Management's Discussion and Analysis of Financial Condition and Results of Operations

1. Strategic Issues

1) Corporate Strategy 2027

In April 2025, the Company has announced its new management strategy entitled "Corporate Strategy 2027 -Leveraging our Integrated Strength for the Future-."

The Company recognizes that the business environment has become increasingly uncertain on multiple fronts (including the political, economic, environmental, and technological) due to the unprecedented complexity of geopolitical and economic risks, the search for realistic solutions to decarbonization based on region-specific conditions, and various changes associated with the rapid development of AI. The Company has formulated Corporate Strategy 2027 to further strengthen the earnings base of our existing businesses and create new projects, while flexibly shifting our strategic direction based on the risks and opportunities arising from external changes.

(1) Corporate Strategy

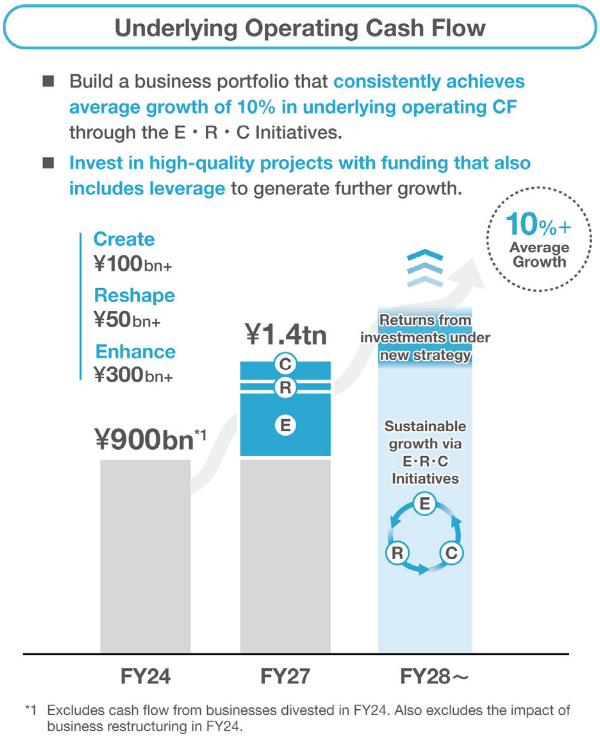
■ Vision

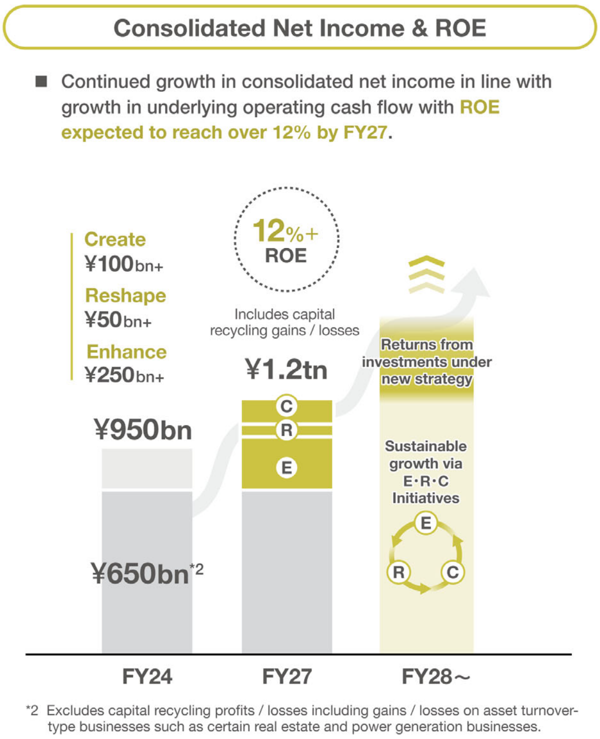
Optimize our business portfolio to achieve sustainable growth and increase our corporate value by leveraging Our integrated strength in response to a rapidly changing business environment.

The Company's "integrated strength" is our ability to dynamically shift business strategies in anticipation of these changes by combining our extensive operational experience, broad industry expertise and deep insights, powered by a top-tier and diverse talent base, as a trusted partner in our new and existing businesses.

■ Quantitative Targets

The Company aims to simultaneously achieve both growth and efficiency by targeting underlying operating cash flows with an average growth rate of 10% or higher as a new core indicator to measure growth and an ROE of 12% or higher by FY2027 as an indicator to continue and strengthen management focused on capital efficiency.





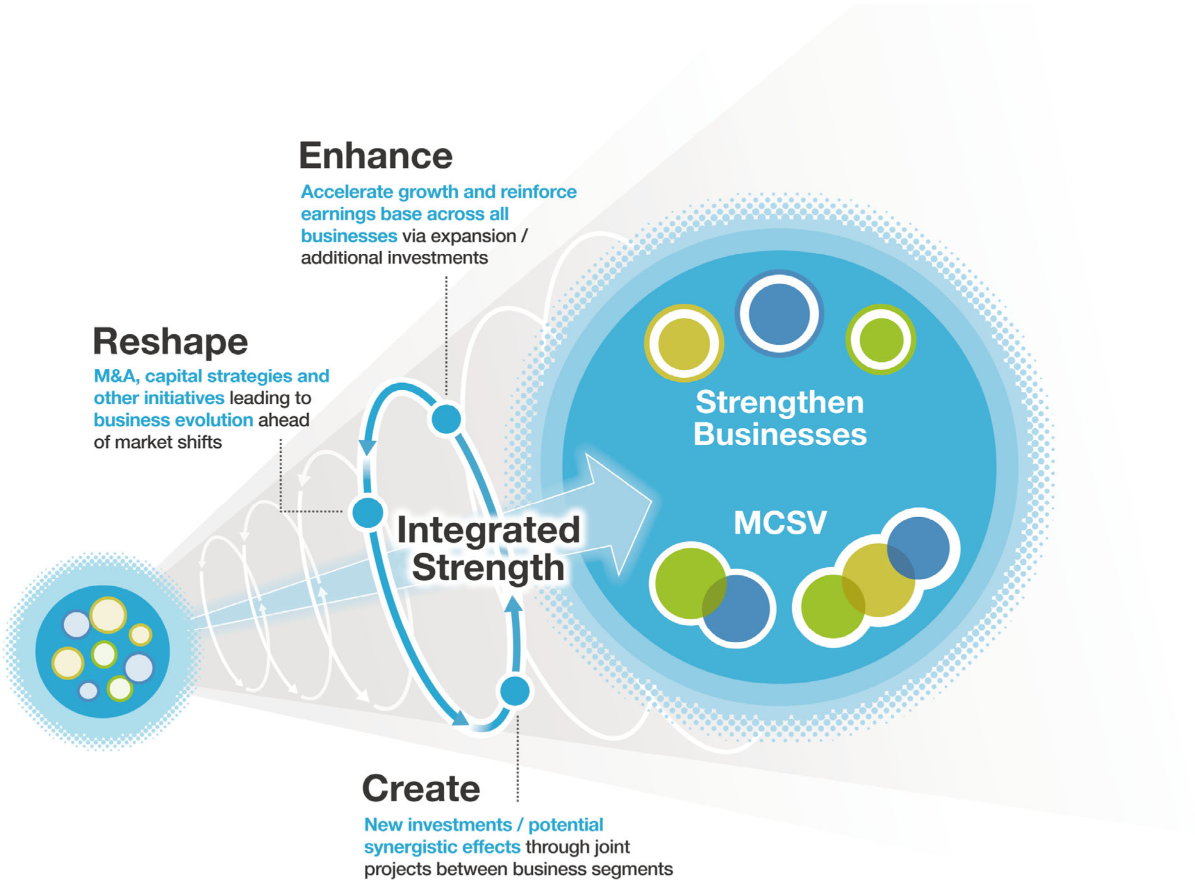
■ Financial Soundness

The Company's policy is to strategically consider use of leverage while maintaining financial soundness with a net debt-to-equity (D/E) ratio with an upper limit of approximately 0.6x.

■ Shareholder Returns
The Company will maintain a basic policy of progressive dividends and flexible share buybacks.

(2) Value Creation Framework to Deliver Corporate Strategy 2027

The Company has redefined our existing Value-Added Cyclical Growth Model with initiatives to Enhance, Reshape, and Create, and will achieve medium- to long-term growth by combining our integrated strength, which is our competitive advantage, with measures geared toward strengthening each of these initiatives.



(3) Capital Allocation Strategy

The Company plans to invest approximately ¥1 trillion in sustaining capital expenditure and more than ¥3 trillion in growth investments over the three years through fiscal year 2027. In a potential excess cash scenario, the Company will also evaluate the appropriateness of allocating those funds to investments or additional shareholder returns in consideration of our investment pipeline and other factors.

2) Operating Environment in the Year Ended March 31, 2025 by Segment

(1) Environmental Energy Group

In 2024, global demand for LNG, a key commodity, rose to approximately 410 million tonnes. LNG spot prices in Asia continued to fluctuate significantly, ranging from US$9 to US$17 per million British thermal units (MMBtu) due to heightened geopolitical risks in Ukraine and the Middle East, as well as varying winter temperatures across regions (severe winter in Europe, warm winter in Asia, etc.). Crude oil (Brent) prices stood in the upper US$80/BBL range at the beginning of the fiscal year but declined to the mid-US$70/BBL range as of March 31, 2025, due to concerns over a global economic slowdown.

(2) Materials Solution Group

The business environment remained challenging due to global economic uncertainty, a slowdown in the Chinese economy (a major market for various materials) and increased Chinese exports to correct supply and demand imbalances. In the steel industry in particular, domestic demand remained weak, while steel exports from China continued at high levels, leading to a sluggish steel market, especially in Asia. Meanwhile, in North America, despite concerns over the impact of high interest rate policies, demand remained firm, particularly in the construction and infrastructure sectors.

(3) Mineral Resources Group

Looking at the steelmaking coal business, one of the group’s core businesses, the scale of steel production was maintained amid declining demand for steel products, primarily in China's real estate sector, while inexpensive steel products were exported to India and Southeast Asia, leading to a price drop in the steel products market and stagnation in the steelmaking coal market. As for copper, the group’s other core businesses, prices reached an all-time high in May, primarily driven by speculative capital inflows following announcements of production cuts by Chinese smelters and signs of restructuring among major global mining companies. However, prices subsequently reversed due to sluggish real demand and profit-taking by speculators, and since the beginning of the year, they have fluctuated significantly, largely influenced by U.S. tariff policies.

(4) Urban Development & Infrastructure Group

The business environment for real estate-related operations in the U.S. remained challenging. Overall market transaction volumes have not yet fully recovered despite an interest rate cut in the U.S. On the other hand, the data center market is expected to see ongoing growth driven by the spread of cloud computing and the demand for generative AI. The group has entered the data center business in the U.S., the largest market in the world. The business environment in the industrial machinery sector remained firm due to factors such as steady capital investment demand and the weakened yen.

(5) Mobility Group

The automobile market was challenging due to factors such as high global interest rates, softening of the real economy, mainly in ASEAN, and continued strict financing (car loan) screening, while competitors intensified discounting efforts to attract customers with purchasing power. In this business environment, the group pursued such initiatives as improving customer experience quality and enhancing brand loyalty by utilizing digital technology in our existing automotive value chain, including ASEAN, and building mobility service businesses in India and Japan.

(6) Food Industry Group

While the sharp rise in grain prices has subsided, domestic feed prices have remained high due to factors such as the weakened yen, placing pressure on earnings in the domestic livestock-related business. In the salmon farming business, while cost improvements were made in Chile, the environment in Norway was challenging due to disease outbreaks and other factors. Demand for food and biofuels is expected to increase on a global basis over the medium- to long-term. With the aim of bolstering the secure supply system for food and building a supply network for biofuels, we signed a non-binding memorandum of understanding with ADM (Archer-Daniels-Midland Company), one of the world’s largest agricultural product companies, to establish a strategic alliance.

