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## To Our Cherished Shareholders

Toyota Tsusho is deeply indebted to all of its shareholders for their continued kindness and encouragement.

Our company plans to convene its 102nd Ordinary General Meeting of Shareholders as described on the following page. Please accept this letter as a notice of convocation.

Although the outbreak in early 2020 of COVID-19 has changed our lifestyles and ways of working, economic activities are finally returning to pre-pandemic levels as we have become accustomed to coexistence with the coronavirus, with many countries around the world lifting entry restrictions and easing regulations. On the other hand, with rising geopolitical risks, including the situation in Russia and Ukraine, the continuing further acceleration of energy price hikes and commodity shortages, and the expansion of inflation worldwide, the global economic outlook is expected to remain uncertain.

The business environment surrounding us is changing with unprecedented scope and speed, as exemplified by the wave of the Fourth Industrial Revolution driven by digital transformation, the global movement toward a decarbonized society, and geopolitical risks affecting supply chains. Under these circumstances—and viewing change as not representing risk but opportunity, we feel that the time has come for us to envision the future, advance to our next stage, and take on new challenges.

To this end, the Toyota Tsusho Group will accelerate innovation to create new added value, establish business domains that are distinctly Toyota Tsusho, and make company-wide efforts to achieve carbon neutrality and realize a circular economy under the slogan: “Passing on a better global environment to the children of the future”.

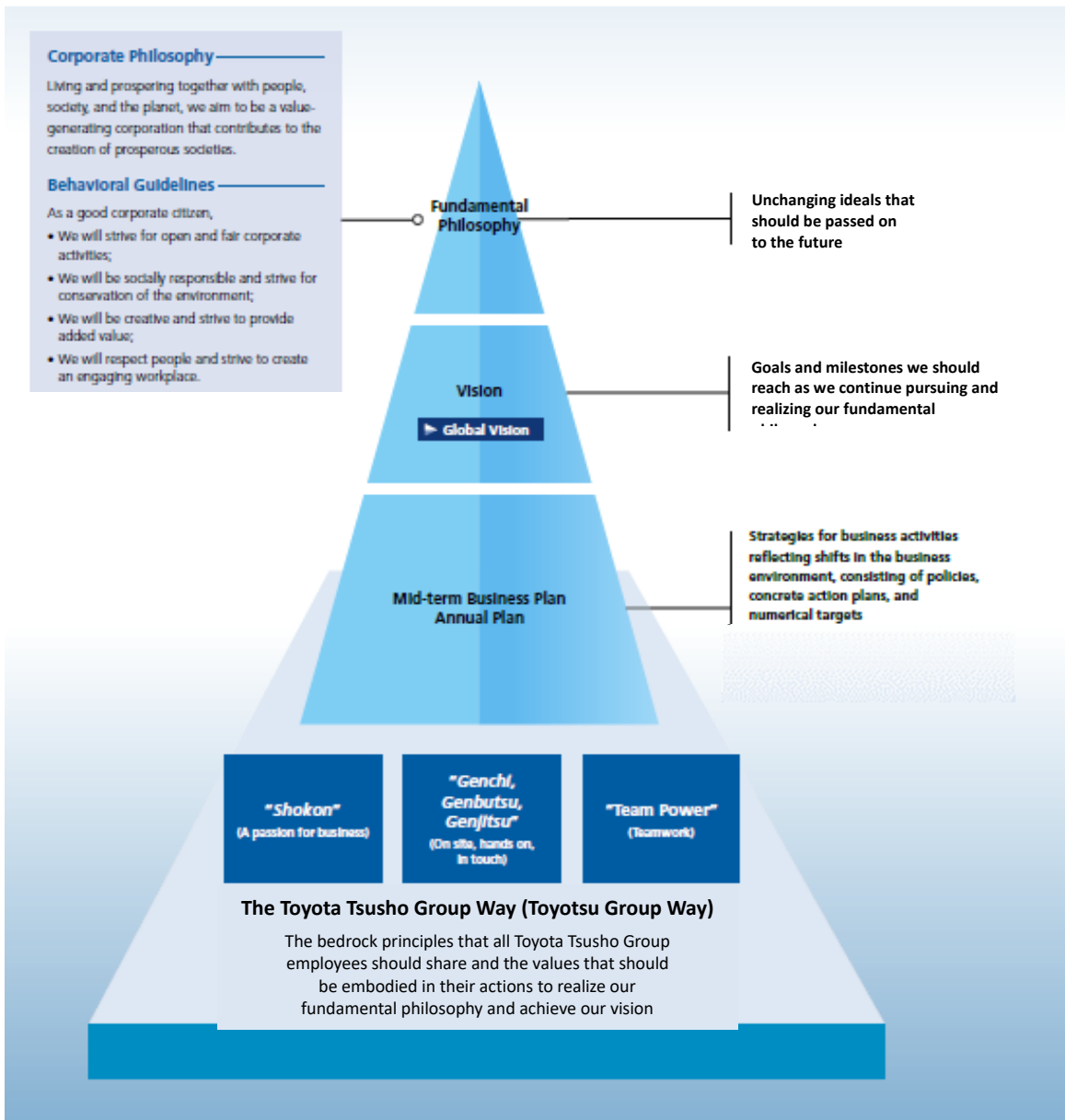
Through these activities, we aim to be an irreplaceable presence for our customers, suppliers, partners, shareholders, communities, and future society around the world. In other words, we aim to achieve our global vision of “Be the Right ONE”.

I would like to express our company’s sincere gratitude to all of our shareholders for their understanding and backing of the Toyota Tsusho Group, and I humbly request your continued support.

Sincerely yours,

Ichiro Kashitani

**We in the Toyota Tsusho Group deliver to nations around the world a diverse range of products and services essential for building prosperous and comfortable societies. We are guided by a four-tier philosophy that enables us to successfully meet the challenges of each new age.**



**Global Vision –Established in 2016–**

Our Global Vision sets the direction of the Toyota Tsusho Group’s continued evolution as a true global company. It sets forth guidelines to which our entire global workforce should aspire.

**Global Vision – Ideal Image**

The Toyota Tsusho Group will evoke our ideal as



**Be the Right ONE**

**The Right ONE for you**

The best assurance of safety, service, quality and reliability based on your needs (Genba)

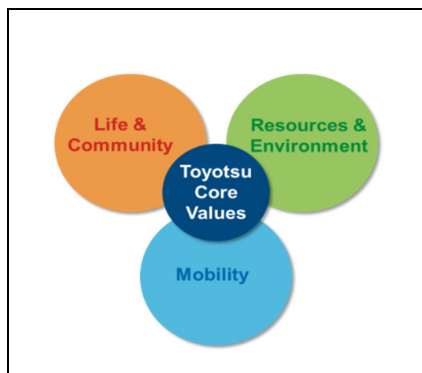
**The Right ONE for us**

Maximization of individual capabilities, global networks and diversity to create synergistic strengths

**The Right ONE for future**

Unique insights and capabilities to explore new possibilities for future and sustainable society

**Global Vision — Toyotsu Core Values**



Under our Global Vision, we have made a more explicit commitment to emphasize the importance of an environmental consciousness, and our contributions to a convenient, comfortable, healthy and sustainable society.

**Mobility**

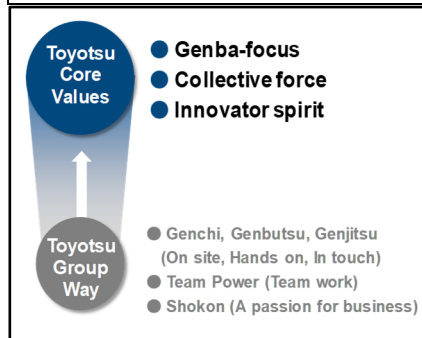
A focused field that contributes to future convenient society

**Life & Community**

A focused field that contributes to comfortable & healthy society

**Resources & Environment**

A focused field that contributes to sustainable society



## Toward Sustainable Growth

### Key Sustainability Initiatives for the Toyota Tsusho Group

The Toyota Tsusho Group has identified six Key Sustainability Issues (Materiality) that it needs to be aware of as it pursues the realization of its corporate philosophy and Global Vision to clarify those social issues that it needs to focus on based on its management strategies.

Materiality is incorporated into the strategy of the divisions, and each division reports on their progress to the Sustainability Management Committee, and conducts a review as appropriate, taking into account changing trends in international society, environmental changes for the Toyota Tsusho Group, and so on.

To facilitate visualization of the impact of the Company's business activities on sustainable development themes, we have formulated medium-term KPIs for each materiality issue, and will apply the plan-do-check-act (PDCA) cycle.

Both the company and employees are achieving sustainable growth and contributing to solutions to social issues and the realization of the Sustainable Development Goals (SDGs) by each employee engaging in business activities with an awareness of these Materialities.



## Setting our Sights on Carbon Neutrality

### The Toyota Tsusho Group's carbon neutral declaration

Decarbonization is one of the Toyota Tsusho Group's material sustainability issues, and the Group as a whole is currently working towards the goal of carbon neutrality. As a concrete policy geared towards contributing to the transition to a decarbonized society, in July 2021 we formulated a 2050 carbon neutrality target with an initial goal of achieving a 50% reduction in the volume of greenhouse gas emissions (Scopes 1\* and 2\*) generated through the business activities of the Group (Toyota Tsusho Corporation and its consolidated subsidiaries in Japan and overseas) by the year 2030 compared to 2019 levels.

The Group aims to achieve this goal by making an all-out effort to promote energy saving and the use of renewable energy by, for example, switching to LED lighting at offices and plants and installing solar power generation equipment on the rooftops of the buildings we own. In addition, the Group will work to reduce greenhouse gas emissions by changing the types of fuel used in production processes and logistics operations, consuming fuel more efficiently, and minimizing emissions through technological innovation.

A strength of Toyota Tsusho Group is that we are able to accelerate and drive forward, on a Group-wide basis, businesses that contribute to reducing greenhouse gas emissions throughout industrial life cycles. All Group employees will make a concerted and committed effort to help address societal issues.

\*Scope 1: Greenhouse gases emitted directly through the Group's own fuel consumption (coal, gas, etc.).

