

To Our Shareholders

103rd Ordinary General Meeting of Shareholders Electronic Provision of Other Items (Items Omitted from Paper Documents)

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Pursuant to applicable laws and regulations, and Article of Toyota Tsusho Corporation's Articles of Incorporation, the above items are not included in the paper documents provided to shareholders who ask to receive electronically distributed information as paper documents.

Irrespective of whether or not a request for paper documents has been submitted, all shareholders will receive paper documents for this General Meeting of Shareholders excluding the above items.

May 31, 2024

Toyota Tsusho Corporation

Matters relating to Independent Auditors

1. Name of Independent Auditor: PricewaterhouseCoopers Japan LLC

Note: PricewaterhouseCoopers Arata LLC merged with PricewaterhouseCoopers Kyoto on December 1, 2023 and changed its name to PricewaterhouseCoopers Japan LLC.

2. Amount of remuneration, etc.

- Amount of remuneration for the fiscal year: 361 million yen
- Total amount of cash and other financial profit that the Company and its subsidiaries pay Independent Auditors: 777 million yen

Notes: 1. The Audit & Supervisory Board members perform the necessary verification to determine whether or not the contents of the Independent Auditor's audit plan, status of Independent Auditor's performance of its duties and basis for calculating estimates of its remuneration are appropriate. Following this, the members decided to consent to the decision about the amount of remuneration of the Independent Auditor.

2. In the audit contract between the Company and the Independent Auditor there is no distinction between the remuneration for the audit based on Companies Act and that for the audit based on the Financial Instruments and Exchange Law and it is not practically possible to distinguish them. Hence, the above amounts are the total of these two amounts.

3. Contents of the non-audit services

The Company has commissioned the Independent Auditor to issue comfort letters for us to issue bonds, in addition to the services stated in the Certified Public Accountant Law Article 2, Paragraph 1.

4. Policy on dismissal or non-reappointment of the Independent Auditor

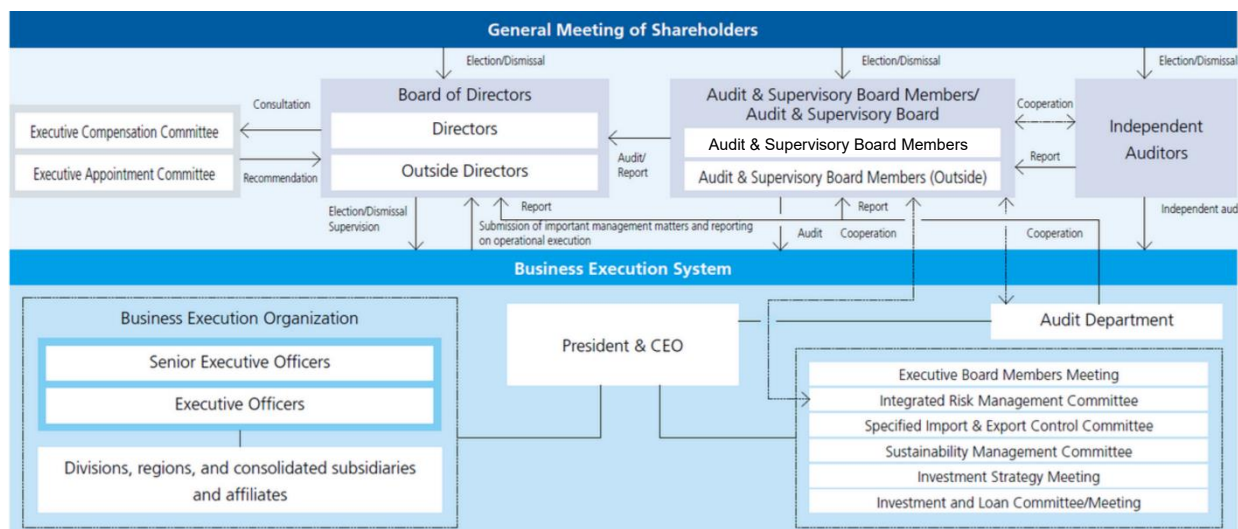
If the Independent Auditor is deemed to correspond to the items set forth in Article 340, Paragraph 1 of the Companies Act, the Company shall dismiss the Independent Auditor, and in addition, if it is determined that there is a need to dismiss the Independent Auditor due to a hindrance to the Independent Auditor's performance of its duties, the members of the Audit & Supervisory Board will determine the contents of an agenda item regarding dismissal or non-reappointment of the Independent Auditor to be submitted to the Ordinary General Meeting of Shareholders.

5. Independent Auditors in subsidiaries

Of the major subsidiaries of the Company, some of the domestic subsidiaries and overseas subsidiaries are subject to a statutory audit by an audit firm other than the Independent Auditor of the Company (including a person with a qualification equivalent to those qualifications in foreign countries).

Company's Systems and Policies

◆ Corporate Governance Structure (as of April 2024)



1. Systems to ensure the propriety of business operations

(1) System to ensure that members of the Board of Directors and employees execute their responsibilities in compliance with relevant laws and regulations and the Articles of Incorporation

- Directors ensure that compliance with laws, regulations and social ethics are the basis for business activities by repeatedly communicating to officers and employees the spirit of the Toyota Tsusho Group's Fundamental Philosophy through documents and through their words and actions.
- The Company appoints multiple outside directors with objective, expert perspectives and appropriately makes decisions through its Board of Directors.
- The management team/executive leadership receive the decision of the Board of Directors, and carry out subsequent operational management as appropriate.
- For its company-wide sustainability management issues, the Company has a Sustainability Management Committee chaired by the President & CEO, established a company-wide CSR activities policy in order to inculcate it among all officers and employees, and establish a CSR promotion structure.
- The Company promotes information sharing and mutual checks and balances among officers to establish a structure that enables decision-making that exercises company-wide control by means of various committees and other cross-organizational deliberative bodies in addition to the executive deliberative bodies consisting of the Board of Directors, Executive Board Members Meeting, and Executive Officers Meeting.
- By practicing their segregated duties, involved departments evaluate, control, check, and monitor business execution in business processes and endeavor to improve management systems by means such as collecting and enlightening the latest information on compliance and identifying and rectifying problems.
- A Chief Financial Officer has been appointed as the person in charge of enhancing systems to ensure the reliability of financial reporting.
- The officer responsible for the Compliance & Crisis Management Department, which is under the direct control of the President & CEO, is in charge of building a Compliance System.
- The officer responsible for the Audit Department, which is under the direct control of the President & CEO, will evaluate and report on the effectiveness of the internal control concerned with financial reporting.
- The Audit Department regularly conducts internal audits of departments and business sites and advises officers in charge of the audit results at audit review meetings, submitting recommendations for improvement and correction of problems, after reporting to the officer in charge of the audited department. The Audit Department has individuals in charge at audited departments report the status of responses to audit findings and confirm in follow-up audits the status of improvement of any matters the general manager of the Audit Department considers necessary.