(7) Smart-Life Creation Group

Despite the impact of soaring raw material costs, inflation, rising wages, and other cost pressures, the domestic retail and distribution business remained strong, driven by expanded sales through marketing initiatives tailored to consumer needs, cost rationalization and operational optimization through digital transformation (DX). In the financial business, the impact of interest rate and foreign exchange volatility remained limited, and the business was resilient.

(8) Power Solution Group

As countries around the world shift their policies that aim to achieve both decarbonization and stable energy supply, new investments in renewable energy, which also contribute to energy security, have been steadily implemented. The shift toward renewable energy as the primary power source has become irreversible. Meanwhile, as the adoption of renewable energy increases, there is a growing need for storage batteries and other flexible power sources that help compensate for its intermittency and contribute to a stable power supply, as well as for the capabilities to effectively utilize these resources.

3) Outlook of Operating Environment for the Year Ending March 31, 2026 and Beyond by Segment

(1) Environmental Energy Group

While efforts toward a decarbonized society continue, the pace varies by region and commercial product. In Next-Generation Energy, while materialization of demand for some commercial products is slower than expected, other commercial products, such as Sustainable Aviation Fuel (SAF) and clean ammonia, are progressing toward social implementation. In addition, demand for natural gas/LNG is expected to increase over the medium- to long term, especially in Asia, due to its relatively low environmental impact.

(2) Materials Solution Group

Ongoing fluctuations are forecast for the operating environment surrounding the materials business due to the progress of low-carbon and decarbonization and the acceleration of technological innovation. In addition, ongoing growth is expected for necessary housing and infrastructure materials to support population growth, materials to support weight reduction and electrification, and materials to support the development of a digital society.

(3) Mineral Resources Group

In steelmaking coal, we are closely monitoring events that may affect the seaborne trade market, such as the impact of the U.S. tariff policy on logistics, demand driven by emerging economies such as India, demand for steel products from China and its steel exports, and supply constraints of steelmaking coal due to weather and other factors. In copper, the supply-demand environment is expected to remain tight due to continued strong demand and supply constraints. In the medium- to long term, demand for metal resources is expected to remain firm due to the growth of global economy, especially in emerging countries, the spread of renewable energy and EVs against a backdrop of a growing trend toward decarbonization and electrification, and the increase of data centers due to the progress of generative AI and other factors.

(4) Urban Development & Infrastructure Group

The real estate market in the U.S. remains affected by inflation and interest rate trends, and we are closely monitoring the recovery of real estate transaction volumes. As for data centers, the market is expected to see ongoing growth both in Japan and the U.S. with the spread of cloud computing and increased demand for generative AI. In addition, firm demand growth is expected in the industrial machinery sector, which supports the maintenance and development of social infrastructure.

(5) Mobility Group

The automobile market in ASEAN, where we have a robust customer base, is expected to continue to face uncertainty due to strict financial screening and fierce competition, as well as the possible impact of the U.S. tariff policy on the economy. On the other hand, recovery and further expansion of the automobile market in the region is expected to start in the medium- to long term, given the potential demand and the automobile penetration rate. In addition, the electrification and automation of the entire global market are expected to irreversibly progress, despite changes in the speed of implementation, with growth in peripheral markets and new business opportunities anticipated.

(6) Food Industry Group

The business environment is expected to remain highly uncertain, particularly in terms of the potential changes in trade flows due to the impact of the U.S. tariff policy. On the other hand, demand for basic foodstuffs is expected to continue to increase driven by the rise of biofuels and global population growth. The need to improve food quality is also expected to expand globally, as consumers become increasingly focused on wellbeing and exhibit more diverse food preferences.

(7) Smart-Life Creation Group

In the medium- to long-term, the consumer market in Japan is expected to shrink due to the declining and aging population, and in the short term, the market is expected to be affected by high raw material prices and rising interest rates. For the time being, however, the market is expected to remain firm due to stable consumption trends and an increase in inbound demand. In addition, market growth and new business opportunities are anticipated overseas, particularly in the U.S. and Southeast Asia, driven by population and economic growth.

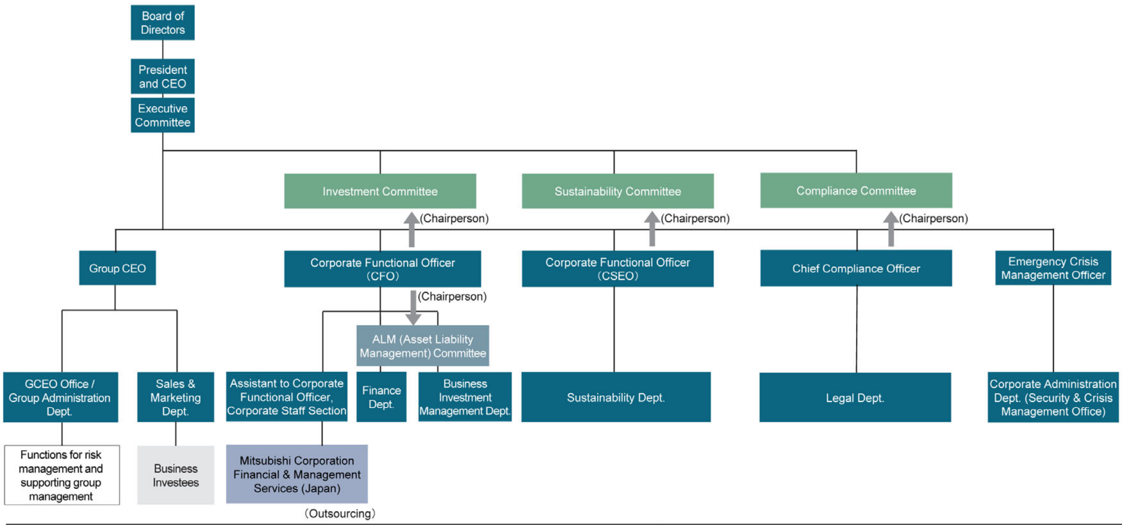
(8) Power Solution Group

Driven by the progress of electrification and the construction of data centers in conjunction with the spread of generative AI, mainly in developed countries, demand for electricity is increasing rapidly, and power supply shortages are becoming a social issue in some locations. Even as the lengthening of the energy transition period toward carbon neutrality is becoming more realistic, the need for a stable supply of clean power, including renewable energy, to promote decarbonization is expected to further increase.

2. Business Risks

1 Risk Management Framework and Organization Model

Business Groups and dedicated corporate departments that deal with specific risks collaborate on the development of operations and management frameworks that enable appropriate response to risk. The frameworks and organization below reflect changes related to the organization after March 31, 2025 through June 18, 2025.



Risks	Supervising organization
Market risk	Business Investment Management Dept., Finance Dept. (foreign exchange, stock, interest rate)
Credit risk	Finance Dept., Mitsubishi Corporation Financial & Management Services (Japan)
Country risk	Finance Dept.
Business investment risk	Business Investment Management Dept.
Risk related to compliance	Legal Dept.
Risk of crises that cause harm to human life, business interruption, etc.	Corporate Administration Dept. (Security & Crisis Management Office)
Risk related to climate change	Sustainability Dept.

2 Overview of Risks

1) Risks of Changes in Global Macroeconomic Conditions

Changes in global and regional macroeconomic conditions are deeply linked to personal consumption and capital expenditure and impact commodity markets. As a result, macroeconomic conditions can cause changes in the prices, volumes and costs of commodities and products handled in our global businesses across diverse industrial sectors, significantly impacting our operating results and financial standing.

In the year ended March 31, 2025, the global economy maintained solid growth as central banks in the U.S. and Europe cut interest rates in response to a gradual deceleration of inflation. The global economy is expected to maintain moderate growth. However, in addition to the U.S.-China conflict, the Russia-Ukraine situation, the situation in the Middle East, and other geopolitical risks, there is a great deal of uncertainty regarding the impact of U.S. tariff policies on the economies of various countries, particularly the outlook for the Chinese economy. We will continue to monitor these situations carefully.

2) Market Risks

("Profit for the year" refers to profit for the year attributable to owners of the Parent. Unless otherwise stated, effects on future profit for the year are the estimated effects in the year ending March 31, 2026, based on results for the year ended March 31, 2025.)

(1) Commodity Market Risk

In the course of our business activities, we are exposed to various risks relating to fluctuations of commodity prices as a trader, an owner of rights to natural and energy resources, and a producer and seller of the industrial products of our affiliated companies. These commodity market risks can significantly impact our operating results and financial standing through fluctuation of purchase and sales prices specifically in mineral and energy trading.

In addition, commodity prices can be a significant input in the valuation of our investment. Especially in the case of long-term projects, as medium- to long-term price forecasts have a more significant impact on the valuation of our investment than short-term price fluctuations, we formulate a forecast, taking into account fundamentals such as the future supply/demand environment and data provided by external financial institutions and other organizations. If long-term stagnation or increases are forecasted in commodities markets, impairment loss or reversal of impairment loss on our property, plant and equipment and investments accounted for using the equity method could impact our operating results.
For details of our specific investments, please refer to the section entitled “*5)* Business Investment Risk (Specific Investments).”

(Energy Resources)
We engage in the natural gas and oil development and production business and the liquefied natural gas (LNG) business in North America, Southeast Asia, Australia, and other regions. Accordingly, fluctuations in natural gas and oil prices could have a significant impact on our operating results.

In the year ended March 31, 2025, the price of Brent crude oil temporarily rose to over US$80/BBL owing to the tense situation in the Middle East and tighter sanctions against Russia. By the end of March, however, prices fell to the middle of US$70/BBL range against the backdrop of a slowing Chinese economy and concerns of a global economic slowdown following the Trump administration’s announcement of reciprocal tariffs. We are aware that prices will continue to be volatile, rising and falling depending on factors such as heightened geopolitical risks, economic conditions in various countries, and OPEC/non-OPEC production trends.

Furthermore, while most of our LNG sales are based on long-term contracts, LNG prices are linked to crude oil prices. It is estimated that a US$1/BBL fluctuation in the price of crude oil would have an approximately ¥2.0 billion effect on profit for the year, mainly through equity method earnings. However, fluctuations in the price of LNG and crude oil might not be immediately reflected in our operating results because of the time lag between such fluctuations and their impact on our operations.

A portion of our LNG sales are also made under spot contracts. The Asian LNG spot price is linked to a certain extent to European gas prices and are therefore also affected by the situation in Europe. In early October, the Asian LNG spot price started at mid-US$13 per million British thermal unit (Btu) and rose to the low US$17 per million Btu in February as geopolitical risks stemming from the Russia-Ukraine situation increased, and price hikes continued due to lower temperatures and wind power output in Europe. On the other hand, the price subsequently fell to less than US$13 per million Btu at the end of March due to sluggish demand in China and Northeast Asia caused by a warm winter and other factors.

(Mineral Resources)
Through a wholly owned subsidiary, Mitsubishi Development Pty Ltd (MDP), in Brisbane, Australia, we sell steelmaking coal, which is used for steel manufacturing. Fluctuations in the price of steelmaking coal may affect our operating results through MDP’s earnings. MDP’s operating results cannot be determined by the coal price alone since MDP’s results are also significantly affected by fluctuations in exchange rates among the Australian dollar, U.S. dollar and yen, as well as adverse weather and labor disputes etc.

In addition, as a producer, we are exposed to the risk of price fluctuations in copper. It is estimated that a US$100 fluctuation in the price per MT of copper would have a ¥2.5 billion effect on our profit for the year (a US¢10 price fluctuation per lb. of copper would have a ¥5.4 billion effect on our profit for the year). However, variables beside price fluctuations may also have an impact. These include the grade of mined ore, the status of production operations, and reinvestment plans (capital expenditures). Therefore, the impact on earnings may not be determined by the copper price alone.

(2) Foreign Currency Risk
We are exposed to the risk of fluctuations in foreign currency rates against the yen in the course of our trading activities, such as export, import, and offshore trading. While we use forward contracts and other hedging strategies as needed, there is no assurance that we can completely avoid foreign currency risk.

With respect to our overseas investments, there is a risk that foreign currency exchange fluctuations could cause increase or decrease in the yen conversion value of dividends received from these investments and equity in earnings of overseas subsidiaries and affiliates which are denominated in foreign currencies, and appreciation in the yen relative to foreign currencies has a negative impact on profit for the year. In terms of sensitivity, a ¥1 change relative to the U.S. dollar would have an approximately ¥4.0 billion effect on profit for the year.