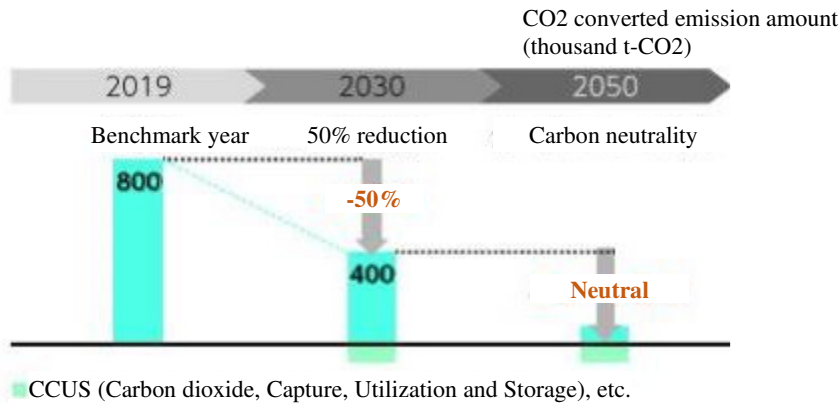
\*Scope 2: Greenhouse gases emitted indirectly through the use of purchased electricity and heat.

#### Reduction target

- We aim to be carbon neutral by 2050
- We aim for a 50% reduction in GHG by 2030 compared to 2019

Included: Parent company, domestic and overseas consolidated subsidiaries (Scopes 1 and 2)

\*Scope 3 promotes specific initiatives with suppliers and customers to reduce GHG emissions throughout the value chain.



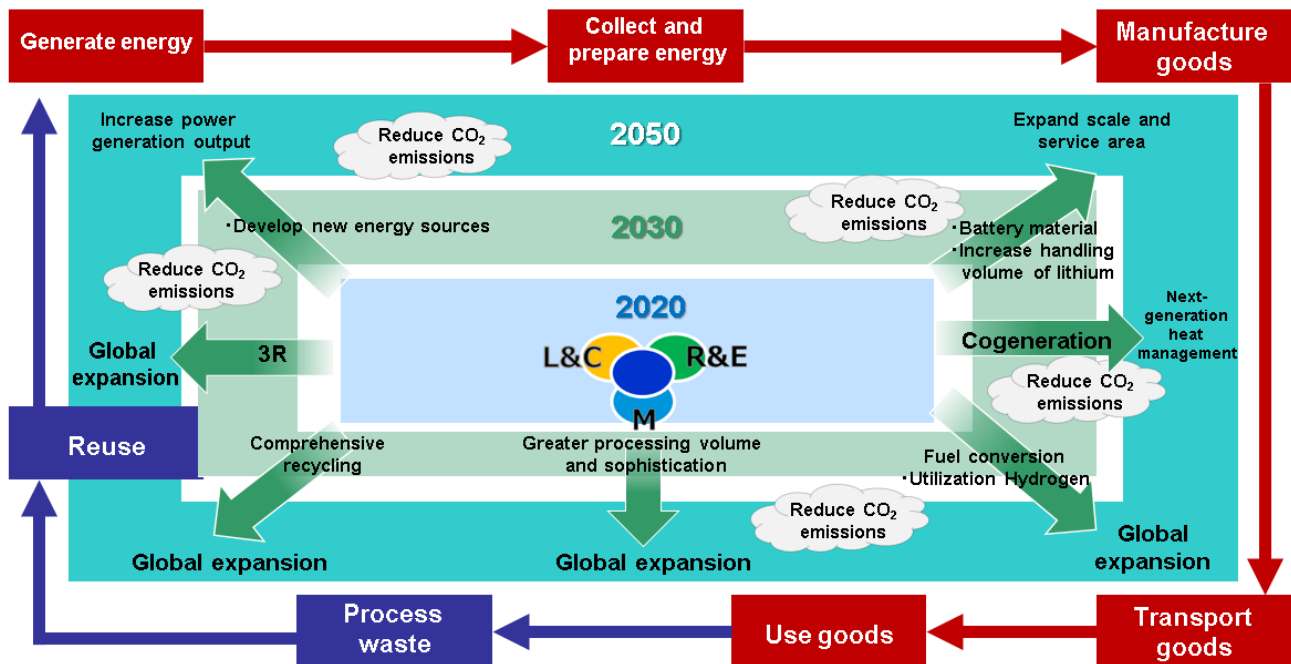
## Passing on a better global environment to the children of the future

In contributing to the transition to a carbon-free society, the Group is engaged in businesses that are supportive of a circular economy at each stage of industrial life cycles. (See diagram below.)

We have long endeavored to play a role in supporting the establishment of a circular economy by nurturing the relevant business know-how (in the automotive recycling business, for example, since the 1970s, and in the renewable energy business since the 1980s).

In April 2022, under the slogan “passing on a better global environment to the children of the future,” we established a Carbon Neutrality Department and have been taking many actions for the creation of a carbon-free society.

Toyota Tsusho Group’s initiatives contributing to the transition to a carbon-free society.



## Five strategic areas

The Toyota Tsusho Group established five working groups with the objective of decisively investing resources into businesses that can spearhead innovative changes by harnessing the Group’s experience, track record, and know-how. The five areas covered by the working groups are: (1) renewable energy/energy management, (2) batteries, (3) hydrogen/alternative fuels, (4) resource recycling/3Rs, and (5) economy of life. We have earmarked ¥1.6 trillion for investment through 2030 in these strategic areas.

Most recently, The Company made Eurus Energy Holdings Corporation a wholly owned subsidiary, and on April 28, the Company acquired the shares of SB Energy Corporation and made this company a subsidiary, changing its name to Terrace Energy Corporation. In addition, operations started at one of Japan’s largest plastic recycling plants, which is owned by K.K. Planic, and at the PET bottle horizontal recycling plant owned by Toyotsu PET Recycle Systems Corporation.

### Areas of strength and the five working groups

<p>RdRE (Road/Renewable Energy) Renewable Energy/Energy Management Working Group</p>	<p><b>Investment:</b> ¥700 billion</p>	<p>RdBT (Road/Battery) Battery Working Group</p>	<p><b>Investment:</b> ¥400 billion</p>
<ul style="list-style-type: none"> <li>● Target 50% share of renewable energy of all power consumption by the Group</li> <li>● Help major customer groups switch to renewable energy</li> <li>● Increase uptake of renewable energy power generation</li> </ul>		<ul style="list-style-type: none"> <li>● Form local production/local consumption-based supply chains</li> <li>● Participate in battery manufacturing business</li> <li>● Increase supply capacity of resources such as lithium</li> <li>● Participate in manufacture of raw materials and parts</li> </ul>	
<p>RdCE (Road/Circular Economy) Resource Recycling/3Rs Working Group</p>	<p><b>Investment:</b> ¥200 billion</p>	<p>RdHY (Road/Hydrogen) Hydrogen/Alternative Fuels Working Group</p>	<p><b>Investment:</b> ¥200 billion</p>
<ul style="list-style-type: none"> <li>● Circular Economy Innovation Center functions as base for creating “Circular Economy/Carbon Neutral” businesses</li> <li>● Create battery-to-battery business, implement recycling of metal and plastic resources and CO<sub>2</sub></li> </ul>		<ul style="list-style-type: none"> <li>● Three project studies utilizing large-scale hydrogen/fuel cells (in ports, public transport, and logistics) in over 10 locations</li> <li>● Alternative fuel supply in Chubu Area</li> </ul>	
<p>RdEoL (Road/Economy of Life) Economy of Life Working Group</p>		<p><b>Investment:</b> ¥100 billion</p>	
<ul style="list-style-type: none"> <li>● Earn carbon credits from agribusinesses</li> <li>● Revamp Economy of Life businesses with carbon neutral/circular economy concepts</li> </ul>			

Execute investments that contribute to transition to carbon-free society → More than ¥1.6 trillion by 2030

# **Business Report (from April 1, 2022 to March 31, 2023)**

## **I. Outlook of Associated Companies**

### **1. Progress and Achievement in Operation**

#### **(1) Overview of Operations**

In the fiscal year ended March 31, 2023, although the global economy was recovering from the impact of the pandemic, the pace of the recovery was held down by persistent inflation caused by the prolonged Ukraine conflict and other events. The outlook for the economy has become even more uncertain due to the increase in economic security risk, worries about the growth of credit problems sparked by the recent failure of U.S. banks, and other reasons.

In the United States, interest rates increased steadily due to inflation fueled by strong consumer spending and a tight labor market. There are still concerns about financial markets because of regional bank failures as worries about credit problems increase. In Europe, economic growth is slowing as inflation linked mainly to the rising cost of energy caused by the prolonged Ukraine conflict and other events holds down consumer spending. Moreover, concerns linger over financial instability in the wake of turbulence at major banks. In China, the zero-COVID policy reduced economic growth. However, capital expenditures and consumer spending started recovering after this policy ended late in 2022. Furthermore, sluggish real estate investment and persistently high unemployment rate were also causes for concern. In emerging market economies, some countries benefited from an economic recovery backed by external demand associated with the resumption of economic activities and the decline in constraints on supplies of many items. However, economic growth slowed in other countries because of the high prices of resources, political instability and other reasons.

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

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

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

#### **Metals**

In November 2022, Toyotsu Lithium Corporation completed the construction of Japan's first lithium hydroxide manufacturing plant in Naraha, Fukushima prefecture. Due to the growing sales of electric vehicles and battery performance improvements, demand for lithium hydroxide is expected to continue to increase. We intend to consistently supply high-quality lithium hydroxide in order to contribute to carbon neutrality and support the revitalization of regional economies and the industrial revival of regions affected by the Great East Japan Earthquake.

Profit for the year (attributable to owners of the parent) increased 3.7 billion yen (5.0%) year on year to 76.6 billion yen, largely due to higher market prices and an increase in trading volume of automobile production-related products in Asia/Oceania, despite the impact of a year-earlier one-time gain.

#### **Global Parts & Logistics**

In collaboration with Resilire, Inc., in November 2022 we started providing a one-stop risk countermeasure service by combining the supply chain visualization and risk management service developed by Resilire with our logistics online platform Streams. By using the digital transformation, we intend to help make the supply chains of customers more resilient and strengthen their business continuity plans.