- By building a system for the Audit Department to report directly as appropriate toward demonstrating the functions of the Board of Directors and Audit & Supervisory Board, ensures cooperation between the Audit Department and the Directors and Audit & Supervisory Board members.
- While assuming a smooth reporting, communication, and consultation framework through the organizational structure, to supplement this framework, we have established a domestic and international whistle-blowing system, separate from the organizational structure, to ensure anonymity, and are striving to collect information from Audit & Supervisory Board members, the Compliance & Crisis Management Department, or outside experts. Depending on the importance of the information reported or received, the Compliance & Crisis Management Department and the Legal Department or the relevant department will respond and endeavor to prevent recurrences.
- There are several measures in addition to rigorous compliance programs to support systems for ensuring proper business operations. One activity is frequent education and study programs that also serve to increase motivation. Another activity is the distribution in print or electronically of the Global Code of Conduct & Ethics and a handbook version of these standards for the purpose of enhancing an environment in which people can constantly check their own behavior regarding how they perform their jobs every day.

(2) System to retain and manage information relating to the execution of the duties of members of the Board of Directors

- The Company retains and manages in documents or electromagnetic media information concerning the execution of duties by directors in accordance with laws, regulations, and the Document Regulations. The department responsible for retention period, etc. for each document shall comply with the Handling Protocols for Management and Storage of Documents.
- The Company has established Regulations for Confidential Information and Personal Information, Regulations for Management of Personal Identification Numbers and Specific Personal Information with respect to the management of confidential information and personal information and ensured the appropriate and effective use of confidential information and personal information.

(3) Rules and systems related to the management of risk of loss

- The Company has formulated a Risk Management Policy and related regulations with respect to risks surrounding the Company. Departments responsible for risks conduct risk assessments and monitoring, striving for early detection and prevention of risks.
- In light of the importance of risk identification, assessment, monitoring, and management, the Company is upgrading its framework for identification and management in business processes of the following risks requiring particular diligence in the Company's business execution.
 - 1) The Company assesses in the Investment and Loan Committee risks relating to investments and loans from perspectives such as profitability, strategic value, safety, viability, and compliance (including bribery preventions) in accordance with the investment guidelines and endeavors to appropriately respond to risks and reduce risk.
 - 2) For credit risks, the Company has established Transaction Management Regulations and endeavors to prevent the occurrence of bad debt and other unforeseen losses. For market risks, the Company has established necessary regulations for each type of risk in accordance with the Basic Policies on Market Risk Management to identify and manage risks appropriately.
 - 3) For risks relating to occupational safety and environmental conservation, the Global Safety and Environmental Promotion Department provides guidance and education for the entire Group and strives to prevent disasters, accidents, and pollution.
 - 4) For risks related to occupational health, the Global Human Resources Department endeavors to maintain and improve employees' health through Group-wide guidance and education.
- In addition, the Company appropriately manages prevention of operational risks in areas such as information security and the management system in emergency situations on a department-by-department basis.
- The Company has formed an Integrated Risk Management Committee as a cross-organizational management body and established a structure that contributes to enhancement of corporate value by endeavoring to identify risks and discover problems on a companywide basis and implementing necessary countermeasures.

(4) System to ensure that members of the Board of Directors exercise their duties efficiently

- In accordance with the Regulations of Board of Directors, the Board of Directors meeting is held once a month, in principle, and also held extraordinary meetings as necessary. The Board of Directors confers in advance with appropriate separately established institutions about important management policies, business plans, etc.
- The Company has introduced an Executive Officer System for executing the directors duties. The executive officers are appointed by the Board of Directors.
- The Board of Directors assigns responsibilities to executive officers based on Board-authorized institutional design and segregation of duties and monitors operational execution status.
- For every matter for which operational executive-making authority has been delegated to executive officers, the Company ensures appropriate and efficient operational execution by explicitly delineating operational authority, designating a party responsible for the matter, defining the party's responsibilities through the Administrative Authority Regulations, the Regulations for Approval of Important Matters and other internal regulations, and establishing clearly defined decision-making processes, including deliberative bodies.
- The Company shares with outside directors the details of deliberations in meeting and committees to enable outside directors to engage in appropriate decision-making at meetings of the Board of Directors.
- The Company organizes its business under operating divisions based on the value we provide to society and customers, products or geographic regions. Each division is headed by an executive officer. The Division CEO practice expeditious management in close contact with frontline personnel.
- The Board of Directors approves the Global Vision, which sets the Group's long-term direction, and shares it throughout the Group.
- The Board of Directors approves mid-term business plan with a frontline-centric orientation and shares it throughout the Group.
- The Board of Directors approves effective annual policies and plans that include specific targets, resource allocations and risk factor analyses in the aim of achieving medium-term business plan targets.
- The Board of Directors receives monthly reports in the form of timely accounting data on progress toward attainment of annual plan targets.
- Annual plan progress is reviewed quarterly in addition to monthly. In the event of a major deviation from a target, the cause of the deviation is analyzed, remedial measures are devised and the outlook is revised if necessary. Revised outlook is to be approved by the Board of Directors.

(5) System to ensure the propriety of business operations of the corporate group consisting of the Company and its subsidiaries

- In the Toyota Tsusho Group, in accordance with policies on divisional consolidated management, a consolidated business plan including subsidiaries has been formulated, and the Board of Directors supervises the information ascertained and managed about the financial details and important matters of business execution in accordance with management policies aligned with the systems and other characteristics of each subsidiary.
- Each subsidiary establishes Board of Directors Regulations and determines the execution of duties of each director and key employee.
- Each subsidiary establishes regulations for approval of important matters, administrative authority, etc., clearly define responsibilities and the decision-making process, and establishes a structure in which duties are executed properly and efficiently.
- The Company clearly defines approval authority in subsidiaries in the regulations of each subsidiary, exercises shareholder rights at the General Meeting of Shareholders of each subsidiary while placing importance on the autonomy and independence of subsidiaries, and requires advance consultation or reporting on important matters pertaining to the Toyota Tsusho Group.
- The divisions responsible in cooperation with involved departments, provides necessary support for the development and operation of systems to ensure the propriety of business operations of subsidiaries. If necessary, depending on the systems and other characteristics of subsidiaries, the Company dispatches directors and Audit & Supervisory Board members to oversee and audit business operations and conducts internal audits at the Company's Audit Department.