In addition, because shareholders' equity can be fluctuated through exchange differences on translating foreign operations, we implement hedging mainly by forward contracts as needed to prevent foreign currency risk on some large investments.

(3) Stock Price Risk

As of March 31, 2025, we owned ¥1,191.3 billion (market value) of marketable securities, mostly equity issued by customers, suppliers and affiliates. These investments expose us to the risk of fluctuations in stock prices. The valuation above includes net unrealized gains of ¥126.8 billion based on market prices, a figure that could change depending on future trends in stock prices. In our corporate pension fund, some of the pension assets are managed as marketable stocks. Accordingly, a fall in stock prices could reduce pension assets.

(4) Interest Rate Risk

As of March 31, 2025, we had gross interest-bearing liabilities (excluding lease liabilities) of ¥4,617.0 billion. Because almost all of these liabilities bear floating interest rates, there is a risk of an increase in interest expenses caused by a rise in interest rates.

The vast majority of these interest-bearing liabilities correspond to trade receivables, loans receivable and other operating assets that are affected by changes in interest rates. When interest rates rise, income from these assets also increases, so while there is a timing difference, interest rate risk is offset. For the remaining interest-bearing liabilities exposed to interest rate risk without such offsets, commensurate asset holdings such as investment securities, property and equipment generate trading income as well as other income streams such as dividends are strongly correlated with economic cycles. Accordingly, even if interest rates increase as the economy improves, leading to higher interest expenses, we believe that these expenses would be offset by an increase in income from the corresponding assets held. However, our operating results may be negatively affected temporarily if there is a rapid rise in interest rates because increased income from commensurate assets held would fail to offset immediately the effects of a preceding increase in interest expenses.

To monitor market movements in interest rates and respond flexibly to market risks, we have established the Asset Liability Management (ALM) Committee. This committee manages the risk of interest rate fluctuations.

3) Credit Risk

We extend credit to customers in the form of trade credit, including accounts receivable and advance payments, finance, guarantees and investments as part of our various operating transactions. We are therefore exposed to credit risks in the form of losses arising from deterioration in the credit of or bankruptcy of customers. Furthermore, we utilize derivative instruments, primarily swaps, options and futures, for the purpose of hedging various risks arising from our businesses. In this case, we are exposed to the credit risk of the counterparties regarding these derivative contracts.

To manage this risk, we have established credit and transaction limits for each customer as well as introduced an internal rating system. Based on internal rules determined by internal ratings and the amount of credit, we also require collateral or a guarantee depending on the credit profile of the counterparty. However, there is no guarantee that we will be able to completely avoid credit risk with these strategies. We reduce transactions and take measures to protect our receivables when there is deterioration in the credit condition of customers. We also have a policy for dealing with bankrupt customers and work to collect receivables. However, failure to collect receivables and other credit could affect our operating results.

4) Country Risk

We are exposed to country risks in relation to transactions and investments with overseas companies in the form of possible delays or inability to collect payments or conduct business activities due to political and socioeconomic conditions in the countries where such companies are domiciled.

The ALM Committee, chaired by the Corporate Functional Officer (CFO), assesses the risk situation in each country and is responsible for establishing and managing the country risk countermeasure system.

The country risk countermeasure system classifies countries into categories based on risk factor type. Country risk is controlled within a certain range through the establishment of risk limits for each category. To address the country risks related to individual projects, we take appropriate risk hedging measures, such as taking out insurance, depending on the nature of the project. Risks related to Russia and Ukraine are managed and controlled through this system.

However, even with these risk hedging measures, it is difficult to completely avoid risks caused by deterioration in the political, economic, or social conditions in the countries or regions where our customers, portfolio companies or ongoing projects are located. Such eventualities may have an impact on our operating results.

For details about the impacts of Russia-Ukraine situation, please refer to “2. BASIS OF PREPARATION (5) Significant accounting judgments, estimates and assumptions” under “Notes to Consolidated Financial Statements.”

5) Business Investment Risk

We participate in the management of various companies by acquiring equity and other types of interests. These business investment activities are carried out with the aim of increasing our commercial rights and deriving capital gains. However, we are exposed to various risks related to business investments, such as the possible inability to recover our investments, exit losses, or earn the planned profits. Regarding the management of business investment risk, in the case of new business investments, we clarify the meaning and purpose of the investment, quantitatively estimate the risk of investments, and evaluate based on the expected rate of return for each business and other factors. After investing, we formulate annual business plans for each investment and manage risks to achieve our investment goals. Furthermore, we clarify retention policies, including the sale of our equity interest or the liquidation of the investee in order to efficiently replace assets in our portfolio, in the event that the investments are generating lower earnings than indicated in the plan.

Although we follow strict standards for the selection and management of investments, it is difficult to completely avoid the risk of investments not delivering the expected profits. Therefore, our operating results could be affected by changes in the business environment and withdrawals from an investment etc.

For details of commodity market risks included in business investments, please refer to the section entitled “*2)* (1) Commodity Market Risk.”

(Specific Investments)

a. Investments in Australian Steelmaking Coal and Other Mineral Resource Interests

In November 1968, we established MDP to engage in the development of coal (steelmaking coal, which is used for steel manufacturing). In 2001, we acquired through MDP a 50% interest in the BMA steelmaking coal business (BMA) in Queensland, Australia, for approximately ¥100 billion and have been engaging in this business together with the partner, BHP Group Limited, headquartered in Melbourne, Australia. We engage in the world’s largest steelmaking coal business. As of March 31, 2025, the book value of MDP’s property, plant and equipment is ¥994.6 billion.

While the assets and liabilities related to the Blackwater and Daunia coal mines, in which MDP holds a 50% interest, were classified as a disposal group held for sale and the Company recorded assets of ¥197.6 billion in "Assets classified as held for sale" and liabilities of ¥65.6 billion in "Liabilities directly associated with assets classified as held for sale" in the previous fiscal year, on April 2, 2024, MDP completed the divestment of all interests to Whitehaven Coal Ltd. of Australia. For details, please refer to “11. NON-CURRENT ASSETS OR DISPOSAL GROUPS HELD FOR SALE” under “Notes to Consolidated Financial Statements.”

b. Investments in Interests in Chilean Copper Assets

We hold shares in Anglo American Sur S.A. (AAS), which holds Chilean copper resource interests, with Anglo American Plc (AAC), headquartered in London, United Kingdom, and a joint venture between Corporación Nacional del Cobre de Chile, a nationally operated copper production company headquartered in Santiago, and Mitsui & Co., Ltd.

AAC holds a 50.1% ownership interest in AAS, the joint venture holds a 29.5% interest, and we hold a 20.4% interest, which we acquired for US$4.51 billion.

AAS holds a significant portfolio of copper assets in Chile, including the Los Bronces mine, the El Soldado mine, the Chagres copper smelter and large-scale prospective exploration properties. (AAS's total copper production was approximately 220,000 tonnes in 2024.)

We apply the equity method to the investment in AAS. As an investment accounted for using the equity method, we conduct impairment tests for our investment in AAS. As AAS's production and development plans are long-term, medium- to long-term price forecasts have a more significant impact on the valuation of our investment in AAS than short-term price fluctuations. We therefore evaluate risk from a medium- to long-term perspective, including the latest copper price forecasts and development plans. The investment book value is ¥153.2 billion as of March 31, 2025.

c. Investments in Interests in Peruvian Copper Assets

Together with AAC, headquartered in London, United Kingdom, we hold a 40% interest in Anglo American Quellaveco S.A. (AAQ), headquartered in Lima, Peru, which holds the resource interests to Quellaveco copper mine project (Quellaveco) in Peru.

Quellaveco is a large-scale mine with copper deposits estimated to contain 7.9 million tonnes (content mineral basis) of copper ore reserves, and is highly cost competitive. Production of copper concentrate began in 2022. (Actual copper production was approximately 310,000 tonnes in 2024.)

We apply the equity method to the investment in AAQ. We conduct impairment tests for our investment in AAQ as an investment accounted for using the equity method. Quellaveco's production and development plans are long-term. As such, medium- to long-term price forecasts have a more significant impact on the valuation of our investment in AAQ than short-term price fluctuations. We therefore evaluate this investment from a medium- to long-term perspective that includes the latest copper price forecasts and development plans.

The total of the investment book value and loan to AAQ is ¥516.8 billion as of March 31, 2025.

d. Montney Shale Gas Development Project/LNG Canada Project

We are building a natural gas value chain in Canada, stretching from upstream resource development to LNG production, export and sales. In terms of upstream businesses, we are operating a shale gas development business through our wholly owned consolidated subsidiary CUTBANK DAWSON GAS RESOURCES LTD. with Ovintiv Inc. Our investment stake in the project is 40%, with book value investments accounted for using the equity method of ¥268.3 billion as of March 31, 2025.

Also, to export and sell the natural gas as LNG, we took a final investment decision (FID) on LNG Canada, together with our partners, in 2018. This project involves the construction of liquefaction facilities with annual production capacity of 14 million tonnes to export LNG to customers in Japan and other East Asian countries. Production is expected to commence during 2025. We are participating in the project through our subsidiary Diamond LNG Canada Partnership and advancing efforts with our partners Shell, Petronas, PetroChina and Korea Gas Corporation. As of March 31, 2025, the book value of "Property, plant and equipment" and "Right-of-use assets" of Diamond LNG Canada Partnership is ¥409.8 billion and ¥245.5 billion, respectively.

e. Investment in Lawson Inc.

In 2017, we acquired an additional 16.6% of the issued shares of Lawson Inc. (Lawson) via tender offer. Combined with our existing 33.4% stake, this resulted in a majority shareholding. Accordingly, we made Lawson a consolidated subsidiary. Subsequently, following a tender offer by KDDI Corporation (KDDI) for shares of Lawson (completed on April 25, 2024) and a squeeze-out procedure using a reverse stock split, our ownership ratios with KDDI were adjusted to 50% each on August 15, 2024, bringing all terms and conditions of a Shareholders Agreement between the Parent and KDDI into effect, and classifying Lawson as a joint venture. The investment book value is ¥528.7 billion as of March 31, 2025.
For details, please refer to "11. NON-CURRENT ASSETS OR DISPOSAL GROUPS HELD FOR SALE" and "37. CONSOLIDATED SUBSIDIARIES" under "Notes to Consolidated Financial Statements."

Lawson operates a franchise system and directly managed convenience stores, an overseas convenience store business, and other peripheral businesses. As of February 28, 2025, Lawson's convenience store network comprised approximately 14,700 stores in Japan and 7,400 stores overseas for a total of approximately 22,100 stores.

f. Investment in Eneco

In March 2020, Diamond Chubu Europe B.V., established jointly by Mitsubishi Corporation and Chubu Electric Power Co., Inc., acquired 100% of the shares of N.V. Eneco, a company that operates an integrated energy business in Europe, for approximately ¥500.0 billion.

Eneco is an integrated energy company boasting excellent competitiveness and adaptability in the business fields of renewable power generation and supply, power trading, and retail and new services. By taking advantage of Eneco's technological strengths and know-how in renewable energies, we are aiming to accelerate its own renewable developments in Europe and around the world. We are seizing this acquisition as an opportunity to realize its vision of simultaneously generating economic, societal and environmental value through its businesses.

A decline in electricity demand or the European macro economy could impact our operating results through Eneco's operating results or impairment loss on the goodwill recognized when we acquired Eneco. The book value of this goodwill as of March 31, 2025 (before calculating the portion attributable to Mitsubishi Corporation) is ¥144.9 billion. For details, please refer to "14. INTANGIBLE ASSETS AND GOODWILL" under "Notes to Consolidated Financial Statements."