Profit for the year (attributable to owners of the parent) increased 8.7 billion yen (33.9%) year on year to 34.3 billion yen, largely due to an increase in trading volume of automotive parts in North America, Europe, and Asia/Oceania.

#### **Automotive**



In August 2022, we established Toyota Tsusho Manufacturing (Cambodia) Co., Ltd., a vehicle assembly company in Cambodia. This project is an initiative based on the MOU on Cooperation for the Development of the Automobile Industry that we entered into with the government of Cambodia in November 2022. Our goal is to use this project to contribute to the development of Cambodia's automobile industry, economy, and society.

Profit for the year (attributable to owners of the parent) increased 17.2 billion yen (60.4%) year on year to 45.7 billion yen, largely due to an increase in sales volume handled by overseas automotive dealerships mainly in Asia/Oceania.

\*Automotive division was renamed Mobility division in April 2023.

### **Machinery, Energy & Projects**

In order to further expand our renewable energy business, in August 2022 we acquired the remaining 40% of the shares of Eurus Energy Holdings Corporation from Tokyo Electric Power Company Holdings, Inc., thereby making it a wholly owned subsidiary. For the same purpose, we acquired 85% of the shares of SB Energy Corporation from SoftBank Group Corp. and made it a subsidiary with the change of its name to Terrace Energy Corporation in April 2023. We want to use carbon neutrality initiatives to contribute to the transition to a carbon-free society.

Profit for the year (attributable to owners of the parent) increased 11.4 billion yen (53.8%) year on year to 32.6 billion yen, largely due to rising electricity prices in Europe, despite the impact of a year-earlier one-time gain and a one-time loss in the electric power business this fiscal year.

### **Chemicals & Electronics**

For the purpose of horizontal PET bottle recycling, Toyotsu PET Recycle Systems Corporation started the full-scale operation of its recycling plant in Shiga prefecture in October 2022. Also in the same month, K.K. Planic, a company in which we hold an equity stake, launched full-scale operations at its plant in Omaezaki, Shizuoka prefecture for car-to-car recycling. Through the recycling businesses of both companies, we plan to speed up the transition to a circular economy.

Profit for the year (attributable to owners of the parent) increased 4.9 billion yen (11.3%) year on year to 47.9 billion yen, largely due to an increase in trading volume in the electronics business and higher market prices in the chemical business.

### **Food & Consumer Services**

With the aim of providing high-quality medical treatment-related services, such as linen supply, to hospitals in India, Valabhi Hospital Services Private Limited, a joint venture established with Tokai Corporation, commenced operations in November 2022. So that we can provide safer medical care that offers greater peace of mind and contributes to the advancement of regional healthcare, we will push ahead with the development of a new linen supply business model and the provision of high-quality medical treatment-related services.

Profit for the year (attributable to owners of the parent) increased 4.1 billion yen (73.9%) year on year to 9.5 billion yen, largely due to a one-time gain in the domestic consumer products & services business, despite the higher transportation costs in the South American food business.

### **Africa**

In March 2023, The Company signed MOU with the Republic of Angola. Joint activities with the Ministry of Health involves health care activities. Cooperation with the Ministry of Energy and Water and a government owned development company that is affiliated with the Ministry of Transport concerns renewable energy and other "green economy" themes. These joint activities have the goals of helping diversify the industries of Angola and supporting the country's economic growth.

Profit for the year (attributable to owners of the parent) increased 10.3 billion yen (39.8%) year on year to 36.3 billion yen, largely due to an increase in sales volume handled by automotive dealerships.

## (2) Financing

The Company raises debt financing from various sources including loans from financial institutions and issuance of both commercial paper and bonds in accordance with a basic policy of tailoring financing to assets' attributes. In doing so, the Company takes into account interest rate risk and refinancing risk while endeavoring to maintain adequate liquidity and financial stability.

To ensure access to funding even in the event of financial market turmoil or other unforeseen circumstances, the Company has arranged multiple credit facilities with major domestic and foreign banks, such as a 50 billion yen equivalent multicurrency revolving credit facility, and has concluded commitment line as 1,200 million USD as of March 31, 2023. None of these facilities were drawn as of March 31, 2023.

Multicurrency credit facilities and committed facility:	50 billion yen equivalent and 1,200 million USD
<u>Drawn balances:</u>	<u>nil</u>
Undrawn balances:	50 billion yen equivalent and 1,200 million USD

Some consolidated subsidiaries have arranged committed lines of credit with financial institutions to ensure immediate availability and stability of funding. The subsidiaries' undrawn credit lines on March 31, 2023 were as follows.

Total committed credit lines:	250 million EUR
<u>Drawn balances:</u>	<u>nil</u>
Undrawn balances:	250 million EUR

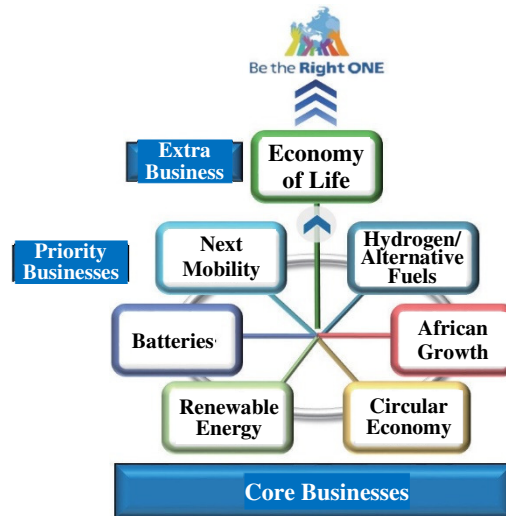
## (3) Capital investment

The Company and its consolidated subsidiaries invested a total of 201,732 million yen in property plant and equipment, mainly in wind power generation facilities in the fiscal year ended March 2023.

## 2. Management Priorities

The outlook for the global economy is expected to remain unclear because of the high cost of raw materials and energy, exchange rate volatility and rising interest rates that triggered by the situation in Russia and Ukraine, and for other reasons. Changes of an unprecedented magnitude and speed are reshaping Toyota Tsusho's business climate. Major drivers of these changes include the fourth industrial revolution due to the digital transformation, rising awareness worldwide of the need to protect the environment, and supply chain disruptions caused by geopolitical risk. We regard these changes as opportunities for more growth and will continue to focus on streamlining our operations wherever possible and tackling challenges in new market sectors.

To raise the speed of activities for a better future, including measures to help achieve a carbon-free society, we have redefined the priority sectors where we are strongest and the carbon neutrality and circular economy domains. The result is our EoL (economy of life) business consisting of six priority businesses plus an extra business. By clearly defining priority business sectors and linking them with our core businesses of prior years, we are determined to move even faster with activities based on our "Be the Right ONE" global vision.



The six priority businesses and extra business of the EoL business

### Next Mobility Strategy

- Rapidly respond to changes in the external environment
- Contribute to safe and comfortable mobility in communities
- Bolster MaaS (mobility as a service) and CASE (connected, autonomous, shared, electric) initiatives

### Renewable Energy Strategy

- Be the number one renewable energy provider in Japan
- Expand into more countries and into more business fields as a clean electric power business operator
- Contribute to carbon neutrality

### African Growth Strategy

- Further expand the mobility business and grow business ventures in other areas such as healthcare and consumer goods
- Help resolve societal issues in Africa and contribute to regional development

### Circular Economy Strategy

- Contribute to the establishment of circular economies through reducing the volume of wasted resources
- Reuse and recycle natural resources and establish frameworks for resource recycling

### Battery Strategy

- Batteries for the electrified society of the future
- Establishment of a supply chain for sustainable batteries that reduce GHG emissions
- Contributions to achieving a carbon-free society

### Hydrogen and Alternate Fuel Strategy

- Create a hydrogen society centered on fuel cells
- Contributions to achieving a carbon-free society

### EoL Strategy

- Business activities centered on health care for improving the quality of life in countries and regions where the Company has a strong presence
- Contributions to achieving a society where people enjoy pleasant and healthy lives

The operations of the Toyota Tsusho Group contribute to progress concerning many social issues, but the most important issue at the Group is sustainability, and the Group has identified Key Sustainability Issues (Materiality). Our priority businesses have close ties with four of these issues. Group companies will continue to use business activities to help solve these issues and position these activities as part of growth strategies for accomplishing the targets of the medium-term business plan.

Guided by the “Be the Right ONE” global vision, the Toyota Tsusho Group is committed to fulfilling its responsibilities to society and the environment by continuing to be an irreplaceable and indispensable partner that is the first choice of customers and society.

We look forward to the continued support and encouragement of all our shareholders.

### **3. Consolidated Financial Summary**

IFRS basis	(Yen in millions unless otherwise stated)			
	FY2019	FY2020	FY2021	FY2022
Total revenue	6,694,071	6,309,303	8,028,000	9,848,560
Profit before income taxes	224,801	221,425	330,132	427,126
Profit for the year attributable to owners of the parent	135,551	134,602	222,235	284,155
Earnings per share attributable to owners of the parent (Yen)	385.25	382.56	631.63	807.58
Total assets	4,545,210	5,228,004	6,143,125	6,377,064
Total equity attributable to owners of the parent	1,196,635	1,469,657	1,735,011	1,914,327

