tsusho can offer and remain a company that stakeholders continue to choose. Furthermore, by embodying the Toyota Tsusho DNA (Humanity, Gembality, Beyond) in its Values as the basis of all its business activities and translating it into the actions of every individual, the Group will demonstrate its competitiveness as one and achieve sustainable growth over the medium to long term.

(2) Business environment

The business environment remains highly uncertain. On the geopolitical front, the outlook has become difficult to forecast amid shifts in the international situation and developments surrounding security, including the prolonged situation in Russia and Ukraine, US-China relations, and disruptions to maritime transport stemming from the situation in the Middle East and other factors, all of which have become sources of volatility in logistics costs and lead times. Climate change driven by global warming and the increasing frequency of natural disasters are unfolding at unprecedented speed and scale. In addition, since the emergence of generative AI, technology has been evolving at a disruptive pace, forcing transformation in the business environment.

(3) Management strategies

As announced in the Mid-Term Business Plan in April 2025 (for the fiscal years ending March 31, 2026 through March 31, 2028), the Toyota Tsusho Group endeavors to enhance corporate value by elevating its businesses even further. As a specific indicator, the Group is focused on price-to-book ratio (PBR). It aims to raise PBR by improving both return on equity (ROE), which is indicative of profitability and capital efficiency, and the price-earnings ratio (PER), which is indicative of growth expectations. As concrete measures to achieve this, the Group will elevate four areas, specifically its growth strategy, financial and capital strategy, human capital and organizational strategy, and sustainability strategy, thereby achieving sustainable growth as a uniquely competitive general trading company.

(4) Business and financial issues to address

The Toyota Tsusho Group is working to solve global issues through its business activities as it pursues its growth strategy. The stable procurement of semiconductors and their raw materials, such as rare earth elements, has emerged as a significant challenge, making the building of multi-source supply chains essential for both maintaining corporate competitiveness and fulfilling our social responsibility. Even under these circumstances, the Toyota Tsusho Group intends to fulfill its duty as a presence that ensures the continuity of its business operations by not only procuring raw materials but also safeguarding entire supply chains.

Furthermore, to remain a preferred choice by providing diverse options that meet market and customer demand, we will actively invest not only in our core mobility-centered businesses but also in the circular economy and our Africa businesses.

To respond to societal changes quickly and flexibly, it is vital to achieve “strategic transformation” in the areas of human capital and organizations. The Toyota Tsusho Group aspires to be an organization that moves forward while embracing challenges with each of its uniquely talented 70,000 diverse employees from more than 130 countries worldwide and, as a collective entity, continues to evolve like a thriving, living organism. Guided by its mission of passing on a better Earth to the children of the future, the Group will strive to achieve sustainable growth as a brigade of 70,000 people that demonstrates unparalleled capabilities.

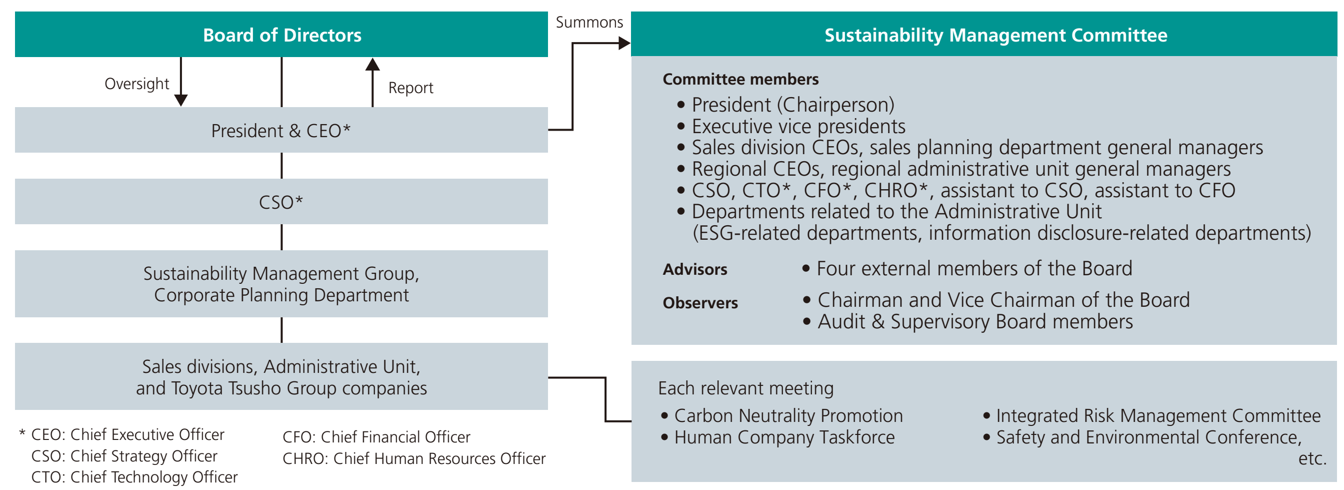
2. Approach to and Measures Concerning Sustainability

As a member of society and the Earth, the Toyota Tsusho Group is firmly aware of the direct connection between its corporate activities and the sustainability of the global environment and society. Our businesses have already been severely impacted by a range of issues, from climate change to loss of biodiversity and effective utilization of resources, which could threaten our very reason for existence. With this in mind, the Group regards sustainability as synonymous with good management and as the cornerstone of continued growth and value creation. Rather than just addressing environmental and social issues, we also see them as new opportunities. We are therefore accelerating our evolution toward a sustainable business model while aiming to become a more trusted company. By adding the word “children” to our corporate group’s mission, we have clarified our responsibility to pass on a better Earth and society to the next generation. We consider it an important mission to realize a global environment and sustainable society in which the children of the future will be able to live with peace of mind.

(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 at the Board of Directors meetings. 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. Sustainability-related indicators are incorporated as one element of the remuneration system for members of the Board (excluding outside directors). For details on the remuneration of members of the Board, please refer to 4. Status of the Filing Company, 4 Corporate Governance, etc., (4) Remuneration of Officers. Furthermore, specific themes related to sustainability are discussed at each relevant meeting, 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 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 companies.

Sustainability promotion structure (as of March 2026)



* 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 convenes executive vice presidents, sales division CEOs, regional CEOs who head the overseas regions, and relevant Administrative Unit officers, as well as four outside directors as advisors and the chairman of the Board, the vice chairman of the Board, and Audit & Supervisory Board members 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 2025 is listed below, and a report on the deliberations was presented at the Board of Directors meeting held in January 2026.

<Main agenda>

- The Company’s basic stance on sustainability
- Progress on initiatives to address material issues
- Progress on the Toyota Tsusho Group’s initiatives, including its supply chains (covering the three topics below)
  - Net Zero
  - Nature Positive
  - Coexistence with people and communities
- Reporting on and responding to issues specific to each sales division and overseas region

<Main comments from the chairperson and external members of the Board>
- Place sustainability at the heart of the core business to strengthen genuine competitiveness
- Take proactive action on issues that are challenging for society as a whole while giving due weight to economic rationality
- Accurately grasp external requirements and translate them into the advancement of initiatives
- Strengthen company-wide coordination and expertise to address complex and wide-ranging sustainability risks, including geopolitical risks

<Future initiatives>
- Continuously reviewing material issues and KPIs in light of changes in the external environment
- Steadily advancing initiatives toward Net Zero on the premise of securing profitability
- Advancing initiatives that turn responses to the loss of natural capital into business opportunities
- Treating human rights as the highest-priority issue, demonstrating leadership and ensuring thorough compliance
- Strengthening social contribution activities that reflect our distinctive character
- Implementing measures that connect the various sustainability initiatives to employees' pride and sense of fulfillment in their work

(3) Responses to major issues

Based on its management strategy, the Toyota Tsusho Group has identified six material issues to clarify the global issues on which it will focus.

One of the Group's four key issues for both solving global 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 Disclosures (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 businesses from a global perspective and achieve success in the global market. In this regard, it provides occupational training opportunities in local communities and actively develops 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 matters 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 at 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, is held to discuss strategies for transitioning to a decarbonized society. The meeting also is leveraged to manage 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 Environmental Conference*3 once per 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 of that sales division. GHG emissions reductions are also reflected in the remuneration of members of the Board (excluding outside directors) and sales division CEOs. For details on the remuneration of members of the Board, please refer to 4. Status of the Filing Company, 4 Corporate Governance, etc., (4) Remuneration of Officers.

*1 **Sustainability Management Committee**

Decisions on policies and important issues related to Materialities, including climate change	Chairperson Toshimitsu Imai (President & CEO) Representative officer in charge Hiroshi Tominaga (CSO*4) Secretariat Sustainability Management Group, Corporate Planning Department

*2 **Carbon Neutrality Promotion Meeting**

Decisions on strategies toward the achievement of carbon neutrality	Chairperson Toshimitsu Imai (President & CEO) Representative officer in charge Jun Karato (CTO*5) Secretariat Carbon Neutrality Promotion Department

*3 **Safety and Environmental Conference**

Progress management of responses to climate change-related laws and regulations, etc.	Chairperson Tatsuya Watanuki (Member of the Board, Executive Vice President) Representative officer in charge Tatsuya Watanuki (Member of the Board, Executive Vice President) Secretariat Global Safety & Environmental Promotion Department

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

Note: As of March 2026

(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*[1] GHG emissions by 50% and its Scope 3*[2] emissions by 27.5% by 2030 compared to 2019 levels, and it has likewise used 2030 as the time frame for this scenario analysis.

*1 Scope 1: Direct emissions from Toyota Tsusho's use of fuel
Scope 2: Indirect emissions from Toyota Tsusho's use of purchased electricity and heat
*2 Scope 3: Emissions across the entire value supply chain, from procurement of raw materials, manufacturing, sales, and consumption to the disposal of products

<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) from among our group's businesses, we performed scenario analyses with the lithium, resource recycling, renewable energy, automotive sales, and automotive parts logistics businesses.

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, and 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, 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 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	Comparison between the 1.5°C scenario and the 4°C scenario indicated that 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 batteries 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 engaged in businesses that promote a circular economy 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.

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

Measures of the Toyota Tsusho Group	Given that the new automotive sales market is expected to continuously grow, especially in emerging countries, the 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>

The 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.

	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 overall 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. The 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. Business opportunities and risks related to climate change are deliberated at the Carbon Neutrality Promotion Meeting, the Safety and Environmental Conference, and by 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, is held monthly to identify climate change risks and opportunities in light of the external environment and assess their impact on the Company, 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 risks 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.

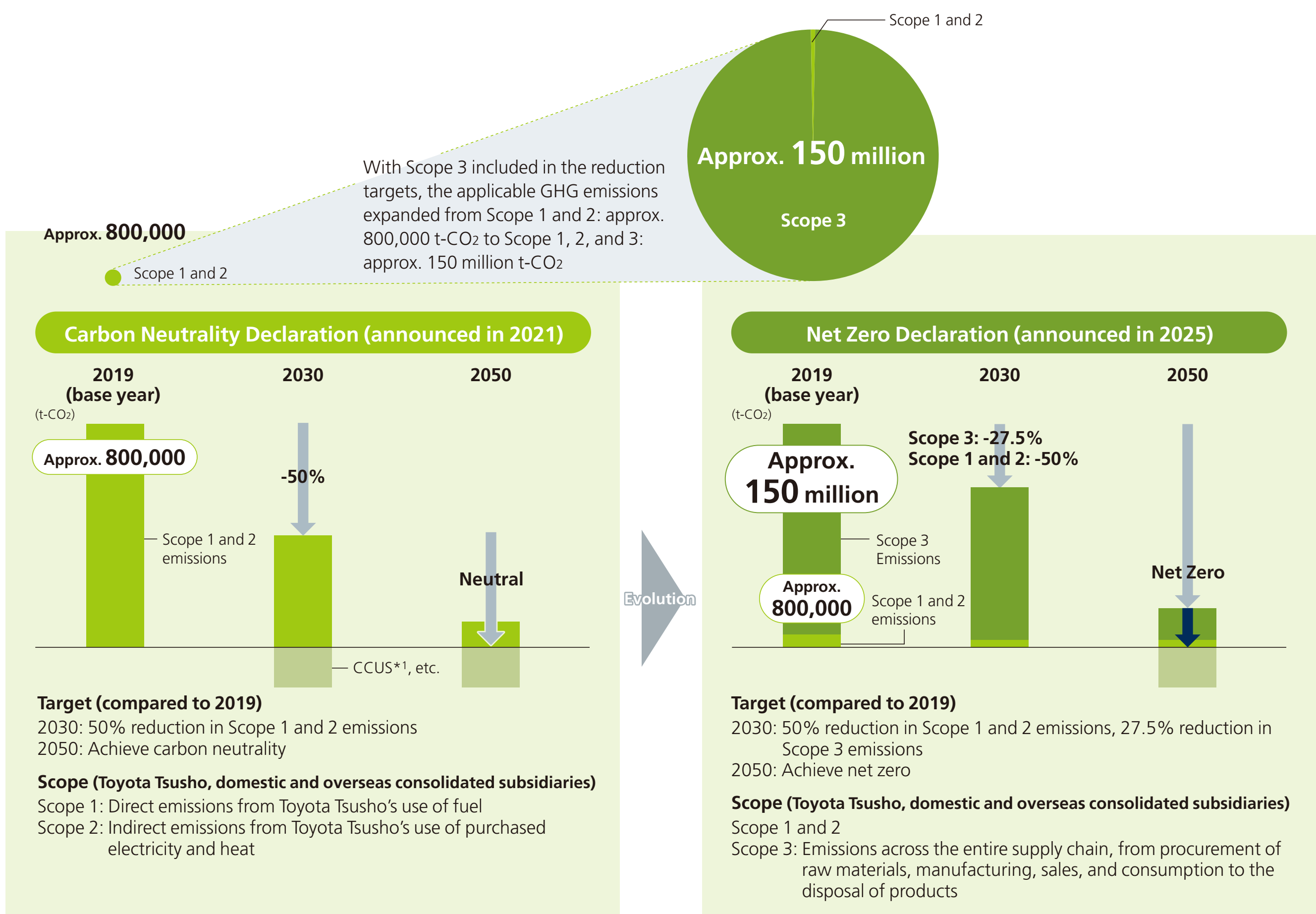
<Investments and loans>

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 at 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 reductions as well as to GHG emissions reductions in society.

(d) Metrics and targets

[i] GHG emission reduction targets and future initiatives

The Toyota Tsusho Group supports the Paris Agreement and, while updating the reduction targets for its own emissions (Scope 1 and 2) that it set in 2021, has newly established ambitious reduction targets for its supply chain emissions (Scope 3) so that it can fulfill the Group's mission of passing on a better Earth to the children of the future. Through these targets, the Group will reduce its Scope 1 and 2 emissions by 50% and its Scope 3 emissions by 27.5% by 2030 compared to 2019, thereby reaching effective net zero by 2050 across the entire value chain, including its own operations and its supply chain (Scope 1 + 2 + 3). The Group will also continue to thoroughly promote energy conservation and renewable energy (such as switching to LED lighting and installing solar power generation facilities). Furthermore, by supplying renewable energy, recycled products, and the like to its suppliers and business partners, the Group will work to reduce GHG emissions across its own operations and the entire value chain. In addition, to further advance its efforts to reduce GHG emissions, the Group has, from the fiscal year ended March 31, 2026, incorporated initiatives related to carbon neutrality and the circular economy into the personnel evaluation indicators for line general managers. Through this, the Group will raise awareness of carbon neutrality among its management ranks and promote concrete action on the ground. To meet these targets, the Group will do even more to help bring about a decarbonized society, drawing on its strength in promoting, on a company-wide level and throughout the industry lifecycle, initiatives unique to Toyota Tsusho that contribute to reducing GHG emissions.



Emissions reduction volume

Absorption and removal volume*2

*1 CCUS: Carbon dioxide capture, utilization, and storage

*2 Absorption and removal volume: The amount of GHG (mainly CO_2) removed or absorbed from the atmosphere through natural or technological means to reduce emissions. This refers to increasing the absorbed amount through forest conservation and tree-planting as well as CCS technology for collecting and storing CO_2.

[ii] GHG emissions data

FY2025 Scope 1 and Scope 2 emissions

	Emissions (Thousand t-CO_2)
Scope 1	499
Scope 2 (location-based)	385
Scope 2 (market-based)	250
Scope 1+2 (location-based)	884
Scope 1+2 (market-based)	749

The figures above are finalized values that have obtained third-party assurance. Details are disclosed separately on the Company's website.

FY2025 Scope 3 emissions

Category	Emissions (Thousand t-CO_2)
1 Purchased goods and services	70,832
2 Capital goods	538
3 Fuel- and energy-related activies	136
4 Upstream transportation and distribution	3,531
5 Waste generated in operations	36
6 Business travel	9
7 Employee commuting	30
8 Upstream leased assets	Not applicable
9 Downstream transportation and distribution	1,344
10 Processing of sold products	141
11 Use of sold products	35,038
12 End-of-life treatment of sold products	458
13 Leased assets	21
14 Franchises	6
15 Investments	903
Total	113,024

The figures above are finalized values that have obtained third-party assurance. Details are disclosed separately on the Company's website.

(2) Human capital

(a) Governance

[i] Governance system for human capital

In promoting a human capital strategy aligned with its business strategy, the Toyota Tsusho Group has established the position of CHRO as the most senior officer responsible for directing the company-wide HR function. Under the CHRO's leadership, the Global Human Resources Department drives human capital management, taking charge of the HR system, labor relations, the securing and development of human resources, organizational development, DE&I, and the advancement of human capital management. Important matters concerning human capital are first formulated by the Global Human Resources Department and then, following discussion among the CHRO, the CSO, and the president & CEO, and further discussion at the Management Meeting depending on the nature of the agenda item, are implemented and managed as company-wide measures. Decisions are reported regularly by the CHRO at the Board of Directors meetings, under a structure in which the Board oversees progress and the status of risk responses. In addition, issues concerning human resources and organizations at each sales division and overseas region are reported and discussed at the Sustainability Management Committee, in which members of the Board participate and the Group's responses are monitored.

[ii] Execution system

At Toyota Tsusho, our eight sales divisions leverage a network spanning approximately 130 nations and regions worldwide to drive business strategies with a global market perspective. We have also established regional headquarters and operating companies in key overseas markets to enable flexible and swift business operations tailored to each region's characteristics and needs. This matrix-style business structure allows our sales divisions and overseas bases ("regions") to collaborate closely and create value together. To support this global business framework, we have developed a strategic and functional HR unit designed around the following four key roles.