6) Risks Related to Compliance

We are engaged in businesses in all industries through many offices around the world. These activities subject us to a wide variety of laws and regulations. Specifically, we must comply with the Companies Act, tax laws, Financial Instruments and Exchange Act, anti-monopoly laws, anti-bribery laws, security trade control-related and other international trade-related laws, international sanction-related laws, environmental laws and various business laws in Japan. In addition, in the course of conducting business overseas, we must abide by the laws and regulations in the countries and regions where we operate. In particular, many countries are imposing or strengthening economic sanctions due to the current Russia-Ukraine situation, and we are following developments closely and, under the leadership of the Chief Compliance Officer, responding appropriately.

We have established a Compliance Committee, which is headed by Chief Compliance Officer, who provides direction and supervision related to compliance with laws and regulations on a consolidated basis. Under his/her direction and supervision, the compliance officers of individual business groups and departments plan and implement specific compliance initiatives and strive to enhance awareness of compliance. We also work to ensure that consolidated subsidiaries and affiliates (excluding listed companies) set up compliance management systems on par with that of ours.

Notwithstanding these initiatives, compliance risks cannot be completely avoided. Failure to fulfill our obligations under related laws and regulations could affect our businesses and operating results.

7) Risks of Crises that Cause Harm to Human Life, Business Interruption, etc.

A crisis occurring in or outside Japan, such as a natural disaster like an earthquake, heavy rain or flood, abnormal climatic conditions, or infectious diseases such as a new strain of influenza and COVID-19, or a large-scale accident, acts of terrorism or riots, or incidents arising from geopolitical causes in East Asia, Europe, the Middle East or elsewhere that affect our employees and damage our offices, facilities or systems could hinder sales and production activities.

We have put in place a variety of countermeasures, including the Emergency Crisis Management Headquarters; response protocols, such as those for checking the safety and wellbeing of persons associated with us when a crisis occurs; business continuity plans (BCPs) for important operations; earthquake-proofing measures for buildings, facilities and systems (including backup of data); regular drills; and emergency stocks of necessary supplies. Furthermore, we implement business continuity management (BCM) to prepare for crises. These comprehensive management activities include formulating first response protocols and BCPs based on risk and impact analyses of all kinds of events and the continuous operation of the PDCA cycle. However, no amount of preparation can completely avoid the risk of damage or other impact, and a natural or other disaster or crisis could affect our operating results.

8) Risks Related to Climate Change

The impact of climate change includes the effects of frequent extreme weather on water resources, effects on human populations and biodiversity in the natural world, as well as the attendant effects on food resources and other natural resources. These effects are of great consequence for the global environment and mankind, as well as for corporate activities, and may negatively impact our business continuity and the operating results.

Risks related to climate change are broadly categorized as transition risks (risks related to government policy and regulations, technology, markets, etc.) and physical risks. Transition risks include increased operational or facility-related costs due to carbon pricing (carbon taxes, etc.), expanded regulations, or the obsolescence of products and services that rely on existing technologies. Physical risks include the impact on operations of drought or flooding. We believe that while climate change poses significant business risks, it also presents us with new business opportunities for innovation, disruption and growth. Accordingly, we have set “Contributing to Decarbonized Societies” as one of our material issues as we strive to achieve sustainable growth.

Specifically, the Sustainability Committee identifies key risks related to climate change and assesses their potential business impact. For businesses expected to be highly impacted, we implement 1.5°C scenario analyses based on the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and reflect the results in our strategy for said businesses based on a comprehensive consideration of our policies, the measures of relevant countries, the analyses of external institutions, and the specific conditions of individual businesses. Furthermore, we will adopt and promote mechanisms for simultaneously decarbonizing by classifying each business based on climate-related transition risks and opportunities. These efforts are reported to the Board of Directors.

3. Material Accounting Policies and Estimates

The preparation of these consolidated financial statements requires management to make estimates that may affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the fiscal year end and the reported amounts of revenues and expenses during the reporting period. Management bases its estimates on historical experience and on various other factors which it believes reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Management believes that valuations of the items which require accounting estimates are reasonable. However, these valuations include uncertainties that may be beyond the control of management. Therefore, actual results may differ from these estimates under different assumptions or conditions. Please refer to Note 2, to the consolidated financial statements, “Basis of Preparation” (5) Significant accounting judgments, estimates and assumptions, for the detail of the items which require accounting estimates and judgments and have a significant impact on our financial position and operating results.

4. Year Ended March 2025 vs. Year Ended March 2024

In the year ended March 2025, the global economy maintained solid growth as central banks in the U.S. and Europe cut interest rates in response to a gradual deceleration of inflation. As for Japan's economy, consumer spending remains steady through improvements in employment and income environment such as growth of real wage, while capital investment picked up on the back of solid corporate revenues, maintaining the trend of moderate recovery.

Under such circumstances, operating results for the year ended March 31, 2025 were as follows. For details about the progress on the corporate strategy, key initiatives and the operating environment in the year ended March 31, 2025 and after, please refer to "1. Strategic Issues."

(Billions of Yen)	Year ended March 31, 2024	Year ended March 31, 2025	Change	Remarks
Revenues	19,567.6	18,617.6	(950.0)	Decrease due to sales volume decline and following Lawson becoming an equity method affiliate
Gross profit	2,359.7	1,836.4	(523.3)	Decrease following Lawson becoming an equity method affiliate and due to sales volume decline in the Australian steelmaking coal business
Selling, general and administrative expenses	(1,692.3)	(1,465.3)	+227.0	Decrease following Lawson becoming an equity method affiliate
Gains (losses) on investments	233.0	305.6	+72.6	Gain on sale and valuation related to Overseas power generating business in the previous year and fair value gain on remaining ownership interest following Lawson becoming an equity method affiliate
Gains (losses) on disposal and sale of property, plant and equipment and others	37.2	134.6	+97.4	Gain on sale of property, plant and equipment in the Australian steelmaking coal business
Impairment losses and reversals on property, plant and equipment, intangible assets, goodwill and others	(29.6)	(3.9)	+25.7	Impairment losses on property, plant and equipment in the overseas food business recorded in the previous fiscal year
Other income (expenses) -net	(104.1)	76.5	+180.7	Chiyoda Corporation related provisions recorded in the previous year and reversal of provisions recorded in the current year
Finance income	305.4	342.6	+37.2	Increased dividend income and interest income due to increased loans receivable
Finance costs	(191.1)	(170.6)	+20.5	Decreased interest expenses due to decrease in borrowings
Share of profit (loss) of investments accounted for using the equity method	444.4	337.5	(106.9)	Impairments and other losses on domestic offshore wind power generating projects and decreased equity earnings in Mitsubishi Motors Corporation
Profit (loss) before tax	1,362.6	1,393.4	+30.8	—
Income taxes	(337.7)	(317.2)	+20.6	Decreased earnings in the Australian steelmaking coal business
Profit (loss) for the year	1,024.9	1,076.2	+51.4	—
Profit (loss) for the year attributable to Owners of the Parent (ROE)	964.0 11.3%	950.7 10.3%	(13.3) (1.0)%	—

* May not match with the total of items due to rounding off. The same shall apply hereafter.

5. Year Ended March 2025 Segment Information

The breakdown of "Profit (loss) for the year attributable to owners of the Parent" by segment was as follows. For details about products, services and operating results of each segment, please refer to Note 6 to the consolidated financial statements.

(Billions of Yen)	Year ended March 31, 2024	Year ended March 31, 2025	Change	Remarks
Environmental Energy	238.8	198.6	(40.2)	[−] Absence of previous year gain on liquidation of subsidiary in the Malaysia LNG business. Decrease in market prices in the shale gas business.
Materials Solution	73.9	68.3	(5.6)	[+] Absence of previous year impairment losses in the chemical manufacturing business. [−] Market headwinds in the North American plastic building material business. Decreased volume in the steel business.
Mineral Resources	295.5	227.8	(67.7)	[+] Divestiture of two Australian steelmaking coal mines. [−] Decline in total volume and decrease in market prices in the Australian steelmaking coal business.
Urban Development & Infrastructure	50.9	39.8	(11.1)	[+] Tax gain and absence of valuation loss in the overseas real estate business in previous year. Gain on construction completion in the energy infrastructure-related business. [−] Impairment and loss on sales in the North American real estate development business. Provisions for Chiyoda Corporation's U.S. Golden Pass LNG project.
Mobility	141.4	112.4	(29.0)	[+] Revaluation gain due to restructure of Indian automobile business. [−] Market slowdown for Mitsubishi Motors and the ASEAN automotive business.
Food Industry	(25.3)	92.4	+117.7	[+] Absence of previous year impairment losses in the overseas food business. Absence of previous year decrease in earnings in the salmon farming business. Divestiture of KFC Holdings Japan and Princes.
Smart-Life Creation	102.7	185.0	+82.3	[+] Revaluation gain due to reclassification of Lawson to equity method affiliate. [−] Absence of previous year gain on sale of affiliate.
Power Solution	97.9	(15.6)	(113.5)	[+] Improved profitability in the U.S. solar power generation business. [−] Absence of previous year gain on sale of assets in the overseas power business. Impairments and other losses in the Japanese offshore wind power business.

6. Liquidity and Capital Resources

1) Fund Procurement and Liquidity Management

Our basic policy concerning the procurement of funds to support business activities is to procure funds in a stable and cost-effective manner. For funding purposes, we select and utilize, as needed, both direct financing, such as commercial paper and bonds, and indirect financing, including bank loans, to seek the most advantageous means, according to market conditions at the time. We have a strong reputation in the capital markets. Also, regarding indirect financing, we maintain good relationships with a broad range of financial institutions in addition to our main banks, including foreign-owned banks, life insurance companies and regional banks. This diversity allows us to procure funds that are cost competitive. Along with continuous funding based mainly on long-term financing, we will continue to pursue a policy of securing sufficient financial liquidity with considering the use of leverage to the extent which can maintain financial soundness in case the additional fund is necessary from the smooth execution of investments following the Corporate Strategy 2027. Looking at funding activities in the year ended March 31, 2025, following on from the year ended March 31, 2024, we raised funds in conjunction with efforts to improve financial soundness.

The following is a result of these funding activities.

	Billions of Yen	
	2024	2025
Interest-bearing liabilities (Gross/excl, lease liabilities)	¥5,128.0	¥4,617.0
Interest-bearing liabilities (Net/excl, lease liabilities)	3,782.3	3,047.2
Long-term financing (Gross Interest-bearing liabilities (long-term))	3,855.0	3,534.4
Long-term financing Ratio (%)	75%	77%
Current Ratio (%)	144%	149%

Notes:

1. Hybrid finance accounted for ¥486.0 billion of interest-bearing liabilities (Gross). Rating agencies treat 50% of this balance, or ¥243.0 billion, as equity.
2. Interest-bearing liabilities (Net) is interest-bearing liabilities (Gross) minus cash and cash equivalents and time deposits.

For the year ending March 31, 2026, we plan to continue procuring funds from stable sources over the medium and long terms mainly through efforts to diversify funding sources. We will also continue taking steps to raise funding efficiency on a consolidated basis.

Regarding financial markets, conditions remain unpredictable due to factors such as geopolitical risks and changes in the monetary policies of major countries. Accordingly, we will remain vigilant and secure sufficient cash and deposits, and bank commitment lines, to maintain our liquidity.

Regarding management of funds on a consolidated basis, we have a group financing policy in which funds are raised principally by the Parent, as well as domestic and overseas finance companies and particular overseas regional subsidiaries (Finance offices) and distributed to other subsidiaries, to promote the efficient use of fund and securement of liquidity by centralization of funding. As of March 31, 2025, 85% of consolidated gross interest-bearing liabilities were funded by the Parent and Finance offices.

The Parent and Finance offices had ¥599.8 billion in short-term marketable debt as of March 31, 2025, namely commercial paper and bonds scheduled for repayment within a year. However, since the sum of cash and deposits, commitment lines secured on a fee basis, and bond investments due to mature within a year amounted to ¥2,788.4 billion, we believe we have a sufficient level of liquidity to meet current obligations. The excess coverage amount was ¥2,188.6 billion. The Parent has a yen-denominated commitment line of ¥510.0 billion syndicated by major Japanese banks, a commitment line of US$1.0 billion and a soft currency facility equivalent to US$0.15 billion syndicated by major international banks, mainly in the U.S. and Europe.