#### **4. Major Subsidiaries and Affiliated Companies**

Company name	Capital stock	Voting rights (%)	Main business
Toyota Steel Center Co., Ltd.	1,500 million yen	90.0	Processing and warehousing of steel sheets
Toyotsu Material Incorporated	980 million yen	100.0	Sales of nonferrous metal products, nonferrous scrap and iron scrap
Toyotsu Tekkou Hanbai Corporation	310 million yen	100.0	Sales of steel products
Eurus Energy Holdings Corporation	18,199 million yen	100.0	Operation and management of wind/solar power generation projects worldwide
Toyotsu Machinery Corporation	325 million yen	100.0	Manufacture, sales, and maintenance of mechanical equipment
NEXTY Electronics Corporation	5,284 million yen	100.0	Import/export and sales of semiconductors
Elematec Corporation	2,142 million yen	58.6	Sales of electrical materials and electronic components
Tomen Devices Corporation	2,054 million yen	*50.1	Sales of Samsung semiconductors
Toyotsu Chemiplas Corporation	670 million yen	100.0	Domestic sales and import/export involving chemicals, compound resins, and other items
Toyota Tsusho Insurance Partners Corporation	10 million yen	100.0	Insurance agencies and insurance services
Toyota Tsusho South Pacific Holdings Pty. Ltd.	74,865 thousand AUD	100.0	Holding company for auto dealerships
NovaAgri Infra-Estrutura de Armazenagem e Escoamento Agricola S.A.	231,030 thousand BRL	*100.0	Grain collection and infrastructure services/businesses?
CFAO SAS	12,198 thousand EUR	100.0	Automobile sales and wholesale of pharmaceuticals
Toyota Tsusho America, Inc.	90,000 thousand USD	100.0	Trade business and wholesale trade
Toyota Tsusho Europe S.A.	19,657 thousand EUR	100.0	Trade business and wholesale trade
Toyota Tsusho (Thailand) Co., Ltd.	2,564,039 thousand THB	100.0	Trade business and wholesale trade
Toyota Tsusho Asia Pacific Pte. Ltd.	2,000 thousand SGD	100.0	Trade business and wholesale trade
PT Toyota Tsusho Indonesia	3,350 thousand USD	100.0	Trade business and wholesale trade
Toyota Tsusho (Shanghai) Co., Ltd.	33,178 thousand RMB	*100.0	Trade business and wholesale trade
Toyota Tsusho (Guangzhou) Co., Ltd.	9,934 thousand RMB	*100.0	Trade business and wholesale trade
Toyota Tsusho (Tianjin) Co., Ltd.	16,557 thousand RMB	*100.0	Trade business and wholesale trade

Note: An asterisk indicates that the ownership interest includes such ratio of the subsidiaries.

## **5. Major Businesses**

The Toyota Tsusho Group comprises 1,007 subsidiaries and affiliates in addition to the Company, a trading company. With the Company as its nucleus, the Group engages in a wide range of domestic and overseas trading businesses, including Metals; Global Parts & Logistics; Automotive; Machinery, Energy & Projects; Chemicals & Electronics; and Food & Consumer Services. Additionally, the Group also operates a broad range of businesses that manufacture, assemble and/or sell products, business investments and/or provide services.

The Group's main products and businesses are stated in "1. Progress and Achievement in Operation (1) Overview of Operations."

## **6. Office Network of the Toyota Tsusho Group**

### (1) Toyota Tsusho Corporation

#### Domestic

Head Office: 9-8, Meieki 4-chome, Nakamura-ku, Nagoya 450-8575, Japan

Tokyo Head Office: 3-13, Konan 2-chome, Minato-ku, Tokyo 108-8208, Japan

Branches: Osaka, Hamamatsu, Toyota, Hokkaido, Tohoku, Niigata, Hokuriku, Hiroshima, Kyushu

Note: In addition to above, there are three sub-branches, one sales office and three sub-rooms.

#### Overseas

Branches: Manila (Philippines), Baghdad (Iraq)

Representative Offices: 21 offices, including Yangon (Myanmar) and Cairo (Egypt)

### (2) Consolidated Subsidiaries

Domestic: 128 companies, including Toyota Steel Center Co., Ltd. (Aichi), NEXTY Electronics Corporation (Tokyo), Elematec Corporation (Tokyo), Tomen Devices Corporation (Tokyo)

Overseas: 647 companies, including Toyota Tsusho America, Inc. (U.S.A.), Toyota Tsusho Europe S.A. (Belgium), Toyota Tsusho (Thailand) Co., Ltd. (Thailand), CFAO SAS (France)

## **7. Number of Employees**

66,944 (Increased from the end of the previous fiscal year by 1,726)

Note: Number of employees is the number of persons in employment (excludes individuals seconded from the Toyota Tsusho Group to outside the Group, but includes individuals seconded to the Toyota Tsusho Group from outside the Group.)

## **8. Major Lenders**

Name of lender	Outstanding loans (Million yen)
MUFG Bank, Ltd.	484,466
Sumitomo Mitsui Banking Corporation	220,601
Mizuho Bank, Ltd.	155,342

## II. Status of the Company

### 1. Status of Shares (As of March 31, 2023)

- (1) Number of shares authorized for issuance: 1,000,000,000 shares  
(2) Shares of common stock issued: 352,078,449 shares  
(excluding 1,978,067 shares of treasury stock)  
(3) Numbers of shareholders: 41,010  
(4) Principal shareholders (top 10)

Name of shareholder	Number of shares (Thousands shares)	Percentage of shareholding (%)
TOYOTA MOTOR CORPORATION	76,368	21.69
The Master Trust Bank of Japan, Ltd. (Trust Account)	52,028	14.78
TOYOTA INDUSTRIES CORPORATION	39,365	11.18
Custody Bank of Japan, Ltd. (Trust Account)	20,967	5.96
MUFG Bank, Ltd.	8,098	2.30
Sumitomo Mitsui Banking Corporation	4,249	1.21
JPMorgan Securities Japan Co., Ltd.	3,778	1.07
State Street Bank West Client Treaty 505234	3,556	1.01
Nippon Life Insurance Company	3,522	1.00
Kochi Shinkin Bank	3,265	0.93

Note: The percentage of shareholding is computed excluding 1,978,067 shares of treasury stock.

- (5) Status on common stock issued as compensation in the current fiscal year to officers of the Company for duties executed

	Type and number of common stock	Number of officers who have been issued common stock
Directors (excluding outside directors)	Common shares of the Company: 10,315 shares	3

## **2. Matters Relating to Company Officers (As of March 31, 2023)**

### (1) Status of directors and Audit & Supervisory Board members

Name	Position in the company	Responsibilities and major positions at other companies
Nobuhiko Murakami	Chairman of the Board	
Ichiro Kashitani	*Member of the Board, President & CEO	
Hiroshi Tominaga	*Member of the Board, CSO, Regional CEO	Chief Officer responsible for Emerging Regions, Corporate Planning Department, Corporate Communications Department and IT Strategy Department
Hideyuki Iwamoto	*Member of the Board, CFO	Chief Officer responsible for Investment and Credit Department
Kumi Fujisawa	Member of the Board	Executive chief fellow, Institute for International Socio-Economics Studies, Director, Shizuoka Financial Group, Inc., Director, Net Protections Holdings, Inc., Director, CellSource Co., Ltd.
Kunihito Koumoto	Member of the Board	
Didier Leroy	Member of the Board	Chairman, Toyota Motor Europe NV/SA
Yukari Inoue	Member of the Board	President & CEO, Kellogg Japan G.K., Director, Suntory Beverage & Food Limited
Kazumasa Miyazaki	Audit & Supervisory Board member (Full-Time)	
Kentaro Hayashi	Audit & Supervisory Board member (Full-Time)	
Yuichiro Kuwano	Audit & Supervisory Board member	Representative Lawyer, Takagicho Law Office, Director (Audit and Supervisory Committee member), Shobunsha Publications, Inc.
Tsutomu Takahashi	Audit & Supervisory Board member	Corporate Auditor, SKY Perfect JSAT Holdings Inc., Director (Audit and Supervisory Committee member), Mizuho Trust & Banking Co., Ltd.
Seishi Tanoue	Audit & Supervisory Board member	

#### Notes:

1. An asterisk designates a representative director.
2. CEO: Chief Executive Officer; CSO: Chief Strategy Officer; CFO: Chief Financial Officer
3. Members of the Board, Messrs. Kumi Fujisawa, Kunihito Koumoto, Didier Leroy and Yukari Inoue are outside directors as stipulated in Article 2, Paragraph 15 of the Companies Act. Further, the Company has designated Kumi Fujisawa, Kunihito Koumoto and Yukari Inoue as independent officers in accordance with the rules of the Tokyo Stock Exchange and Nagoya Stock Exchange.
4. Audit & Supervisory Board members, Messrs. Yuichiro Kuwano, Tsutomu Takahashi and Seishi Tanoue are outside Audit & Supervisory Board members as stipulated in Article 2, Item 16 of the Companies Act. Further, the Company has designated Yuichiro Kuwano, Tsutomu Takahashi and Seishi Tanoue as independent officers in accordance with the rules of the Tokyo Stock Exchange and Nagoya Stock Exchange.
5. Audit & Supervisory Board member Yuichiro Kuwano has qualification as a lawyer, and has considerable knowledge of corporate law and compliance.
6. Audit & Supervisory Board member Tsutomu Takahashi has qualifications as a certified public accountant and has considerable knowledge of corporate accounting, corporate audit and compliance.
7. Audit & Supervisory Board member Shuhei Toyoda resigned at the end of the shareholders meeting held on June 24, 2022.
8. Director Kumi Fujisawa was elected an executive chief fellow of the Institute for International Socio-Economic Studies on April 1, 2022 and was elected an outside director of Shizuoka Financial Group, Inc., the parent company of The Shizuoka Bank Ltd., on October 3, 2022. On May 26, 2022, Ms. Fujisawa resigned as an outside director of CREEK & RIVER Co., Ltd.



9. Audit & Supervisory Board member Seishi Tanoue resigned as an Audit & Supervisory Board member of Tokyo Shoseki Co., Ltd. on October 27, 2022.
10. As of April 1, 2023, the positions and responsibilities of directors in the Company have been changed as follows.

Name	Position in the company	Field in charge
Hiroshi Tominaga	*Member of the Board, CSO, Regional CEO	Emerging Regions Corporate Communications Department
Hideyuki Iwamoto	*Member of the Board, CFO	

Note: An asterisk designates a representative director.

(2) Outline of contracts for limitation of liability

Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company and the outside directors and outside Audit & Supervisory Board members have entered into contracts to limit the liability for damages under Article 423, Paragraph 1 of said Act. The maximum amount of liability under said contracts is the amount set forth in Article 425, Paragraph 1 of said Act.

(3) Outline of liability insurance contracts for officers

1) Scope of insured persons

Employees of the Company, its subsidiaries and affiliated companies who hold the position of director, Audit & Supervisory Board member, executive officer, manager, or supervisor.

2) Outline of insurance contracts

The insurance contracts cover legal damages and litigation expenses that the insured persons may incur when a claim for damages is made as a result of actions (including omissions) taken while in holding a role described in 1. above. However, the Company has measures in place to ensure the appropriateness of the execution of duties is not impaired by excluding compensation for damages, etc. resulting from criminal acts or willfully unlawful acts such as bribery by the officer, etc. him/herself. The full amount of the insurance premiums shall be borne by the Company.