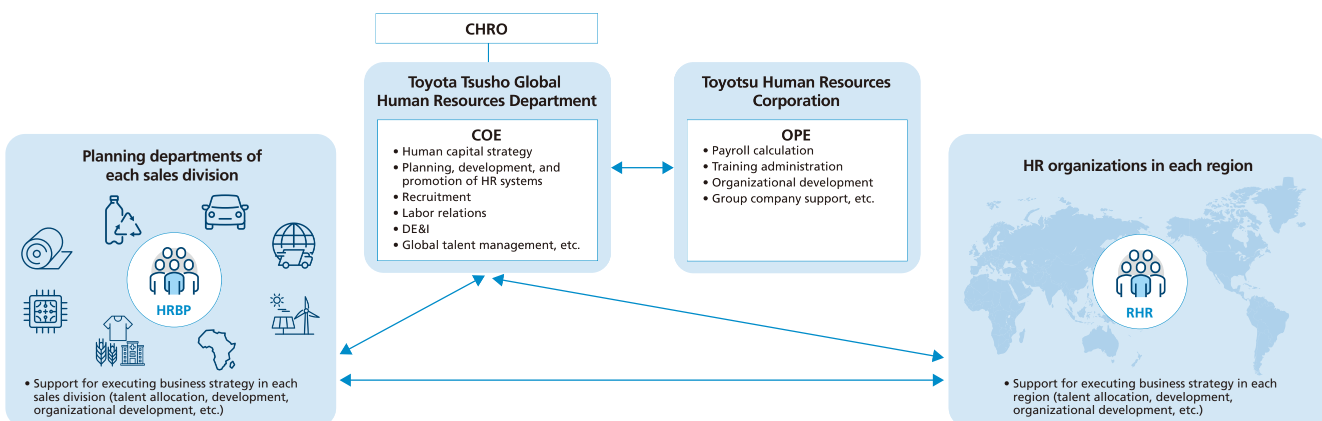
• CHRO (Chief Human Resources Officer)
Formulates a human capital strategy aligned with the business strategy and oversees the company-wide HR function.

• CoE (Center of Excellence)
Drawing on its expertise in areas such as recruitment, development, evaluation, and DE&I, the Company's Global Human Resources Department plans, develops, and drives company-wide human capital strategies and systems. By establishing a globally unified HR infrastructure, it balances a strong sense of unity across the Company with the autonomy of each region.

• OPE (Operational Excellence)
As the HR operations function responsible for administering systems such as payroll, evaluation, and labor management, as well as for developing and operating HR systems and data, it promotes operational efficiency and greater visibility of HR information. Working closely not only with the Company's Global Human Resources Department but also with its affiliate Toyotsu Human Resources Corporation, it has built an efficient and consistent operations framework.

• HRBP (Human Resources Business Partner) / RHR (Regional Human Resources)
Embedded within the sales divisions and overseas regions, they support the execution of business strategies through talent allocation, development, organizational development, and the like, while serving as a hub that feeds frontline input back to headquarters. To fulfill this function, the Company's Global Human Resources Department dispatches HRBPs to each sales division and HR representatives to each region.

HR Structure



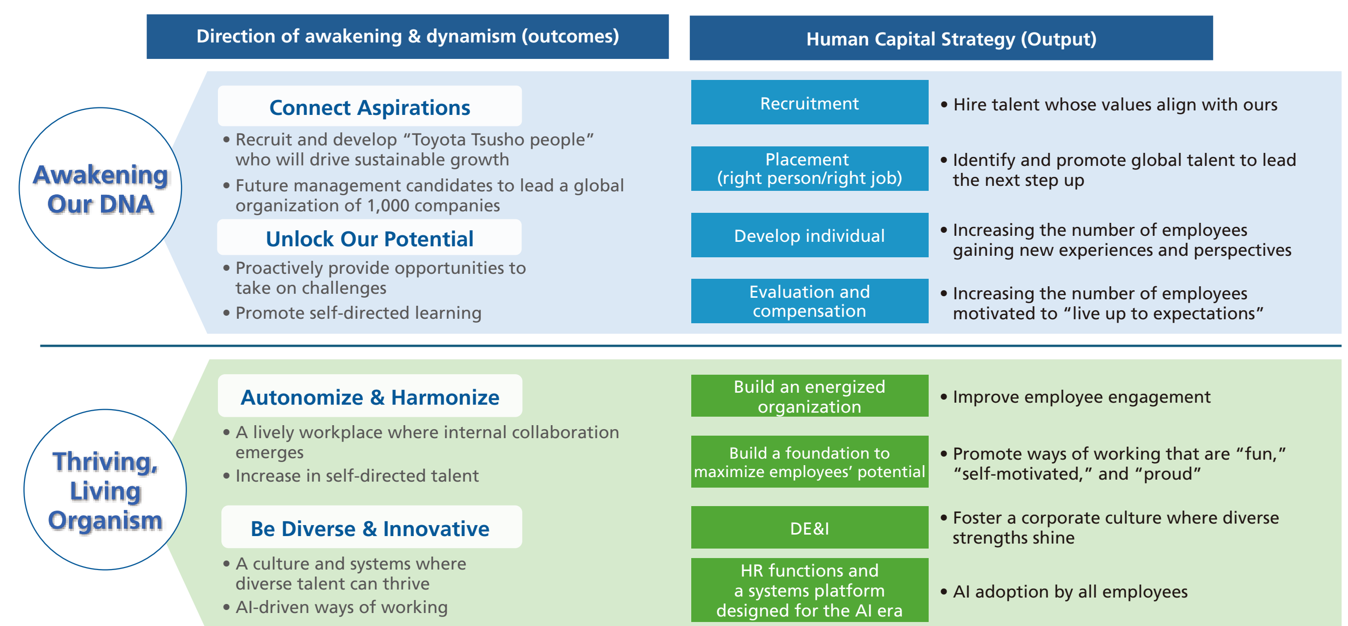
In addition to the structure described above, the Human Company Task Force (HCTF), a company-wide body chaired by the president & CEO and composed mainly of senior management, meets monthly to identify the key human resource and organizational issues (the "head pins") that are central to achieving this vision and to discuss concrete actions toward solving them, working across the Global Human Resources Department, the divisions, and the regions.

(b) Strategy

The Toyota Tsusho Group has established a medium-term vision for its people and organization that will help it become the uniquely competitive general trading company set out in its Mid-Term Business Plan.

At the Company, each employee resonates with its Mission, Vision and Values (MVV) (Connecting Aspirations) and, through a range of challenges and experiences, comes to Unlock Our Potential and bring about the Awakening of the DNA. Across each organization, diverse employees think for themselves (Being Autonomous and in Harmony) to generate new ideas and drive co-creation among organizations (Being Diverse and Innovative). The aim is to create an Organization Like a Thriving, Living Organism. By building this Awakening of the DNA and Organization Like a Thriving, Living Organism, the Company encourages its diverse global workforce of 70,000 to collaborate and take initiative on their own while carrying its values forward. This increases added value and engagement per person and spurs innovation, driving growth as the brigade of 70,000 people elevate even further.

The Toyota Tsusho Group's specific initiatives for elevating its people and organization even further are as follows.



[i] Recruitment

The Company carries out its mission of passing on a better Earth to the children of the future, running its businesses in some 130 countries, by going beyond mere investment and getting directly involved on the ground. To support these businesses, it is essential to hire people who resonate with what makes the Company distinctive and with the Toyota Tsusho DNA (Humanity, Gembality, Beyond), the Values (important values and principles of action) that it has cultivated throughout its history and who can take the initiative in creating value. To attract people who understand and are drawn to these qualities, the Company has opened a Toyota Tsusho Instagram account to give more people the chance to learn about its character and activities. Maintaining and expanding its diverse business portfolio also calls for securing diverse talent regardless of gender or nationality. The Company is therefore broadening its pool of hires by strengthening approaches tailored to international students and foreign nationals.

[ii] Placement (right person/right job)

To place talent in step with its business strategy, the Company monitors succession planning and development for key posts (global posts) through its Global Human Resources Committee and continuously supplies the people who fill them. To encourage employees to shape their own careers, it has also set up a Challenge Post system, under which employees can apply on their own for posts that departments open to internal applicants, and a Challenge Rotation system, under which employees indicate a department that they wish to move to and transfer there once they meet that department's needs.

[iii] Develop individual

In today's rapidly changing business environment, creating value in the business domains that the Company aims to expand, such as solving social and environmental issues, requires that every employee keeps growing through new endeavors. Transforming into a company that solves social issues through its business and keeps creating value on a sustainable basis depends on having people who can take charge of diverse businesses and lead the creation of value. At the Company, human capital is not merely a management resource but the very core that generates corporate value through the creation and growth of businesses. Building on the Toyota Tsusho DNA, the Company defines employee growth as four processes, Aspire (WILL), Be Entrusted (NEED), Take On Challenges (CAN), and Create Tags (GROW), and rolls out the necessary measures after clarifying the state it seeks in each. Through this growth cycle, it awakens the DNA in each individual and channels it into the strength to create new businesses.

Aspire (WILL)

Aspire (WILL) refers to having the aspiration and perspective to create value for society and for customers.

To develop global business leaders who pioneer the future, who possess a high-level global perspective and aspirations and can make the most of diverse individuality, the Company runs the Global Advanced Leadership Program (GALP) in partnership with top overseas business schools. Through such efforts, it aims to train people who can envision value creation that reaches beyond the boundaries of any single business.

Be Entrusted (NEED)

Be Entrusted (NEED) refers to growing into someone entrusted with a role that carries the growth of society and the business.

The Company runs the CEO Essential Program (CEP) to develop the next generation of leaders for its roughly 800 consolidated subsidiaries in Japan and abroad. It also gives less experienced employees hands-on overseas experience early on, building their ability to take on responsible roles in a global setting. In this way, it strengthens the base of people who will lead management as the business expands.

Take On Challenges (CAN)

Take On Challenges (CAN) refers to going after opportunities oneself and acting on one's own initiative.

Alongside the Challenge Post and Challenge Rotation systems, the Company runs the Toyotsu Inno-Ventures Project (TIVP), a company-wide cross-organizational project aimed at loaning employees to other companies and creating new businesses. Through a process in which ideas rooted in employees' own ambitions grow into businesses, it creates new businesses and develops talent at the same time.

Create Tags (GROW)

Create Tags (GROW) refers to the process of giving one's own meaning to the lessons gained through experiences and challenges and accumulating them as reproducible knowledge.

The Company links on-the-job experience, gained by tackling customer issues, with off-the-job learning such as training, placing importance on not letting experience end as a one-off event but organizing and putting it into words as an asset for one's own growth. This knowledge is stored in the HR system and, through dialogue between the employee and their manager, is used for career development and placement while also circulating as knowledge across the whole organization.

Based on its talent development framework, the Company provides systematic development measures suited to each role and stage of growth, connecting individual growth to the growth of the business. By advancing the strengthening of human capital and the execution of its business strategy as one, it will steadily raise corporate value.

[iv] Evaluation and compensation

The Company is enhancing its evaluation and compensation system to raise employees' sense of fairness and their motivation to grow by making roles and contributions visible. On evaluation, it has a competency evaluation based on the behaviors expected of a Toyota Tsusho person, a results evaluation that assesses how far each employee has met their individual goals in line with their department's policy, and a job evaluation that assesses management roles according to the duties expected of them; it also works through training for evaluators and those being evaluated to raise each employee's sense of fairness about their contribution and evaluation. On compensation, it allocates pay according to performance growth based on a bonus formula and, to stay competitive in the recruitment market, reviews starting salaries and base pay each year.

[v] Building an energized organization

With the aim of evolving into a flexible, change-resilient "living organism" organization, the Company maximizes employees' potential without being bound by convention or precedent. It treats employee engagement as a key management indicator and works through the Executive Meeting and the Human Company Task Force (HCTF) to understand issues and consider measures for improvement. To increase employee engagement, it shares the results of its engagement survey inside and outside the Company and aims for a culture in which employees increase one another's engagement. It also holds town hall meetings where the president & CEO speaks directly with employees, providing a setting to understand and connect with the direction of management. In each workplace, it has set up the Practical Dojo for Organizational Development, a learning community for strengthening a workplace's capacity for self-driven innovation, where a manager and a team member form a pair and share lessons from hands-on organizational development within the community and put them into practice.

[vi] Building foundations to maximize employees' potential

Maximizing employees' potential requires an environment and foundation where they can work with peace of mind and in safety. In October 2017, the Company's top management issued the Toyota Tsusho Group Employee Health Management Declaration, and it has pursued health and productivity management ever since. It has a health strategy map and provides measures to help prevent lifestyle-related diseases, mental health issues, infectious diseases, and cancer, as well as support for improving lifestyle habits, easing psychological burdens, and self-care. As a result of these efforts, the Company has been selected for the sixth year in a row as a Certified Health & Productivity Management Outstanding Organization 2025 (White 500), an honor given to Tokyo Stock Exchange-listed companies that approach employee health management from a business perspective and act on it strategically.

[vii] DE&I

Today some 70,000 diverse employees work across more than 1,000 consolidated subsidiaries and equity-method affiliates in around 130 nations and regions worldwide at the Toyota Tsusho Group. With overseas revenues accounting for over 70% of total revenue, promoting diversity, equity, and inclusion (DE&I) is truly the foundation supporting our business. As we transition from a business primarily centered on automobiles to one that contributes to solving social and environmental challenges, it is essential to empower uniquely talented individuals—regardless of gender or experience—to thrive. The Company is creating an environment where diverse talent can thrive, particularly through raising the ratio of women in management positions, post-retirement career support measures, and the employment of people with disabilities.

To cultivate women who can take on management roles, the Company provides training on the unconscious biases that anyone can hold to all employees, prompting a shift in mindset among supervisors, colleagues, and individuals themselves and fostering a culture where women can play an even greater part. To create a workplace where women find it easier to work, it also internally shares a concept it calls *ikushu*, which views childcare leave, including by men, as a chance for the growth and development of the employee, their family, and the workplace, and encourages employees to take it. As a result of these efforts, the Company has been selected for the second year in a row as a "Next Nadeshiko: Company Supporting Dual Careers and Co-Parenting," an award jointly run by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange for companies whose efforts to support work-life balance for employees of any gender, enabling dual careers and shared parenting, are especially strong.

For post-retirement career support, the Company has a Career Reboot Camp for thinking through one's own assignments and career, a Career Reboot Support program for finding opportunities to contribute outside the Company, and a compensation system that encourages further contribution inside it, supporting employees to keep playing an active part even after they reach retirement age.

The Company has a scheme called TOS Work for employing people with disabilities. This scheme goes beyond simply creating jobs, aiming to nurture mutual understanding and a sense of coexistence by having employees with and without disabilities work together. This gives employees with disabilities the chance to show their skills and grow through real work, while the Company's other employees, through everyday interaction with colleagues who have disabilities, find that natural communication and collaboration arise.

[viii] HR functions and systems foundation for the AI era

The Company is building company-wide momentum for DX by distributing to all employees videos from the DX² AI Beyooond Initiative, a company-wide body aimed at granting licenses for internal generative AI and at strengthening the drive behind key DX projects. It is also building HR information databases and dashboards, strengthening the HR functions and systems foundation for the AI era.

(c) Risk management

The Company recognizes the risks relating to human capital as follows and is taking measures to address them.

Risk Type	Examples of Risks	Countermeasures
Risks relating to the hiring process	• Risk that it becomes difficult to secure people who find Toyota Tsusho an attractive place to work and who can perform on the global stage	• To give candidates a concrete picture of what working at the Company is like and a real sense of its appeal, the Company holds a variety of events that emphasize contact with employees, such as roundtable discussions and internships, building in ways to reduce mismatches with job seekers. • To keep hiring and selection fair, the Company provides training to those involved in interviewing.
Risks relating to securing successors	• Risk of a shortage of people to manage the roughly 1,000 consolidated subsidiaries and equity-method affiliates across the around 130 nations and regions where the Company operates	• The Company identifies posts that are important to its global management and, through the Global Human Resources Committee, keeps track of how well those key posts are filled with successors and how their development is progressing.
Risks relating to labor law	• Risk of violating the Labor Standards Act and the Industrial Safety and Health Act through long working hours	• To manage working hours appropriately, the Company requires advance applications for overtime beyond a set number of hours and arranges occupational-physician consultations for employees working long hours. Since 2017, it has turned off all office lights at 8 p.m. to encourage leaving early, continuing efforts that also help reduce overtime.
Risks relating to discrimination or harassment	• Risk that, at an overseas posting, words or conduct are taken as discriminatory owing to a lack of understanding of local culture, religion, or gender norms • Risk of inappropriate words or conduct relating to gender, nationality, age, and the like	• To prevent discriminatory or harassing behavior, the Company provides pre-assignment training to business travelers and expatriate staff before they travel overseas. It has also compiled a collection of taboos for each country and religion and shared it with expatriate staff. • The Company has established the Global Code of Conduct & Ethics (COCE), which stipulates that discrimination and harassment must not occur. Every year, it holds COCE & Compliance Days, an event to raise sensitivity toward COCE and compliance.
Risks relating to health and safety	• Risk of exposure to dangers such as kidnapping, robbery, terrorism, demonstrations, and civil unrest in connection with postings or business travel to areas with unstable security • Risk that overwork, sleep deprivation, and poor mental health will arise readily owing to working for long hours, time differences, late-night work, and frequent travel	• The Company has set up a dedicated site for overseas crisis management where risks in each country can be checked, drawing on the Ministry of Foreign Affairs and various security consultants. For business travel, it weighs the risks of the country concerned, and travel to high-risk countries is approved by the general manager of the Global Human Resources Department in consultation with the Compliance & Crisis Management Department. Should a conflict break out during travel or an overseas posting, the Company has an evacuation process in place to get people out quickly. • The Company has introduced Health Challenge 8, an initiative to improve the eight health habits promoted across the Toyota Group, namely healthy weight, exercise, appropriate alcohol intake, smoking cessation, eating breakfast, healthy snacking, sufficient sleep, and stress management, using seminars and participatory events to raise health literacy and prompt people to act. It has also set guidelines on a work-interval system for the day after late-night work, on securing intervals between and during overseas business trips, and on occupational-physician consultations for overseas business travelers.

(d) Indicators and targets

The key indicators the Company has set to track the progress of its human capital strategy are as follows.

Mid-Term Business Plan-related indicators		Previous fiscal year results (fiscal year ended March 31, 2025)	Current fiscal year results (fiscal year ended March 31, 2026)	Target
Human capital and organization strategy	Employee engagement	68%	72%	Maintain or improve
Area	**Key indicator**	**Previous fiscal year result**	**Current fiscal year result**	**Target**
Recruitment	Ratio of women among new hires (Note 1)	25.2%	26.7%	Fiscal year ending March 31, 2031: 30%
Placement	Ratio of succession readiness in global posts	97.3%	100.0%	100%
Develop individual	Cumulative number of participants in management talent development programs	700	775	Continuous increase
Build an energized organization/Build foundation to maximize employees' potential	Certification as a Health & Productivity Management Outstanding Organization (White 500)	Certified	Certified (sixth consecutive year)	Ongoing certification
	An environment that makes the most of employees	67%	70%	Maintain or improve
DE&I	Ratio of women in management positions (Note 2)	8.4%	9.5%	Fiscal year ending March 31, 2031: over 20%
	Ratio of men taking childcare leave (Note 3) (Note 4)	61.9%	91.9%	Fiscal year ending March 31, 2031: 90%

Notes: 1. Total of newly graduated and mid-career hires
2. At the Company, *kanrishoku* (managers) are referred to as "management positions," and the ratio of women in management positions indicates the proportion of female workers among managers.
3. The Company encourages *ikushu*, learning through child-rearing, and makes up to 20 business days of childcare leave paid, building understanding of the childcare leave system and fostering a culture in which it is easy to utilize this system. It also sends individual notices recommending childcare leave to every male employee who has had a child, and to their managers, to promote men's involvement in child-rearing.
4. This is the ratio of uptake of childcare leave and the like under Article 71-6, item 1 of the Ordinance for Enforcement of the Act on the Welfare of Workers Who Take Care of Children or Other Family Members Including Childcare Leave and Family Care Leave (Ministry of Labour Ordinance No. 25 of 1991), calculated pursuant to the provisions of the Act on the Welfare of Workers Who Take Care of Children or Other Family Members Including Childcare Leave and Family Care Leave (Act No. 76 of 1991). The ratio does not include childcare-purpose leave or other similar leave (such as leave for ceremonial occasions).