- In accordance with the Basic Policy for Risk Management, the Company engages in necessary examination and monitoring of business processes of subsidiaries and strives for early detection and prevention of risks.
 - The Company and Group companies share the spirit of the Toyota Tsusho Group's Fundamental Philosophy and ensure compliance with laws, regulations, and social ethics. The Company sets up and operates group wide management committees for mutually sharing information among subsidiaries.
- (6) Matters relating to employees requested by Audit & Supervisory Board members to assist in their duties and matters relating to ensuring the independence of such employees from members of the Board and the effectiveness of instructions given to such employees
- The Company assigns one or more employees to assist in the duties of Audit & Supervisory Board members (assistants).
 - Transfers and disciplinary actions relating to assistants require the advance consent of Audit & Supervisory Board members.
 - Audit & Supervisory Board members perform job performance evaluation of assistants in order to ensure the effectiveness of instructions given to assistants by Audit & Supervisory Board members.
 - In addition to the above, the Company respects the opinions of Audit & Supervisory Board members with respect to the number, rank, and other matters relating to assistants and determines these matters through sufficient consultation with Audit & Supervisory Board members.
- (7) System for members of the Board and employees of the Company and directors, Audit & Supervisory Board members, and employees of subsidiaries to report to the Company's Audit & Supervisory Board members, other system for reporting to the Company's Audit & Supervisory Board members, and system to ensure that persons who make reports are not treated disadvantageously because of such reporting
- Members of the Board and employees of the Company promptly report to Audit & Supervisory Board members matters prescribed by law, matters with material implications for the Company or the Toyota Tsusho Group, the implementation status of internal audits, and information reported or notified via the internal reporting system.
 - Members of the Board and employees of subsidiaries promptly report to Audit & Supervisory Board members of the Company matters prescribed by law, matters with material implications for the Company or the Toyota Tsusho Group, including important matters of subsidiaries, and the implementation status of internal audits. Audit & Supervisory Board members of subsidiaries promptly report to Audit & Supervisory Board members of the Company the details of audits they have performed in accordance with the prescribed audit purview.
 - Members of the Board and employees of the Company and directors, Audit & Supervisory Board members and employees of subsidiaries report to Audit & Supervisory Board members of the Company prescribed matters relating to business operations periodically, as needed, or at the request of Audit & Supervisory Board members.
 - Members of the Board of the Company and directors of subsidiaries put in place a framework to ensure that persons reporting to Audit & Supervisory Board members are not treated disadvantageously because of such reporting.
- (8) Matters relating to procedures for prepayment or reimbursement of expenses incurred in the performance of duties by Audit & Supervisory Board members and policies pertaining to processing of other expenses or debts incurred in the performance of said duties
- If an Audit & Supervisory Board member has incurred expenses in the execution of duties or requests prepayment of such expenses, the Company promptly processes such expenses or debts.
- (9) Other systems to ensure that auditing by Audit & Supervisory Board members is conducted effectively
- Representative director periodically and as needed endeavors to communicate with Audit & Supervisory Board members by holding meetings to exchange opinions about company management.
 - The Company puts in place a framework to enable the Audit & Supervisory Board members to attend important meetings of executive deliberative bodies, examine important documents, and conduct research at departments, business sites, and subsidiaries in order to audit the status of business execution by directors and the status of development and operation of the internal control system.

- Establish a system to ensure appropriate cooperation between Audit & Supervisory Board members, Independent Auditor, Audit Department, and corporate departments such as Investment and Credit Department, Legal Department, Compliance & Crisis Management Department, etc.
- The Company puts in place a framework to enable Audit & Supervisory Board members to expeditiously engage external professionals through prescribed procedures when deemed necessary in the course of conducting audits.

2. Overview of the status of operation of the internal control system

The Company confirms the efficiency and effectiveness of business operations through implementation of the aforementioned internal control system.

- (1) The Board of Directors periodically monitors the system, reviews regulations and business operations as necessary, and strives to increase its effectiveness.
- (2) With regard to risk management, each department periodically measures risks and assesses the response, and the Integrated Risk Management Committee ascertains and assesses cross-organizational risks.
- (3) The status of the Company and the Toyota Tsusho Group is periodically reported to the Board of Directors, and the Company's Board of Directors makes decisions about events that have a significant impact on the Group as a whole. Internal audit of the effectiveness of internal controls is conducted based on an annual plan.
- (4) In addition to conducting statutory audits of the Company and Group companies, the Audit & Supervisory Board members attend important internal meetings, including meetings of the Board of Directors, and monitor and supervise business execution and legal compliance.

Followings are the efforts and actions taken by the Company in the fiscal year ended March 31, 2024.

- Sustainability is an integral component of management at the Group. The Sustainability Management Committee, which is chaired by the President & CEO, while receiving advice from outside directors, monitors events in Japan and overseas involving sustainability, analyzes the effects of climate change on the business operations, performs due diligence regarding human rights in supply chains, and performs other activities.
- The Company has been actively engaged in health management to maintain and improve the health of its employees, and has once again been recognized as a Corporation of Excellent Health Management 2024, the fourth time since last year.
- We conducted a questionnaire survey of all members of the Board of Directors regarding the effectiveness of the Board of Directors, analyzed and evaluated the results, and confirmed that the effectiveness of the Board of Directors was secured.

3. Policy on deciding dividend payments

The dividend policy of Toyota Tsusho is (1) a steady or higher dividend with a consolidated dividend payout ratio of at least 30% for the three fiscal years ending in March 2026 and (2) the consideration of additional measures concerning distributions to shareholders based on the level of cash flows.

For the fiscal year ended March 31, 2024, the Company plans to pay a year-end dividend of 155 yen per share in addition to its previously paid interim dividend (125 yen per share) to bring its annual dividends to 280 yen per share (a year-on-year increase of 78 yen).

The Company intends to use internally retained earnings to further enhance and strengthen its operational foundation and invest in business expansion to ensure future shareholder returns.

To enable the Company to flexibly distribute earnings to shareholders in the future, its Articles of Incorporation authorize it to distribute retained earnings and/or additional paid-in capital to shareholders pursuant to a Board of Directors' resolution in accordance with Article 459(1) of the Companies Act. For the time being, however, the Company plans to continue paying dividends twice a year as usual.

Consolidated Statements of Changes in Equity [IFRS basis]
Year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

[Rounded down to the nearest million yen]

	Total equity attributable to owners of the parent							
	Share capital	Capital surplus	Treasury shares	Other components of equity				Total
				Remeasurements of defined benefit pension plans	Financial assets measured at FVTOCI*	Cash flow hedges	Exchange differences on translation of foreign operations	
Balance at the beginning of the year	64,936	43,812	(3,750)	–	276,191	17,135	(10,613)	282,714
Profit for the year								
Other comprehensive income								
Remeasurements of defined benefit pension plans				14,499				14,499
Financial assets measured at FVTOCI*					166,778			166,778
Cash flow hedges						4,210		4,210
Exchange differences on translation of foreign operations							117,454	117,454
Total comprehensive income for the year	–	–	–	14,499	166,778	4,210	117,454	302,943
Dividends								
Acquisition (disposal) of treasury shares		96	(23)					
Acquisition (disposal) of non-controlling interests		(785)						
Reclassification to retained earnings				(14,499)	(28,327)			(42,827)
Other		(4)						
Total transactions with owners	–	(693)	(23)	(14,499)	(28,327)	–	–	(42,827)
Balance at the end of the year	64,936	43,119	(3,774)	–	414,642	21,346	106,841	542,830

* “Financial assets measured at FVTOCI” represents “Financial assets measured at fair value through other comprehensive income.”

[Rounded down to the nearest million yen]

	Total equity attributable to owners of the parent		Non-controlling interests	Total equity
	Retained earnings	Total		
Balance at the beginning of the year	1,526,615	1,914,327	154,201	2,068,529
Profit for the year	331,444	331,444	8,805	340,249
Other comprehensive income				
Remeasurements of defined benefit pension plans		14,499	132	14,632
Financial assets measured at FVTOCI*		166,778	22	166,801
Cash flow hedges		4,210	(52)	4,157
Exchange differences on translation of foreign operations		117,454	11,855	129,309
Total comprehensive income for the year	331,444	634,387	20,764	655,151
Dividends	(81,331)	(81,331)	(19,053)	(100,384)
Acquisition (disposal) of treasury shares		73		73
Acquisition (disposal) of non-controlling interests		(785)	(1,014)	(1,800)
Reclassification to retained earnings	42,827	—		—
Other	464	460	(1,918)	(1,458)
Total transactions with owners	(38,040)	(81,584)	(21,986)	(103,570)
Balance at the end of the year	1,820,019	2,467,130	152,979	2,620,110

* “Financial assets measured at FVTOCI” represents “Financial assets measured at fair value through other comprehensive income.”