(4) Total amount of compensation, etc. for directors and Audit & Supervisory Board members

1) Details on deciding the compensation, etc. for the directors and the calculation method thereof, and the decision method

(a) Decision policy and decision process

Compensation for directors of the Company shall consist of (i) fixed remuneration as basic compensation, (ii) bonuses (short-term incentives) as performance-linked compensation, and (iii) restricted stock compensation (medium- to long-term incentives). The ratio of fixed remuneration to performance-linked compensation is determined with a target ratio of 50:50. For performance-linked compensation, the ratio of “bonus” to “restricted stock compensation” shall be determined at a ratio of 70:30. As directors are responsible for the final profit (including temporary and incidental gains/losses) of all Group companies, the amount of performance-linked compensation paid in each fiscal year shall be determined for each position with the consolidated profit (attributable to owners of the parent company) for the previous fiscal year as an indicator.

However, outside directors are independent from the operational management, therefore, they are paid fixed remuneration only, and not paid bonuses and restricted stock compensation. Audit & Supervisory Board members are also paid fixed remuneration only because they are independent so that they carry out audits appropriately.

The Company has established an Executive Compensation Committee as an advisory body to the Board of Directors, with the majority of the committee members being independent outside directors. The committee is chaired by the Chairman of the Board, who has no representative authority and is not involved in operational management. The Executive Compensation Committee shall deliberate on the policy for determining the details of compensation for each director (hereinafter, the “Policy”), the director compensation system, director compensation proposals to be submitted to the General Meeting of Shareholders, and other important matters concerning director compensation.

The Board of Directors shall determine the Policy, the proposal on director compensation (bonuses for directors) to be presented to the General Meeting of Shareholders, and the compensation for each director in relation to restricted stock compensation, taking into account the result of such deliberations. The Board of Directors shall delegate the decision to the President & CEO from the standpoint of flexibly and agilely

deciding the amount of compensation for each director in relation to fixed remuneration and bonuses. The President & CEO shall determine the amount of compensation for each director in accordance with the Policy, taking into account opinions gathered during interviews with each member of the Executive Compensation Committee. The Board of Directors deems the compensation, etc. of each director for the current fiscal year is in line with said decision policy, having confirmed that it is consistent with the Policy determined at the Board of Directors' meeting, and that the findings of the Executive Compensation Committee have been given due regard.

(b) Method of deciding on compensation

The following is an outline of the components of compensation for directors (excluding outside directors; hereinafter, "Eligible Directors") of the Company.

i) Fixed remuneration

Fixed remuneration shall be monthly compensation and shall be set at an appropriate level with reference to the remuneration data of other companies in the industry and taking into consideration the position and responsibilities of each director.

ii) Bonuses

For each fiscal year, the Company shall determine the amount of bonuses to be paid to each individual by adjusting, as appropriate, 70% of the total amount of the specified performance-linked compensation for each position based on the responsibilities of the position and the performance of the duties for which the individual is responsible.

iii) Restricted stock compensation

For each fiscal year, the amount of restricted stock compensation to be paid to each individual shall be determined by adjusting, as appropriate, 30% of the total amount of performance-linked compensation specified for each position based on the responsibilities of the position and the performance of the duties for which the individual is responsible.

However, in cases where it is not appropriate to grant restricted stock compensation to Eligible Directors, the full amount of the performance-linked compensation for Eligible Directors shall be paid as a bonus.

Stock compensation is determined at the Board of Directors meeting within the scope of the stock compensation (limited to 200 million yen per year) stipulated by a resolution at the 99th Ordinary General Meeting of Shareholders held on June 23, 2020. The main details are as follows.

Eligible persons	Directors of the Company (excluding outside directors)
Stock compensation limit	The total amount for Eligible Directors limited to 200 million yen per year
Stock compensation per individual director	Set each year taking into account company performance, etc.
Class of shares to be allocated and allocation method	Common stock (with transfer restriction under the allocation contract) are issued or disposed of
Total number of shares to be allocated	Total number for Eligible Directors limited to 200,000 shares
Amount paid in	The Board of Directors decides on an amount as a benchmark for the closing price of common stock of the Company at the Tokyo Stock Exchange on the business day preceding each decision date of the Board of Directors, ensuring the amount is not advantageous to the Eligible Directors
Transfer restriction period	From the allocation date to the retirement date
Conditions for lifting transfer restrictions	Lifting of restriction upon expiry of the transfer restriction period
Acquisition of allocated stock by the Company without consideration	In the event of a violation of laws and ordinances or other reason stipulated by the Board of Directors of the Company during the transfer restriction period, the Company may acquire all or part of the allocated stock without consideration
Process for determining payment to each director	Decided at the Board of Directors meeting taking into account the deliberations at the Executive Compensation Committee

Adjustments associated with reorganization	In the event of a reorganization, etc. such as a merger whereby the Company becomes the absorbed company, or the Company becomes a wholly owned subsidiary, the transfer restriction may be lifted for a reasonably adjusted number of common stock
Treatment of fractional shares	Amounts of less than one share are rounded down

2) Total amount of compensation, etc. for directors and Audit & Supervisory Board members

Category	Total amount of compensation, etc.	Total amount of compensation, etc. by type			Number of eligible directors
		Fixed remuneration	Performance-linked compensation		
			Bonuses	Restricted stock compensation	
Directors (outside directors)	518 million yen (57)	271 million yen (57)	172 million yen (-)	74 million yen (-)	10 (4)
Audit & Supervisory Board members (outside Audit & Supervisory Board members)	126 (43)	126 (43)	- (-)	- (-)	7 (4)
Total (outside officers)	645 (100)	398 (100)	172 (-)	74 (-)	17 (8)

Notes:

- There are no employees serving concurrently as directors.
- The above includes 2 directors (excluding outside directors) and 2 Audit & Supervisory Board members (including 1 outside Audit & Supervisory Board member) who retired at the conclusion of the 101st Ordinary General Meeting of Shareholders held on June 24, 2022.
- The maximum amount of compensation for directors, as stipulated by a resolution at the 99th Ordinary General Meeting of Shareholders held on June 23, 2020, is (1) 600 million yen per year (including 90 million yen per year for outside directors) in fixed remuneration, and (2) 200 million yen per year (limited to a total allocation of 200,000 shares) in stock compensation. There are 8 directors (including 4 outside directors) at the end of the General Meeting of Shareholders related to the resolution (1) above, and 4 directors (excluding outside directors) at the end of the General Meeting of Shareholders related to the resolution (2) above.
- The compensation limit for a member of Audit & Supervisory Board was resolved at the 93rd Ordinary General Meeting of Shareholders held on June 20, 2014 to be 16 million yen a month. There are 5 Audit & Supervisory Board members (including 3 outside Audit & Supervisory Board members) at the end of the General Meeting of Shareholders pertaining to the resolution.
- Total compensation, etc. includes director bonuses in the following amount, subject to shareholder approval at the 102nd Ordinary General Meeting of Shareholders on June 23, 2023.  
172 million yen to be paid to 4 directors
- Of the above compensation, etc., consolidated profit (attributable to owners of the parent company) for the previous fiscal year, which is a performance indicator related to “bonuses” (please refer to (4) 1) (b) ii) and “stock compensation” (please refer to (4) 1) (b) iii) was 284.1 billion yen.
- The above “stock compensation” is, as a reference value, the amount that is assumed (provisional) to be granted as a monetary claim to be used for payment in exchange for the restricted stock, which is the stock compensation for the current fiscal year.
- Ichiro Kashitani, President and CEO of the Company, will determine the fixed remuneration and bonuses for the current fiscal year for each individual director based on a resolution of the Board of Directors of the Company. Please refer to (4) 1) (a) above for the details and reasons for the delegation.

(5) Matters relating to outside officers

- Relationship between important entities that outside officers concurrently serve at and the Company
  - Ms. Kumi Fujisawa, a director, is Executive Chief Fellow of Institute for International Socio-Economics Studies, and outside director at Shizuoka Financial Group, Inc., Net Protections Holdings, Inc. and CellSource Co., Ltd. There is a business relationship of borrowing between the Company and The Shizuoka Bank, which is a subsidiary of Shizuoka Financial Group, Inc. There is no special relationship between the Company and Institute for International Socio-Economics Studies, Net Protections Holdings, Inc. or CellSource Co., Ltd.
  - Mr. Didier Leroy, a director, is Chairman of Toyota Motor Europe NV/SA. There are transactions such as purchase and sale of products and raw materials between the Company and Toyota Motor Europe NV/SA.
  - Ms. Yukari Inoue, a director, is President and CEO of Kellogg Japan G.K. and a director of Suntory Beverage & Food Limited. There is no particular relationship between the Company and Kellogg Japan G.K. or Suntory Beverage & Food Limited.

- Mr. Yuichiro Kuwano, an Audit & Supervisory Board member, is Representative Lawyer of Takagicho Law office, and outside director (Audit and Supervisory Committee member) of Shobunsha Publications, Inc. There is no special relationship between the Company and Takagicho Law Office or Shobunsha Publications, Inc.
- Mr. Tsutomu Takahashi, an Audit & Supervisory Board member, is a corporate auditor of SKY Perfect JSAT Holdings Inc. and an outside director (Audit & Supervisory Committee member) of Mizuho Trust & Banking Co., Ltd. There is no particular relationship between the Company and SKY Perfect JSAT Holdings Inc. Apart from the relationship of entrusting management of part of the pension assets between Mizuho Trust & Banking Co., Ltd. and Toyota Tsusho Corporate Pension Fund, there is no special relationship between the Company and Mizuho Trust & Banking Co., Ltd.