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.

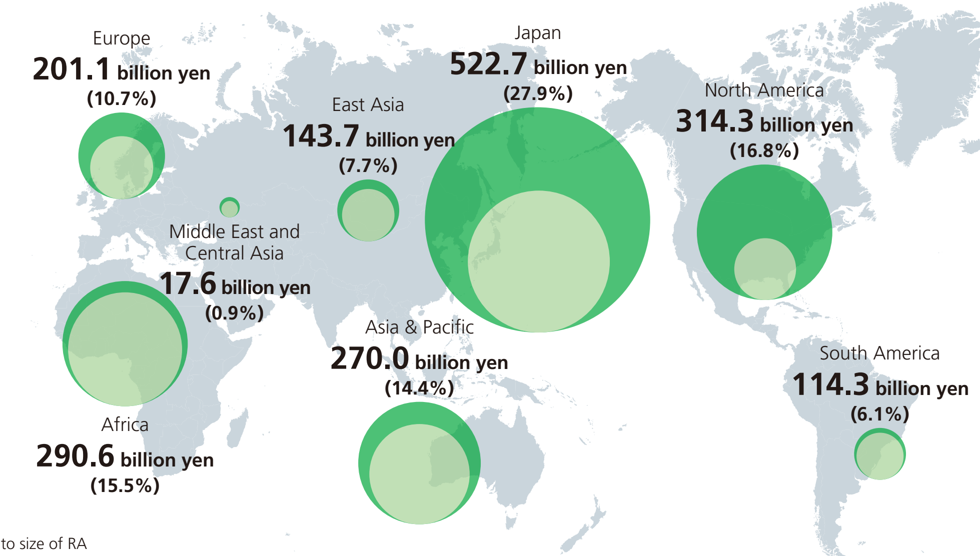
In addition, based on the policy, the Company engages in risk asset management in which risk assets (RA) are calculated by multiplying consolidated risk exposure (RA principle) by risk weight (RW)—which is the maximum expected loss based on credit rating, country risk and other factors—and balancing 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 measures such as insuring with Nippon Export and Investment Insurance (NEXI) to hedge risks, the Company manages country risks 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 31, 2026, the Company maintained a sound and stable financial position with RA remaining within the scope of RB (RA ÷ RB = 0.6 < 1.0).

[Diversification of Risk Asset by Region (as of March 31, 2026)]



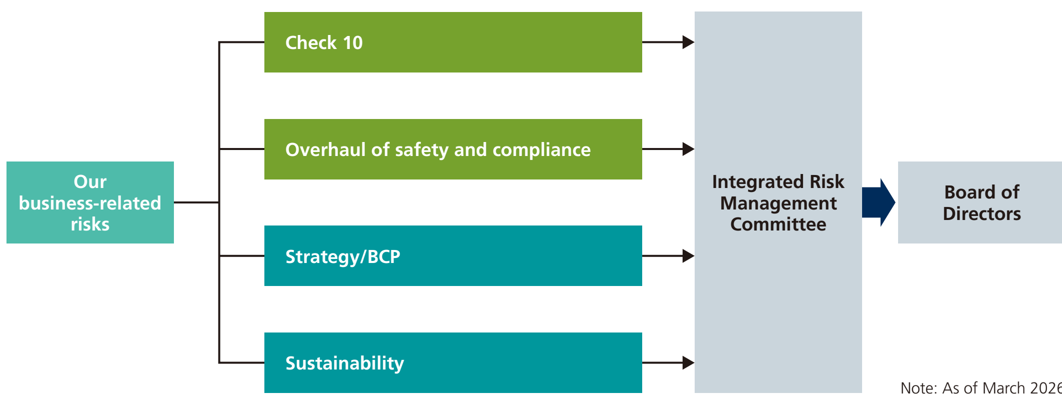
• Size of the circle corresponds to size of RA
●: End of March 2026
●: End of March 2023
• Compiled based on the location of credit and investment destinations for Toyota Tsusho Group's consolidated assets, guarantees, etc.
• Figures on the map are compiled figures as of March 31, 2026, and percentages of total Risk Asset.

(2) Risk management system

Using concepts from other systems such as the COSO-ERM Framework as a reference, 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 activities 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 at the Board of Directors meetings regarding risk management. Based on the recommendations, the Board of Directors continuously supervises the effectiveness of the risk management process and takes appropriate action when changes are necessary.

[Group risk management system]



Note: As of March 2026

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 improvement 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.

For its 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.

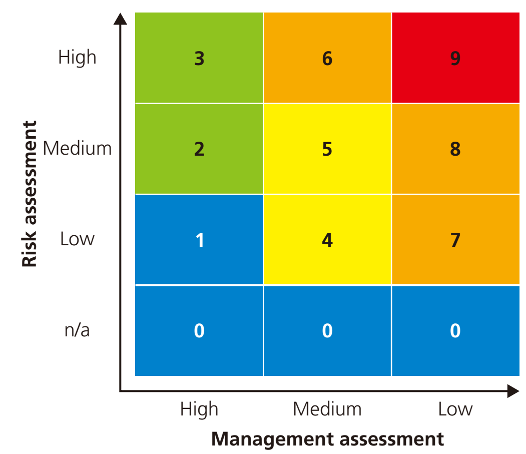
Regarding sustainability initiatives, we will conduct analysis and implement countermeasures aimed at linking sustainability-related risks and opportunities with our growth strategy.

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.

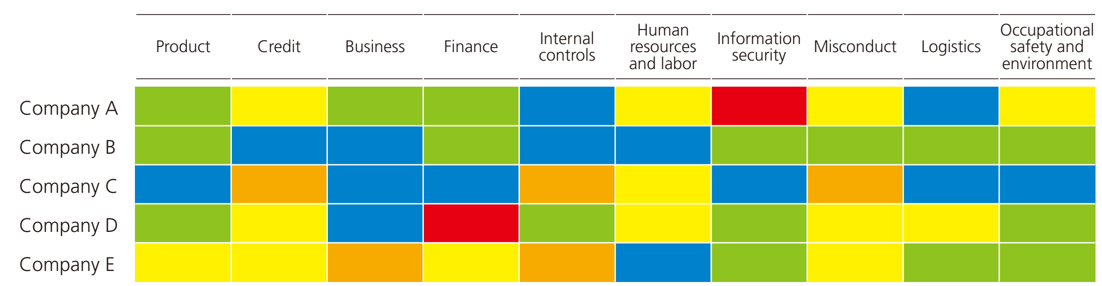
[Check 10 risk items]

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	DX Acceleration Department
(8) Misconduct	Prevention of cartels and collusion	Legal Department
	Prevention of bribery, education for misconduct prevention	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

Of matters related to businesses described in our securities report, financial matters that are 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. 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 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 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 the 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 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. Impact of 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. 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 20.0% of revenue for the Group. Therefore, trends in transactions with the Toyota Group may affect the operating results and financial condition of the Group.

5. Risks associated with fluctuations in interest rates

The Group secures business funding through various methods—such as acquiring loans from financial institutions 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 are volatile, 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, 2026, the Company had 815 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 are provided for each investment project, leading to deliberation by the Investment and Loan Meeting/Committee 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 restructuring and exit rules for projects that are not proceeding as planned.

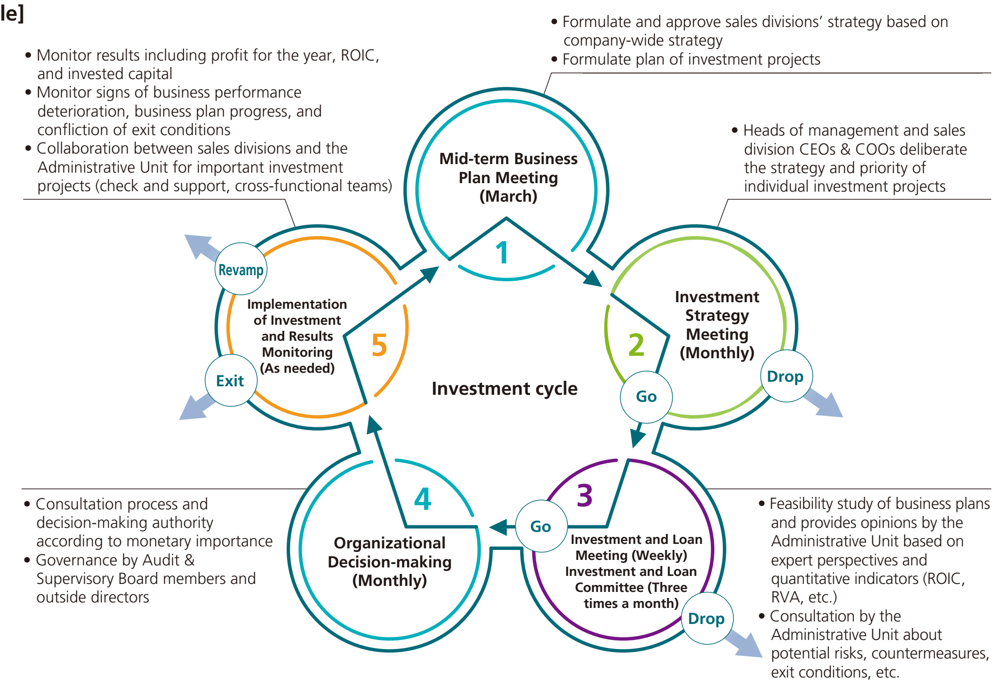
For many years, we used TVA*1 (which measures the value added beyond the cost of capital employed) and RVA*2 (which measures risk) as quantitative evaluation indicators for investments.

While utilizing TVA, which can evaluate the contribution to corporate value, we have adopted ROIC*3 as a KPI for deliberating investment projects to more strongly emphasize the efficiency of returns generated from invested capital. In contrast to ROIC, the cost rate of invested capital 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 an adverse impact on the Group's operating results and financial condition.

*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: Risk-adjusted Value Added.
RVA = Ordinary income x 60% – Risk asset × Risk cost rate
Risk asset is the maximum amount of expected loss should a contingency (a once-in-a-century event) occur, and risk cost rate is the shareholder expected rate of return based on Toyota Tsusho's return on equity (ROE) target of 15% 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

[Investment cycle]



(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 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, 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 the 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 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. In addition, we are aiming to encourage the use of logistics company selection rules based on the Group's management guidelines for the appointment of logistics companies and will implement countermeasures to prevent fraud and abnormal losses related to logistics companies.

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 an adverse impact on the Group's operating results and financial condition.

(10) Risks associated with the environment

The Group recognizes that environment-related risks, including climate change, water resources, and biodiversity conservation, could have a serious impact on its management. These risks are deliberated at the Safety and Environment Conference and the Sustainability Management Committee, their content is reported at the Board of Directors meetings as appropriate, and they are reflected in business strategies and various activities through the relevant departments.

With respect to climate change, the Group conducts scenario analysis in line with recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) for businesses expected to be relatively significantly affected. In this analysis, it organizes and assesses transition risks and physical risks under risks, and resource efficiency, energy sources, products and services, and markets under opportunities. It has also set a target to cut the GHG emissions (Scope 1 and Scope 2) associated with the business activities of the Group, including the Company itself and its consolidated subsidiaries in Japan and overseas, by 50% by 2030 compared with 2019 and to reach net zero by 2050. Furthermore, in the Key Sustainability Issues (Materiality) that it established in 2018, the Group has set out 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.

Against a backdrop of climate change, deforestation, and population growth, water shortages, deteriorating water quality, flooding, and loss of biodiversity are growing more serious worldwide and the Group recognizes that the sustainable use of water resources and the maintenance of biodiversity are among the risk factors affecting its business activities. For water-related risks, the Group conducts surveys mainly of its consolidated subsidiaries using Aqueduct, a water-risk assessment tool provided by the World Resources Institute (WRI), and responds according to the risk situation, including improving usage efficiency and reducing consumption.

As for biodiversity, the Group carries out prior investigation and assessment, to the extent possible, of impacts on ecosystem services in new investment projects and the like, working to conserve forests and reduce environmental impact. For existing businesses, it identifies and assesses environmental risks, including those relating to water resources, through internal audits of its environmental management system based on ISO 14001. However, even with these measures in place, unforeseen circumstances arising from the progression of climate change, changes in the natural environment, or the tightening of related laws and regulations could adversely affect 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, 2026, the global economy was generally healthy despite the negative impact throughout the year of trade policy uncertainty that began with new U.S. tariffs. However, the outlook for the global economy is difficult to determine due to conflicts in the Middle East and Ukraine that have increased risk involving the supply of crude oil, natural gas and other forms of energy.

In the U.S., economic growth was firm during the first half of the fiscal year as strong personal income and the asset effect due to high stock prices supported consumer spending. In the second half, economic growth slowed because inflation caused by tariff hikes and rising unemployment held down consumer spending. In Europe, although U.S. tariffs reduced exports, the economy rebounded because of strength in the tourism sector and firm consumer spending. In China, economic growth matched the government's target in 2025, but the economy is currently sluggish mainly because of flat domestic demand primarily involving real estate and the replacement of consumer durables. In emerging countries, economies were strong, primarily in India because of solid domestic demand and in Vietnam as exports to the U.S. involving the AI boom increased. However, high U.S. tariffs are making the outlook uncertain.

Although U.S. tariffs and other events are still having a negative effect on the Japanese economy, the economy is recovering slowly, partly because real wage increases became positive in January 2026. Nevertheless, there are many sources of concern that include the high cost of crude oil due to Middle East tensions, inflation caused by the increasing speed of the yen's decline, tension involving relations with China and other factors.

(2) Business activities by segment

(I) Metal+ (Plus)

In April 2025, Toyota Tsusho made an investment in Electra Steel Inc., a U.S.-based manufacturer of electrolytic iron, which is essential for the production of green steel. Electrolytic iron is a low-carbon iron source used as a raw material for the production of green steel. Lowering CO_2 emissions during the manufacturing process is a critical challenge faced in the steel industry. This investment supports the wider adoption of green steel across the steel and automotive industries. At the 9th Tokyo International Conference on African Development (TICAD 9), which took place in August 2025, Toyota Tsusho signed a memorandum of understanding with the government of Namibia. This was one of many steps to speed up the establishment of sustainable integrated supply chains.

(II) Circular Economy

In July 2025, Toyota Tsusho completed the purchase of all the stock of Radius Recycling, Inc. to make it a wholly owned subsidiary. Radius Recycling, Inc. has an extensive network of over 100 processing and recycling locations throughout the U.S., Canada and other countries along with an electric arc furnace steel mill in Oregon. This acquisition combines the strengths of Radius Recycling, Inc. with Toyota Tsusho's capabilities backed by many years of experience concerning functions for recycling, technologies for recycling, and the establishment of closed-loop supply chains including quality control. Synergies are anticipated mainly in three categories: metal scrap, end-of-life vehicles and automotive batteries. These benefits are expected to support more growth of circular economy initiatives and increase the pace of activities for achieving carbon neutrality.

(III) Supply Chain

In February 2026, Toyota Tsusho, AISIN Corporation and Minth Group Limited jointly established ATM Automotive Parts Inc. in Ontario, Canada. The Company will manufacture aluminum body frame parts with the aim of strengthening the supply system for these parts for vehicles in the United States. Demand is increasing steadily for structural components for the safe and efficient placement of batteries in battery and plug-in hybrid electric vehicles. Fabricating these parts requires aluminum extrusion technology. The technologies and other expertise of AISIN Corporation and Minth Group Limited along with the operational support of Toyota Tsusho are expected to result in the efficient production of high-quality parts thereby building a competitive production system.

(IV) Mobility

In February 2026, Toyota Tsusho (Australasia) Pty. Ltd. acquired MCT Automotive Group Pty Ltd, a company engaged in the used car purchasing and sales business in Australia. Demand in Australia's used car market is expected to continue growing steadily, supported by ongoing population growth. Making this company a wholly owned subsidiary creates a base for fully leveraging Toyota Tsusho's mobility value chain skills and the online used car purchasing and sale operations of MCT Automotive Group Pty Ltd. The goal is to help provide safe and secure used car ownership experiences for customers.

(V) Green Infrastructure

In April 2025, Toyota Tsusho Group companies Eurus Energy Holdings Corporation and Terras Energy Corporation, which operate renewable energy businesses, integrated their management. The integration of these companies created Japan's leading wind and solar power company based on generating capacity. Furthermore, this integration established frameworks for the integrated control of renewable energy and storage batteries and the reliable supply of renewable energy to customers. The result is a base for operations that go beyond simply producing energy from renewable sources, which creates a broader value chain that extends to the collection and coordination of electricity and delivery to customers and contributes to achieving carbon neutrality.

(VI) Digital Solutions

Toyota Tsusho and group company Eurus Energy Holdings Corporation have started construction of the green data center project "Soya Green Data Center I" in Wakkanai City, Hokkaido. This green data center project will utilize renewable energy derived from wind power generation help reduce the burden on transmission networks, expand the adoption of renewable energy, promote the local production and local consumption of energy, and further contribute to the regional decentralization of data centers, thereby creating new value for energy and digital infrastructure in the region. In this project, a data center will be constructed adjacent to the Kabaoka Wind Farm, which is operated by the Eurus Energy Group. This center will be supplied with "pure green power" directly connected to the wind power plant. Construction began in April 2026, and the data center is expected to start operating in 2027.

(VII) Lifestyle

In March 2026, Toyota Tsusho received the Japan Business Federation Chairman's Prize, which is one of the 34th Global Environment Awards of the Fujisankei Communications Group. The award recognizes activities for the waste fishing net recycling scheme in Japan. A project of Toyota Tsusho, Bureo Inc., a U.S. company, and Ellange, Inc., which is based in Chiba prefecture, the net recycling business uses NetPlus®, a brand of 100% recycled nylon material made from waste fishing nets. Toyota Tsusho started its partnership with Bureo Inc. by making an investment in 2023, subsequently assisting with sales channels, new product development and other activities concerning NetPlus®. Going forward, by expanding the use of recycled nylon material produced in Japan across a wide range of industries and promoting commercialization, the initiative aims to simultaneously reduce marine pollution, promote resource recycling, and reduce greenhouse gas emissions.

(VIII) Africa

In December 2025, Toyota Tsusho Manufacturing Ghana Co. Limited (TTMG), a subsidiary of CFAO SAS, acquired the Toyota and Hino distributor business in Ghana. With this acquisition, the Toyota Tsusho Group directly operates a Toyota distributor in 36 countries in Africa. Furthermore, in addition to its vehicle assembly operations, TTMG now has a sales business that takes on both manufacturing and sales responsibilities. Activities will continue for achieving consistent growth of business operations in Ghana and Africa by strengthening the entire mobility value chain, including after-sales services and the insurance business.

3) Revenue, profits and total assets

(Unit: Billions of yen)

	Year ended March 31, 2025	Year ended March 31, 2026	Change
Revenue	10,309.5	11,561.9	1,252.4
Gross profit	1,121.1	1,264.4	143.3
Operating profit	497.1	545.2	48.1
Profit (attributable to owners of the parent)	362.5	370.5	8.0
Total assets	7,057.4	8,523.6	1,466.2

(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. 3) Revenue, Profits and Total Assets 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 5. Financial information, 1 Consolidated financial statements, etc., (1) Notes to Consolidated financial statements, 3. Material accounting policy Information. In addition, significant estimates and judgments are described in 5. Financial information, 1 Consolidated financial statements, etc., (1) Notes to Consolidated Financial Statements, 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, 2026

The Toyota Tsusho Group's consolidated revenue for the fiscal year ended March 31, 2026 increased 1,252.4 billion yen (12.1%) year-on-year to 11,561.9 billion yen, mainly due to increases in automotive sales and trading volume of automobile production-related products.