Notes on the Consolidated Financial Statements

1. Basis of Preparation of Consolidated Financial Statements

(1) Basis for Preparing Consolidated Financial Statements

The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) pursuant to Article 120(1) of the Companies Act's Regulations for Corporate Accounting. However, in accordance with the second sentence of the said paragraph, the Company omits a part of the presentation and notes required by the IFRS.

(2) Scope of consolidation

Consolidated subsidiaries: 780 companies

Toyota Steel Center Co., Ltd., Toyota Tsusho Material Incorporated, Toyotsu Tekkou Hanbai Corporation, Eurus Energy Holdings Corporation, Terrace Energy Corporation, Toyotsu Machinery Corporation, Toyota Tsusho Marine Fuels Corporation, NEXTY Electronics Corporation, Elematec Corporation, Tomen Devices Corporation, Toyotsu Chemiplas Corporation, TT Automotive Steel (Thailand) Co., Ltd., Toyota Tsusho South Pacific Holdings Pty. Ltd., Novaagri Infra-Estrutura De Armazenagem E Escoamento Agricola S.A., CFAO SAS, Toyota Tsusho America, Inc., Toyota Tsusho Europe, S.A., Toyota Tsusho (Thailand) Co., Ltd., Toyota Tsusho Asia Pacific Pte. Ltd., PT. Toyota Tsusho Indonesia, Toyota Tsusho (Shanghai) Co., Ltd., Toyota Tsusho (Guangzhou) Co., Ltd., Toyota Tsusho (Tianjin) Co., Ltd., etc.

(3) Companies accounted for by the equity method

Affiliated Companies; 242 companies

Sanyo Chemical Industries, Ltd., CHUO PRECISION INDUSTRIAL CO.,LTD., KPX Holdings Co.,Ltd. etc.

(4) Significant Accounting Policies

1)Basis of consolidation

i) Subsidiaries

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

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

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

Changes in the ownership interest in a subsidiary that do not result in a loss of control, are accounted for as equity transactions. Any difference between the adjustment to non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity and attributed 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 twenty percent or more and fifty percent 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 the 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 at acquisition cost, 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 presentation currency using the spot exchange rate at the fiscal year-end. Income and expenses are translated into presentation 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, 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 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 or 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
- 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

Equity financial assets held primarily for the purpose of maintaining and strengthening business relationships and cooperative relationships with investee companies are classified 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

Equity financial assets that are not classified as FVTOCI financial assets and financial assets that are not measured at amortized cost are classified as FVTPL financial assets.

FVTPL financial assets are measured at fair value after initial recognition and 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 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 highly speculative credit profile based on internal credit rating system. The risk of a financial instrument default on the initial recognition date is compared with the risk of a default on the maturity date. This comparison takes into consideration all information, including outlook about future events with a correlation to credit risk, that is reasonable and can be substantiated concerning a significant increase in credit risk following the initial recognition. Based on this comparison, expected credit losses for individually significant financial assets are evaluated for each asset and expected credit losses for financial assets that are not significant individually are evaluated collectively in order to determine the loss allowance.

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 principle payments, and bankruptcy.

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

iii) Non-derivative financial liabilities

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

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

iv) Derivatives and hedge accounting

The Group uses derivatives transactions including forward exchange 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 hedge

The Group recognizes changes in 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 hedge

Of the changes in fair value of a derivative used as a hedging instrument, the portion determined to be 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 foreign exchange fluctuation risk on investments in foreign operations, the same treatment as cash flow hedge is applied. The portion determined to be 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 statements 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 and includes 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 acquisition 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 acquisition 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 generally amortized on a straight-line basis over the following estimated useful lives:

Business rights: 9 to 18 years

Software: 2 to 15 years

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

9) Investment property

An investment property is a property held to earn rent or for capital appreciation, or both.

An investment property is initially recognized at acquisition cost including direct costs incurred for acquisition and borrowing costs to be capitalized. After initial recognition, it is measured at acquisition cost less accumulated depreciation and accumulated impairment losses based on cost model.

Investment property is amortized on a straight-line basis over estimated useful lives (10 to 47 years).

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

10) Leases

The Company determines whether a contract is a lease or whether the contract contains a lease based on the nature of the contract at the lease start date. If the contract transfers the right to control the use of a specified asset in exchange for consideration over a specified period of time, the contract is a lease or contains a lease.

i) The borrower

At the inception of a lease, the Company recognizes an asset that represents the right to use the underlying asset over the lease term (right-of-use asset) and a liability to make lease payments (lease liability). After that, the borrower should individually recognize depreciation expense arising from the right-of-use asset and interest expense arising from the lease liability. Note however, that for short-term leases with lease periods of 12 months or less, and leases with small underlying assets, the Company does not recognize right-of-use assets or lease liability, and instead recognizes lease payments as an expense over the lease period either on a straight-line basis or other regular basis.

ii) The lender

A lease transaction is classified as a finance lease if it substantially transfers all of the risks and economic value associated with ownership of the original assets, and in all other cases is classified as operating lease.

(a) Finance lease

On the lease start date, assets held under a finance lease are recognized in the consolidated statements of financial position, and these assets are recorded as receivables in an amount equal to the net unrecovered investment in the lease. Finance revenue is recognized in a method that reflects a fixed rate of return on the net uncollected investment in the lease.

(b) Operating lease

The underlying assets covered by the lease are recorded in the consolidated statements of financial position and are depreciated in a method consistent with similar assets held by the Company. Lease receivables are recognized on a straight-line basis over the term of the lease unless another regular method more closely approximates the time pattern of the declining benefits of use from the leased asset.

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 an asset, a cash-generating unit or a 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, cash-generating unit or cash-generating unit group exceeds its recoverable amount, the carrying amount of the asset is reduced to its recoverable amount and that reduction is recognized as an impairment loss.

In addition, as of the fiscal year-end, the Group assesses whether there is any indication that an impairment loss recognized in the past no longer exists or may have decreased. If such indication exists, the Group assesses the recoverable amount of the asset, cash-generating unit or 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 plan, the difference between the present value of obligations and the fair value of plan assets is recognized by making adjustments to the maximum amount of assets as required based on an examination of the economic benefits that can be used. 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) 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.

15) Revenue recognition

i) Basis of revenue recognition and measurement

The Group recognizes revenue based on the following five-step approach:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in each contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

ii) Timing of revenue recognition

In accordance with the above five-step approach, the Group recognizes revenue when the contract's performance obligations have been satisfied.

The Group sells commodities and other products, including metals, vehicles, automotive components, machinery, chemicals and food. For sales of such goods, a contract's performance obligations are satisfied at the point in time when control of the goods passes to the customer. Specifically, the Group recognizes revenue from the sale of goods at the point in time when the goods have been delivered to the delivery location specified in the contract with the customer or the goods have passed the customer's acceptance inspection, the Group has a right to receive the payment for the delivered goods, and legal title to and physical possession of the goods and the significant risks and rewards related to ownership of the goods have all been transferred to the customer.