2) Status of major activities during the fiscal year under review

Classification	Name	Main activities
Member of the Board	Kumi Fujisawa	She attended 13 out of 13 meetings of the Board of Directors held during the fiscal year under review. She gave positive remarks and advice mainly on new business and diversity management of the Company using her wealth of experience and broad-based knowledge in the fields such as investment, international finance, and diversity etc., and supervised operational management. Also, as a member of the Executive Appointment Committee and Executive Compensation Committee, she attended all meetings held during the fiscal year under review, and deliberated from an objective standpoint in relation to officer appointment and compensation proposals.
Member of the Board	Kunihito Koumoto	He attended 13 out of 13 meetings of the Board of Directors held during the fiscal year under review. He gave positive remarks and advice mainly on new business and carbon neutral promoted by the Company using his highly advanced academic knowledge as a researcher, and supervised operational management. Also, as a member of the Executive Appointment Committee and Executive Compensation Committee, he attended all meetings held during the fiscal year under review, and deliberated from an objective standpoint in relation to officer appointment and compensation proposals.
Member of the Board	Didier Leroy	He attended 13 out of 13 meetings of the Board of Directors held during the fiscal year under review. He gave positive remarks and advice mainly on the mobility business of the Company using his using his wealth of management experience and global expertise, and supervised operational management.
Member of the Board	Yukari Inoue	She attended 12 out of 13 meetings of the Board of Directors held during the fiscal year under review. She gave positive remarks and advice mainly on the Life& Community business and diversity management of the Company based on her extensive international management experience in consumer-oriented businesses and her professional knowledge in the area of diversity, and supervised operational management. Also, as a member of the Executive Appointment Committee and Executive Compensation Committee, she attended all meetings held during the fiscal year under review, and deliberated from an objective standpoint in relation to officer appointment and compensation proposals.
Audit & Supervisory Board member	Yuichiro Kuwano	He attended 13 out of 13 meetings of the Board of Directors and 14 out of 14 Audit & Supervisory Board meetings held during the fiscal year under review, and made positive remarks using his expertise and experience as a lawyer.
Audit & Supervisory Board member	Tsutomu Takahashi	He attended 13 out of 13 meetings of the Board of Directors and 14 out of 14 Audit & Supervisory Board meetings held during the fiscal year under review, and made positive remarks using his expertise and experience as a certified public accountant.
Audit & Supervisory Board member	Seishi Tanoue	He attended 10 out of 10 meetings of the Board of Directors and 10 out of 10 Audit & Supervisory Board meetings held during the fiscal year under review, and made positive remarks using his wealth of experience and broad-based knowledge cultivated through his auditing work at companies.

Note: Mr. Seishi Tanoue was elected at the shareholders meeting held on June 24, 2022, resulting in a smaller number of meetings of the Board of Directors and Audit & Supervisory Board held and attended during the fiscal year after the start of his term of office.

### **3. Policy for Investments in Stock (As of March 31, 2023)**

#### (1) Policy for stock ownership for business relationships

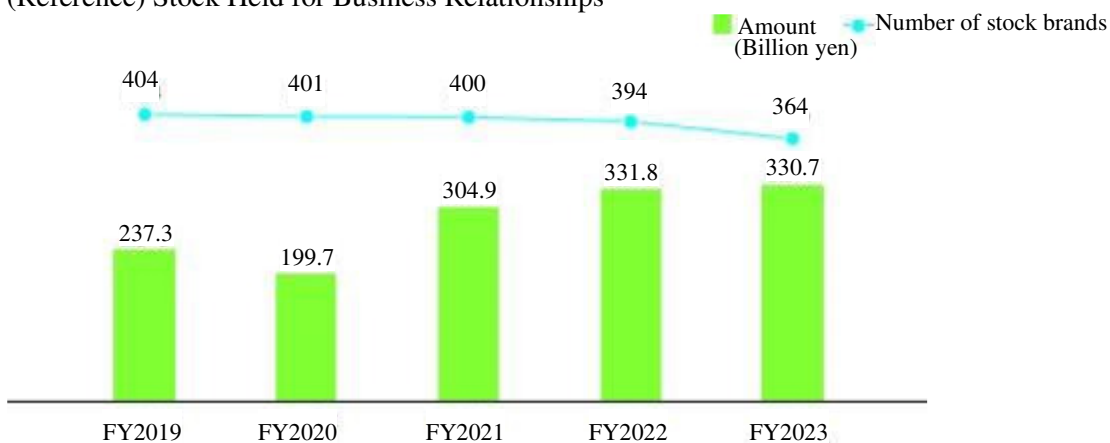
Maintaining and strengthening business relationships and cooperation with a large number of companies are essential for the consistent growth of the corporate value of the Company. We own on a limited and strategic basis the stock of important suppliers and other partners where we believe that the ownership of this stock is beneficial and important from a medium to long-term perspective. Once every year, the Board of Directors receives a report about the results of a reexamination of stock holdings and if stock should be retained or sold. We are reducing holdings of stocks where ownership is not beneficial.

#### (2) Examination of justification of stock holdings

We use an indicator of our own, which is based on the cost of capital, to determine comprehensive assessments of stock holdings. Assessments incorporate profitability, building, preserving and reinforcing business relationships, contributions and cooperation for regional and social progress, and other considerations. This process is used to decide if we should continue to hold a stock and to reexamine the number of shares held.

As needed, constructive dialogues take place with companies in which stock is held from the standpoint of preserving and increasing corporate value and achieving sustained growth. These dialogues facilitate sharing information about management issues and making improvements.

#### (Reference) Stock Held for Business Relationships



	FY2018	FY2019	FY2020	FY2021	FY2022
Number of stock brands	404	401	400	394	364
Book value (Billion yen) (a)	237.3	199.7	304.9	331.8	330.7
Consolidated capital (Billion yen) (b)	1,389.6	1,372.4	1,658.0	1,942.8	2,068.5
Ratio (a/b)	17.1%	14.6%	18.4%	17.1%	16.0%

## Consolidated Statements of Financial Position (IFRS) (As of March 31, 2023)

[Rounded down to the nearest million yen]

	As of March 31, 2023	(Reference) As of March 31, 2022
Assets		
Current assets		
Cash and cash equivalents	771,613	653,013
Trade and other receivables	1,730,426	1,797,084
Other financial assets	125,913	154,700
Inventories	1,227,393	1,161,022
Other current assets	213,408	188,289
Subtotal	4,068,756	3,954,111
Assets held for sale	–	4,276
Total current assets	4,068,756	3,958,387
Non-current assets		
Investments accounted for using the equity method	299,378	273,993
Other investments	623,951	622,537
Trade and other receivables	42,598	40,195
Other financial assets	49,625	37,213
Property, plant and equipment	1,004,064	941,880
Intangible assets	184,001	182,155
Investment property	17,303	18,854
Deferred tax assets	36,835	27,073
Other non-current assets	50,549	40,833
Total non-current assets	2,308,308	2,184,737
Total assets	6,377,064	6,143,125

[Rounded down to the nearest million yen]

	As of March 31, 2023	(Reference) As of March 31, 2022
Liabilities and Equity		
Liabilities		
Current liabilities:		
Trade and other payables	1,636,877	1,704,376
Bonds and borrowings	746,668	740,936
Other financial liabilities	24,146	69,504
Income taxes payable	49,129	31,551
Provisions	8,080	6,831
Other current liabilities	211,873	173,082
Total current liabilities	2,676,775	2,726,283
Non-current liabilities:		
Bonds and borrowings	1,275,032	1,115,728
Trade and other payables	97,642	86,088
Other financial liabilities	8,214	16,784
Retirement benefits liabilities	46,152	44,361
Provisions	57,586	46,810
Deferred tax liabilities	121,068	113,279
Other non-current liabilities	26,061	50,928
Total non-current liabilities	1,631,759	1,473,981
Total liabilities	4,308,535	4,200,265
Equity		
Share capital	64,936	64,936
Capital surplus	43,812	156,047
Treasury shares	(3,750)	(3,769)
Other components of equity	282,714	217,444
Retained earnings	1,526,615	1,300,352
Total equity attributable to owners of the parent	1,914,327	1,735,011
Non-controlling interests	154,201	207,848
Total equity	2,068,529	1,942,860
Total liabilities and equity	6,377,064	6,143,125

**Consolidated Statements of Profit or Loss (IFRS) (April 1, 2022 – March 31, 2023)**

[Rounded down to the nearest million yen]

	Year ended March 31, 2023	(Reference) Year ended March 31, 2022
Revenue		
Sale of goods	9,658,202	7,875,272
Sales of services and others	190,358	152,728
Total revenue	9,848,560	8,028,000
Cost of sales	(8,879,714)	(7,268,763)
Gross profit	968,846	759,237
Selling, general and administrative expenses	(532,724)	(450,294)
Other income (expenses)		
Gain (loss) on sale and disposals of non-current assets, net	674	662
Impairment losses on non-current assets	(15,932)	(6,398)
Other, net	(32,111)	(9,064)
Total other income (expenses)	(47,368)	(14,801)
Operating profit	388,753	294,141
Finance income (costs)		
Interest income	22,866	8,998
Interest expenses	(46,930)	(26,650)
Dividend income	25,365	19,041
Other, net	(134)	13,913
Total finance income (costs)	1,166	15,303
Share of profit (loss) of investments accounted for using the equity method	37,205	20,686
Profit before income taxes	427,126	330,132
Income tax expense	(112,385)	(81,531)
Profit for the year	314,741	248,601
Profit for the year attributable to:		
Owners of the parent	284,155	222,235
Non-controlling interests	30,585	26,365



## Non-consolidated Balance Sheet (As of March 31, 2023)

[Rounded down to the nearest million yen]

	As of March 31, 2023	(Reference) As of March 31, 2022
<b>Assets</b>		
<b>Current assets</b>	<b>1,572,222</b>	<b>1,445,625</b>
Cash and deposits	403,534	324,939
Notes receivable-trade	55,862	46,530
Accounts receivable-trade	656,530	631,241
Merchandise and finished goods	160,511	174,759
Goods in transit	36,395	46,311
Prepaid expenses	5,674	6,400
Account receivable-other	44,440	59,298
Short-term loans receivable	173,336	122,978
Other	48,107	44,494
Allowance for doubtful accounts	(12,170)	(11,327)
<b>Non-current assets</b>	<b>1,327,655</b>	<b>1,233,764</b>
<b>Property, plant and equipment</b>	<b>32,834</b>	<b>37,696</b>
Buildings	15,177	16,688
Structures	231	527
Machinery and equipment	80	429
Vehicles	203	219
Tools, furniture and fixtures	2,484	2,467
Land	13,708	16,711
Leased assets	19	57
Construction in progress	928	594
<b>Intangible assets</b>	<b>33,232</b>	<b>26,863</b>
Software	16,868	17,210
Software in progress	16,219	9,487
Other	144	165
<b>Investments and other assets</b>	<b>1,261,588</b>	<b>1,169,204</b>
Investment securities	330,795	331,899
Shares of subsidiaries and associates	807,496	720,476
Other investments	22,279	23,091
Investments in capital of subsidiaries and associates	39,875	39,693
Long-term loans receivable	16,298	13,219
Prepaid pension cost	14,235	12,520
Other	36,273	33,381
Allowance for doubtful accounts	(5,666)	(5,078)
<b>Total assets</b>	<b>2, 899,877</b>	<b>2,679,390</b>