Consolidated operating profit increased 48.1 billion yen (9.7%) year-on-year to 545.2 billion yen mainly 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 8.0 billion yen (2.2%) year-on-year to 370.5 billion yen, largely due to an increase in operating profit.

The business results for each segment are as follows.

(I) Metal+ (Plus)

Profit for the year (attributable to owners of the parent) decreased 0.3 billion yen (0.7%) year-on-year to 43.1 billion yen, largely due to falling steel products prices, despite 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 2.1 billion yen (4.5%) year-on-year to 44.8 billion yen, largely due to temporary factors, despite rising resource market prices.

(III) Supply Chain

Profit for the year (attributable to owners of the parent) increased 3.6 billion yen (7.2%) year-on-year to 52.8 billion yen, largely due to an increase in trading volume of automobile parts mainly in Asia/Oceania

(IV) Mobility

Profit for the year (attributable to owners of the parent) increased 6.6 billion yen (11.5%) year-on-year to 63.9 billion yen, largely due to an increase in overseas automotive sales volume mainly in Asia/Oceania.

(V) Green Infrastructure

Profit for the year (attributable to owners of the parent) decreased 18.6 billion yen (51.0%) year-on-year to 17.9 billion yen, largely due to a temporary loss in the power generation business in Japan.

(VI) Digital Solutions

Profit for the year (attributable to owners of the parent) increased 3.2 billion yen (10.5%) year-on-year to 33.9 billion yen, largely due to an increase in trading volume of device-related products and an increase in ICT business projects.

(VII) Lifestyle

Profit for the year (attributable to owners of the parent) increased 5.4 billion yen (34.6%) year-on-year to 20.7 billion yen, largely due to the impact of a temporary gain in the real estate business in Japan.

(VIII) Africa

Profit for the year (attributable to owners of the parent) increased 14.5 billion yen (18.2%) year-on-year to 94.0 billion yen, largely due to an increase in automotive sales volumes mainly in the West African region.

The Company forecasts 400 billion yen in profit attributable to owners of the parent for the fiscal year ending March 31, 2027.

(3) Financial condition

As of March 31, 2026, consolidated assets totaled 8,523.6 billion yen, a 1,466.2 billion yen increase from March 31, 2025. The increase is attributable in part to a 451.9 billion yen increase in cash and cash equivalents, a 444.4 billion yen increase in inventories, and a 276.9

billion yen increase in property, plant and equipment. Consolidated equity as of March 31, 2026 totaled 3,301.1 billion yen, a 555.3 billion yen increase from March 31, 2025. The increase is attributable in part to a 446.0 billion yen increase in retained earnings accruing from consolidated profit for the year (attributable to owners of the parent) and a 149.0 billion yen increase in exchange differences on translation of foreign operations, despite a 75.2 billion yen decrease in financial assets measured at FVTOCI.

The Group consequently ended the fiscal year with a ratio of equity attributable to owners of the parent to total assets (equity ratio) of 37.0% and a net debt/equity ratio of 0.3.

(4) Analysis of capital resources and liquidity of funds

(a) Cash flows

Cash and cash equivalents ("cash") as of March 31, 2026 totaled 1,403.7 billion yen, a 451.9 billion yen increase from March 31, 2025. The increase, which was 320.7 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 461.1 billion yen, consisting mainly of profit before income taxes. Cash provided decreased by 50.7 billion yen from the previous fiscal year, mainly as a result of a 171.4 billion yen increase in working capital.

Cash flows from investing activities

Net cash used in investing activities was 28.1 billion yen, mainly for the purchase of property, plant and equipment and payments for the acquisition of subsidiaries. Cash used decreased by 95.7 billion yen from the previous fiscal year, mainly as a result of a 250.2 billion yen increase in proceeds from the sale of investments.

As a result, free cash flow was a positive 433.0 billion yen, an increase of 45.0 billion yen from the previous fiscal year.

Cash flows from financing activities

Net cash used in financing activities was 33.2 billion yen, mainly for dividends paid. Cash used decreased by 275.8 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 to both 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 funds. 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, 2026, the current ratio was 160% 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, 2026 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.

Note: 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, 2026. 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, 2026 and 2025

	Notes	Millions of Yen 2026	Millions of Yen 2025	Thousands of U.S. Dollars 2026
Assets				
Current assets:				
Cash and cash equivalents	9, 17	¥1,403,763	¥ 951,884	$ 8,780,103
Trade and other receivables	6, 9, 14, 17	2,020,934	1,824,946	12,640,317
Other financial assets	9	81,939	44,843	512,503
Inventories	7, 17	1,642,596	1,198,196	10,273,930
Other current assets		252,436	211,133	1,578,909
Subtotal		5,401,670	4,231,004	33,785,776
Assets held for sale	8	—	9,812	—
Total current assets		5,401,670	4,240,816	33,785,776
Non-current assets:				
Investments accounted for using the equity method	4, 10, 17	418,198	373,747	2,615,699
Other investments	9, 17	578,612	704,827	3,619,039
Trade and other receivables	6, 9, 14	75,098	61,626	469,714
Other financial assets	9	92,692	67,956	579,759
Property, plant and equipment	11, 14, 17	1,461,948	1,185,061	9,144,033
Intangible assets	12	355,678	275,997	2,224,655
Investment property	13	9,851	23,974	61,614
Deferred tax assets	26	50,745	50,963	317,394
Other non-current assets		79,171	72,490	495,190
Total non-current assets		3,121,996	2,816,646	19,527,120
Total assets	4	¥8,523,667	¥7,057,462	$53,312,903

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

	Notes	Millions of Yen 2026	Millions of Yen 2025	Thousands of U.S. Dollars 2026
Liabilities and Equity				
Liabilities				
Current liabilities:				
Trade and other payables	9, 14, 15, 16	¥1,942,867	¥1,629,371	$12,152,032
Bonds and borrowings	9, 17	845,556	565,183	5,288,691
Other financial liabilities	9	60,456	24,272	378,133
Income taxes payable		175,213	70,552	1,095,903
Provisions	18	13,614	9,836	85,151
Other current liabilities		347,469	255,828	2,173,311
Total current liabilities		3,385,178	2,555,043	21,173,242
Non-current liabilities:				
Bonds and borrowings	9, 17	1,323,179	1,288,631	8,276,075
Trade and other payables	9, 14, 15	150,363	109,531	940,474
Other financial liabilities	9	8,549	8,046	53,471
Retirement benefits liabilities	19	46,695	44,073	292,062
Provisions	18	90,063	87,214	563,316
Deferred tax liabilities	26	174,639	186,865	1,092,312
Other non-current liabilities		43,850	32,211	274,268
Total non-current liabilities		1,837,341	1,756,575	11,492,000
Total liabilities		5,222,519	4,311,618	32,665,242
Equity				
Share capital	21	64,936	64,936	406,154
Capital surplus	20, 21	27,151	29,653	169,821
Treasury shares	20, 21	(3,714)	(3,768)	(23,229)
Other components of equity		542,236	452,453	3,391,518
Retained earnings	21	2,526,910	2,080,992	15,805,041
Total equity attributable to owners of the parent		3,157,520	2,624,267	19,749,311
Non-controlling interests		143,626	121,575	898,336
Total equity		3,301,147	2,745,843	20,647,654
Total liabilities and equity		¥8,523,667	¥7,057,462	$53,312,903

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, 2026 and 2025

Consolidated Statement of Profit or Loss	Notes	Millions of Yen 2026	Millions of Yen 2025	Thousands of U.S. Dollars 2026
Revenue:				
Sales of goods		¥ 11,220,115	¥10,013,433	$ 70,178,352
Sales of services and others		341,820	296,117	2,137,978
Total revenue	4, 22	11,561,935	10,309,550	72,316,330
Cost of sales		(10,297,507)	(9,188,426)	(64,407,724)
Gross profit	4	1,264,428	1,121,124	7,908,606
Selling, general and administrative expenses	23	(712,229)	(616,794)	(4,454,772)
Other income (expenses):				
Gain on sale and disposals of fixed assets, net		10,679	690	66,793
Impairment losses on fixed assets	4, 11, 12	(16,404)	(3,486)	(102,601)
Other, net	24	(1,238)	(4,358)	(7,743)
Total other income (expenses)		(6,963)	(7,154)	(43,551)
Operating profit		545,235	497,174	3,410,276
Finance income (costs):				
Interest income	25	30,048	30,290	187,940
Interest expenses	25	(63,620)	(56,856)	(397,923)
Dividend income	9, 25	29,497	32,946	184,494
Other, net	25	5,994	16,648	37,490
Total finance income (costs)		1,920	23,029	12,009
Share of profit of investments accounted for using the equity method	4, 10	17,782	16,661	111,220
Profit before income taxes		564,938	536,865	3,533,512
Income tax expense	4, 26	(165,750)	(148,619)	(1,036,715)
Profit for the year		¥ 399,187	¥ 388,246	$ 2,496,791
Profit for the year attributable to:				
Owners of the parent	4	¥ 370,516	¥ 362,506	$ 2,317,463
Non-controlling interests		28,671	25,740	179,328
		Yen		U.S. Dollars
Earnings per share attributable to owners of the parent:				
Basic earnings per share	28	¥350.95	¥343.40	$2.19
Diluted earnings per share	28	—	—	—

Notes: 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, 2025.
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 2026	Millions of Yen 2025	Thousands of U.S. Dollars 2026
Profit for the year:		¥399,187	¥388,246	$2,496,791
Other comprehensive income				
Items that will not be reclassified to profit or loss:				
Remeasurements of defined benefit pension plans	19, 27	5,155	(9,592)	32,242
Financial assets measured at fair value through other comprehensive income (loss)	9, 27	120,966	(77,843)	756,604
Share of other comprehensive income (loss) of investments accounted for using the equity method	10, 27	2,124	1,085	13,284
Items that may be reclassified to profit or loss:				
Cash flow hedges	9, 27	14,500	5,092	90,693
Exchange differences on translation of foreign operations	27	153,732	(2,260)	961,546
Share of other comprehensive income of investments accounted for using the equity method	10, 27	8,568	5,326	53,590
Other comprehensive income for the year, net of tax	27	305,047	(78,191)	1,907,974
Total comprehensive income for the year		¥704,235	¥310,054	$4,404,772
Total comprehensive income for the year attributable to:				
Owners of the parent		¥663,276	¥284,782	$4,148,586
Non-controlling interests		40,958	25,272	256,179

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, 2026 and 2025

Millions of Yen

For the year ended March 31, 2026	Notes	Share capital	Capital surplus	Treasury shares	Remeasurements of defined benefit pension plans	Financial assets measured at fair value through other comprehensive income (loss)	Cash flow hedges	Exchange differences on translation of foreign operations	Total	Retained earnings	Total	Non-controlling interests	Total equity
		Equity attributable to owners of the parent			Other components of equity								
Balance at the beginning of the year		¥64,936	¥29,653	¥(3,768)	¥ —	¥ 315,906	¥27,916	¥108,629	¥ 452,453	¥2,080,992	¥2,624,267	¥121,575	¥2,745,843
Profit for the year										370,516	370,516	28,671	399,187
Other comprehensive income:													
Remeasurements of defined benefit pension plans					5,359				5,359		5,359	(0)	5,359
Financial assets measured at fair value through other comprehensive income (loss)						122,442			122,442		122,442	444	122,886
Cash flow hedges							15,907		15,907		15,907	(79)	15,827
Exchange differences on translation of foreign operations								149,051	149,051		149,051	11,922	160,973
Comprehensive income (loss) for the year		—	—	—	5,359	122,442	15,907	149,051	292,760	370,516	663,276	40,958	704,235
Dividends	21									(119,369)	(119,369)	(22,061)	(141,430)
Acquisition (disposal) of treasury shares	20, 21		286	54							340		340
Acquisition (disposal) of non-controlling interests	30		(2,788)								(2,788)	2,750	(38)
Reclassification to retained earnings					(5,359)	(197,616)			(202,976)	202,976	—		—
Other			(0)							(8,205)	(8,206)	404	(7,801)
Transactions with owners		—	(2,502)	54	(5,359)	(197,616)	—	—	(202,976)	75,401	(130,023)	(18,907)	(148,931)
Balance at the end of the year		¥64,936	¥27,151	¥(3,714)	¥ —	¥ 240,731	¥43,824	¥257,680	¥ 542,236	¥2,526,910	¥3,157,520	¥143,626	¥3,301,147

Millions of Yen

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
		Equity attributable to owners of the parent			Other components of 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

Thousands of U.S. Dollars

For the year ended March 31, 2026	Notes	Share capital	Capital surplus	Treasury shares	Remeasurements of defined benefit pension plans	Financial assets measured at fair value through other comprehensive income (loss)	Cash flow hedges	Exchange differences on translation of foreign operations	Total	Retained earnings	Total	Non-controlling interests	Total equity
		Equity attributable to owners of the parent			Other components of equity								
Balance at the beginning of the year		$406,154	$185,470	$(23,567)	$ —	$ 1,975,894	$174,605	$ 679,440	$ 2,829,953	$13,015,961	$16,413,979	$ 760,414	$17,174,399
Profit for the year										2,317,463	2,317,463	179,328	2,496,791
Other comprehensive income:													
Remeasurements of defined benefit pension plans					33,518				33,518		33,518	(0)	33,518
Financial assets measured at fair value through other comprehensive income (loss)						765,836			765,836		765,836	2,777	768,613
Cash flow hedges							99,493		99,493		99,493	(494)	98,992
Exchange differences on translation of foreign operations								932,267	932,267		932,267	74,568	1,006,836
Comprehensive income (loss) for the year		—	—	—	33,518	765,836	99,493	932,267	1,831,123	2,317,463	4,148,586	256,179	4,404,772
Dividends	21									(746,616)	(746,616)	(137,984)	(884,600)
Acquisition (disposal) of treasury shares	20, 21		1,788	337							2,126		2,126
Acquisition (disposal) of non-controlling interests	30		(17,438)								(17,438)	17,200	(237)
Reclassification to retained earnings					(33,518)	(1,236,027)			(1,269,552)	1,269,552	—		—
Other			(0)							(51,319)	(51,325)	2,526	(48,792)
Transactions with owners		—	(15,649)	337	(33,518)	(1,236,027)	—	—	(1,269,552)	471,609	(813,253)	(118,257)	(931,517)
Balance at the end of the year		$406,154	$169,821	$(23,229)	$ —	$ 1,505,698	$274,105	$1,611,708	$ 3,391,518	$15,805,041	$19,749,311	$ 898,336	$20,647,654

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, 2026 and 2025

	Notes	Millions of Yen		Thousands of U.S. Dollars
		2026	2025	2026
Cash flows from operating activities:				
Profit before income taxes		¥ 564,938	¥ 536,865	$ 3,533,512
Depreciation and amortization		177,109	152,586	1,107,762
Impairment losses on fixed assets		16,404	3,486	102,601
Finance income (costs)		(1,920)	(23,029)	(12,009)
Share of profit of investments accounted for using the equity method		(17,782)	(16,661)	(111,220)
Gain on sale and disposals of fixed assets, net		(10,679)	(690)	(66,793)
(Increase) decrease in trade and other receivables		(91,817)	(25,628)	(574,286)
(Increase) decrease in inventories		(305,555)	(11,838)	(1,911,152)
Increase (decrease) in trade and other payables		199,416	10,954	1,247,285
Other		62,700	(22,900)	392,169
Subtotal		592,814	603,144	3,707,868
Interest received		29,935	30,433	187,234
Dividends received		53,108	60,063	332,174
Interest paid		(55,493)	(52,689)	(347,091)
Income taxes paid		(159,195)	(129,076)	(995,715)
Net cash provided by operating activities		461,168	511,874	2,884,463
Cash flows from investing activities:				
(Increase) decrease in time deposits		(6,099)	67,398	(38,147)
Purchase of property, plant and equipment		(163,967)	(180,862)	(1,025,562)
Proceeds from sale of property, plant and equipment		19,019	13,961	118,957
Purchase of intangible assets		(19,489)	(18,386)	(121,897)
Proceeds from sale of intangible assets		1,026	401	6,417
Purchase of investment property		(14)	(153)	(87)
Proceeds from sale of investment property		23,665	—	148,017
Purchase of investments		(66,232)	(70,826)	(414,260)
Proceeds from sale of investments		344,219	94,066	2,152,983
Payments for acquisition of subsidiaries or other businesses	5, 29	(156,048)	(21,537)	(976,032)
Proceeds from sale of subsidiaries or other businesses	29	3,704	2,886	23,167
Payments for loans receivable		(67,125)	(38,685)	(419,846)
Collection of loans receivable		63,826	35,600	399,211
Proceeds from government grants		633	914	3,959
Other		(5,226)	(8,608)	(32,687)
Net cash used in investing activities		(28,108)	(123,831)	(175,806)
Cash flows from financing activities:				
Net increase (decrease) in short-term borrowings	29	180,063	(36,140)	1,126,238
Proceeds from long-term borrowings	29	203,089	148,965	1,270,258
Repayment of long-term borrowings	29	(197,290)	(170,668)	(1,233,987)
Proceeds from issuance of bonds	29	10,000	10,000	62,546
Redemption of bonds	29	(25,000)	(63,161)	(156,367)
Purchase of treasury shares		(15)	(22)	(93)
Dividends paid	21	(119,369)	(107,389)	(746,616)
Dividends paid to non-controlling interests		(24,988)	(20,922)	(156,292)
Proceeds from non-controlling interests		59	259	369
Payments for acquisition of subsidiaries' interest from non-controlling interests	30	(11,283)	(32,365)	(70,571)
Proceeds from sale of subsidiaries' interest to non-controlling interests		28	22	175
Other	14, 29	(48,558)	(37,614)	(303,715)
Net cash used in financing activities		(33,262)	(309,037)	(208,043)
Net increase in cash and cash equivalents		399,796	79,005	2,500,600
Cash and cash equivalents at the beginning of the year		951,884	878,705	5,953,740
Effect of exchange rate changes on cash and cash equivalents		52,082	(5,827)	325,756
Cash and cash equivalents at the end of the year	29	¥1,403,763	¥ 951,884	$ 8,780,103

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, 2026 and 2025

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, 2026 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.

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 18, 2026.

(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 ¥159.88 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 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, 2026. 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
Marketing rights, customer- related, etc.	5 to 26 years
Software	2 to 20 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 expense comprises 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 of the application on the Company is under review, and early application is not planned.

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, 2026 are as follows:

(i) Metal+ (Plus) Division

The Metal+ (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 operations, 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. Furthermore, the division covers the fuel business including biofuels, hydrogen fuel and LNG fuel, the business relating to carbon credit and petroleum products, 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 the 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 textile products, apparel, nursing care and medical products, construction and housing materials, and office furniture, etc. In addition, the division also engages in the insurance agency business, insurance brokerage business, general hospital business and hotel residence business.