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 terms and conditions of the contracts. The Group measures progress towards 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 towards completion. Principally using input methods based on 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.

Payments are received primarily within one year of a transaction. There are no significant credit or other financing aspects of these payments or significant amounts of variable payments.

iii) Gross presentation and net presentation of revenue

For revenue from the sale of goods and provision of services, the Group presents revenue on a gross basis when it engages in the transaction as a principal, and on a net basis when it engages in the transaction as an agent. However, irrespective of whether a gross or net basis is used, the method has no effect on cash flows, gross profit/loss and profit/loss. To determine whether it is a principal or an agent, the Group makes a comprehensive determination based on the following three indicators.

- Does the Group have inventory risk before or after it received the customer's order, including while the shipment is in transit or when goods are returned?
- Does the Group have discretion in setting the value of the goods or services of another party to the transaction? Is the benefit that the Group can receive from the good or service restricted?
- Is the Group primarily responsible for the performance of the contract?

16) Income taxes

The Group has applied "Deferred Tax related to Assets and Liabilities Arising from a Single Transaction" (Amendments to IAS 12) beginning with the fiscal year ended March 31, 2024.

The adoption of new standards has no significant impact on the consolidated financial statements for the fiscal

year ended March 31, 2024.

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

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

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

- when future taxable temporary differences arise from the initial recognition of goodwill;
- when deferred tax assets or liabilities result from the initial recognition of assets or liabilities for transactions that are not a business combination, do not affect accounting profit or taxable income (tax deductible loss) when the transaction happens, and there is no future additive temporary difference or deductible temporary difference,
- 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, net operating tax losses and deferred 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 in net on the consolidated statements 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 applies an exception concerning the recognition of and disclosure of information about deferred tax assets and deferred tax liabilities concerning Pillar Two income tax.

The Group anticipates no significant effect of the adoption of Pillar Two income tax on the consolidated financial statements.

17) 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.

18) Adoption of the Group Taxation System

The Company and certain consolidated subsidiaries have adopted the group taxation system.

(5) Matters related to accounting estimates

When preparing consolidated financial statements, the Company's management is duty-bound to make

judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue, and expenses.

Actual results may, however, differ from these estimates.

Estimates and their underlying assumptions are reviewed on an ongoing basis. The impact of accounting estimate reviews is recognized in the fiscal year in which the estimates are reviewed and in subsequent fiscal years.

Items that have the potential to cause significant revisions in the next consolidated fiscal year are as follows.

1) Property, plant and equipment

i) Amount recorded for the fiscal year under review: 1,139,178 million yen

ii) Other information that contributes to the understanding of the details of the estimates

The recoverable value is measured to be the higher of the value in use of the asset, cash-generating unit or cash-generating unit group and its fair value after deducting costs to sell. Also, the value in use is calculated using a discount rate that reflects the inherent risk of the asset or cash-generating unit.

2) Intangible assets

i) Of the above amount of 275,042 million yen recorded in the fiscal year under review, goodwill amounted to 157,194 million yen.

ii) Other information that contributes to the understanding of the details of the estimates

The recoverable value of goodwill is determined based on the value in use, which is based on the business plan and growth rate for the coming years that have been approved by the management. The growth rate is determined by taking into account the average growth rate of the market or country to which the cash-generating unit or the cash-generating unit group belongs. In addition, growth rates that exceed the average growth rate of the market or country are not used. The discount rate is calculated based on capital costs and other factors.

The key assumptions used in the measurement of the recoverable value above may be affected by uncertainty in the future. If it is necessary to revise these estimates and the recoverable value, these revisions may have a significant impact on the consolidated financial statements.

2. Notes on Consolidated Statements of Financial Position

(1) Accumulated depreciation of property, plant and equipment ¥928,968 million

(2) Pledged assets

Assets pledged as collateral

Cash and cash equivalents	¥61,126 million
Trade and other receivables	¥23,189 million
Inventories	¥23,631 million
Property, plant and equipment	¥358,276 million
Investments accounted for using the equity method	¥11,802 million
Other investments	¥395 million
Other	¥36,643 million

Total ¥515,066 million

Collateral secured obligations

Bonds and borrowings ¥381,570 million

Total ¥381,570 million

(3) Contingent liabilities

1) Guarantee obligations

(including commitments to guarantee, etc.) ¥49,642 million

2) Others

The Group is engaged in global business activities and operates under the instruction and supervision of the regulatory authorities in Japan and overseas. Such business activities entail risks, wherein the Company may become subject to litigation, receive complaints or other actions.

As of March 31, 2024, the Group has received notices from tax and customs authorities and notices of assessments regarding the interpretation and application of taxation mainly in the emerging countries, in addition to facing unresolved litigation. Due to various factors including the fact that such cases are currently at the stage of evidence gathering, many of the relevant factors need to be clarified and the legal grounds and the nature of the claims remain unclear; the outcome of these cases cannot be predicted at the current time.

3. Notes on Consolidated Statements of Changes in Equity

(1) Class and number of issued shares as of March 31, 2024

Common stock 354,056,516 shares

(2) Class and number of shares of treasury stock as of March 31, 2024

Common stock 2,181,549 shares

(3) Information on dividends

1) Dividend payment amounts, etc.

i) Information on dividends approved by the 102nd Ordinary General Meeting of Shareholders held on June 23, 2023

- Total amount of dividends: ¥37,320 million
- Dividend per share: ¥106
- Record date: March 31, 2023
- Effective date of dividend payment: June 26, 2023

ii) Information on dividends approved by the Board of Directors meeting held on October 31, 2023

- Total amount of dividends: ¥44,011 million
- Dividend per share: ¥125
- Record date: September 30, 2023
- Effective date of dividend payment: November 27, 2023

2) Dividends with record dates attributable to but effective dates after the fiscal year ended March 31, 2024

Information on dividends to be put before the 103rd Ordinary General Meeting of Shareholders to be held on June 21, 2024

- Total amount of dividends: ¥54,573 million
- Dividend per share: ¥155
- Record date: March 31, 2024
- Effective date of dividend payment: June 24, 2024

4. Notes on Financial Instruments

(1) Status of financial instruments

The Group limits the management of its funds to short-term deposits and other short-term financial instruments, and obtains financing through issuance of bonds and loans from banks and other financial institutions.

The Group aims to reduce the credit risks of customers associated with trade and other receivables, in accordance with its transaction management regulations. Investment securities held by the Group comprise mainly equities, and the fair value of listed stocks are measured on a quarterly basis.

Bonds and borrowings are used mainly for working capital, and capital and business investments. The Group manages the risk of fluctuating interest rates on a portion of these long-term borrowings by executing interest rate swaps to fix interest payments. The Group uses derivatives within the scope of actual needs, in accordance with its internal control regulations.

(2) Fair value of financial instruments

The carrying amounts and fair values of financial instruments as of the current fiscal year-end are as follows.