To procure funds in global financial markets and ensure smooth business operations, we obtain ratings from three agencies: Rating and Investment Information, Inc. (R&I), Moody’s Investors Service (Moody’s), and Standard and Poor’s (S&P).

The ratings as of March 31, 2025 were as follows:

	R&I	Moody's	S&P
Long-term Debt	AA (outlook stable)	A2 (outlook stable)	A (outlook stable)
Short-term Debt	a-1+	P-1	A-1

2) Total Assets, Liabilities and Total Equity

The Company's assets, liabilities and equity as of March 31, 2024 and 2025 were as follows:

(Billions of Yen)	March 31, 2024	March 31, 2025	Change	Remarks
Total assets	23,459.6	21,496.1	(1,963.5)	—
Current assets	11,676.5	8,752.4	(2,924.1)	Decrease in assets classified as held for sale following Lawson becoming an equity method affiliate
Non-current assets	11,783.1	12,743.7	+960.6	Increase in investments accounted for using the equity method following Lawson becoming an equity method affiliate and right-of-use assets due to the commencement of the lease in the LNG-related business
Total liabilities	13,364.7	11,341.8	(2,022.9)	—
Current liabilities	8,132.1	5,883.0	(2,249.1)	Decrease in liabilities directly associated with assets classified as held for sale following Lawson becoming an equity method affiliate
Non-current liabilities	5,232.7	5,458.8	+226.1	Increase in lease liabilities due to the commencement of the lease in the LNG-related business and deferred tax liabilities due to fair value gain on remaining ownership interest following Lawson becoming an equity method affiliate
Total equity	10,094.8	10,154.3	+59.5	—
Equity attributable to owners of the Parent	9,043.9	9,368.7	+324.8	Increase in retained earnings accumulated by profit for the period
Non-controlling interests	1,051.0	785.6	(265.4)	Decrease following Lawson becoming an equity method affiliate
Net interest-bearing liabilities (excluding lease liabilities)	3,782.3	3,047.2	(735.1)	—

The Company's segment information at March 31, 2024 and 2025 was as follows.

(March 31, 2024) (Billions of Yen)

	Environmental Energy	Materials Solution	Mineral Resources	Urban Development &Infrastructure	Mobility
Investments accounted for using the equity method	877.5	344.1	589.4	682.0	512.7
Other investments	285.7	175.5	327.3	85.5	153.7
Property, plant and equipment and Investment property	401.4	123.2	963.3	152.3	52.7
Intangible assets and goodwill	4.7	16.0	5.1	94.7	6.5
Total assets	2,875.3	2,103.5	4,379.2	2,093.4	1,976.0

(March 31, 2024) (Billions of Yen)

	Food Industry	Smart-Life Creation	Power Solution	Others	Total
Investments accounted for using the equity method	347.0	498.2	650.3	(0.3)	4,500.9
Other investments	210.6	336.1	40.1	200.2	1,814.8
Property, plant and equipment and Investment property	275.9	66.9	596.0	89.4	2,721.1
Intangible assets and goodwill	205.8	35.2	352.0	22.9	742.9
Total assets	2,164.6	4,662.2	2,731.0	474.2	23,459.6

(March 31, 2025) (Billions of Yen)

	Environmental Energy	Materials Solution	Mineral Resources	Urban Development &Infrastructure	Mobility
Investments accounted for using the equity method	956.2	351.8	630.3	693.6	547.8
Other investments	264.1	157.4	540.3	63.4	174.9
Property, plant and equipment and Investment property	482.1	127.0	995.0	182.5	52.9
Intangible assets and goodwill	4.2	16.3	3.3	98.8	5.6
Total assets	3,246.9	2,021.4	4,538.1	2,159.5	1,848.1

(March 31, 2025) (Billions of Yen)

	Food Industry	Smart-Life Creation	Power Solution	Others	Total
Investments accounted for using the equity method	294.9	1,085.1	581.9	1.4	5,143.0
Other investments	163.8	338.8	44.3	237.2	1,984.2
Property, plant and equipment and Investment property	295.2	66.1	614.5	92.1	2,907.4
Intangible assets and goodwill	237.2	35.5	334.8	23.3	758.9
Total assets	1,952.1	2,587.3	2,512.1	630.7	21,496.1

3) Cash Flows

Cash and cash equivalents at March 31, 2025 was ¥1,536.6 billion, an increase of ¥285.0 billion from March 31, 2024. The breakdown of cash flows were as follows:

(Billions of Yen)	Year ended March 31, 2024	Year ended March 31, 2025	Change	Remarks
Cash flows from operating activities	1,347.4	1,658.3	+310.9	Breakdown Cash flows from operating transactions and dividend income Year-over-year changes Decrease in the payments of income taxes and increase in dividend income
Cash flows from investing activities	(205.8)	(273.9)	(68.1)	Breakdown Capital investment, decrease in cash and cash equivalents following Lawson becoming an equity method affiliate, and acquisition of other investments, despite cash flows from collection of loans and sale of investments in affiliated companies Year-over-year changes Decrease in cash and cash equivalents following Lawson becoming an equity method affiliate and acquisition of other investments, despite cash flows from divestiture of two coal mines in the Australian steelmaking coal business and collection of loans
Free cash flows	1,141.6	1,384.4	+242.8	—
Cash flows from financing activities	(1,086.2)	(1,530.7)	(444.5)	Breakdown Acquisition of treasury stock, repayments of debt and lease liabilities, and payments of dividends Year-over-year changes Repayments of short-term debts
Effect of exchange rate changes on cash and cash equivalents	47.9	22.6	(25.3)	—
Net increase (decrease) in cash and cash equivalents included in assets classified as held for sale	(408.8)	408.8	+817.5	Breakdown Increase due to reversal of reclassification of cash and cash equivalents held by Lawson to held for sale following Lawson becoming an equity method affiliate Year-over-year changes Increase due to reclassification of cash and cash equivalents held by Lawson to held for sale in the previous fiscal year, and reversal of reclassification of cash and cash equivalents held by Lawson to held for sale following Lawson becoming an equity method affiliate
Net increase (decrease) in cash and cash equivalents	(305.4)	285.0	+590.4	—

Underlying operating cash flows (after repayments of lease liabilities)	1,178.5	983.7	(194.8)	Breakdown Cash flows from profit for the year and dividend income, despite the payment of lease liabilities Year-over-year changes Decrease in profit for the year, excluding depreciation and amortization and gains (losses) on property, plant and equipment, intangible assets and goodwill and others
Adjusted free cash flows	972.7	709.8	(262.9)	—

In addition to the aforementioned operating cash flows for financial accounting purpose, in order to present the source of funds for future investments and shareholder returns appropriately, the Company defined “Underlying operating cash flows (after repayments of lease liabilities),” which is operating cash flows excluding changes in working capital whilst including repayments of lease liabilities which are necessary in the ordinary course of business activities, and “Adjusted free cash flows,” which is the sum of “Underlying operating cash flows (after repayments of lease liabilities)” and investing cash flows.

Main items (Segments) included in investing cash flows were as follows:

New/Sustaining Investments	Sales and Collection
- Overseas power business (Power Solution) - European integrated energy business (Power Solution) - Australian steelmaking coal business (Mineral Resources) - LNG-related business (Environmental Energy) - Salmon farming business (Food Industry) - North American real estate business (Urban Development & Infrastructure) - Convenience store business (Smart-Life Creation) - North American shale gas business (Environmental Energy)	- Australian steelmaking coal business (Mineral Resources) - Overseas power business (Power Solution) - Overseas food business (Food Industry) - European power transmission business (Power Solution) - Copper business (Mineral Resources) - Food service-related business (Food Industry) - European integrated energy business (Power Solution) - North American real estate business (Urban Development & Infrastructure)

The dividends were paid in compliance with the shareholder returns policy of progressive dividends in line with sustained profit growth. The acquisition of treasury stock was carried out in order to optimize total payout ratio, as well as the Company's capital structure. Regarding financing through debt, the policy is to maintain debts at an appropriate level in light of liquidity and financial soundness.

7. Significant Contracts

There were no significant contracts.

8. Research and Development Activities

There were no material research and development activities.

Note:
Earnings forecasts and other forward-looking statements in this report are based on data currently available to management and certain assumptions that management believes are reasonable. Therefore, they do not constitute a guarantee that they will be realized. Actual results may differ materially from these statements for various reasons.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Mitsubishi Corporation:

<Audit of Consolidated Financial Statements>

Opinion

We have audited the accompanying consolidated financial statements of Mitsubishi Corporation and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as of March 31, 2025 and 2024, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended March 31, 2025, and related notes to the consolidated financial statements, including material accounting policy information, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended March 31, 2025 in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Convenience Translation

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 2 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters that we identified in the current period were:

1. Medium- to long-term copper price assumption

2. Medium- to long-term crude oil price assumption

1. Medium- to long-term copper price assumption

Key Audit Matter Description

As one of its main businesses in the Mineral Resources segment, the Group holds investments in entities that are engaged in the copper business in Chile and Peru. Of the Group's investments in the copper business, financial assets measured at fair value through other comprehensive income ("FVTOCI") were JPY 439,966 million and investments accounted for using the equity method were JPY 449,894 million in the consolidated statement of financial position as of March 31, 2025. These investments have a significant impact on the financial position and performance of the Group.

These financial assets, measured at FVTOCI, are non-marketable securities and their fair value is determined using the discounted cash flow model.

If there are indications of impairment or reversal of impairment on investments accounted for using the equity method, the Group shall measure the recoverable amount, which is the higher of the value in use or the fair value less costs to sell. The Group uses the discounted cash flow model to estimate the value in use.

As disclosed in Note 2, "Basis of Preparation (5) Significant accounting judgments, estimates and assumptions," to the consolidated financial statements, the medium- to long-term copper price assumption is the most significant unobservable input used when measuring the fair value of FVTOCI financial assets and evaluating the impairment test of investments accounted for using the equity method. Changes in the medium- to long-term copper price assumption have more significant impacts on the fair value or the value in use than other unobservable inputs. The Group determines the medium- to long-term copper price assumption based on forecasts of future global demand, production volume and cost, which require significant knowledge and expertise in this industry. In addition, these forecasts involve variability and uncertainty in long-term demand and supply, considering the impacts caused by efforts towards a decarbonized society. Furthermore, there is a wide range between the high-end and low-end of the future copper price assumptions published by multiple external organizations, which indicates high uncertainty. Therefore, we identified the determination of the medium- to long-term copper price assumption as a key audit matter because the determination is complex and requires significant management’s judgment.

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures related to the medium- to long-term copper price assumption used by management included the following, among others:

- We tested the design and operating effectiveness of relevant controls over the determination of the medium- to long-term copper price assumption in management's valuation of FVTOCI financial assets and impairment test of investments accounted for using the equity method.
- We inquired of management and inspected the internal documents supporting the assumption to evaluate the reasonableness of the Group's medium- to long-term copper price assumption, considering the impacts caused by efforts towards a decarbonized society on the current copper markets and the future global demand and supply for copper.
- We evaluated the reasonableness of the Group's medium- to long-term copper price assumption by comparing the Group's assumption with a range developed by our independent estimates of future copper price. Our range is developed to be narrower than the medium- to long-term copper price assumptions published by multiple external organizations, considering audit materiality, sensitivity to price changes and degrees of variance of price assumptions published by multiple external organizations.
- When we developed the range, we independently obtained the medium- to long-term copper price assumptions from multiple external organizations and assessed the independence and the experience of the external organizations to evaluate

the reliability and validity of the external pricing sources, with the assistance of our valuation specialists.

- We evaluated the appropriateness of the disclosure of the medium- to long-term copper price assumption as the significant unobservable input in Note 2, "Basis of Preparation (5) Significant accounting judgments, estimates and assumptions," to the consolidated financial statements, including the uncertainty on this estimate, by testing the consistency with the results of work we performed over the medium- to long-term copper price assumption as discussed above.