[Rounded down to the nearest million yen]

	As of March 31, 2023	(Reference) As of March 31, 2022
<b>Liabilities</b>		
<b>Current liabilities</b>	<b>1,069,110</b>	<b>987,606</b>
Notes payable-trade	101,209	126,089
Accounts payable-trade	384,007	368,413
Short-term loans payable	152,063	177,171
Commercial papers	85,000	50,000
Current portion of bonds	81,740	-
Lease obligations	16	40
Accounts payable-other	104,816	100,510
Accrued expenses	14,257	12,540
Advances received	15,636	8,560
Deposits received	120,288	112,876
Unearned revenue	120	247
Reserve for directors' bonuses	241	269
Product warranty liabilities	514	318
Provision for loss on guarantees	31	29
Business withdrawal loss reserves	63	109
Other	9,101	30,429
<b>Non-current liabilities</b>	<b>909,755</b>	<b>797,440</b>
Bonds payable	226,765	282,318
Long-term loans payable	609,365	431,815
Lease obligations	4	21
Deferred tax liabilities	54,141	62,613
Provision of retirement benefits	13,055	13,410
Provision for loss on guarantees	37	66
Provision for contract loss	62	72
Provision for loss on litigation	204	204
Other	6,119	6,917
<b>Total liabilities</b>	<b>1,978,866</b>	<b>1,785,047</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>	<b>741,413</b>	<b>698,124</b>
Capital stock	64,936	64,936
Capital surplus	155,169	155,113
Legal capital surplus	154,367	154,367
Other capital surplus	801	746
Retained earnings	524,826	481,609
Legal retained earnings	6,699	6,699
Other retained earnings	518,126	474,909
General reserve	100,000	100,000
Retained earnings brought forward	418,126	374,909
Treasury shares	(3,518)	(3,535)
<b>Valuation and translation adjustments</b>	<b>179,597</b>	<b>196,217</b>
Valuation difference on available-for-sale securities	173,282	190,608
Deferred gains or losses on hedges	6,314	5,609
<b>Total net assets</b>	<b>921,011</b>	<b>894,342</b>
<b>Total liabilities and net assets</b>	<b>2,899,877</b>	<b>2,679,390</b>

## Non-consolidated Statement of Income (April 1, 2022 - March 31, 2023)

[Rounded down to the nearest million yen]

	Year ended March 31, 2023	(Reference) Year ended March 31, 2022
Net sales	1,858,767	1,514,045
Cost of sales	1,749,430	1,422,211
Gross profit	109,336	91,833
Selling, general and administrative expenses	90,374	83,472
Operating profit	18,961	8,361
Other income	145,558	178,345
Interest income	7,857	1,663
Dividend income	135,240	174,910
Other income	2,459	1,771
Other expenses	23,136	14,710
Interest expense	11,387	6,903
Foreign exchange loss	9,657	5,895
Other expenses	2,092	1,911
Ordinary income	141,383	171,996
Extraordinary income	7,558	29,996
Gain on sales of non-current assets	37	5
Gain on sales of investment securities and investments in capital	2,940	1,444
Gain on sales of shares of subsidiaries and associates and investments in capital of subsidiaries and associates	4,119	26,030
Gain on liquidation of subsidiaries and associates	373	488
Gain on reversal of provision for loss on loan guarantees	29	1,980
Gain on reversal of provision for loss on business withdrawal	58	47
Extraordinary losses	29,978	6,933
Loss on disposal of non-current assets	509	296
Loss on sales of investment securities and investments in capital	136	9
Loss on valuation of investment securities and investments in capital	1,710	4,094
Loss on sales of shares of subsidiaries and associates and investments in capital of subsidiaries and associates	-	13
Loss on valuation of shares of subsidiaries and associates and investments in capital of subsidiaries and associates	27,305	2,345
Loss on valuation of membership	-	29
Loss on liquidation of subsidiaries and affiliates	43	15
Provision for loss on loan guarantees	273	27
Provision for loss on business withdrawal	-	102
Profit before income taxes	118,963	195,059
Income taxes-current	11,576	(74)
Income taxes-deferred	(1,315)	(1,507)
Profit (loss) for the year	108,701	196,642

## Independent Auditor's Report

(English Translation\*)

May 17, 2023

To the Board of Directors of Toyota Tsusho Corporation.

PricewaterhouseCoopers Aarata LLC  
Hitoshi Kiuchi, CPA  
Designated and Engagement Partner

Shubun Ogasawara, CPA  
Designated and Engagement Partner

Koji Sugimoto, CPA  
Designated and Engagement Partner

### **Auditor's Opinion**

We have audited, pursuant to Article 444 (4) of the Companies Act of Japan, the consolidated financial statements, which consist of the consolidated statements of financial position, consolidated statements of profit or loss, consolidated statements of changes in equity and notes on the consolidated financial statements of Toyota Tsusho Corporation (hereinafter referred to as the "Company") for the consolidated fiscal year from April 1, 2022 to March 31, 2023.

In our opinion, the consolidated financial statements referred to above, prepared with partial omission of the disclosures required under International Financial Reporting Standards pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting, present fairly, in all material respects, the financial position and the results of operations of the Company and its consolidated subsidiaries for the period for which the consolidated financial statements were prepared.

### **Basis for Auditor's Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility as an auditor is set out under "Auditor's Responsibility in Auditing Consolidated Financial Statements." In accordance with Japanese regulations on professional ethics, we are independent of the company and its consolidated subsidiaries, and fulfill our obligations as independent auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Other contents**

The other contents included are the business report and supplementary statements. Management is responsible for the preparation and presentation of the other contents. In addition, Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for establishing a process for the reporting of the other contents, and monitoring the directors' execution of duties in the operations.

We have not included the other contents in the auditor's opinion in respect to the consolidated financial statements, nor will express our opinion in respect to the other contents.

Our responsibility in auditing the consolidated financial statements is to read through the other contents, and examine whether there are any significant discrepancies between the other contents read and the consolidated financial statements or knowledge obtained in the course of carrying out the audit, as well as pay attention to whether there are any signs of significant errors in the other contents other than such significant discrepancies.

If we deem, based on the work carried out, that the other contents contain significant errors, we are required to report such facts.

In relation to the other contents, it is not an item that we must report on.

## **Responsibility of Management, Audit & Supervisory Board Members, and the Audit & Supervisory Board in Relation to the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting, which allows companies to prepare consolidated financial statements with partial omission of the disclosures required under International Financial Reporting Standards. This includes the provision and implementation of 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.

Management is responsible for deciding whether it is appropriate to prepare consolidated financial statements with the premise of a going concern and to disclose matters relating to the ability to continue as a going concern, if required, pursuant to the second sentence of the first paragraph of Article 120 of the Ordinance of Company Accounting that prescribes some omissions of disclosure items under International Financial Reporting Standards.

The responsibility of Audit & Supervisory Board members and the Audit and Supervisory Board is to oversee directors' execution of duties in preparing and operating financial reporting processes.

## **Auditor's Responsibility in Auditing Consolidated Financial Statements**

The Auditor's responsibility is to express an opinion from an independent perspective on the consolidated financial statements based on our audit. As Auditor we are required to perform the audit to obtain reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may occur due to fraud or error. Misstatements are determined to be material if, singly or collectively, they are reasonably expected to affect the decision-making of users of the consolidated financial statements.

In Japan, audits are performed in accordance with auditing standards generally accepted in Japan. In the process of performing such audits, the Auditor makes professional judgments and performs the following while maintaining an attitude of professional skepticism.

- Identify and assess risks of material misstatement. Also, design and implement audit procedures in response to risks of material misstatement. The selection and application of audit procedures will be at the Auditor's discretion. The Auditor must also obtain sufficient and appropriate audit evidence as a basis for expressing an opinion.
- While the objective of the consolidated financial statement audit is not to express an opinion on the effectiveness of the Company's internal control, when performing risk assessment, the Auditor must consider audit-related internal control to design audit procedures that are appropriate to the circumstances.
- Assess the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as the validity of the notes on the consolidated financial statements.
- Arrive at a conclusion regarding the appropriateness of management preparing consolidated financial statements with a going concern premise, and whether, based on obtained audit evidence, there are any matters or circumstances that may cast substantial doubt on the going concern premise or indicate that material uncertainty exists. If material uncertainty regarding the going concern premise is found to exist, the Auditor is required to draw attention to it in the notes on the consolidated financial statements. If a footnote entry on material uncertainty regarding the going concern premise in the consolidated financial statements is not appropriate, the Auditor is required to express a qualified opinion on the consolidated financial statements. The Auditor's conclusions are based on audit evidence obtained on or before the Audit Report date, but the risk remains that the company is unable to survive as a going concern due to matters or circumstances in the future.
- The Auditor must evaluate whether the representations and notes on the consolidated financial statements are in accordance with the second sentence of the first paragraph of Article 120 of the Ordinance of Company Accounting that prescribes some omissions of disclosure items required under International Financial Reporting Standards, and whether the representations, composition, and content of the consolidated financial statements (including related notes) and the consolidated financial statements themselves present fairly the transactions and accounting matters on which they are based.
- The Auditor must obtain sufficient and appropriate audit evidence relating to the financial information of the Company and its consolidated subsidiaries necessary to express an opinion on the consolidated financial statements.

The Auditor is responsible for instructions for, and supervision and implementation of, the auditing of consolidated financial statements. The Auditor is solely responsible for its audit opinion.