	(Millions of yen)	
	Carrying amount	Fair value
Financial assets		
Financial assets measured at amortized cost		
Cash and cash equivalents	878,705	878,705
Trade and other receivables	1,849,373	1,849,387
Other financial assets		
Time deposits	80,287	80,287
Security deposits and membership	15,396	15,396
Financial assets measured at amortized cost, total	2,823,764	2,823,778
Financial assets measured at fair value through profit or loss		
Other investments		
Equity securities and capital contributions	13,388	13,388
Other financial assets		
Derivatives	81,104	81,104
Financial assets measured at fair value through profit or loss, total	94,493	94,493
Financial assets measured at fair value through other comprehensive income		
Other investments		
Equity securities and capital contributions	822,212	822,212
Financial assets measured at fair value through other comprehensive income, total	822,212	822,212
Total	3,740,470	3,740,483
Financial liabilities		
Financial liabilities measured at amortized cost		
Trade and other payables (Note)	1,612,609	1,612,609
Bonds and borrowings		
Corporate bonds	285,728	278,221
Borrowings	1,657,339	1,635,374
Commercial papers	45,000	45,000
Financial liabilities measured at amortized cost, total	3,600,678	3,571,206
Financial liabilities measured at fair value through profit or loss		
Other financial liabilities		
Derivatives	36,184	36,184
Financial liabilities measured at fair value through profit or loss, total	36,184	36,184
Total	3,636,862	3,607,390

Note: Lease liabilities are excluded.

(3) Matters relating to the breakdown of financial instruments by each appropriate fair value classification
The hierarchy of fair values of financial instruments measured at fair value on a recurring basis is as follows.

Note that there are no financial instruments that are measured at fair value on a non-recurring basis.

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets				
Other financial assets				
Derivatives	4,384	76,720	–	81,104
Other investments				
Equity securities and capital contributions	568,263	–	267,337	835,601
Total	572,647	76,720	267,337	916,705
Financial liabilities				
Other financial liabilities				
Derivatives	3,180	33,003	–	36,184

The fair value measurement method is shown below.

1) Fair value hierarchy

Financial instruments measured at fair value are classified 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, either directly or indirectly

Level 3: Inputs not based on observable market data

2) Financial instruments measured at amortized cost

The following methods are used for the measurement of fair values. Short put and option liabilities involving non-controlling shareholders are level 3 of the fair value hierarchy. All others are level 2.

i) Cash and cash equivalents

Cash and cash equivalents mainly consist of cash on hand, cash in checking accounts and time deposits with the short maturities. Their fair value is deemed to be equal to their carrying amount.

ii) Trade and other receivables

The fair value of short-term receivables and receivables with floating interest rates is deemed to be equal to their carrying amount. 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 ratings.

iii) 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. Their fair value is deemed to be equal to their carrying amount.

iv) Trade and other payables

For payables settled in short maturities, the fair value is deemed to be equal to their carrying amount. Trade and other payables include short put and option liabilities involving non-controlling shareholders. The fair values of these liabilities are calculated by discounting future estimated cash flows.

v) Bonds and borrowings

The fair value of bonds is measured taking into account published reference prices. The fair value of borrowings is measured by discounting future estimated cash flows using an interest rate which would be applied for new borrowings with similar maturities and terms and conditions.

3) Financial instruments measured at fair value

i) Other financial assets

Financial instruments classified into level 1 are derivatives traded in active markets and are measured based on quoted prices as of the end of each fiscal year. Financial instruments classified into level 2 are over-the-counter derivatives and are measured based on broker pricing or observable inputs.

ii) Other investments

Financial instruments classified into level 1 are equity securities traded in active markets and are measured based on prices prevailing as of the end of each fiscal year. Financial instruments classified into level 3 are equity securities and capital contributions that do not have quoted prices in active markets, and are measured by selected methods in accordance with policies and procedures of fair value measurement, including valuation methods approved by appropriate authorities. In addition, some of the investments are investments in business associations for which the duration is stipulated, and are measured at fair value through profit and loss. These investments are included in financial instruments classified into level 3. The measurement methods include the comparable peer group analysis, net asset method and other evaluation methods, the Price Book-value Ratio (PBR), and illiquidity discounts.

iii) Other financial liabilities

Financial instruments classified into level 1 are marketable derivatives and measured based on quoted prices at the end of each fiscal year. Financial instruments classified into level 2 are over-the-counter derivatives and measured based on the offered prices by brokers or observable inputs.

5. Notes on Investment Property

(1) Status of investment property

The Company and certain consolidated subsidiaries hold residential properties (including land) for lease in the Tokai and other regions.

(2) Fair value of investment property

(Millions of yen)	
Carrying amount	Fair value
17,007	25,427

Notes:

1. The carrying amount is the acquisition cost less accumulated depreciation and accumulated impairment losses.
2. The fair value is based on the price determined by an independent appraiser in the Real Estate Appraisal Report for major properties; and for other properties, the price independently calculated by the Company based on the Real Estate Appraisal Standards (including prices adjusted using various indicators).

6. Notes on Per Share Information

(1) Equity per share attributable to owners of the parent	¥7,011.38
(2) Basic earnings per share attributable to owners of the parent	¥941.94

7. Notes on Business Combinations

Acquisition of SB Energy Corporation

(1) Acquired company and its business activities

Acquired company: SB Energy Corporation

(Current name: Terrace Energy Corporation)

Business activities: Electricity generation using natural energy, storage of electricity, matching of electricity supply and demand, other activities

(2) Reasons for acquisition

The Group has many business operations involving renewable energy in Japan and other countries. The largest part of these operations is subsidiary Eurus Energy Holdings Corporation, which is the largest wind power company in Japan.

The acquisition of SB Energy Corporation will make the Group one of Japan's largest providers of solar power as well as the largest provider of wind power. This is expected to enable the start of new businesses utilizing renewable energy that meets market needs and faster progress involving renewable energy technologies. We believe these capabilities will make it possible to take actions for achieving carbon neutrality.

(3) Acquisition date and method, percentage of voting rights acquired

On April 28, 2023, the Company purchased 85.0% of the shares of SB Energy Corporation.

(4) Payment on acquisition date, fair value of assets and liabilities acquired, and goodwill

The measurement of the fair values of assets acquired and liabilities assumed due to this business combination was completed during the fiscal year under review.

(Millions of yen)

	Amount
Fair value of payment (Note 1)	120,000
Current assets	
Cash and cash equivalents	9,928
Other	8,125
Non-current assets	
Investments accounted for using the equity method	32,655
Intangible assets	12,269
Other	25,111
Fair value of assets acquired	88,090
Current liabilities	15,939
Non-current liabilities	17,056
Fair value of liabilities assumed	32,995
Net assets	55,095
Goodwill (Note 2)	64,904

Notes: 1. The payment for the acquisition of SB Energy Corporation is cash of 102,000 million yen and the assumption of trade and other payables totaling 18,000 million yen.

2. Goodwill is based on the outlook for excess earning power in the future as business activities benefit from synergies between the operations of the Toyota Tsusho Group and SB Energy Corporation.

(5) Acquisition costs

Remuneration and fees for advisory and other services: ¥35 million

(6) Effect on performance of the Toyota Tsusho Group

The consolidated statement of income for the fiscal year under review includes SB Energy Corporation revenue of 4,300 million yen and profit attributable to owners of parent of 55 million yen following the acquisition of this company.

Pro forma (not audited) fiscal year consolidated revenue and profit attributable to owners of parent, which assumes this acquisition had taken place at the beginning of the fiscal year under review, are 10,190,152 million yen and 330,784 million yen.