2. Medium- to long-term crude oil price assumption

Key Audit Matter Description

As one of its main businesses in the Environmental Energy segment, the Group holds investments in entities that are engaged in LNG-related business and shale gas business in various countries, such as Australia, Russia, Malaysia, and Canada. Of the Group's investments in the above mentioned businesses, financial assets measured at FVTOCI were JPY 182,419 million, financial assets measured at fair value through profit or loss ("FVTPL") were JPY 30,650 million, investments accounted for using the equity method were JPY 864,775 million (total of JPY 596,431 million in LNG-related business and JPY 268,344 million in shale gas business), property, plant and equipment were JPY 423,604 million and right-of-use assets were JPY 283,885 million in the consolidated statement of financial position as of March 31, 2025. These investments have a significant impact on the financial position and performance of the Group.

These financial assets, measured at FVTOCI and FVTPL, are non-marketable securities and their fair value is determined using the discounted cash flow model.

If there are indications of impairment or reversal of impairment on investments accounted for using the equity method, property, plant and equipment and right-of-use assets, the Group shall measure the recoverable amount, which is the higher of the value in use or the fair value less costs to sell. The Group uses the discounted cash flow model to estimate the value in use.

As disclosed in Note 2, "Basis of Preparation (5) Significant accounting judgments, estimates and assumptions," to the consolidated financial statements, due to the fact that LNG price correlates with crude oil price, the medium- to long-term crude oil price assumption is the most significant unobservable input used when measuring the fair value of FVTOCI and FVTPL financial assets and evaluating the impairment test of investments accounted for using the equity method, property, plant and equipment and right-of-use assets. Changes in the medium- to long-term crude oil price assumption have more significant impacts on the fair value or the value in use than other unobservable inputs. The Group determines the medium- to long-term crude oil price assumption based on forecasts of future global demand, production volume and cost, which require significant knowledge and expertise in this industry. In addition, these forecasts involve variability and uncertainty in long-term demand and supply, considering the impacts caused by efforts towards a decarbonized society. Furthermore, there is a wide range between the high-end and low-end of the future crude oil price assumptions published by multiple external organizations. Therefore, we identified the determination of the medium- to long-term crude oil price assumption as a key audit matter because the determination is complex and requires significant management's judgment.

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures related to the medium- to long-term crude oil price assumption used by management included the following, among others:

- We tested the design and operating effectiveness of relevant controls over the determination of the medium- to long-term crude oil price assumption in management's valuation of FVTOCI and FVTPL financial assets and impairment test of investments accounted for using the equity method, property, plant and equipment and right-of-use assets.
- We inquired of management and inspected the internal documents supporting the assumption to evaluate the reasonableness of the Group's medium- to long-term crude oil price assumption, considering the impacts caused by efforts towards a decarbonized society on the current crude oil markets and the future global demand and supply for crude oil.

- We evaluated the reasonableness of the Group's medium- to long-term crude oil price assumption by comparing the Group's assumption with a range developed by our independent estimates of future crude oil price. Our range is developed to be narrower than the medium- to long-term crude oil price assumptions published by multiple external organizations, considering audit materiality, sensitivity to price changes and degrees of variance of price assumptions published by multiple external organizations.
- When we developed the range, we independently obtained the medium- to long-term crude oil price assumptions from multiple external organizations and assessed the independence and the experience of the external organizations to evaluate the reliability and validity of the external pricing sources, with the assistance of our valuation specialists.
- We evaluated the appropriateness of the disclosure of the medium- to long-term crude oil price assumption as the significant unobservable input in Note 2, "Basis of Preparation (5) Significant accounting judgments, estimates and assumptions," to the consolidated financial statements, including the uncertainty on this estimate, by testing the consistency with the results of work we performed over the medium- to long-term crude oil price assumption as discussed above.

Other Information

Management is responsible for the other information. The Audit & Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Annual Financial Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Audit & Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with IFRS Accounting Standards as issued by the IASB and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit & Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with IFRS Accounting Standards as issued by the IASB, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit & Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit & Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit & Supervisory Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

<Fee-Related Information>

Fees for audit and other services for the years ended March 31, 2025 and 2024, which were charged by us and our network firms to Mitsubishi Corporation and its subsidiaries were JPY 7,098 million and JPY 554 million, and JPY 6,716 million and JPY 843 million, respectively.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Report on Management's Report on Internal Control over Financial Reporting

Notwithstanding the second bullet point in the second paragraph of the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section, we have performed an audit of management's report on internal control over financial reporting ("ICFR") under the Financial Instruments and Exchange Act of Japan. A translated copy of management's report on ICFR along with a translated copy of our report is included within this Annual Financial Report as information for readers.

Yuki Higashikawa
Designated Engagement Partner
Certified Public Accountant

Hirofumi Otani
Designated Engagement Partner
Certified Public Accountant

Sogo Ito
Designated Engagement Partner
Certified Public Accountant

Keisuke Okubo
Designated Engagement Partner
Certified Public Accountant

June 18, 2025

Supplementary Explanation

Internal Controls Over Financial Reporting in Japan

The Financial Instruments and Exchange Act in Japan (the "Act") requires management of Japanese public companies to annually evaluate whether internal control over financial reporting ("ICFR") is effective as of each fiscal year-end and to disclose the assessment to investors in a "Management Internal Control Report." The Act also requires that the independent auditor of the financial statements of these companies report on management's assessment of the effectiveness of ICFR in an Independent Auditor's Report ("indirect reporting"). Under the Act, these reports are required for fiscal years beginning on or after April 1, 2008.

We have thus evaluated our ICFR as of March 31, 2025 in accordance with "On the Revision of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)" published by the Business Accounting Council.

As a result of conducting an evaluation of ICFR in the fiscal year ended March 31, 2025, we concluded that our internal control system over financial reporting as of March 31, 2025 was effective and reported as such in the Management Internal Control Report.

Our Independent Auditor, Deloitte Touche Tohmatsu LLC, performed an audit of the Management Internal Control Report under the Act.

An English translation of the Management Internal Control Report and the Independent Auditor's Report filed under the Act is attached on the following pages.

Mitsubishi Corporation

Management Internal Control Report (Translation)

NOTE TO READERS:

Following is an English translation of management's report on internal control over financial reporting ("ICFR") filed under the Financial Instruments and Exchange Act in Japan. This report is presented merely as supplemental information.

(TRANSLATION)

1 [Matters relating to the basic framework for internal control over financial reporting]

Katsuya Nakanishi, President and CEO, and Yuzo Nouchi, Director and Executive Vice President, are responsible for designing and operating effective internal control over financial reporting of Mitsubishi Corporation (the "Company") and have designed and operated internal control over financial reporting in accordance with the basic framework for internal control set forth in "On the Revision of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)" published by Business Accounting Council.

The internal control is designed to achieve its objectives to the extent reasonable through the effective function and combination of its basic elements. Therefore, there is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

2 [Matters relating to the scope of assessment, the basic date of assessment and the assessment procedures]

The assessment of internal control over financial reporting was performed as of March 31, 2025, which is the end of this fiscal year. The assessment was performed in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

In conducting this assessment, we evaluated internal controls which may have a material effect on our entire financial reporting in a consolidation ("company-level controls"). We appropriately selected business processes to be evaluated, analyzed these selected business processes, identified key controls that may have a material impact on the reliability of the Company's financial reporting, and assessed the design and operation of these key controls. These procedures have allowed us to evaluate the effectiveness of the internal controls of the Company.

We determined the required scope of assessment of internal control over financial reporting for the Company, as well as its consolidated subsidiaries and companies that are accounted for using the equity method, from the perspective of the materiality that may affect the reliability of the Company's financial reporting. The materiality that may affect the reliability of the financial reporting is determined by taking into account the quantitative and qualitative impacts on financial reporting, as well as the likelihood of their occurrence. We confirmed that we had reasonably determined the scope of assessment of internal controls over business processes in light of the results of assessment of company-level controls conducted for the Company, its consolidated subsidiaries and companies that are accounted for using the equity method. We did not include those consolidated subsidiaries and companies that are accounted for using the equity method, which do not have any material impact on the consolidated financial statements in the scope of assessment of company-level controls.

Regarding the scope of assessment of internal control over business processes, the indicators used to select significant locations and business units, the thresholds applied, and the criteria and rationale for identifying the relevant business processes are as follows:
Indicators:
To determine business scale based on both the consolidated statement of financial position and the consolidated statement of income for our diversified business operations, we, in principle, accumulated locations and business units in descending order of total assets (before elimination of intercompany accounts) and income before income taxes (before elimination of intercompany transactions) for the prior fiscal year.
Thresholds:
Given that entity-level controls are well established, those locations and business units whose combined amount of total assets and income before income taxes reaches approximately 2/3 of consolidated total assets and consolidated income before income taxes for the prior fiscal year were selected as "significant locations and business units."

Business processes related to accounts critical to the Company's business objectives:
Taking into account that we engage in a broad range of activities including the trading and manufacturing of a wide range of products, we identified business processes leading to revenue, accounts receivable, and inventories as those associated with accounts highly relevant to our business objectives. Further, as a general trading company engaged in diverse investments, we included business processes related to investments and loans, as well as other business processes relating to accounts of high quantitative materiality, in the scope of assessment.

In addition, we added to the scope of assessment certain business processes deemed to have high materiality considering their potential impact on financial reporting. These include:

- Business processes relating to greater likelihood of material misstatements and significant accounts involving estimates and the management's judgment, such as impairment testing, fair value measurement, tax calculation, and deferred tax accounting processes.
- Business processes relating to businesses or operations dealing with high-risk transactions, such as derivative transaction management processes.

With regard to the derivative transaction management processes, regardless of whether the related business units are classified as significant locations, we included in the scope of assessment those business units (including finance companies and consolidated subsidiaries) that utilizes derivative instruments primarily to manage interest rate and foreign exchange risks, and to hedge the commodity price risk of various inventory and trading commitments, based on the inherent risk and materiality of such transactions.

3 [Matters relating to the results of the assessment]

As a result of the assessment described above, we concluded that the Company's internal control over financial reporting was effective as of the end of this fiscal year.

4 [Supplementary information]

Not applicable

5 [Special information]

Not applicable

Independent Auditor's Report filed under the Financial Instruments and Exchange Act in Japan (Translation)

<u>Notes to the Readers of Independent Auditor's Report</u>

This is an English translation of the independent auditor's report as required by the Financial Instruments and Exchange Act of Japan for the conveniences of the reader.

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

June 18, 2025

To the Board of Directors of Mitsubishi Corporation

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant: Yuki Higashikawa

Designated Engagement Partner,
Certified Public Accountant: Hirofumi Otani

Designated Engagement Partner,
Certified Public Accountant: Sogo Ito

Designated Engagement Partner,
Certified Public Accountant: Keisuke Okubo

<Audit of Consolidated Financial Statements>

Opinion

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited the consolidated financial statements of Mitsubishi Corporation and its consolidated subsidiaries (the "Group") included in the Financial Section, namely, the consolidated statement of financial position as of March 31, 2025, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the fiscal year from April 1, 2024 to March 31, 2025, and Notes to consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") pursuant to the provisions of Article 312 of the Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters that we identified in the current period were:

1. Medium- to long-term copper price assumption

2. Medium- to long-term crude oil price assumption

1. Medium- to long-term copper price assumption

<u>Key Audit Matter Description</u>

As one of its main businesses in the Mineral Resources segment, the Group holds investments in entities that are engaged in the copper business in Chile and Peru. Of the Group's investments in the copper business, financial assets measured at fair value through other comprehensive income ("FVTOCI") were JPY 439,966 million and investments accounted for using the equity method were JPY 449,894 million in the consolidated statement of financial position as of March 31, 2025. These investments have a significant impact on the financial position and performance of the Group.

These financial assets, measured at FVTOCI, are non-marketable securities and their fair value is determined using the discounted cash flow model.

If there are indications of impairment or reversal of impairment on investments accounted for using the equity method, the Group shall measure the recoverable amount, which is the higher of the value in use or the fair value less costs to sell. The Group uses the discounted cash flow model to estimate the value in use.