(viii) Africa Division

The Africa Division engages in the mobility business including new and used vehicle sales, after-sales services and production support, the green infrastructure business including renewable energy/ port development, the healthcare business including production, wholesale and retail sales 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, 2026	Metal+ (Plus)	Circular Economy	Supply Chain	Mobility	Green Infrastructure	Digital Solutions	Lifestyle	Africa	Total	Other (Note 1)	Adjustments (Note 2)	Consolidated
Revenue:												
External customers	¥1,809,959	¥2,221,030	¥1,288,612	¥1,143,328	¥ 921,045	¥1,659,042	¥ 588,081	¥1,928,250	¥11,559,352	¥ 2,583	¥ —	¥11,561,935
Inter-segment	4,220	6,624	42,559	8,132	6,239	2,453	4,609	52	74,893	7,221	(82,115)	—
Total	1,814,180	2,227,655	1,331,171	1,151,460	927,284	1,661,496	592,691	1,928,303	11,634,245	9,805	(82,115)	11,561,935
Gross profit	109,034	149,746	137,238	181,292	107,372	132,355	82,283	373,896	1,273,219	(117)	(8,674)	1,264,428
Profit for the year attributable to owners of the parent	¥ 43,169	¥ 44,838	¥ 52,830	¥ 63,983	¥ 17,928	¥ 33,969	¥ 20,702	¥ 94,018	¥ 371,441	¥ (906)	¥ (19)	¥ 370,516
Segment assets	¥ 771,684	¥1,397,734	¥ 700,821	¥ 618,634	¥1,228,165	¥ 841,164	¥ 390,699	¥1,291,511	¥ 7,240,416	¥1,670,569	¥(387,318)	¥ 8,523,667
Other items:												
(1) Investments accounted for using the equity method	¥ 23,690	¥ 150,160	¥ 47,065	¥ 72,738	¥ 72,393	¥ 4,224	¥ 27,324	¥ 20,525	¥ 418,123	¥ 74	¥ —	¥ 418,198
(2) Share of profit (loss) of investments accounted for using the equity method	2,119	6,642	2,672	7,041	3,265	187	(229)	(3,711)	17,988	(167)	(39)	17,782
(3) Depreciation and amortization	10,287	25,271	16,332	18,419	45,078	5,130	7,150	34,819	162,490	14,619	—	177,109
(4) Impairment losses on fixed assets	—	2,604	277	—	12,425	3	—	1,093	16,404	—	—	16,404
(5) Capital expenditures	9,397	29,001	27,983	32,650	46,855	9,378	9,300	45,951	210,518	35,065	—	245,584
(6) Income tax expense	16,009	16,349	18,278	25,171	13,508	15,635	11,384	47,454	163,792	1,977	(19)	165,750

	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	$11,320,734	$13,891,856	$8,059,869	$7,151,163	$5,760,851	$10,376,795	$3,678,264	$12,060,607	$72,300,175	$ 16,155	$ —	$72,316,330
Inter-segment	26,394	41,431	266,193	50,863	39,023	15,342	28,827	325	468,432	45,165	(513,603)	—
Total	11,347,135	13,933,293	8,326,063	7,202,026	5,799,874	10,392,144	3,707,099	12,060,939	72,768,607	61,327	(513,603)	72,316,330
Gross profit	681,973	936,614	858,381	1,133,925	671,578	827,839	514,654	2,338,603	7,963,591	(731)	(54,253)	7,908,606
Profit for the year attributable to owners of the parent	$ 270,008	$ 280,447	$ 330,435	$ 400,193	$ 112,134	$ 212,465	$ 129,484	$ 588,053	$ 2,323,248	$ (5,666)	$ (118)	$ 2,317,463
Segment assets	$ 4,826,644	$ 8,742,394	$4,383,418	$3,869,364	$7,681,792	$ 5,261,220	$2,443,701	$ 8,078,002	$45,286,564	$10,448,892	$(2,422,554)	$53,312,903
Other items:												
(1) Investments accounted for using the equity method	$ 148,173	$ 939,204	$ 294,377	$ 454,953	$ 452,795	$ 26,419	$ 170,903	$ 128,377	$ 2,615,230	$ 462	$ —	$ 2,615,699
(2) Share of profit (loss) of investments accounted for using the equity method	13,253	41,543	16,712	44,039	20,421	1,169	(1,432)	(23,211)	112,509	(1,044)	(243)	111,220
(3) Depreciation and amortization	64,342	158,062	102,151	115,205	281,948	32,086	44,721	217,782	1,016,324	91,437	—	1,107,762
(4) Impairment losses on fixed assets	—	16,287	1,732	—	77,714	18	—	6,836	102,601	—	—	102,601
(5) Capital expenditures	58,775	181,392	175,025	204,215	293,063	58,656	58,168	287,409	1,316,725	219,320	—	1,536,052
(6) Income tax expense	100,131	102,257	114,323	157,436	84,488	97,792	71,203	296,810	1,024,468	12,365	(118)	1,036,715

	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

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 sales 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.

(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
	2026	2025	2026
Japan	¥ 3,238,961	¥ 2,970,820	$20,258,700
North America	1,574,527	1,260,924	9,848,179
Europe	764,899	628,925	4,784,206
China	1,196,018	1,188,518	7,480,723
Asia and Oceania	2,154,526	1,969,552	13,475,894
Africa	1,815,759	1,562,981	11,357,011
Other	817,243	727,827	5,111,602
Total	¥11,561,935	¥10,309,550	$72,316,330

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 ¥1,444,534 million ($9,035,113 thousand) and ¥1,107,670 million, respectively.

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

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Japan	¥ 659,169	¥ 678,795	$ 4,122,898
North America	409,848	166,589	2,563,472
Europe	211,687	194,139	1,324,036
China	29,533	28,011	184,719
Asia and Oceania	185,934	154,950	1,162,959
Africa	302,729	244,293	1,893,476
Other	72,706	61,901	454,753
Total	¥1,871,610	¥1,528,682	$11,706,342

Note: North America includes non-current assets in the United States of America in the amount of ¥396,909 million ($2,482,543 thousand) and ¥160,535 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, 2026 and 2025 are ¥2,316,089 million ($14,486,421 thousand) and ¥1,916,254 million, respectively.

NOTE 5. Business Combinations

Major business combinations for the year ended March 31, 2026 are described below. Other than those described below, there were no major business combinations, individually or collectively.

Acquisition of Radius Recycling, Inc. (hereinafter referred to as "Radius")

(1) Name of acquiree and description of its business

Name of acquiree: Radius Recycling, Inc.

Description of business: Resource recovery of end-of-life vehicles, recycling of metal scrap, and steel product manufacturing.

(2) Reason for business combination

For over half a century, the Group has been committed to building a "recycling-based society" through the recycling of metal scrap and the resource recovery of end-of-life vehicles. In recent years, in response to increasing societal demands for the realization of a circular economy, the Group has expanded its business into a wide range of material sectors, including plastics and textiles.

Radius, one of North America's leading recycling companies, headquartered in Portland, Oregon, engages in the recovery, processing, and recycling of ferrous and nonferrous metals, and has strengths in providing a stable supply of high-quality recycled materials through advanced processing and sorting technologies to customers across the U.S. and throughout the world.

The Company determined that, through this acquisition, it will be able to further expand its circular economy initiatives by combining Radius's strengths with the Company's capability to build closed-loop supply chains centered on recycled materials, while also accelerating its efforts toward the realization of carbon neutrality.

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

On July 11, 2025, the Company acquired 100% of the acquiree's voting rights through Toyota Tsusho America, Inc. (hereinafter referred to as "TAI"), a wholly-owned U.S. subsidiary of the Company. The acquisition was made by merging TAI Merger Corporation (hereinafter referred to as "TAIMC"), a wholly-owned subsidiary of TAI, which was newly established by TAI for the acquisition, into Radius (a reverse triangular merger), the surviving company after the merger. As consideration for the merger, cash was paid to the shareholders of Radius, and TAIMC was merged into Radius, with Radius becoming a wholly owned subsidiary of TAI.

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

The fair value measurement of assets acquired and liabilities assumed in this business combination has been completed as of March 31, 2026. The impact of the adjustment is not material.

	Millions of Yen	Thousands of U.S. Dollars
Fair value of consideration paid (Note 1)	¥135,833	$ 849,593
Current assets		
Cash and cash equivalents	¥ 607	$ 3,796
Trade and other receivables	27,623	172,773
Inventories	36,829	230,354
Other	9,285	58,074
Non-current assets		
Property, plant and equipment	151,995	950,681
Intangible assets	20,749	129,778
Other	9,615	60,138
Total fair value of assets acquired	¥256,703	$1,605,597
Current liabilities		
Trade and other payables	¥ 18,805	$ 117,619
Bonds and borrowings	78,696	492,219
Other	14,438	90,305
Non-current liabilities	36,029	225,350
Total fair value of liabilities assumed	¥147,968	$ 925,494
Net assets	¥108,358	$ 677,745
Non-controlling interests	¥ 375	$ 2,345
Goodwill (Note 2)	¥ 27,475	$ 171,847

Notes: 1. Consideration paid was entirely cash.
2. Goodwill represents excess earnings expected from future business development through synergies between the Company and the acquiree.

(5) Costs related to acquisition

Remuneration and fees for advisory and other services: ¥1,889 million ($11,815 thousand)

(6) Impact on the Group's performance

On and after the date of acquisition, revenue and profit of the acquiree (that belongs to the owners of the parent company) recognized for the year ended March 31, 2026 are ¥321,145 million ($2,008,662 thousand) and ¥676 million ($4,228 thousand), respectively.

Pro forma information (unaudited) on revenue and profit of the Group (that belongs to the owners of the parent company) for the year ended March 31, 2026, with the assumption that the business combination would have been completed at the beginning of the year ended March 31, 2026, is ¥11,677,269 million ($73,037,709 thousand) and ¥356,445 million ($2,229,453 thousand), respectively.

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

NOTE 6. Trade and Other Receivables

The breakdown of trade and other receivables is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Notes and accounts receivable	¥1,903,623	¥1,731,132	$11,906,573
Other	252,524	210,729	1,579,459
Loss allowance	(60,115)	(55,288)	(376,000)
Total	2,096,032	1,886,573	13,110,032
Current assets	2,020,934	1,824,946	12,640,317
Non-current assets	75,098	61,626	469,714
Total	¥2,096,032	¥1,886,573	$13,110,032

NOTE 7. Inventories

The breakdown of inventories is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Merchandise and finished goods	¥1,578,798	¥1,141,173	$ 9,874,893
Work in progress	9,408	8,147	58,844
Raw materials and supplies	54,390	48,875	340,192
Total	¥1,642,596	¥1,198,196	$10,273,930

The carrying amount of inventories measured at fair value after deducting direct selling cost and the revaluation loss of inventories recognized as expense during the year are not material.

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

The breakdown of assets held for sale is shown below.

(1) Assets held for sale

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Investments accounted for using the equity method	¥—	¥9,812	$—
Other investments	—	—	—
Investment property	—	—	—

(Sale of shares of TOYOTA INDUSTRIES CORPORATION)
In the year ended March 31, 2026, the Company decided to tender all of the common shares of TOYOTA INDUSTRIES CORPORATION ("TICO") held by the Administrative Unit of the Company in the tender offer (the "Tender Offer"), given that the Company is currently reducing its cross-shareholdings and as a result of comprehensively examining the contents of the Tender Offer.

Although the shares had been classified as assets held for sale within the year ended March 31, 2026, the Tender Offer progressed and was completed prior to March 31, 2026.

(Sale of rental properties)
In the year ended March 31, 2026, the Company decided to sell a total of nine rental apartment buildings held by the Lifestyle Division as operating fixed assets for the purpose of reducing assets in line with a change in business strategy.

Although the properties had been classified as assets held for sale within the year ended March 31, 2026, the sales process progressed and was completed prior to March 31, 2026.

(Sale of investment in a coal-fired power generation company in the Philippines)
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 progressed and the sale was completed prior to March 31, 2026.

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, 2026 and 2025, net DER is 0.3 and 0.4, 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 2026	Millions of Yen 2025	Thousands of U.S. Dollars 2026
Financial assets:			
Financial assets measured at amortized cost:			
Cash and cash equivalents	¥1,403,763	¥ 951,884	$ 8,780,103
Trade and other receivables	2,096,032	1,886,573	13,110,032
Other financial assets			
Time deposits	18,398	8,876	115,073
Guarantee deposits and membership	16,949	15,681	106,010
Financial assets measured at amortized cost, total	3,535,143	2,863,015	22,111,227
FVTPL financial assets:			
Other investments			
Shares and investments in capital	14,924	15,246	93,345
Other financial assets			
Derivatives	139,284	88,241	871,178
FVTPL financial assets, total	154,209	103,487	964,529
FVTOCI financial assets:			
Other investments			
Shares and investments in capital	563,687	689,581	3,525,688
FVTOCI financial assets, total	563,687	689,581	3,525,688
Total	¥4,253,040	¥3,656,084	$26,601,451
Financial liabilities:			
Financial liabilities measured at amortized cost:			
Trade and other payables (Note)	¥1,895,730	¥1,595,746	$11,857,205
Bonds and borrowings			
Bonds	195,147	210,099	1,220,584
Borrowings	1,973,588	1,643,715	12,344,183
Financial liabilities measured at amortized cost, total	4,064,466	3,449,561	25,421,978
Financial liabilities measured at fair value through profit or loss:			
Other financial liabilities			
Derivatives	69,006	32,318	431,611
Financial liabilities measured at fair value through profit or loss, total	69,006	32,318	431,611
Total	¥4,133,472	¥3,481,880	$25,853,590

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 2026		Millions of Yen 2025		Thousands of U.S. Dollars 2026	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:						
Trade and other receivables	¥2,096,032	¥2,095,796	¥1,886,573	¥1,886,495	$13,110,032	$13,108,556
Financial liabilities:						
Trade and other payables (Note)	¥1,895,730	¥1,895,730	¥1,595,746	¥1,595,746	$11,857,205	$11,857,205
Bonds and borrowings						
Bonds	195,147	172,778	210,099	194,401	1,220,584	1,080,673
Borrowings	1,973,588	1,946,835	1,643,715	1,619,665	12,344,183	12,176,851

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

The 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.

As of March 31, 2026	Millions of Yen Level 1	Level 2	Level 3	Total
Financial assets:				
Other financial assets				
Derivatives	¥ 5,428	¥125,868	¥ 7,987	¥139,284
Other investments				
Shares and investments in capital	254,153	3,031	321,427	578,612
Total	¥259,581	¥128,900	¥329,414	¥717,896
Financial liabilities:				
Other financial liabilities				
Derivatives	¥ 7,161	¥ 61,844	¥ —	¥ 69,006

	Thousands of U.S. Dollars Level 1	Level 2	Level 3	Total
Financial assets:				
Other financial assets				
Derivatives	$ 33,950	$787,265	$ 49,956	$ 871,178
Other investments				
Shares and investments in capital	1,589,648	18,957	2,010,426	3,619,039
Total	$1,623,598	$806,229	$2,060,382	$4,490,217
Financial liabilities:				
Other financial liabilities				
Derivatives	$ 44,789	$386,815	$ —	$ 431,611

As of March 31, 2025	Millions of Yen 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

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. Financial instruments classified into Level 3 consist of virtual power purchase agreements ("VPPAs") and stock options, neither of which has an active market. The Company determines the measurement method for each financial instrument in accordance with Company policies and procedures, including the fair value measurement, which is approved by appropriate authorized personnel. In addition, fair value measurements are based on inputs that are reasonably available and considered reasonable by many market participants. The method to measure the fair value of VPPAs is the discounted cash flow method. Expected generation volumes, electricity market prices and other inputs are used in the measurement.

(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.

Among financial instruments classified as Level 3 in the fair value hierarchy, the changes in other investments are as follows:

	Millions of Yen 2026	2025	Thousands of U.S. Dollars 2026
	Other investments	Other investments	Other investments
Balance at the beginning of the year	¥302,788	¥267,337	$1,893,845
Other comprehensive income (loss) arising from FVTOCI financial assets	13,376	11,925	83,662
Purchases	3,182	37,177	19,902
Sales	(3,847)	(1,595)	(24,061)
Foreign exchange translation	4,979	(786)	31,142
Other	946	(11,268)	5,916
Balance at the end of the year	¥321,427	¥302,788	$2,010,426

Among financial instruments classified as Level 3 in the fair value hierarchy, significant unobservable inputs used for measurement of other investments are as follows:

	2026	2025
PBR	0.6 to 5.3 times	0.5 to 5.4 times
Illiquidity discount	30.0%	30.0%

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

Among financial instruments classified as Level 3 in the fair value hierarchy, the changes in other financial assets and other financial liabilities are as follows:

	Millions of Yen 2026	2025	Thousands of U.S. Dollars 2026
	Other financial assets	Other financial assets	Other financial assets
Balance at the beginning of the year	¥ —	¥—	$ —
Gain or loss recognized in profit or loss	2,094	—	13,097
Gain or loss recognized in other comprehensive income	3,408	—	21,315
Settlement	—	—	—
Foreign exchange translation	122	—	763
Other	2,364	—	14,786
Balance at the end of the year	¥7,987	¥—	$49,956

Note: Gain or loss recognized in profit or loss are included in "Revenue" and "Other, net" under "Other income (expenses)" in the consolidated statement of profit or loss. Gain or loss recognized in other comprehensive income are included in "Cash flow hedges" in the consolidated statement of comprehensive income. Of gain or loss recognized in profit or loss, the amount attributable to changes in unrealized gain or loss related to financial assets held at the reporting date is immaterial.

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
	Other financial liabilities	Other financial liabilities	Other financial liabilities
Balance at the beginning of the year	¥—	¥—	$—
Gain or loss recognized in profit or loss	—	—	—
Gain or loss recognized in other comprehensive income	—	—	—
Settlement	—	—	—
Foreign exchange translation	—	—	—
Other	—	—	—
Balance at the end of the year	¥—	¥—	$—

Among financial instruments classified as Level 3 in the fair value hierarchy, significant unobservable inputs of other financial assets and other financial liabilities are as follows:

	2026	2025
Expected generation volumes	5,345MWh to 37,390MWh	—
Electricity market prices	¥10/MWh to ¥50,970/MWh	—

If electricity market prices rise (fall) and expected generation volumes decrease (increase) more than initially expected, the fair value would generally decrease (increase).

(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, 2026

Name of issuer	Millions of Yen	Thousands of U.S. Dollars
Toyota Motor Corporation	¥159,300	$996,372
TOYOTA FUDOSAN CO., LTD.	56,550	353,702
Toyota Battery Manufacturing, Inc.	42,352	264,898
Indus Motor Company Limited	10,313	64,504
Tianjin Denso Engine Electrical Products Co., Ltd.	9,148	57,217
Ta Chen Stainless Pipe Co., Ltd.	9,131	57,111
UMW Toyota Motor Sdn. Bhd.	8,850	55,354
PT Astra Daihatsu Motor	8,685	54,321
TON YI INDUSTRIAL CORP.	8,041	50,293
TOYODA IRON WORKS CO., LTD.	7,717	48,267

As of March 31, 2025

Name of issuer	Millions of Yen
Toyota Industries Corporation	¥194,310
Toyota Motor Corporation	131,792
TOYOTA FUDOSAN CO., LTD.	55,361
Toyota Battery Manufacturing, Inc.	53,724
Indus Motor Company Limited	10,952
Tianjin Denso Engine Electrical Products Co., Ltd.	10,101
Tianjin Denso Electronics Co., Ltd.	8,071
PT Astra Daihatsu Motor	7,478
UMW Toyota Motor Sdn. Bhd.	6,815
TON YI INDUSTRIAL CORP.	6,809

(ii) Dividend income

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Investments derecognized during the year	¥ 2,753	¥ 813	$ 17,219
Investments held at the year-end	26,743	32,133	167,269
Total	¥29,497	¥32,946	$184,494

(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
	2026	2025	2026
Fair value at the date of sale	¥329,776	¥62,457	$2,062,646
Cumulative gain or loss upon sale	285,382	25,812	1,784,976

(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 ¥197,616 million ($1,236,027 thousand) and ¥22,324 million for the years ended March 31, 2026 and 2025, respectively.