8. Notes on Revenue Recognition

(1) Revenue disaggregation

Most of the Group's revenue consists of revenue recognized at the time that control of goods sold is transferred to a customer. Revenue recognized over a period of time is not significant. Revenue on a net basis from transactions where the Group is an agent is not a significant percentage of total revenue.

The relationship between revenue disaggregation and segment revenue is as follows.

(Millions of yen)

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

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

Notes:

- The "Other" classification is business segments not included in the reportable segments, including functional services which provide operation support to the whole group.
- Revenue recognized as being from other sources includes revenue recognized based on IFRS such as IFRS 9 "Financial Instruments" and IFRS 16 "Leases."

(2) Transaction prices allocated to remaining performance obligations

The period in which recognition of revenue and the total amount of the transaction prices allocated to the remaining performance obligations in purchase power agreements, provision of services, and the like, is expected, is as follows. The total amount of the transaction prices allocated to the remaining performance obligations is mainly based on power purchase agreements, and revenue recognition is expected for an agreement period of up to 20 years from the date of entering the agreement. Transactions allocated to remaining performance obligations consist of contracts with many different dates and contracts. The amount of revenue expected to be recognized decreases every year. For practical purposes, transactions within one year are not included in an individual expected agreement period

(Millions of yen)

	Current consolidated fiscal year (ended March 31, 2024)
1 year or less	87,592
More than 1 year	580,350
Total	667,942

Non-consolidated Statements of Changes in Net Assets

Year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

[Rounded down to the nearest million yen]

	Shareholders' equity									
	Share capital	Capital surplus			Retained earnings			Treasury shares	Total shareholders' equity	
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings				Total retained earnings
					General reserve	Retained earnings brought forward				
Balance at the beginning of the year	64,936	154,367	801	155,169	6,699	100,000	418,126	524,826	(3,518)	741,413
Increase (decrease) during the term										
Cash dividends paid							(81,331)	(81,331)		(81,331)
Profit							223,774	223,774		223,774
Purchase of treasury shares									(55)	(55)
Disposition of treasury shares			96	96					31	128
Net increase (decrease) during the term, except for items under share holders' equity										
Total increase (decrease)	—	—	96	96	—	—	142,442	142,442	(23)	142,515
Balance at the end of the year	64,936	154,367	898	155,265	6,699	100,000	560,568	667,268	(3,542)	883,928

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at the beginning of the year	173,282	6,314	179,597	921,011
Increase(decrease) during the term				
Cash dividends paid				(81,331)
Profit				223,774
Purchase of treasury shares				(55)
Disposition of treasury shares				128
Net increase (decrease) during the term, except for items under shareholders' equity	141,934	6,604	148,538	148,538
Total increase(decrease)	141,934	6,604	148,538	291,054
Balance at the end of the year	315,216	12,919	328,136	1,212,065

Notes on the Non-consolidated Financial Statements

1. Significant Accounting Policies

(1) Valuation standards and methods of assets

1) Shares of subsidiaries and associates: At cost determined by the moving average method

2) Available-for-sale securities

Securities with market price:

Fair value based on the market price on the closing dates (Net unrealized gains or losses on these securities are reported as a separate item under net assets, net of applicable income taxes. Sales costs are mainly determined by the moving average method.)

Securities without market price:

At cost determined by the moving average method.

3) Derivatives:

At fair value

4) Inventories:

Inventories held for sale in the ordinary course of business

Stated at cost, determined by the moving average method (The carrying amounts of inventories in the balance sheet are determined by writing down the inventories in line with the decrease in profitability); (however, the cost of merchandise for export and import is primarily determined by the identified cost method).

Inventories held for trading

At fair value

(2) Depreciation method for non-current assets

1) Property, plant and equipment other than leased assets:

Depreciated by the straight-line method

2) Intangible assets other than leased assets:

Amortized by the straight-line method

However, software for internal use is amortized using the straight-line method over its estimated useful life (5 years).

3) Leased assets:

Leased assets under finance lease transactions that do not transfer ownership to the lessee are depreciated over the lease term by the straight-line method with no residual value.

(3) Accounting for deferred assets

Bond issue costs: Entire amount is charged to expenses as incurred.

(4) Standards for the translation of foreign currency-denominated assets and liabilities into Japanese yen

Foreign currency-denominated receivables and payables are translated into Japanese yen at the spot rate prevailing at the fiscal year-end. The resulting translation difference is recorded in profit or loss.

(5) Accounting standards for provisions

1) Allowance for doubtful accounts

Allowances for doubtful accounts are recorded on the basis of historical loss experience for receivables

and loans. For certain receivables and loans that are expected to default, specific allowances equivalent to the expected losses are established, upon considering recoverability.

2) Reserve for directors' bonuses

To prepare for the payment of bonuses to directors and Audit & Supervisory Board members, provision is made in the amount expected to be paid in the current fiscal year of the estimated amount of payment.

3) Provision for retirement benefits

To prepare for the payment of retirement benefits for employees, provision is made in the amount deemed to have arisen within the fiscal year based on the estimated value of projected retirement obligations and pension assets. In addition, at the end of the current fiscal year, pension assets exceeded the provision for retirement benefits and this excess amount of ¥15,630 million was recorded as prepaid pension cost.

To calculate retirement benefit obligations, the benefit formula is used for attributing expected retirement benefits to periods through March 31, 2024.

Past service costs are charged to expenses as incurred. Actuarial differences are amortized using the straight-line method over a given number of years (12 years) within the average remaining years of service of employees in the fiscal year in which they were incurred, and charged to expenses from the subsequent year.

4) Provision for loss on guarantees

To prepare for possible losses associated with guarantee obligations, provision is made in the amount of loss that the Company expects to incur, based on the financial condition of each guarantee.

5) Provision for loss on allowance for liquidation of affiliated companies

To prepare for possible losses associated with the transfer or withdrawal of businesses, provision is made in the estimated amount of such loss.

6) Provision for contract loss

To prepare for possible losses associated with future performance of contracts, provision is made in the estimated amount of such loss.

7) Provision for loss on litigation

To prepare for possible losses from litigation, provision is made in the estimated amount that is thought to be required by estimating loss amounts which may be incurred in the future.

8) Provision for product warranty

To prepare for expenses for product defects during the warranty period, provision is made in the estimated amount that is thought to be required based on past results.

(6) Revenue recognition

1) Basis of revenue recognition and measurement

The Company recognizes revenue based on the following five-step approach:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in each contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

2) Timing of revenue recognition

In accordance with the above five-step approach, the Company recognizes revenue when the contract's performance obligations have been satisfied.

The Company sells commodities and other products, including metals, vehicles, automotive components, machinery, chemicals and food. For sales of such goods, a contract's performance

obligations are satisfied at the point in time when control of the goods passes to the customer. Specifically, the Company recognizes revenue from the sale of goods at the point in time when the goods have been delivered to the delivery location specified in the contract with the customer or the goods have passed the customer's acceptance inspection, the Company has a right to receive the payment for the delivered goods, and legal title to and physical possession of the goods and the significant risks and rewards related to ownership of the goods have all been transferred to the customer. Further, the Company engages in providing services, including construction contracts. For these transactions, the performance obligations are satisfied over time based on the terms and conditions of the contracts. The Company measures progress towards complete satisfaction of performance obligations for the purpose of depicting the Company's performance in transferring control of goods or services promised to the customer, and recognizes revenues by measuring the progress towards completion. Principally using input methods based on costs incurred for measuring progress, the Company determines the appropriate method for measuring progress after considering the details of each transaction as well as the nature of the goods or services.