As disclosed in Note 2, "Basis of Preparation (5) Significant accounting judgments, estimates and assumptions," to the consolidated financial statements, the medium- to long-term copper price assumption is the most significant unobservable input used when measuring the fair value of FVTOCI financial assets and evaluating the impairment test of investments accounted for using the equity method. Changes in the medium- to long-term copper price assumption have more significant impacts on the fair value or the value in use than other unobservable inputs. The Group determines the medium- to long-term copper price assumption based on forecasts of future global demand, production volume and cost, which require significant knowledge and expertise in this industry. In addition, these forecasts involve variability and uncertainty in long-term demand and supply, considering the impacts caused by efforts towards a decarbonized society. Furthermore, there is a wide range between the high-end and low-end of the future copper price assumptions published by multiple external organizations, which indicates high uncertainty. Therefore, we identified the determination of the medium- to long-term copper price assumption as a key audit matter because the determination is complex and requires significant management’s judgment.

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures related to the medium- to long-term copper price assumption used by management included the following, among others:

- We tested the design and operating effectiveness of relevant controls over the determination of the medium- to long-term copper price assumption in management's valuation of FVTOCI financial assets and impairment test of investments accounted for using the equity method.
- We inquired of management and inspected the internal documents supporting the assumption to evaluate the reasonableness of the Group's medium- to long-term copper price assumption, considering the impacts caused by efforts towards a decarbonized society on the current copper markets and the future global demand and supply for copper.
- We evaluated the reasonableness of the Group's medium- to long-term copper price assumption by comparing the Group's assumption with a range developed by our independent estimates of future copper price. Our range is developed to be narrower than the medium- to long-term copper price assumptions published by multiple external organizations, considering audit materiality, sensitivity to price changes and degrees of variance of price assumptions published by multiple external organizations.
- When we developed the range, we independently obtained the medium- to long-term copper price assumptions from multiple external organizations and assessed the independence and the experience of the external organizations to evaluate the reliability and validity of the external pricing sources, with the assistance of our valuation specialists.
- We evaluated the appropriateness of the disclosure of the medium- to long-term copper price assumption as the significant unobservable input in Note 2, "Basis of Preparation (5) Significant accounting judgments, estimates and assumptions," to the consolidated financial statements, including the uncertainty on this estimate, by testing the consistency with the results of work we performed over the medium- to long-term copper price assumption as discussed above.

2. Medium- to long-term crude oil price assumption

Key Audit Matter Description

As one of its main businesses in the Environmental Energy segment, the Group holds investments in entities that are engaged in LNG-related business and shale gas business in various countries, such as Australia, Russia, Malaysia, and Canada. Of the Group's investments in the above mentioned businesses, financial assets measured at FVTOCI were JPY 182,419 million, financial assets measured at fair value through profit or loss ("FVTPL") were JPY 30,650 million, investments accounted for using the equity method were JPY 864,775 million (total of JPY 596,431 million in LNG-related business and JPY 268,344 million in shale gas business), property, plant and equipment were JPY 423,604 million and right-of-use assets were JPY 283,885 million in the consolidated statement of financial position as of March 31, 2025. These investments have a significant impact on the financial position and performance of the Group.

These financial assets, measured at FVTOCI and FVTPL, are non-marketable securities and their fair value is determined using the discounted cash flow model.

If there are indications of impairment or reversal of impairment on investments accounted for using the equity method, property, plant and equipment and right-of-use assets, the Group shall measure the recoverable amount, which is the higher of the value in use or the fair value less costs to sell. The Group uses the discounted cash flow model to estimate the value in use.

As disclosed in Note 2, "Basis of Preparation (5) Significant accounting judgments, estimates and assumptions," to the consolidated financial statements, due to the fact that LNG price correlates with crude oil price, the medium- to long-term crude oil price assumption is the most significant unobservable input used when measuring the fair value of FVTOCI and FVTPL financial assets and evaluating the impairment test of investments accounted for using the equity method, property, plant and equipment and right-of-use assets. Changes in the medium- to long-term crude oil price assumption have more significant impacts on the fair value or the value in use than other unobservable inputs. The Group determines the medium- to long-term crude oil price assumption based on forecasts of future global demand, production volume and cost, which require significant knowledge and expertise in this industry. In addition, these forecasts involve variability and uncertainty in long-term demand and supply, considering the impacts caused by efforts towards a decarbonized society. Furthermore, there is a wide range between the high-end and low-end of the future crude oil price assumptions published by multiple external organizations. Therefore, we identified the determination of the medium- to long-term crude oil price assumption as a key audit matter because the determination is complex and requires significant management's judgment.

<u>How the Key Audit Matter Was Addressed in the Audit</u>

Our audit procedures related to the medium- to long-term crude oil price assumption used by management included the following, among others:

- We tested the design and operating effectiveness of relevant controls over the determination of the medium- to long-term crude oil price assumption in management's valuation of FVTOCI and FVTPL financial assets and impairment test of investments accounted for using the equity method, property, plant and equipment and right-of-use assets.
- We inquired of management and inspected the internal documents supporting the assumption to evaluate the reasonableness of the Group's medium- to long-term crude oil price assumption, considering the impacts caused by efforts towards a decarbonized society on the current crude oil markets and the future global demand and supply for crude oil.
- We evaluated the reasonableness of the Group's medium- to long-term crude oil price assumption by comparing the Group's assumption with a range developed by our independent estimates of future crude oil price. Our range is developed to be narrower than the medium- to long-term crude oil price assumptions published by multiple external organizations, considering audit materiality, sensitivity to price changes and degrees of variance of price assumptions published by multiple external organizations.
- When we developed the range, we independently obtained the medium- to long-term crude oil price assumptions from multiple external organizations and assessed the independence and the experience of the external organizations to evaluate the reliability and validity of the external pricing sources, with the assistance of our valuation specialists.
- We evaluated the appropriateness of the disclosure of the medium- to long-term crude oil price assumption as the significant unobservable input in Note 2, "Basis of Preparation (5) Significant accounting judgments, estimates and assumptions," to the consolidated financial statements, including the uncertainty on this estimate, by testing the consistency with the results of work we performed over the medium- to long-term crude oil price assumption as discussed above.

Other Information

The other information comprises the information included in the Annual Securities Report, but does not include the consolidated financial statements and our auditor’s report thereon. Management is responsible for the other information. The Audit & Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Audit & Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with IFRS Accounting Standards as issued by the IASB.

The Audit & Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

•Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

•Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

•Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

•Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

•Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with IFRS Accounting Standards as issued by the IASB, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

•Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit & Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit & Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit & Supervisory Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

<Audit of Internal Control>

Opinion

Pursuant to the second paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited management's report on internal control over financial reporting of Mitsubishi Corporation as of March 31, 2025.

In our opinion, management's report on internal control over financial reporting referred to above, which represents that the internal control over financial reporting of Mitsubishi Corporation as of March 31, 2025, is effectively maintained, presents fairly, in all material respects, the results of the assessment of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Basis for Opinion

We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Internal Control Audit section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Audit & Supervisory Committee for Report on Internal Control

Management is responsible for designing and operating effective internal control over financial reporting and for the preparation and fair presentation of its report on internal control in accordance with assessment standards for internal control over financial reporting generally accepted in Japan. The Audit & Supervisory Committee is responsible for overseeing and verifying the design and operating effectiveness of internal control over financial reporting. There is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

Auditor's Responsibilities for the Internal Control Audit

Our objectives are to obtain reasonable assurance about whether management's report on internal control over financial reporting is free from material misstatement and to issue an auditor's report that includes our opinion.

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

- Perform audit procedures to obtain audit evidence regarding the results of the assessment of internal control over financial reporting in management’s report on internal control. The procedures selected depend on the auditor's judgment, including the significance of effects on reliability of financial reporting.

- Examine representations on the scope, procedures and results of the assessment of internal control over financial reporting made by management, as well as evaluating the overall presentation of management's report on internal control.

- Plan and perform the internal control audit to obtain sufficient appropriate audit evidence regarding the results of the assessment of internal control over financial reporting. We are responsible for the direction, supervision and review of the internal control audit. We remain solely responsible for our audit opinion.

We communicate with the Audit & Supervisory Committee regarding, among other matters, the planned scope and timing of the internal control audit, result of the internal control audit, including any identified material weakness which should be disclosed and the result of remediation.

We also provide the Audit & Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

<Fee-Related Information>

Fees for audit and other services for the year ended March 31, 2025, which were charged by us and our network firms to Mitsubishi Corporation and its subsidiaries are disclosed in the Corporate Governance section 3) "Information about Audits" included in the Corporate Information of the Annual Securities Report.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Consolidated Financial Statements

Consolidated Statement of Financial Position

March 31, 2024 and 2025

ASSETS	Millions of Yen 2024	Millions of Yen 2025	Millions of U.S. Dollars (Note 2) 2025
Current assets			
Cash and cash equivalents (Notes 2 and 30)	¥1,251,550	¥1,536,624	$10,244
Time deposits (Note 30)	94,113	33,227	222
Short-term investments (Notes 7, 30 and 34)	5,388	75,337	502
Trade and other receivables (Notes 8, 16, 24, 30, 35 and 38)	4,242,973	4,167,850	27,786
Other financial assets (Notes 30, 31 and 32)	269,269	227,454	1,516
Inventories (Notes 9 and 30)	1,724,221	1,763,496	11,757
Biological assets (Note 10)	122,558	119,399	796
Advance payments to suppliers	151,437	135,662	904
Assets classified as held for sale (Notes 11,16 and 41)	3,072,964	48,733	325
Other current assets (Note 30)	742,026	644,588	4,297
Total current assets	11,676,499	8,752,370	58,349
Non-current assets			
Investments accounted for using the equity method (Notes 2 and 38)	4,500,877	5,142,978	34,287
Other investments (Notes 2, 7, 16, 30, 34 and 41)	1,814,773	1,984,157	13,228
Trade and other receivables (Notes 8, 16, 30, 34, 35 and 38)	1,096,313	866,267	5,775
Other financial assets (Notes 30, 31 and 32)	121,894	67,725	452
Property, plant and equipment (Notes 2, 12, 15 and 16)	2,692,368	2,873,011	19,153
Investment property (Note 13)	28,754	34,391	229
Intangible assets and goodwill (Note 14)	742,893	758,905	5,059
Right-of-use assets (Notes 2 and 35)	456,406	688,967	4,593
Deferred tax assets (Note 28)	43,345	39,117	261
Other non-current assets (Notes 10 and 19)	285,450	288,216	1,921
Total non-current assets	11,783,073	12,743,734	84,958
Total assets (Note 6)	¥23,459,572	¥21,496,104	$143,307

See Notes to the consolidated financial statements.

LIABILITIES AND EQUITY	Millions of Yen 2024	Millions of Yen 2025	Millions of U.S. Dollars (Note 2) 2025
Current liabilities			
Bonds and borrowings (Notes 17, 30, 32, 33, 34 and 36)	¥1,733,684	¥1,338,274	$8,922
Trade and other payables (Notes 18, 30, 33 and 38)	2,848,897	2,879,696	19,198
Lease liabilities (Notes 35 and 36)	111,821	116,937	780
Other financial liabilities (Notes 30, 31, 32 and 33)	254,441	260,231	1,735
Advances from customers (Note 24)	321,400	350,316	2,335
Income tax payables	64,942	103,130	688
Provisions (Note 20)	177,840	116,994	780
Liabilities directly associated with assets classified as held for sale (Note 11)	1,916,404	—	—
Other current liabilities (Note 30)	702,652	717,442	4,783
Total current liabilities	8,132,081	5,883,020	39,220
Non-current liabilities			
Bonds and borrowings (Notes 17, 30, 32, 33, 34 and 36)	3,394,268	3,278,748	21,858
Trade and other payables (Notes 30, 33 and 38)	31,872	42,704	285
Lease liabilities (Notes 35 and 36)	446,818	605,343	4,036
Other financial liabilities (Notes 30, 31, 32 and 33)	108,482	107,576	717
Retirement benefit obligation (Note 19)	110,356	120,475	803
Provisions (Note 20)	287,572	333,997	2,227
Deferred tax liabilities (Note 28)	789,857	899,608	5,997
Other non-current liabilities	63,437	70,311	469
Total non-current liabilities	5,232,662	5,458,762	36,392
Total liabilities	13,364,743	11,341,782	75,612
Equity			
Common stock (Note 21)	204,447	204,447	1,363
Additional paid-in capital (Note 21)	226,781	228,013	1,520
Treasury stock (Note 21)	(187,011)	(99,055)	(660)
Other components of equity			
Other investments designated as FVTOCI (Note 22)	471,147	457,688	3,051
Cash flow hedges (Notes 22 and 32)	87,004	70,240	468
Exchange differences on translating foreign operations (Notes 22 and 32)	1,789,444	1,869,853	12,466
Total other components of equity	2,347,595	2,397,781	15,985
Retained earnings (Notes 2, 7, 21 and 41)	6,452,055	6,637,528	44,250
Equity attributable to owners of the Parent	9,043,867	9,368,714	62,458
Non-controlling interests (Note 5)	1,050,962	785,608	5,237
Total equity	10,094,829	10,154,322	67,695
Total liabilities and equity	¥23,459,572	¥21,496,104	$143,307

See Notes to the consolidated financial statements.