(5) Derivatives

The following is the breakdown of derivative transactions.

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Commodity-related derivatives	¥ 5,412	¥ 4,650	$ 33,850
Currency-related derivatives	22,092	21,935	138,178
Interest-related derivatives	42,775	29,336	267,544
Total	¥ 70,279	¥ 55,922	$ 439,573
Other financial assets (current)	¥ 65,786	¥ 37,150	$ 411,471
Other financial assets (non-current)	73,498	51,091	459,707
Other financial liabilities (current)	(60,456)	(24,272)	(378,133)
Other financial liabilities (non-current)	(8,549)	(8,046)	(53,471)
Total	¥ 70,279	¥ 55,922	$ 439,573

(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, 2026	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	¥ 30,621	¥ 51	¥ (386)	¥ —	¥ (230)
Cash flow hedges:					
Commodity price fluctuation risk	99,777	4,234	(356)	—	3,601
Foreign exchange fluctuation risk	781,445	33,492	(12,988)	—	22,814
Interest rate fluctuation risk	423,338	50,967	(8,413)	—	42,663
Hedges of net investments:					
Foreign exchange fluctuation risk	2,008	—	—	2,008	(658)

	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	2,036	Revenue, cost of sales	580	3,982
Foreign exchange fluctuation risk	5,747	Other income (expenses), other	(3,571)	27,467
Interest rate fluctuation risk	18,441	Interest expenses, other	(3,642)	18,117
Hedges of net investments:				
Foreign exchange fluctuation risk	(130)	Other income (expenses), other	—	(658)

	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	$ 191,524	$ 318	$ (2,414)	$ —	$ (1,438)
Cash flow hedges:					
Commodity price fluctuation risk	624,074	26,482	(2,226)	—	22,523
Foreign exchange fluctuation risk	4,887,697	209,482	(81,235)	—	142,694
Interest rate fluctuation risk	2,647,848	318,782	(52,620)	—	266,843
Hedges of net investments:					
Foreign exchange fluctuation risk	12,559	—	—	12,559	(4,115)

	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	12,734	Cost of sales	3,627	24,906
Foreign exchange fluctuation risk	35,945	Other income (expenses), other	(22,335)	171,797
Interest rate fluctuation risk	115,342	Interest expenses, other	(22,779)	113,316
Hedges of net investments:				
Foreign exchange fluctuation risk	(813)	Other income (expenses), other	—	(4,115)

As of March 31, 2025 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	¥ 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)

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	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)

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, 2026				
Fair value hedges:				
Commodity price fluctuation risk	¥ 30,621	¥ —	¥ —	¥ 30,621
Cash flow hedges:				
Commodity price fluctuation risk	25,133	18,460	56,183	99,777
Foreign exchange fluctuation risk	741,939	20,834	18,671	781,445
Interest rate fluctuation risk	59,320	135,511	228,506	423,338
Hedges of net investments:				
Foreign exchange fluctuation risk	2,008	—	—	2,008
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

	Thousands of U.S. Dollars Within one year	Between one and five years	Over five years	Total
March 31, 2026				
Fair value hedges:				
Commodity price fluctuation risk	$ 191,524	$ —	$ —	$ 191,524
Cash flow hedges:				
Commodity price fluctuation risk	157,199	115,461	351,407	624,074
Foreign exchange fluctuation risk	4,640,599	130,310	116,781	4,887,697
Interest rate fluctuation risk	371,028	847,579	1,429,234	2,647,848
Hedges of net investments:				
Foreign exchange fluctuation risk	12,559	—	—	12,559

(b) Hedged item

As of March 31, 2026 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	¥ 230	¥3,709	¥—	¥(197)	¥230
Cash flow hedges:					
Commodity price fluctuation risk	(3,552)	—	—	—	—
Foreign exchange fluctuation risk	(22,814)	—	—	—	—
Interest rate fluctuation risk	(42,660)	—	—	—	—
Hedges of net investments:					
Foreign exchange fluctuation risk	658	—	—	—	—

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	$ 1,438	$23,198	$—	$(1,232)	$1,438
Cash flow hedges:					
Commodity price fluctuation risk	(22,216)	—	—	—	—
Foreign exchange fluctuation risk	(142,694)	—	—	—	—
Interest rate fluctuation risk	(266,825)	—	—	—	—
Hedges of net investments:					
Foreign exchange fluctuation risk	4,115	—	—	—	—

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	—	—	—	—

(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 arising 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 2026	2025	Thousands of U.S. Dollars 2026
Gross amount of financial assets recognized	¥140,972	¥89,369	$881,736
Amount offset in the consolidated statement of financial position	(1,688)	(1,128)	(10,557)
Net amount of financial assets presented in the consolidated statement of financial position	¥139,284	¥88,241	$871,178

	Millions of Yen 2026	2025	Thousands of U.S. Dollars 2026
Gross amount of financial liabilities recognized	¥70,694	¥33,447	$442,169
Amount offset in the consolidated statement of financial position	(1,688)	(1,128)	(10,557)
Net amount of financial liabilities presented in the consolidated statement of financial position	¥69,006	¥32,318	$431,611

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, 2026 and 2025, those amounts are ¥17,681 million ($110,589 thousand) and ¥17,803 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, 2026 and 2025, such amounts affecting profit (loss) for the year attributable to owners of the parent are ¥(7,829) million ($(48,967) thousand) and ¥(8,007) million for USD, and ¥(9,817) million ($(61,402) thousand) and ¥(8,524) million for euro, respectively. Similarly, for the years ended March 31, 2026 and 2025, the amounts affecting exchange differences on translation of foreign operations are ¥(55,482) million ($(347,022) thousand) and ¥(41,460) million for USD, and ¥(52,608) million ($(329,046) thousand) and ¥(41,097) 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, operations, 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 ¥(50,830) million ($(317,925) thousand) and ¥(80,407) million for the years ended March 31, 2026 and 2025, 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 in specific countries/areas by determining the upper limit of loss by country and assessing maximum expected loss by country.

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

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

(a) Changes in loss allowance on trade and loans receivables

Changes in loss allowance on trade and loans receivables are as follows:

Millions of Yen

	Trade and other receivables			Loans receivables				
	Lifetime expected credit losses	Credit-impaired financial assets	Subtotal	Expected credit losses for 12 months	Lifetime expected credit losses	Credit-impaired financial assets	Subtotal	Total
April 1, 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
Provision	2,811	832	3,643	77	—	—	77	3,721
Reversal	(2,964)	(781)	(3,745)	(130)	(46)	—	(176)	(3,922)
Other	3,554	1,122	4,676	468	(116)	—	351	5,028
March 31, 2026	¥33,155	¥19,142	¥52,297	¥4,061	¥3,755	¥—	¥7,817	¥60,115

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, 2025	$186,095	$112,390	$298,486	$22,798	$24,512	$—	$47,316	$345,809
Provision	17,581	5,203	22,785	481	—	—	481	23,273
Reversal	(18,538)	(4,884)	(23,423)	(813)	(287)	—	(1,100)	(24,530)
Other	22,229	7,017	29,246	2,927	(725)	—	2,195	31,448
March 31, 2026	$207,374	$119,727	$327,101	$25,400	$23,486	$—	$48,892	$376,000

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:

Millions of Yen

	Financial guarantee contracts			Total
	Expected credit losses for 12 months	Lifetime expected credit losses	Credit-impaired financial assets	
April 1, 2024	¥—	¥ 36	¥—	¥ 36
Provision	—	—	—	—
Reversal	—	(27)	—	(27)
Other	—	(9)	—	(9)
March 31, 2025	¥—	¥ —	¥—	¥ —
Provision	—	—	—	—
Reversal	—	—	—	—
Other	—	—	—	—
March 31, 2026	¥—	¥ —	¥—	¥ —

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, 2025	$—	$—	$—	$—
Provision	—	—	—	—
Reversal	—	—	—	—
Other	—	—	—	—
March 31, 2026	$—	$—	$—	$—

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, 2026	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	¥ —	¥2,117,288	¥32,022
Loans receivables	52,520	4,074	—
Financial guarantee contracts	23,185	12,965	—

	Thousands of U.S. Dollars Basis of recognition of loss allowance Expected credit losses for 12 months	Lifetime expected credit losses	Credit-impaired financial assets and credit-impaired financial guarantee contracts
Trade and other receivables	$ —	$13,242,982	$200,287
Loans receivables	328,496	25,481	—
Financial guarantee contracts	145,015	81,092	—

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	—

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, 2026				
Bonds and borrowings	¥ 870,610	¥757,967	¥676,963	¥2,305,542
Trade and other payables (excluding lease liabilities)	1,895,730	—	—	1,895,730
Lease liabilities	47,137	94,499	55,863	197,500
Financial guarantee contracts	23,540	4,456	8,153	36,150
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

	Thousands of U.S. Dollars Within one year	Between one and five years	Over five years	Total
March 31, 2026				
Bonds and borrowings	$ 5,445,396	$4,740,849	$4,234,194	$14,420,452
Trade and other payables (excluding lease liabilities)	11,857,205	—	—	11,857,205
Lease liabilities	294,827	591,062	349,405	1,235,301
Financial guarantee contracts	147,235	27,870	50,994	226,107

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, 2026				
Commodity-related derivatives				
(Cash inflows)	¥(26,182)	¥ (1,618)	¥ (6,375)	¥ (34,176)
Cash outflows	28,759	5	—	28,764
Currency-related derivatives				
(Cash inflows)	(29,620)	(12,560)	(11,737)	(53,919)
Cash outflows	31,697	130	—	31,827
Interest-related derivatives				
(Cash inflows)	(46,384)	(60,326)	(24,460)	(131,171)
Cash outflows	32,347	40,755	15,293	88,396
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

	Thousands of U.S. Dollars			
	Within one year	Between one and five years	Over five years	Total
March 31, 2026				
Commodity-related derivatives				
(Cash inflows)	$(163,760)	$ (10,120)	$ (39,873)	$(213,760)
Cash outflows	179,878	31	—	179,909
Currency-related derivatives				
(Cash inflows)	(185,263)	(78,558)	(73,411)	(337,246)
Cash outflows	198,254	813	—	199,068
Interest-related derivatives				
(Cash inflows)	(290,117)	(377,320)	(152,989)	(820,434)
Cash outflows	202,320	254,909	95,652	552,889

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	
	2026		2025		2026	
	Associates	Joint ventures	Associates	Joint ventures	Associates	Joint ventures
Investments accounted for using the equity method	¥335,516	¥82,682	¥296,343	¥77,404	$2,098,548	$517,150

	Millions of Yen				Thousands of U.S. Dollars	
	2026		2025		2026	
	Associates	Joint ventures	Associates	Joint ventures	Associates	Joint ventures
Profit for the year	¥14,846	¥2,935	¥11,510	¥5,151	$ 92,857	$18,357
Other comprehensive income	9,189	1,503	2,003	4,408	57,474	9,400
Comprehensive income for the year	¥24,035	¥4,439	¥13,513	¥9,559	$150,331	$27,764

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, 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
March 31, 2026						
Acquisition cost	¥651,568	¥1,252,391	¥166,881	¥93,881	¥460,843	¥2,625,567
Accumulated depreciation and accumulated impairment losses	315,652	642,112	1,129	223	204,500	1,163,618
Carrying amount	335,916	610,278	165,751	93,658	256,343	1,461,948

	Thousands of U.S. Dollars					
	Buildings and structures	Machinery and vehicles	Land	Construction in progress	Other property, plant and equipment	Total
March 31, 2026						
Acquisition cost	$4,075,356	$7,833,318	$1,043,789	$587,196	$2,882,430	$16,422,110
Accumulated depreciation and accumulated impairment losses	1,974,305	4,016,212	7,061	1,394	1,279,084	7,278,071
Carrying amount	2,101,050	3,817,100	1,036,721	585,801	1,603,346	9,144,033

"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, 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
Acquisitions	9,822	48,230	3,161	93,472	65,923	220,610
Acquisition due to business combinations	34,611	48,052	42,439	4,593	27,350	157,048
Disposals	(7,389)	(14,844)	(3,260)	(313)	(6,111)	(31,920)
Depreciation	(26,024)	(79,771)	—	—	(45,382)	(151,178)
Impairment losses	(1,621)	(2,424)	(91)	(28)	(1,323)	(5,488)
Foreign exchange translation	18,986	30,921	11,384	5,201	12,054	78,547
Other	25,565	78,730	852	(104,697)	8,815	9,267
March 31, 2026	¥335,916	¥610,278	¥165,751	¥ 93,658	¥256,343	¥1,461,948

	Thousands of U.S. Dollars					
	Buildings and structures	Machinery and vehicles	Land	Construction in progress	Other property, plant and equipment	Total
March 31, 2025	$1,763,597	$3,135,995	$ 695,934	$ 596,878	$1,219,771	$7,412,190
Acquisitions	61,433	301,663	19,771	584,638	412,327	1,379,847
Acquisition due to business combinations	216,481	300,550	265,442	28,727	171,065	982,286
Disposals	(46,215)	(92,844)	(20,390)	(1,957)	(38,222)	(199,649)
Depreciation	(162,772)	(498,942)	—	—	(283,850)	(945,571)
Impairment losses	(10,138)	(15,161)	(569)	(175)	(8,274)	(34,325)
Foreign exchange translation	118,751	193,401	71,203	32,530	75,394	491,287
Other	159,901	492,431	5,328	(654,847)	55,135	57,962
March 31, 2026	$2,101,050	$3,817,100	$1,036,721	$ 585,801	$1,603,346	$9,144,033

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

The decrease in "Construction in progress" is mainly due to the reclassification of wind power generation facilities in the Green Infrastructure Division for the year ended March 31, 2026.

The decrease in "Construction in progress" is mainly due to the reclassification of transmission facilities in the Green Infrastructure Division for the year ended March 31, 2025.

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 ¥5,488 million ($34,325 thousand) and ¥2,953 million for the years ended March 31, 2026 and 2025, respectively.

For the year ended March 31, 2026, impairment losses were mainly incurred in the Circular Economy Division.

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, 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
March 31, 2026						
Acquisition cost	¥412,093	¥161,215	¥58,225	¥131,031	¥26,511	¥789,076
Accumulated amortization and accumulated impairment losses	187,402	141,892	20,595	81,300	2,207	433,398
Carrying amount	224,691	19,323	37,629	49,730	24,303	355,678

	Thousands of U.S. Dollars					
	Goodwill	Marketing rights, customer-related, etc.	Business rights	Software	Other intangible assets	Total
March 31, 2026						
Acquisition cost	$2,577,514	$1,008,350	$364,179	$819,558	$165,818	$4,935,426
Accumulated amortization and accumulated impairment losses	1,172,141	887,490	128,815	508,506	13,804	2,710,770
Carrying amount	1,405,372	120,859	235,357	311,045	152,007	2,224,655

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, 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
Acquisitions	—	—	—	6,192	13,205	19,398
Acquisition due to business combinations	52,278	20,131	—	623	3,672	76,706
Disposals	(36)	—	—	(560)	(939)	(1,536)
Amortization	—	(4,043)	(3,665)	(16,303)	(1,192)	(25,204)
Impairment losses	(10,903)	—	—	(12)	—	(10,915)
Foreign exchange translation	14,219	1,675	2,918	1,360	1,065	21,240
Other	535	—	—	15,232	(15,776)	(7)
March 31, 2026	¥224,691	¥19,323	¥37,629	¥ 49,730	¥ 24,303	¥355,678

	Thousands of U.S. Dollars					
	Goodwill	Marketing rights, customer-related, etc.	Business rights	Software	Other intangible assets	Total
March 31, 2025	$1,054,515	$ 9,751	$240,023	$ 270,183	$151,788	$1,726,275
Acquisitions	—	—	—	38,729	82,593	121,328
Acquisition due to business combinations	326,982	125,913	—	3,896	22,967	479,772
Disposals	(225)	—	—	(3,502)	(5,873)	(9,607)
Amortization	—	(25,287)	(22,923)	(101,970)	(7,455)	(157,643)
Impairment losses	(68,194)	—	—	(75)	—	(68,269)
Foreign exchange translation	88,935	10,476	18,251	8,506	6,661	132,849
Other	3,346	—	—	95,271	(98,674)	(43)
March 31, 2026	$1,405,372	$120,859	$235,357	$ 311,045	$152,007	$2,224,655

For the years ended March 31, 2026 and 2025, 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, 2026 and 2025 is 10 years and 11 years, respectively.

"Marketing rights, customer- related, etc." represents customer-related assets of resources recycling business in the Circular Economy Division, whose average remaining useful life as of March 31, 2026 is 14 years.

Impairment losses are shown as "Impairment losses on fixed assets" in the consolidated statement of profit or loss. The amounts are ¥10,915 million ($68,269 thousand) and ¥533 million for the year ended March 31, 2026 and 2025, respectively.

Impairment losses for the year ended March 31, 2026 include impairment losses on goodwill of ¥10,863 million ($67,944 thousand) recognized based on the recoverable amounts in the power generation and energy management businesses in the Green Infrastructure Division. The details of the impairment losses are stated in "Terras Energy Corporation" below.

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

The carrying amounts of goodwill by segment are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Metal+ (Plus)	¥ 24	¥ 38	$ 150
Circular Economy	29,505	0	184,544
Supply Chain	946	875	5,916
Mobility	8,340	1,233	52,164
Green Infrastructure	62,829	73,495	392,975
Digital Solutions	709	709	4,434
Lifestyle	4,563	5,119	28,540
Africa	117,733	87,086	736,383
Other	38	38	237
Total	¥224,691	¥168,596	$1,405,372

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 ¥43,778 million ($273,817 thousand) and ¥38,687 million for automotive and ¥33,868 million ($211,833 thousand) and ¥29,929 million for healthcare as of March 31, 2026 and 2025, 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, 2026 and 2025, respectively. The growth rate which exceeds the average growth rate of markets or countries is not used.

For the years ended March 31, 2026 and 2025, the discount rates are determined, based on weighted-average cost of capital, to be 19.4% and 20.7% for automotive and 17.2% and 16.7% 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, 2026 and 2025, respectively.

Terras Energy Corporation (Current company name: Eurus Energy Holdings Corporation)

The goodwill recognized upon the acquisition of Terras Energy Corporation as a subsidiary is allocated to the cash-generating unit groups of power generation, which generates electric power from renewable energy sources, and energy management, which adjusts supply and demand of electric power and controls storing electricity. For the year ended March 31, 2026, the recoverable amounts of goodwill allocated to power generation and energy management fell below the carrying amounts due to factors such as an increase in the discount rate driven by rising interest rates and a revision of the business plan in response to changes in the business environment. Accordingly, impairment losses of ¥5,420 million ($33,900 thousand) for power generation and ¥5,442 million ($34,038 thousand) for energy management were recognized in the Green Infrastructure Division. The amounts of goodwill allocated to power generation are ¥27,844 million ($174,155 thousand) and ¥33,264 million and those allocated to energy management are ¥26,197 million ($163,854 thousand) and ¥31,640 million as of March 31, 2026 and 2025, 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, construction related costs and the 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, 2026 and 2025, 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 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 5.2% to 14.4% and 4.4% to 10.8% for the years ended March 31, 2026 and 2025, 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, 34.7% and 33.8% are used for the period for the business plan, and 8.2% and 8.4% are used in calculating the continued value for the years ended March 31, 2026 and 2025, 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 1.0% and 0.0% for each of power generation and energy management for the years ended March 31, 2026 and 2025, respectively.