The Auditor must report to Audit & Supervisory Board members and the Audit and Supervisory Board the scope and schedule of the planned audit, material findings of the audit (including material internal control irregularities detected during the audit), and any other matters required in accordance with auditing standards.

The Auditor must report to Audit & Supervisory Board members and the Audit and Supervisory Board that it has complied with Japanese regulations on professional ethics regarding independence, any matters that may reasonably be considered to affect the independence of the Auditor, and safeguards (if any) to remove or mitigate any obstacles to independence.

### **Conflicts of Interest**

Neither the Auditor nor its engagement partners have any interest in the Company or its consolidated subsidiaries that should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

\* The original audit report is in Japanese. This English translation is for readers' convenience and reading this translation is not a substitute for reading the original audit report in Japanese.

Independent Auditor's Report  
(English Translation\*)

May 17, 2023

To the Board of Directors of Toyota Tsusho Corporation.

PricewaterhouseCoopers Aarata LLC  
Hitoshi Kiuchi, CPA  
Designated and Engagement Partner

Shubun Ogasawara, CPA  
Designated and Engagement Partner

Koji Sugimoto, CPA  
Designated and Engagement Partner

**Auditor's Opinion**

We have audited, pursuant to Article 436 (2) (i) of the Companies Act of Japan, the accompanying financial statements, which consist of the non-consolidated balance sheet, non-consolidated statement of income, statement of changes in net assets and notes on the non-consolidated financial statements, and supplementary statements to the financial statements (hereinafter collectively referred to as "the Financial Statements") for the 102nd fiscal year (April 1, 2022 through March 31, 2023).

In our opinion, the Financial Statements referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period for which the Financial Statements were prepared, in accordance with accounting standards generally accepted in Japan.

**Basis for Auditor's Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility as an auditor is set out under "Auditor's Responsibility in Auditing the Financial Statements." In accordance with Japanese regulations on professional ethics, we are independent of the Company, and fulfill our obligations as independent auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other contents**

The other contents included are the Business Report and supplementary statements. Management is responsible for the preparation and presentation of the other contents. In addition, Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for establishing a process for the reporting of the other contents, and monitoring the directors' execution of duties in the operations.

We have not included the other contents in the auditor's opinion in respect to the Financial Statements, nor will express our opinion in respect to the other contents.

Our responsibility in auditing the Financial Statements is to read through the other contents, and examine whether there are any significant discrepancies between the other contents read and the Financial Statements or knowledge obtained in the course of carrying out the audit, as well as pay attention to whether there are any signs of significant errors in the other contents other than such significant discrepancies.

If we deem, based on the work carried out, that the other contents contain significant errors, we are required to report such facts. In relation to the other contents, it is not an item that we must report on.

## **Responsibility of Management, Audit & Supervisory Board Members, and the Audit & Supervisory Board in Relation to the Financial Statements**

Management is responsible for the preparation and fair presentation of the Financial Statements in accordance with accounting principles generally accepted in Japan. This includes the provision and implementation of such internal control as management determines is necessary to enable the preparation and fair presentation of the Financial Statements and ensure they are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as applicable, matters relating to the ability to continue as a going concern in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing directors' execution of duties in preparing and operating financial reporting process.

## **Auditor's Responsibility in Auditing the Financial Statements**

The Auditor's responsibility is to express an opinion from an independent perspective on the Financial Statements based on our audit. As Auditor we are required to perform the audit to obtain reasonable assurance that the Financial Statements are free from material misstatement. Misstatements may occur due to fraud or error. Misstatements are determined to be material if, singly or collectively, they are reasonably expected to affect the decision-making of users of the Financial Statements.

In Japan, audits are performed in accordance with auditing standards generally accepted in Japan. In the process of performing such audits, the Auditor makes professional judgments and performs the following while maintaining an attitude of professional skepticism.

- Identify and assess risks of material misstatement whether due to fraud or error. Also, design and implement audit procedures in response to risks of material misstatement. The selection and application of audit procedures will be at the Auditor's discretion. The Auditor must also obtain sufficient and appropriate audit evidence as a basis for expressing an opinion.
- While the objective of auditing the Financial Statements is not to express an opinion on the effectiveness of the Company's internal control, when performing risk assessment, the Auditor must consider audit-related internal control to design audit procedures that are appropriate to the circumstances.
- Assess the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as the validity of the notes on the Financial Statements.
- Arrive at a conclusion regarding the appropriateness of management preparing the Financial Statements with a going concern premise, and whether, based on obtained audit evidence, there are any matters or circumstances that may cast substantial doubt on the going concern premise or indicate that material uncertainty exists. If material uncertainty regarding the going concern premise is found to exist, the Auditor is required to draw attention to it in the notes on the Financial Statements. If a footnote entry on material uncertainty regarding the going concern premise in the Financial Statements is not appropriate, the Auditor is required to express a qualified opinion on the Financial Statements. The Auditor's conclusions are based on audit evidence obtained on or before the Audit Report date, but the risk remains that the Company may be unable to survive as a going concern due to matters or circumstances in the future.
- The Auditor must evaluate whether the representations and notes in the Financial Statements are in accordance with accounting principles generally accepted in Japan, and whether the representations, composition, and content of the Financial Statements (including related notes) and the Financial Statements themselves present fairly the transactions and accounting matters on which they are based.

The Auditor must report to Audit & Supervisory Board members and the Audit and Supervisory Board the scope and schedule of the planned audit, material findings of the audit (including material internal control irregularities detected during the audit), and any other matters required in accordance with auditing standards.

The Auditor must report to Audit & Supervisory Board members and the Audit and Supervisory Board that it has complied with Japanese regulations on professional ethics regarding independence, any matters that may reasonably be considered to affect the independence of the Auditor, and safeguards (if any) to remove or mitigate any obstacles



to independence.

**Conflicts of Interest**

Neither the Auditor nor its engagement partners have any interest in the Company that should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

\* The original audit report is in Japanese. This English translation is for readers' convenience and reading this translation is not a substitute for reading the original audit report in Japanese.

## Auditing Report of Audit & Supervisory Board

### Auditing Report

The Audit & Supervisory Board have prepared this audit report after deliberations, and report as follows regarding the performance of duties of the directors of Toyota Tsusho Corporation in the 102nd fiscal year, from April 1, 2022 to March 31, 2023, based on the auditing report created by each Audit & Supervisory Board member.

#### 1. Method and contents of the audit by the Audit & Supervisory Board members and Audit & Supervisory Board

(1) The Audit & Supervisory Board has stipulated this period's audit policy and audit plan and received reports from each member of the Audit & Supervisory Board on the status and results of the audit. In addition, the Audit & Supervisory Board has received reports from the directors and Independent Auditor on the performance of their duties and sought explanations as necessary.

(2) Each Audit & Supervisory Board member has acted in accordance with the standards of the audit stipulated by the Audit & Supervisory Board, and in accordance with the policies and audit plan for the audit of this period has communicated with the directors, the internal audit division and other employees, etc. and made efforts to collect information and improve the audit environment.

i) At the same time, the Audit & Supervisory Board members have attended the Board of Directors meetings and other important meetings, received reports from the directors and employees, etc. on the performance of their duties, sought explanations as necessary, inspected important decision documents, etc. and examined the status of operations and assets at the Head Office and principal places of business. In addition, for the subsidiaries, each Audit & Supervisory Board member has communicated and exchanged information with the subsidiaries' directors and Audit & Supervisory Board members, etc. and received business reports from subsidiaries as necessary.

ii) The Audit & Supervisory Board has monitored and verified the situation regarding a system to ensure that directors comply with laws and regulations and the Articles of Incorporation during the performance of their duties, and examined things that are needed in order to ensure the appropriateness of business of a corporate group consisting of corporations and subsidiaries, as stipulated in Items 1 and 3 of Article 100 of the Order for Enforcement of the Companies Act, while examining the contents of the resolution of the Board of Directors concerning the development of the system and maintenance of the system (internal control system) on the basis of the resolution.

iii) In addition, the Audit & Supervisory Board has carried out monitoring and verification to examine whether the Independent Auditor maintained its independent position and implemented appropriate audits, and received reports on the performance of its duties from the Independent Auditor, and sought explanations as necessary. Furthermore, the Audit & Supervisory Board has received a notice from the Independent Auditor saying that systems for ensuring the appropriate performance of duties by the Independent Auditor (listed in each item of Article 131 of the Corporate Accounting Rules) have been developed in accordance with the quality control standards concerning audit, and the Audit & Supervisory Board sought explanations as necessary.

Based on the above methods, the Audit & Supervisory Board examined the business report, supplementary statements, and financial statements (non-consolidated balance sheet, non-consolidated statement of income, statement of changes in net assets, and notes on the non-consolidated financial statements) and their supplementary statements, along with consolidated financial statements (consolidated statements of financial position, consolidated statements of profit or loss, consolidated statements of changes in equity, and notes on the consolidated financial statements) for the fiscal year under review.

## 2. Result of audit

### (1) Result of audit on the business report, etc.

- i) The business report and its supplementary statements present fairly the status of the Company in conformity with the relevant laws and regulations or the Articles of Incorporation.
- ii) The Audit & Supervisory Board has found no serious violation of any applicable laws and regulations or the Articles of Incorporation regarding the performance of duties by the directors.
- iii) The resolution of the Board of Directors regarding the internal control system is fair and reasonable. In addition, there are no matters to be pointed out with respect to the performance of duties by the directors regarding the internal control system.

### (2) Result of audit on the financial statements and the supplementary statements

The methods and results of Independent Auditor PricewaterhouseCoopers Aarata LLC are fair and reasonable.

### (3) Results of audit on the consolidated financial statements

The methods and results of Independent Auditor PricewaterhouseCoopers Aarata LLC are fair and reasonable.

May 18, 2023

Toyota Tsusho Corporation Audit & Supervisory Board  
Full-time Audit & Supervisory Board member  
Kazumasa Miyazaki (seal)  
Full-time Audit & Supervisory Board member  
Kentaro Hayashi (seal)  
Outside Audit & Supervisory Board member  
Yuichiro Kuwano (seal)  
Outside Audit & Supervisory Board member  
Tsutomu Takahashi (seal)  
Outside Audit & Supervisory Board member  
Seishi Tanoue (seal)