Payments are received primarily within one year of a transaction. There are no significant credit or other financing aspects of these payments or significant amounts of variable payments.

3) Gross presentation and net presentation of revenue

For revenue from the sale of goods and provision of services, the Company presents revenue on a gross basis when it engages in the transaction as a principal, and on a net basis when it engages in the transaction as an agent. However, irrespective of whether a gross or net basis is used, the method has no effect on cash flows, gross profit/loss and profit/loss. To determine whether it is a principal or an agent, the Company makes a comprehensive determination based on the following three indicators.

- Does the Company have inventory risk before or after it received the customer's order, including while the shipment is in transit or when goods are returned?
- Does the Company have discretion in setting the value of the goods or services of another party to the transaction? Is the benefit that the Company can receive from the good or service restricted?
- Is the Company primarily responsible for the performance of the contract?

(7) Hedge accounting method

Deferred hedge accounting has been applied.

(8) Accounting for consumption taxes

Consumption tax is excluded from transaction amounts.

(9) Application of the Group Taxation System

The Company has applied the group taxation system.

2. Notes on Accounting Estimates

Items for which amounts were recorded in the financial statements for the fiscal year under review based on accounting estimates, and which may have a significant impact on the financial statements for the following fiscal year, are as follows:

Shares of subsidiaries and associates: ¥1,002,929 million

Loss on valuation of shares of subsidiaries and associates and investments in capital of subsidiaries and associates: ¥9,925 million

For shares of subsidiaries and associates, examinations are performed to determine if there has been a significant decline in effective prices due to a downturn in the financial condition of any of these companies. If there has been a significant decline, an impairment loss is recognized to reduce the value to the effective price, except when there is sufficient evidence, such as a business plan, of the recoverability of the stock holding. Due to excess earning power or other characteristic of a company in which we have invested, some shares were purchased at prices that were higher than net assets per share on the income statements multiplied by the number of shares owned. For these investments, a determination of whether or not the excess earning power has decreased is made by comparing earnings in the most recent income statements with a business plan or by using some other method. If excess earning power can no longer be expected, a decision about whether or not the effective price has decreased significantly is made without incorporating any expected excess earning power.

3. Notes on Non-consolidated Balance Sheets

(1) Accumulated depreciation of property, plant and equipment	¥17,145 million
(2) Pledged assets	
Assets pledged as collateral	
Shares of subsidiaries and associates	¥5,866 million
(3) Guarantee obligations (including commitments to guarantee, etc.)	¥60,115 million
(4) Discount on export bills	¥18,568 million
(5) Monetary receivables and payables to associates were as follows.	
1) Short-term monetary receivables	¥581,815 million
2) Long-term monetary receivables	¥7,648 million
3) Short-term monetary payables	¥269,217 million

4. Notes on Non-consolidated Statements of Income

Amount of transactions with associates

(1) Sales	¥943,260 million
(2) Purchases	¥752,112 million
(3) Amounts from non-operating transactions	¥194,948 million

5. Notes on Non-consolidated Statements of Changes in Net Assets

Class and number of shares of treasury stock as of March 31, 2024

Common stock	1,967,115 shares
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6. Notes on Tax-effect Accounting

The main reasons for the occurrence of deferred tax assets were allowance for doubtful accounts, loss on valuation of investment securities, loss on valuation of shares of subsidiaries and associates, etc., which have been netted against valuation allowance. The main reason for the occurrence of deferred tax liabilities was valuation difference on available-for-sale securities, etc.

The Company has applied the group taxation system. The accounting treatment and disclosure of national and local corporate income taxes and tax effect accounting for these taxes are based on Practical Solution on the Accounting and Disclosure Under the Group Taxation System (Practical Issues Task Force No. 42, August 12, 2021).

7. Notes on Related Party Transactions

(1) Subsidiaries

Type	Company name	Location	Capital (Millions of yen)	Business	Ratio of voting rights ownership (owned)
Subsidiary	Toyota Tsusho Material Incorporated	Nakamura-ku, Nagoya	980	Sales of metal products and collection and sale of raw materials, etc.	Direct ownership 100.0%
Relationship with the Company		Business transactions	Transaction amount (Millions of yen)	Account	Ending balance (Millions of yen)
Concurrent directors	Business relationship				
-	Cash transactions through cash management system	Lending of funds (Notes 1, 2)	26,639	Short-term loans	34,642

Type	Company name	Location	Capital (Millions of yen)	Business	Ratio of voting rights ownership (owned)
Subsidiary	Eurus Energy Holdings Corporation	Minato-ku, Tokyo	18,199	Wind and solar power generation business	Direct ownership 100.0%
Relationship with the Company		Business transactions	Transaction amount (Millions of yen)	Account	Ending balance (Millions of yen)
Concurrent directors	Business relationship				
1	Cash transactions through cash management system	Receipt of deposits (Notes 1, 2)	45,223	Deposits received	34,610
	Lending of funds to purchase treasury shares	Lending of funds (Note 1)	-	Short-term loans	54,377

Type	Company name	Location	Capital (Millions of yen)	Business	Ratio of voting rights ownership (owned)
Subsidiary	NEXTY Electronics Corporation	Minato-ku, Tokyo	5,284	Export, import and sale of semiconductors	Direct ownership 100.0%
Relationship with the Company		Business transactions	Transaction amount (Millions of yen)	Account	Ending balance (Millions of yen)
Concurrent directors	Business relationship				
1	Cash transactions through cash management system	Lending of funds (Notes 1, 2)	58,604	Short-term loans	62,818

Notes: Transaction terms and policy of determining transaction terms

1. Lending of funds and receipt of deposits terms are determined reasonably by taking into account market interest rate.
2. For cash transactions through the cash management system, the transaction amount of lending of funds and receipt of deposits are the average amounts during the period, as the transactions are repetitive.

(2) Other associates

Type	Company name	Location	Capital (Millions of yen)	Business	Ratio of voting rights ownership (owned)	
Other associates	Toyota Motor Corporation	Toyota, Aichi	635,401	Manufacture and sale of automobiles and automotive parts	Direct ownership 0.4%, Directly owned 21.7%, Indirectly owned 0.1%	
Relationship with the Company		Business transactions	Transactio n amount (Millions of yen)	Account	Ending balance (Millions of yen)	
Directors' concurrent position	Business relationship					
-	Sale of merchandise handled by the Company, purchase of merchandise handled by the said company	Operational transactions	Sale of raw materials	655,416	Accounts receivable- trade	77,963
			Purchase of automobiles	463,865	Accounts payable-trade	20,709

Notes: Transaction terms and policy of determining transaction terms

1. Prices and other transaction terms are determined in the same manner as general transactions, upon individual negotiations.
2. The transaction amount does not include consumption tax. Outstanding receivables and payables relating to transactions subject to consumption tax include consumption tax.
3. Transaction amounts include gross amounts for general agent transactions that are included in sales of raw materials and other items to related parties and purchases of automobiles, etc. from related parties. These general agent transactions are net amounts in the income statement.

8. Notes on Per Share Information

(1) Net assets per share	¥3,442.49
(2) Net income per share	¥635.56