In power generation, the value in use used to determine impairment as of March 31, 2025, exceeded the carrying amount by ¥10,173 million. The recoverable amount may fall below the carrying amount if the after-tax discount rate would increase by approximately 0.5%. The carrying amount equals to the recoverable amount as a result of recognizing impairment losses for the year ended March 31, 2026.

In energy management, the value in use used to determine impairment as of March 31, 2025 exceeded the carrying amount by ¥2,832 million. The recoverable amount may fall below the carrying amount if the after-tax discount rate would increase by approximately 0.6%. The carrying amount equals the recoverable amount as a result of recognizing impairment losses for the year ended March 31, 2026.

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

Radius Recycling, Inc.

Goodwill recognized upon the acquisition of Radius as a subsidiary is allocated to the cash-generating unit Radius, and the amount is ¥29,505 million ($184,544 thousand) as of March 31, 2026.

The recoverable amount of the goodwill 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 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 the year ended March 31, 2026. The growth rate which exceeds the average growth rate of markets or countries is not used.

The discount rates are determined, based on weighted-average cost of capital, to be 11.8% for the year ended March 31, 2026.

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, 2026.

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
	2026	2025	2026
Acquisition cost	¥17,967	¥35,094	$112,378
Accumulated depreciation and accumulated impairment losses	8,116	11,120	50,763
Carrying amount	9,851	23,974	61,614

Changes in carrying amount of investment property are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Balance at the beginning of the year	¥ 23,974	¥17,007	$149,949
Acquisitions	14	8,645	87
Disposals or reclassifications to assets held for sale	(13,733)	0	(85,895)
Depreciation	(726)	(873)	(4,540)
Foreign exchange translation	308	(181)	1,926
Other	13	(624)	81
Balance at the end of the year	¥ 9,851	¥23,974	$ 61,614

Fair value of investment property is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Carrying amount	¥ 9,851	¥23,974	$61,614
Fair value	10,946	31,382	68,463

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 ¥3,117 million ($19,495 thousand) and ¥4,269 million for the years ended March 31, 2026 and 2025, 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 ¥1,446 million ($9,044 thousand) and ¥1,653 million for the years ended March 31, 2026 and 2025, 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, 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
Increase of right-of-use assets	48,307	6,191	4,528	3,627	62,655
Increase due to business combinations	1,625	3,736	20,772	24	26,158
Depreciation	(21,686)	(6,049)	(5,618)	(3,204)	(36,558)
Impairment losses	(114)	(3)	(45)	—	(163)
Other	5,017	(1,933)	2,014	600	5,698
March 31, 2026	¥114,238	¥20,214	¥89,463	¥ 5,421	¥229,337

Thousands of U.S. Dollars	Buildings and structures	Machinery and vehicles	Land	Other	Total
March 31, 2025	$ 507,180	$114,279	$424,149	$ 27,351	$1,072,973
Increase of right-of-use assets	302,145	38,722	28,321	22,685	391,887
Increase due to business combinations	10,163	23,367	129,922	150	163,610
Depreciation	(135,639)	(37,834)	(35,138)	(20,040)	(228,658)
Impairment losses	(713)	(18)	(281)	—	(1,019)
Other	31,379	(12,090)	12,596	3,752	35,639
March 31, 2026	$ 714,523	$126,432	$559,563	$ 33,906	$1,434,432

(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
	2026	2025	2026
Finance costs	¥6,327	¥4,936	$39,573
Lease expenses due to an exemption to short-term leases	7,656	5,119	47,885
Lease expenses due to an exemption to low-value assets	1,855	1,780	11,602

(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, 2026 and 2025 are not material.

(iv) Sublease income

Sublease income for the years ended March 31, 2026 and 2025 is not material.

(v) Sale and leaseback transactions

Gain or loss from sale and leaseback transactions for the years ended March 31, 2026 and 2025 is not material.

(vi) Cash outflows associated with leases

Cash outflows associated with leases are ¥42,888 million ($268,251 thousand) and ¥37,531 million for the years ended March 31, 2026 and 2025, 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
	2026	2025	2026
Finance income on net investment in the lease	¥7,249	¥5,891	$45,340
Income relating to variable lease payments	—	—	—

(ii) Revenue associated with operating leases

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Lease payments earned	¥62,703	¥52,314	$392,187
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, 2026

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	¥14,647	¥12,897	¥11,765	¥9,303	¥7,752	¥17,839	¥74,206	¥12,278	¥—	¥61,927

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	$91,612	$80,666	$73,586	$58,187	$48,486	$111,577	$464,135	$76,795	$—	$387,334

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	¥19,001	¥13,752	¥8,021	¥3,408	¥1,620	¥130	¥45,935

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	$118,845	$86,014	$50,168	$21,315	$10,132	$813	$287,309

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

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

NOTE 15. Trade and Other Payables

The breakdown of trade and other payables is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Notes payable and accounts payable	¥1,503,173	¥1,293,632	$ 9,401,882
Lease liabilities	197,500	143,156	1,235,301
Other	392,557	302,113	2,455,322
Total	¥2,093,231	¥1,738,902	$13,092,513
Current liabilities	¥1,942,867	¥1,629,371	$12,152,032
Non-current liabilities	150,363	109,531	940,474
Total	¥2,093,231	¥1,738,902	$13,092,513

NOTE 16. Supplier Finance Arrangements

The Group previously entered into the following supplier finance arrangements; however, no transactions were conducted under such arrangements as of March 31, 2026.

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
	2026	2025	2026
Amounts shown as trade and other payables	¥—	¥28,398	$—
Of which, amounts paid to the suppliers	—	28,398	—

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	2026	2025
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, 2025	¥ 28,398	$ 177,620
Changes with cash flows	(28,398)	(177,620)
Changes due to business combinations	—	—
Foreign exchange translation	—	—
Other	—	—
Changes without cash flows	—	—
As of March 31, 2026	¥ —	$ —

NOTE 17. Bonds and Borrowings

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

	Millions of Yen		Thousands of U.S. Dollars		
	2026	2025	2026	Average rate	Maturity
Short-term borrowings	¥ 654,168	¥ 351,180	$ 4,091,618	4.20%	—
Current portion of bonds	14,997	24,992	93,801	0.95	—
Current portion of long-term borrowings	176,390	189,010	1,103,264	1.64	—
Bonds (excluding current portion)	180,149	185,106	1,126,776	0.85	—
Long-term borrowings (excluding current portion)	1,143,029	1,103,524	7,149,293	1.84	2028–2043
Total	¥2,168,735	¥1,853,814	$13,564,767	—	2027–2050
Current liabilities	¥ 845,556	¥ 565,183	$ 5,288,691	—	—
Non-current liabilities	1,323,179	1,288,631	8,276,075	—	—
Total	¥2,168,735	¥1,853,814	$13,564,767	—	—

"Average rate" represents the weighted-average interest rate to the balances for the year ended March 31, 2026.

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:

	2026	2025	2026
Multi-currency revolving facilities, total	¥55,000 million equivalent	¥55,000 million equivalent	$344,008 thousand equivalent
Total line of credit	$1,300 million	$1,300 million	$1,300,000 thousand
Balance executed	—	—	—
Balance unused	¥55,000 million equivalent $1,300 million	¥55,000 million equivalent $1,300 million	$344,008 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:

	2026	2025	2026
Total line of credit	€335 million	€335 million	$384,302 thousand
Balance executed	—	—	—
Balance unused	€335 million	€335 million	$384,302 thousand

(2) Details of bonds

The following table summarizes details of bonds.

			Millions of Yen		Thousands of U.S. Dollars		
Issuer	Description	Issue date	2026	2025	2026	Coupon (%)	Redemption date
The Company	The 18th unsecured domestic corporate bond	December 5, 2013	¥ —	¥ 14,994 (14,994)	$ —	1.01	December 5, 2025
The Company	The 19th unsecured domestic corporate bond	July 10, 2014	14,997 (14,997)	14,991	93,801 (93,801)	0.95	July 10, 2026
The Company	The 20th unsecured domestic corporate bond	July 10, 2014	14,981	14,976	93,701	1.27	July 10, 2029
The Company	The 21st unsecured domestic corporate bond	September 3, 2015	—	9,997 (9,997)	—	0.74	September 3, 2025
The Company	The 22nd unsecured domestic corporate bond	September 3, 2015	9,975	9,972	62,390	1.57	September 2, 2033
The Company	The 23rd unsecured domestic corporate bond	July 20, 2016	19,938	19,932	124,706	0.70	July 18, 2036
The Company	The 24th unsecured domestic corporate bond	March 7, 2017	19,934	19,929	124,681	1.02	March 6, 2037
The Company	The 25th unsecured domestic corporate bond	September 14, 2017	9,964	9,961	62,321	0.89	September 14, 2037
The Company	The 26th unsecured domestic corporate bond	March 7, 2018	9,963	9,960	62,315	0.90	March 5, 2038
The Company	The 28th unsecured domestic corporate bond	January 21, 2021	9,954	9,951	62,259	0.74	January 21, 2041
The Company	The 29th unsecured domestic corporate bond	July 19, 2021	9,975	9,970	62,390	0.27	July 18, 2031
The Company	The 30th unsecured domestic corporate bond	November 25, 2022	14,960	14,954	93,570	0.68	November 25, 2032
The Company	The 31st unsecured domestic corporate bond	June 15, 2023	19,973	19,961	124,924	0.36	June 15, 2028
The Company	The 32nd unsecured domestic corporate bond	June 15, 2023	19,944	19,937	124,743	0.80	June 15, 2033
The Company	The 33rd unsecured domestic corporate bond	September 20, 2024	9,978	9,972	62,409	0.73	September 20, 2029
The Company	The 34th unsecured domestic corporate bond	August 15, 2025	9,971	—	62,365	1.31	August 15, 2030
North Hokkaido Wind Energy Transmission Corporation	Corporate bond (private placement) (Note 2)	November 30, 2018	634	634	3,965	4.00	March 31, 2043
Total	—	—	¥195,147 (14,997)	¥210,099 (24,992)	$1,220,584 (93,801)	—	—

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) Assets pledged as collateral

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

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Cash and cash equivalents	¥ 55,920	¥ 66,199	$ 349,762
Trade and other receivables	13,367	10,946	83,606
Inventories	41,351	30,475	258,637
Property, plant and equipment	382,487	376,665	2,392,338
Investments accounted for using the equity method	13,746	10,761	85,976
Other investments	6,845	5,987	42,813
Other	34,419	25,185	215,280
Total	¥548,139	¥526,220	$3,428,440

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
	2026	2025	2026
Bonds and borrowings	¥402,266	¥407,080	$2,516,049

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, 2026 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	¥77,405	¥19,645	¥ 97,051	$484,144	$122,873	$607,024
Increase	698	8,454	9,153	4,365	52,877	57,249
Decrease (wrote off)	(23)	(1,285)	(1,309)	(143)	(8,037)	(8,187)
Decrease (reversal)	(107)	(5,829)	(5,936)	(669)	(36,458)	(37,127)
Changes due to present value calculation	0	—	0	0	—	0
Foreign exchange translation	565	1,926	2,491	3,533	12,046	15,580
Other	2,092	135	2,227	13,084	844	13,929
Balance at the end of the year	¥80,631	¥23,046	¥103,677	$504,321	$144,145	$648,467
Current liabilities	265	13,349	13,614	1,657	83,493	85,151
Non-current liabilities	80,366	9,697	90,063	502,664	60,651	563,316
Total	¥80,631	¥23,046	¥103,677	$504,321	$144,145	$648,467

The Group's provisions for asset retirement obligations primarily include costs to remove facilities in the wind power and solar power businesses. 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 30 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
	2026	2025	2026
Balance of net defined benefit liability at the beginning of the year	¥ 15,231	¥ 1,430	$ 95,265
Changes in present value of defined benefit obligations:			
Balance at the beginning of the year	¥113,704	¥126,767	$711,183
Service cost	6,214	6,063	38,866
Interest cost	2,770	1,917	17,325
Remeasurements	(6,999)	(5,245)	(43,776)
Benefit paid	(7,250)	(6,853)	(45,346)
Foreign exchange translation	3,250	(210)	20,327
Other	4,460	(8,732)	27,895
Balance at the end of the year	¥116,151	¥113,704	$726,488
Changes in fair value of plan assets:			
Balance at the beginning of the year	¥118,194	¥133,238	$739,266
Interest income	1,685	1,302	10,539
Remeasurements	10,045	(12,561)	62,828
Employer contributions	2,645	2,389	16,543
Benefit paid	(3,207)	(2,983)	(20,058)
Foreign exchange translation	998	(232)	6,242
Other	4,231	(2,958)	26,463
Balance at the end of the year	¥134,592	¥118,194	$841,831
Changes in effect of asset ceiling:			
Balance at the beginning of the year	¥ 19,721	¥ 7,901	$123,348
Remeasurements	10,376	11,819	64,898
Balance at the end of the year	¥ 30,097	¥ 19,721	$188,247
Balance of net defined benefit liability at the end of the year	¥ 11,656	¥ 15,231	$ 72,904

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 the funded plan and unfunded plan is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Funded plan:			
Defined benefit obligations	¥ 60,022	¥ 61,079	$ 375,419
Plan assets	(134,592)	(118,194)	(841,831)
Effect of asset ceiling	30,097	19,721	188,247
Total	(44,472)	(37,393)	(278,158)
Unfunded plan:			
Defined benefit obligations	56,128	52,625	351,063
Total	¥ 11,656	¥ 15,231	$ 72,904

(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, 2026

	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	¥ 2,534	¥ —	¥ 2,534
Equity securities:			
Japan	46,227	7,078	53,305
Other than Japan	3,323	6,338	9,661
Debt securities:			
Japan	—	22,684	22,684
Other than Japan	—	6,887	6,887
Life insurance company general accounts	—	14,760	14,760
Other	105	24,652	24,757
Total	¥52,190	¥82,401	¥134,592

	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	$ 15,849	$ —	$ 15,849
Equity securities:			
Japan	289,135	44,270	333,406
Other than Japan	20,784	39,642	60,426
Debt securities:			
Japan	—	141,881	141,881
Other than Japan	—	43,076	43,076
Life insurance company general accounts	—	92,319	92,319
Other	656	154,190	154,847
Total	$326,432	$515,392	$841,831

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

(c) Major actuarial assumptions

Major actuarial assumptions used to determine the present value are as follows:

	2026	2025
Discount rate	Primarily 3.3%	Primarily 2.4%
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, 2026 would decrease by ¥3,418 million ($21,378 thousand) or would increase by ¥3,431 million ($21,459 thousand). The Group performs such sensitivity analysis based on changes in assumptions 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 ¥2,341 million ($14,642 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, 2026, the weighted-average duration of the defined benefit plan obligations is 13 years.

(iii) Defined contribution plans

Costs of defined contribution plans are ¥3,793 million ($23,724 thousand) and ¥1,477 million for the years ended March 31, 2026 and 2025, 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 ¥395,574 million ($2,474,193 thousand) and ¥347,899 million for the years ended March 31, 2026 and 2025, 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.

	2026	2025
Grant date	July 18, 2025	July 19, 2024
Number of shares	113,282 shares	46,242 shares
Fair value	¥3,130 ($19,577)	¥2,970

(3) Stock compensation

The amounts of stock compensation for the years ended March 31, 2026 and 2025 are ¥354 million ($2,214 thousand) and ¥137 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	
	2026	2025
Number of authorized shares:		
Common stock (no par value)	3,000,000	3,000,000
Number of shares issued and outstanding:		
Beginning of the year	1,062,169	354,056
Changes during the year	—	708,113
End of the year	1,062,169	1,062,169

Notes: 1. The number of shares issued and outstanding includes the number of treasury shares of 6,393 thousand and 6,505 thousand as of March 31, 2026 and 2025, 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

		Total amounts of dividends		Dividends per share			
Resolution	Class of stock	(Millions of Yen)	(Thousands of U.S. Dollars)	(Yen)	(U.S. Dollars)	Record date	Effective date
General meeting of shareholders held on June 21, 2024	Common stock	¥54,573	$341,337	¥155	$0.96	March 31, 2024	June 24, 2024
Board of Directors' meeting held on October 31, 2024	Common stock	52,815	330,341	50	0.31	September 30, 2024	November 26, 2024
General meeting of shareholders held on June 20, 2025	Common stock	58,096	363,372	55	0.34	March 31, 2025	June 23, 2025
Board of Directors' meeting held on October 31, 2025	Common stock	61,272	383,237	58	0.36	September 30, 2025	November 26, 2025

Note: The Company conducted a 3-for-1 common stock split on July 1, 2024. Dividends per share with a record date on or before July 1, 2024 are presented at the actual amount paid prior to the split.

(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 23, 2026.

		Total amounts of dividends			Dividends per share			
Resolution	Class of stock	(Millions of Yen)	(Thousands of U.S. Dollars)	Source of dividends	(Yen)	(U.S. Dollars)	Record date	Effective date
General meeting of shareholders held on June 23, 2026	Common stock	¥65,497	$409,663	Retained earnings	¥62	$0.38	March 31, 2026	June 24, 2026

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, 2026	Millions of Yen Reportable segments Metal+ (Plus)	Circular Economy	Supply Chain	Mobility	Green Infrastructure	Digital Solutions
Revenue recognized from contracts with customers	¥1,809,959	¥2,212,272	¥1,288,612	¥1,130,021	¥919,988	¥1,659,042
Revenue recognized from other sources	—	8,758	—	13,307	1,056	—
Total	¥1,809,959	¥2,221,030	¥1,288,612	¥1,143,328	¥921,045	¥1,659,042

	Millions of Yen				
	Reportable segments				
	Lifestyle	Africa	Total	Other (Note 1)	Consolidated
Revenue recognized from contracts with customers	¥576,884	¥1,885,684	¥11,482,465	¥2,583	¥11,485,049
Revenue recognized from other sources	11,197	42,566	76,886	—	76,886
Total	¥588,081	¥1,928,250	¥11,559,352	¥2,583	¥11,561,935

	Thousands of U.S. Dollars					
	Reportable segments					
	Metal+ (Plus)	Circular Economy	Supply Chain	Mobility	Green Infrastructure	Digital Solutions
Revenue recognized from contracts with customers	$11,320,734	$13,837,077	$8,059,869	$7,067,932	$5,754,240	$10,376,795
Revenue recognized from other sources	—	54,778	—	83,231	6,604	—
Total	$11,320,734	$13,891,856	$8,059,869	$7,151,163	$5,760,851	$10,376,795

	Thousands of U.S. Dollars				
	Reportable segments				
	Lifestyle	Africa	Total	Other (Note 1)	Consolidated
Revenue recognized from contracts with customers	$3,608,231	$11,794,370	$71,819,270	$16,155	$71,835,432
Revenue recognized from other sources	70,033	266,237	480,898	—	480,898
Total	$3,678,264	$12,060,607	$72,300,175	$16,155	$72,316,330

	Millions of Yen					
	Reportable segments					
For the year ended March 31, 2025	Metal+ (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

Notes: 1. "Other" comprises businesses, such as a professional division that supports group-wide operations, not included in reportable segments.
2. Revenue recognized from other sources includes revenues recognized under IFRS 9 "Financial Instruments" and IFRS 16 "Leases."

(2) Outstanding balances of contracts

Balances of receivables, contract assets and contract liabilities arising from contracts with customers are as follows:

	Millions of Yen						Thousands of U.S. Dollars		
	2026			2025			2026		
	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	¥1,729,535	¥1,596	¥115,496	¥1,701,262	¥1,331	¥115,031	$10,817,707	$ 9,982	$ 722,391
Changes during the year	169,207	3,284	105,225	28,273	265	464	1,058,337	20,540	658,149
Balance at the ending of the year	¥1,898,742	¥4,880	¥220,721	¥1,729,535	¥1,596	¥115,496	$11,876,044	$30,522	$1,380,541

Of revenues recognized for the years ended March 31, 2026 and 2025, ¥114,190 million ($714,223 thousand) and ¥88,323 million, respectively, were included in contract liabilities as at the beginning of the year. In addition, for the years ended March 31, 2026 and 2025, 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
	2026	2025	2026
Within one year	¥ 101,422	¥ 112,381	$ 634,363
Over one year	933,984	1,007,273	5,841,781
Total	¥1,035,407	¥1,119,654	$6,476,150

(4) Contract costs

There are no contract costs capitalized as an asset for the years ended March 31, 2026 and 2025.

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
	2026	2025	2026
Salaries and wages	¥390,615	¥346,516	$2,443,176
Travel and transportation	22,665	20,237	141,762
Commissions and fees	89,358	79,566	558,906
Rent	15,462	13,897	96,710
Depreciation and amortization	65,860	62,386	411,933
Other	128,265	94,189	802,257
Total	¥712,229	¥616,794	$4,454,772

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, 2026 and 2025 are ¥(9,506) million ($(59,457) thousand) and ¥(10,454) million, respectively.

NOTE 25. Finance Income (Costs)

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

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Interest income:			
Financial assets measured at amortized cost	¥ 30,048	¥ 30,290	$ 187,940
Interest expenses:			
Financial liabilities measured at amortized cost	(67,289)	(62,798)	(420,871)
Derivatives	3,669	5,941	22,948
Total interest expenses	(63,620)	(56,856)	(397,923)
Dividends received:			
FVTOCI financial assets	29,497	32,946	184,494
Other	5,994	16,648	37,490

In addition to the above, net profit and loss on commodity-related derivatives is included in "Revenue" and "Cost of sales" in the consolidated statement of profit or loss in the amounts of ¥(7,526) million ($(47,072) thousand) and ¥5,182 million for the years ended March 31, 2026 and 2025, respectively.

For the year ended March 31, 2025, "Other" includes ¥10,518 million of gain on sale of an entity accounted for using equity method, within the Green Infrastructure Division, which engages in the 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
	2026	2025	2026
Deferred tax assets:			
Elimination of unrealized profits	¥ 6,802	¥ 6,398	$ 42,544
Inventories and property, plant and equipment	57,652	57,568	360,595
Loss allowance	9,299	7,942	58,162
Retirement benefits liabilities	10,741	10,616	67,181
Accruals	14,575	11,946	91,162
Other investment	8,652	9,030	54,115
Net operating losses	23,275	12,272	145,577
Other	38,814	21,277	242,769
Total deferred tax assets	¥ 169,814	¥ 137,052	$ 1,062,134
Deferred tax liabilities:			
Valuation difference on assets and liabilities of subsidiaries	¥ (3,028)	¥ (3,460)	$ (18,939)
Other investments	(119,760)	(147,338)	(749,061)
Equity interests in subsidiaries and associates	(44,752)	(31,972)	(279,909)
Property, plant and equipment	(89,071)	(60,369)	(557,111)
Other	(37,096)	(29,813)	(232,024)
Total deferred tax liabilities	¥(293,708)	¥(272,954)	$(1,837,052)
Total deferred tax assets (liabilities), net	¥(123,894)	¥(135,901)	$ (774,918)

(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
	2026	2025	2026
Balance of deferred tax assets (liabilities), net at the beginning of the year	¥(135,901)	¥(152,529)	$(850,018)
Deferred tax expense	4,556	687	28,496
Income taxes on other comprehensive income	(69,892)	21,148	(437,152)
Other	77,343	(5,207)	483,756
Balance of deferred tax assets (liabilities), net at the end of the year	¥(123,894)	¥(135,901)	$(774,918)

(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 ¥26,286 million ($164,410 thousand) and ¥31,510 million as of March 31, 2026 and 2025, 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
	2026	2025	2026
Expire within one year	¥ 2,527	¥ 4,472	$ 15,805
Expire in a fiscal year between one and five years	14,418	11,180	90,180
Expire in a fiscal year between five and ten years	79,193	58,830	495,327
Expire in a fiscal year over ten years	121,335	11,509	758,912
Total	¥217,474	¥85,992	$1,360,232

(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 ¥830,986 million ($5,197,560 thousand) and ¥784,046 million as of March 31, 2026 and 2025, 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
	2026	2025	2026
Current	¥170,306	¥149,306	$1,065,211
Deferred	(4,556)	(687)	(28,496)
Total	¥165,750	¥148,619	$1,036,715

Deferred tax above includes adjustments due to reassessment of recoverability of deferred tax assets. For the years ended March 31, 2026 and 2025, 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:

	%	
	2026	2025
Statutory effective tax rate	30.6%	30.6%
(Adjustments)		
Permanent nondeductible differences such as entertainment expenses	0.1	0.1
Impairment losses on fixed assets not deductible for tax purposes	0.7	0.3
Equity in earnings of unconsolidated subsidiaries and associates accounted for using the equity method	(1.1)	(0.9)
Differences in tax rates applied for foreign operations	(3.7)	(4.1)
Reassessment of recoverability of deferred tax assets	(0.3)	(1.1)
Other	3.0	2.7
Average effective tax rate	29.3%	27.7%

The statutory effective tax rate in Japan, which is calculated based on corporation tax, inhabitant tax and tax-deductible enterprise tax, is 30.6% for the years ended March 31, 2026 and 2025. 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
	2026	2025	2026
Remeasurements of defined benefit pension plans:			
Amount arising during the year	¥ 6,911	¥(14,231)	$ 43,226
Income tax effects	(1,756)	4,638	(10,983)
Total	5,155	(9,592)	32,242
FVTOCI financial assets:			
Amount arising during the year	183,633	(95,570)	1,148,567
Income tax effects	(62,667)	17,726	(391,962)
Total	120,966	(77,843)	756,604
Cash flow hedges:			
Amount arising during the year	26,603	10,434	166,393
Reclassification to profit or loss in the year	(6,634)	(4,125)	(41,493)
Income tax effects	(5,469)	(1,217)	(34,206)
Total	14,500	5,092	90,693
Exchange differences on translation of foreign operations:			
Amount arising during the year	157,610	(4,466)	985,801
Reclassification to profit or loss in the year	(3,877)	2,206	(24,249)
Income tax effects	—	—	—
Total	153,732	(2,260)	961,546
Share of other comprehensive income of investments accounted for using the equity method:			
Amount arising during the year	12,560	7,827	78,558
Reclassification to profit or loss in the year	(1,867)	(1,416)	(11,677)
Income tax effects	—	—	—
Total	10,692	6,411	66,875
Total	¥305,047	¥(78,191)	$1,907,974

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
	2026	2025	2026
Profit for the year attributable to owners of the parent	¥ 370,516	¥ 362,506	$2,317,463
Basic weighted-average shares (thousand shares)	1,055,744	1,055,652	

	Yen		U.S. Dollars
	2026	2025	2026
Basic earnings per share attributable to owners of the parent	¥350.95	¥343.40	$2.19

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, 2025.

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, 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
Changes arising from cash flows	180,063	5,799	—	(15,000)	(42,713)	128,150
Changes arising from business combinations	80,966	3,454	—	—	24,749	109,170
Foreign exchange translation	41,633	21,092	—	—	11,834	74,559
Changes arising from increase in right-of-use assets	—	—	—	—	42,006	42,006
Other	324	(3,461)	—	48	18,467	15,378
Changes not arising from cash flows	122,924	21,085	—	48	97,057	241,114
March 31, 2026	¥654,168	¥1,319,420	¥ —	¥195,147	¥197,500	¥2,366,236

	Thousands of U.S. Dollars					
	Short-term borrowings	Long-term borrowings	Commercial papers	Bonds	Lease liabilities	Total
March 31, 2025	$2,196,522	$8,084,407	$—	$1,314,104	$ 895,396	$12,490,430
Changes arising from cash flows	1,126,238	36,270	—	(93,820)	(267,156)	801,538
Changes arising from business combinations	506,417	21,603	—	—	154,797	682,824
Foreign exchange translation	260,401	131,923	—	—	74,018	466,343
Changes arising from increase in right-of-use assets	—	—	—	—	262,734	262,734
Other	2,026	(21,647)	—	300	115,505	96,184
Changes not arising from cash flows	768,851	131,880	—	300	607,061	1,508,093
March 31, 2026	$4,091,618	$8,252,564	$—	$1,220,584	$1,235,301	$14,800,075

(3) Payments for the acquisition of subsidiaries or other businesses

The following tables summarize assets acquired and liabilities assumed upon acquisition of subsidiaries or other businesses and the relationship between consideration payable and the amount paid.

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Assets acquired:			
Current assets	¥ 89,636	¥8,260	$ 560,645
Non-current assets	231,858	7,606	1,450,200
Liabilities assumed:			
Current liabilities	120,157	5,699	751,544
Non-current liabilities	39,933	3,712	249,768

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Consideration payable [of which, cash and cash equivalents]	¥(159,413) [(159,413)]	¥(23,314) [(23,314)]	$(997,079) [(997,079)]
Of assets acquired, the amount of cash and cash equivalents	3,365	1,777	21,047
Difference: Payments made upon the acquisition of subsidiaries or other businesses	¥(156,048)	¥(21,537)	$(976,032)

(4) Proceeds from the sale of subsidiaries or other businesses

The following tables summarize assets sold and liabilities relieved upon sales of subsidiaries or other businesses and the relationship between consideration assumed and the amount received.

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Assets sold:			
Current assets	¥ 9,819	¥30,137	$61,414
Non-current assets	14,976	26,112	93,670
Liabilities relieved:			
Current liabilities	6,968	30,175	43,582
Non-current liabilities	14,417	3,055	90,173

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Consideration assumed [of which, cash and cash equivalents]	¥5,268 [5,268]	¥5,644 [5,644]	$32,949 [32,949]
Of assets sold, the amount of cash and cash equivalents	(1,564)	(2,758)	(9,782)
Difference: Proceeds from the sale of subsidiaries or other businesses	¥3,704	¥2,886	$23,167

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
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	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	Minato-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 Lithium Pte. Ltd.	Singapore, Singapore	Circular Economy	100.0
Toyotsu Rare Earths India Private Limited	Anakapalle, India	Circular Economy	100.0
Radius Recycling, Inc.	Portland, U.S.A.	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
Aeolus SAS	Boulogne-Billancourt, France	Africa	100.0
Toyota Tsusho Manufacturing Ghana Co. Limited	Tema, Ghana	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 (Australasia) Pty. Ltd.	Melbourne, Australia	Overseas subsidiary	100.0
Toyota Tsusho (Shanghai) Co., Ltd.	Shanghai, China	Overseas subsidiary	100.0
Toyota Tsusho (China) Co., Ltd.	Beijing, China	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 voting rights held by the Company are not more than 50%.
3. Effective April 1, 2026, Toyota Steel Center Co., Ltd. changed its name to Toyotsu Metal Solutions Co., Ltd.

(2) Transactions with non-controlling interests

There were no significant transactions with non-controlling interests for the year ended March 31, 2026.

Of transactions with non-controlling interests for the year ended March 31, 2025, the major transaction was the acquisition of shares of Elematec Corporation from non-controlling interests, and the outline is as follows.

As a result of this acquisition, the percentage of voting rights held by the Company increased from 58.6% to 100.0%.

	Millions of Yen
Carrying amount of non-controlling interests acquired	¥28,622
Consideration paid to non-controlling interests	40,655
Excess amount of consideration recognized in the transaction with non-controlling interests in equity	¥12,033

Note: Consideration paid consists of ¥31,558 million of cash and ¥9,097 million of trade and other payables.

NOTE 31. Related Party Information

(1) Related party transactions

For the years ended March 31, 2026 and 2025

			Millions of Yen		Thousands of U.S. Dollars
Classification	Corporate name	Type of transaction	2026	2025	2026
Entity with significant influence over the Group	Toyota Motor Corporation Group	Sales of raw materials	¥2,813,682	¥2,358,346	$17,598,711
		Purchase of automobiles	2,246,646	1,776,454	14,052,076

Outstanding balances arising from the transactions above are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Trade and other receivables	¥333,553	¥281,511	$2,086,270
Trade and other payables	215,766	153,016	1,349,549

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, 2026 and 2025 are ¥1,169 million ($7,311 thousand) and ¥897 million, respectively.

NOTE 32. Contingent Liabilities

(1) Guarantees

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

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Guarantees issued for associates accounted for using the equity method	¥21,647	¥32,108	$135,395
Guarantees issued for third parties	14,503	17,988	90,711
Total	¥36,150	¥50,096	$226,107

(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, 2026, 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

(Acquisition and Cancellation of Treasury Shares)

At a meeting of the Board of Directors held on April 30, 2026, the Company resolved to repurchase its own shares and to commence a tender offer for its own shares (the "Repurchase Tender Offer") as the specific method of acquisition of its own shares pursuant to the provisions of its Articles of Incorporation pursuant to Article 459, Paragraph 1 of the Companies Act (Act No. 86 of 2005, as amended; the "Companies Act") and the provisions of Article 156, Paragraph 1 of the Companies Act. In addition, pursuant to Article 178 of the Companies Act, the Company has resolved to cancel treasury shares as follows.

(1) Details of shares repurchased

(i) Type of shares to be repurchased

Common shares of Toyota Tsusho

(ii) Total number of shares to be repurchased

Up to 118,095,502 shares

(11.19% of the total number of issued shares (excluding treasury shares))

Notes: 1. Percentage of the total number of shares issued as of March 31, 2026 (1,055,776,369 shares, excluding treasury shares), rounded to the second decimal place.
2. The number of tendered shares in the Repurchase Tender Offer exceeded the number of shares to be purchased (118,095,402 shares). As a result, a unit adjustment was made on a pro rata basis, adding one trading unit (100 shares) to the upper limit of the total number of shares to be purchased.

(iii) Total value of shares to be repurchased

Up to ¥663,696,721,240 ($4,151,217,921)

(iv) Period during which treasury shares can be repurchased

From May 1, 2026 to June 30, 2026

(v) Method of repurchase

Tender offer for own shares

(2) Outline of the Repurchase Tender Offer

(i) Period of purchase for the tender offer

From May 1, 2026 to June 2, 2026 (20 business days)

(ii) Date of public notice of the commencement of the Repurchase Tender Offer

May 1, 2026

(iii) Number of shares purchased

118,095,432 shares

(iv) Price of purchase, etc.

¥5,620 ($35) per common stock

(v) Commencement date of settlement

June 24, 2026

(3) Details of cancellation of treasury shares

(i) Type of shares to be cancelled

Common shares of the Company

(ii) Number of shares to be cancelled

All of the treasury shares purchased through the Repurchase Tender Offer

(iii) Date of cancellation

June 30, 2026

In accordance with the Board of Directors' resolution, the Company cancelled all of the treasury shares purchased on June 30, 2026.

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, 2026, 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, 2026, 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 our audits of financial statements of public interest entities 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.

Emphasis of Matter

As described in Note 33, Subsequent Events, at the Board of Directors meeting held on April 30, 2026, Toyota Tsusho Corporation (the Company) resolved to acquire its own shares and to conduct a tender offer for its own shares as the specific method of acquisition, and also resolved to cancel all treasury shares acquired through the tender offer. The Company acquired its own shares through the tender offer, and all of the treasury shares so acquired were cancelled on June 30, 2026.

Our opinion is not modified in respect of this matter.

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.

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Impairment assessment of Eurus goodwill arising from the acquisition of Terras Energy Corporation (Note 12 Intangible Assets)	
Key audit matter description	How our audit addressed the key audit matter
The Company recognized goodwill upon its acquisition of Terras Energy Corporation in April 2023 which primarily operates renewable energy generation projects in Japan (subsequently absorbed and merged into Eurus Energy Holdings Corporation effective April 1, 2025 ["Eurus"]). As of March 31, 2026, the carrying amount of this goodwill totalled JPY 54,041 million, net of impairment losses, which represents 0.6% of consolidated total assets. The above goodwill has been allocated to the cash-generating unit group comprising the power generation business and the energy management business, with carrying amounts of JPY 27,844 million and JPY 26,197 million, respectively. The Company recognized impairment losses on such goodwill in the current consolidated fiscal year which was due to factors such as an increase in discount rates due to rising interest rates as well as revisions to business plans in response to changes in the business environment. The impairment losses amounted to JPY 5,420 million for the power generation business and JPY 5,442 million for the energy management business, totaling JPY 10,863 million. The Company 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 group. The recoverable amount of a CGU group is the higher of the CGU group'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, construction related costs and the discount rate.	Our procedures related to management's goodwill impairment assessment mainly included: • Inquired with the management of Eurus to understand the business conditions, market environment, strategies, and business risks facing Eurus during the period, and to assess their impact on the significant assumptions. • Obtained an understanding of and assessed management's processes of preparing and approving the business plan, as well as the processes and internal controls related to determination of the significant assumptions used in estimating future cash flows. • Performed an independent sensitivity analysis on the assumptions used in determining value in use and compared our results with that of management. • Performed the following procedures to evaluate the significant assumptions for the value in use to assess the reasonableness of the value in use calculated by the Company: - For the indicators underlying power generation forecasts, operating related costs, and construction related costs in the power generation group of CGU group, 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 group, 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 was evaluated for reasonableness with the power generation capacity held by Eurus and publicly available information released by the Agency for Natural Resources and Energy (ANRE) of the Ministry of Economy, Trade and Industry (METI), among other sources.

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The recoverable amount of the energy management group is based on value in use, determined by discounting future cash flows from business plan covering the period when the target market is expected to expand and generate steady cash flows following the expiration of FIT and the diffusion of grid storage batteries. 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 adjustments, and the discount rates. We determined that the impairment assessment of Eurus goodwill was a key audit matter as the amount of Eurus goodwill was quantitatively material to the consolidated financial statements. Additionally, the determination of future cash flows based on the business plan and the discount rates are highly subjective and involve management judgement and give rise to significant estimation uncertainty in the valuation of goodwill.	• Compared the business plan from the prior year with the actual results. Assessed whether the business plan is prepared appropriately for the power generation group of CGU group and the energy management group of CGU group and assessed 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 group and the weighted average cost of capital is calculated appropriately.

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 U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2026 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2 to the consolidated financial statements.

FEE-RELATED INFORMATION

In connection with our audit of the consolidated financial statements for the year ended March 31, 2026, the amounts of fees for the audit and the other services charged to Toyota Tsusho Corporation and its controlled entities by PricewaterhouseCoopers Japan LLC and other PwC Network firms are ¥2,970 million and ¥354 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.

Masahisa Kinoshita

Masahisa Kinoshita
Designated Engagement Partner
Certified Public Accountant

Koji Sugimoto

Koji Sugimoto
Designated Engagement Partner
Certified Public Accountant

Takahiro Oikawa

Takahiro Oikawa
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August 20, 2026

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