Consolidated Statement of Income

For the years ended March 31, 2023, 2024 and 2025

	Millions of Yen			Millions of U.S. Dollars (Note 2)
	2023	2024	2025	2025
Revenues (Notes 6, 24, 26, 30, 32 and 35)	¥21,571,973	¥19,567,601	¥18,617,601	$124,117
Cost of revenues (Notes 9, 14, 26, 30 and 32)	(19,012,011)	(17,207,892)	(16,781,207)	(111,875)
Gross profit (Note 6)	2,559,962	2,359,709	1,836,394	12,243
Selling, general and administrative expenses (Notes 14, 25, 35 and 38)	(1,607,518)	(1,692,282)	(1,465,297)	(9,769)
Gains (losses) on investments (Notes 26, 30, 37 and 38)	197,005	233,007	305,629	2,038
Gains (losses) on disposal and sale of property, plant and equipment and others (Note 11)	(272)	37,215	134,578	897
Impairment losses and reversals on property, plant and equipment, intangible assets, goodwill and others (Notes 11,12 and 14)	(31,638)	(29,556)	(3,876)	(26)
Other income (expense)-net (Notes 10, 14, 27 and 32)	(25,353)	(104,117)	76,538	510
Finance income (Notes 7 and 26)	203,642	305,374	342,596	2,284
Finance costs (Notes 26 and 35)	(115,377)	(191,141)	(170,619)	(1,137)
Share of profit (loss) of investments accounted for using the equity method (Notes 6 and 38)	500,180	444,385	337,482	2,250
Profit (loss) before tax	1,680,631	1,362,594	1,393,425	9,290
Income taxes (Notes 11, 28, 37 and 38)	(409,132)	(337,736)	(317,179)	(2,115)
Profit (loss) for the year	¥1,271,499	¥1,024,858	¥1,076,246	$7,175
Profit (loss) for the year attributable to:				
Owners of the Parent (Note 6)	¥1,180,694	¥964,034	¥950,709	$6,338
Non-controlling interests	90,805	60,824	125,537	837
	¥1,271,499	¥1,024,858	¥1,076,246	$7,175
Profit (loss) for the year attributable to Owners of the Parent per share (in Yen)				
Basic (Note 29)	¥269.76	¥230.10	¥236.97	$1.58
Diluted (Note 29)	268.56	222.37	235.80	1.57

See Notes to the consolidated financial statements.

Note: On January 1, 2024, the Company conducted a three-for-one stock split of its common shares. The calculation of Profit (loss) for the year attributable to Owners of the Parent per share (in Yen) is done under the assumption that the stock split occurred at the start of the previous fiscal year.

Consolidated Statement of Comprehensive Income

For the years ended March 31, 2023, 2024 and 2025

	Millions of Yen			Millions of U.S. Dollars (Note 2)
	2023	2024	2025	2025
Profit (loss) for the year	¥1,271,499	¥1,024,858	¥1,076,246	$7,175
Other comprehensive income (loss), net of tax				
Items that will not be reclassified to profit or loss for the year:				
Gains (losses) on other investments designated as FVTOCI (Notes 2, 7 and 22)	(94,571)	102,553	(1,486)	(10)
Remeasurement of defined benefit pension plans (Notes 19 and 22)	15,602	79,260	36,881	246
Share of other comprehensive income (loss) of investments accounted for using the equity method (Notes 22 and 38)	595	(5,336)	19,896	133
Total	(78,374)	176,477	55,291	369
Items that may be reclassified to profit or loss for the year:				
Cash flow hedges (Notes 22 and 32)	103,164	36,904	(23,292)	(155)
Exchange differences on translating foreign operations (Notes 22 and 32)	296,053	479,396	18,319	122
Share of other comprehensive income (loss) of investments accounted for using the equity method (Notes 22 and 38)	186,546	83,214	59,622	397
Total	585,763	599,514	54,649	364
Total other comprehensive income (loss) (Note 22)	507,389	775,991	109,940	733
Total comprehensive income (loss)	¥1,778,888	¥1,800,849	¥1,186,186	$7,908
Comprehensive income (loss) attributable to:				
Owners of the Parent	¥1,651,771	¥1,714,019	¥1,061,129	$7,074
Non-controlling interests	127,117	86,830	125,057	834
	¥1,778,888	¥1,800,849	¥1,186,186	$7,908

See Notes to the consolidated financial statements.

Consolidated Statement of Changes in Equity

For the years ended March 31, 2023, 2024 and 2025

	Millions of Yen			Millions of U.S. Dollars (Note 2)
	2023	2024	2025	2025
Common stock:				
Balance at the beginning of the year (Note 21)	¥204,447	¥204,447	¥204,447	$1,363
Balance at the end of the year (Note 21)	204,447	204,447	204,447	1,363
Additional paid-in capital: (Note 21)				
Balance at the beginning of the year	226,483	225,858	226,781	1,512
Compensation costs related to share-based payment (Note 23)	2,150	3,284	1,953	13
Sales of treasury stock upon exercise of share-based payment	(1,723)	(1,099)	(1,322)	(9)
Equity transactions with non-controlling interests and others (Note 37)	(1,052)	(1,262)	601	4
Balance at the end of the year	225,858	226,781	228,013	1,520
Treasury stock:				
Balance at the beginning of the year	(25,544)	(124,083)	(187,011)	(1,247)
Sales of treasury stock upon exercise of share-based payment	4,378	5,240	8,455	56
Purchases and sales - net (Note 21)	(216,740)	(445,026)	(395,004)	(2,633)
Cancellation (Note 21)	113,823	376,858	474,505	3,163
Balance at the end of the year	(124,083)	(187,011)	(99,055)	(660)
Other components of equity:				
Balance at the beginning of the year (Note 22)	1,270,412	1,715,540	2,347,595	15,651
Other comprehensive income (loss) attributable to owners of the Parent (Notes 22 and 32)	471,077	749,985	110,420	736
Transfer to retained earnings (Note 22)	(25,949)	(117,930)	(57,734)	(385)
Transfer to non-financial assets or non-financial liabilities (Note 22)	—	—	(2,500)	(17)
Balance at the end of the year (Note 22)	1,715,540	2,347,595	2,397,781	15,985
Retained earnings: (Note 21)				
Balance at the beginning of the year	5,204,434	6,043,878	6,452,055	43,014
Cumulative effects of change in accounting policy	(22,384)	—	—	—
Adjusted balance at the beginning of the year	5,182,050	6,043,878	6,452,055	43,014
Profit (loss) for the year attributable to owners of the Parent	1,180,694	964,034	950,709	6,338
Cash dividends paid to owners of the Parent (Note 21)	(228,829)	(293,433)	(342,247)	(2,282)
Sales of treasury stock upon exercise of share-based payment	(2,163)	(3,496)	(6,218)	(41)
Cancellation of treasury stock (Note 21)	(113,823)	(376,858)	(474,505)	(3,163)
Transfer from other components of equity	25,949	117,930	57,734	385
Balance at the end of the year	6,043,878	6,452,055	6,637,528	44,250
Equity attributable to owners of the Parent	8,065,640	9,043,867	9,368,714	62,458
Non-controlling interests:				
Balance at the beginning of the year	976,940	1,053,396	1,050,962	7,006
Cash dividends paid to non-controlling interests	(56,348)	(84,771)	(66,012)	(440)
Equity transactions with non-controlling interests and others	5,687	(4,493)	(324,314)	(2,162)
Profit (loss) for the year attributable to non-controlling interests	90,805	60,824	125,537	837
Other comprehensive income (loss) attributable to non-controlling interests (Notes 22 and 32)	36,312	26,006	(480)	(3)
Transfer to non-financial assets or non-financial liabilities (Note 22)	—	—	(85)	(1)
Balance at the end of the year	1,053,396	1,050,962	785,608	5,237
Total equity	¥9,119,036	¥10,094,829	¥10,154,322	$67,695
Comprehensive income (loss) attributable to:				
Owners of the Parent	¥1,651,771	¥1,714,019	¥1,061,129	$7,074
Non-controlling interests	127,117	86,830	125,057	834
Total comprehensive income (loss)	¥1,778,888	¥1,800,849	¥1,186,186	$7,908

See Notes to the consolidated financial statements.

Consolidated Statement of Cash Flows

For the years ended March 31, 2023, 2024 and 2025

	Millions of Yen			Millions of U.S. Dollars (Note 2)
	2023	2024	2025	2025
Operating activities:				
Profit (loss) for the year	¥1,271,499	¥1,024,858	¥1,076,246	$7,175
Adjustments to reconcile profit (loss) for the year to net cash provided by (used in) operating activities:				
Depreciation and amortization	583,294	599,330	470,768	3,138
(Gains) losses on investments	(197,005)	(233,007)	(305,629)	(2,038)
(Gains) losses on property, plant and equipment, intangible assets, goodwill and others	31,910	(7,659)	(130,702)	(871)
Finance (income) - net of finance costs	(88,265)	(114,264)	(171,977)	(1,147)
Share of (profit) loss of investments accounted for using the equity method	(500,180)	(444,385)	(337,482)	(2,250)
Income taxes	409,132	337,736	317,179	2,115
Changes in trade receivables	179,318	82,648	101,898	679
Changes in inventories	(12,929)	(71,555)	(37,933)	(253)
Changes in trade payables	(108,217)	(8,490)	(5,889)	(39)
Changes in derivative related assets and liabilities	197,674	39,779	67,045	447
Other - net (Note 19)	26,665	156,024	92,758	618
Dividends received	489,353	485,252	635,565	4,237
Interest received	121,653	187,571	200,179	1,335
Interest paid	(134,224)	(212,823)	(167,261)	(1,115)
Income taxes paid	(339,540)	(473,635)	(146,416)	(976)
Net cash provided by (used in) operating activities	1,930,138	1,347,380	1,658,349	11,056

	Millions of Yen			Millions of U.S. Dollars (Note 2)
	2023	2024	2025	2025
Investing activities:				
Payments for property, plant and equipment and others	(454,954)	(520,542)	(384,292)	(2,562)
Proceeds from disposal of property, plant and equipment and others (Note 11)	20,276	26,099	205,739	1,372
Payments for investment property	(611)	(1,296)	(1,285)	(9)
Proceeds from disposal of investments property	395	65,738	209	1
Purchases of investments accounted for using the equity method	(181,025)	(255,141)	(214,089)	(1,427)
Proceeds from disposal of investments accounted for using the equity method	284,129	349,160	254,754	1,698
Acquisitions of businesses - net of cash acquired (Notes 5 and 36)	(25,734)	(12,715)	(15,343)	(102)
Proceeds from disposal of businesses - net of cash divested (Notes 36 and 37)	173,362	(15,852)	(343,222)	(2,288)
Purchases of other investments (Note 41)	(62,425)	(66,483)	(325,148)	(2,168)
Proceeds from disposal of other investments	116,835	137,642	231,339	1,542
Increase in loans receivable	(157,096)	(112,375)	(101,949)	(680)
Collection of loans receivable (Note 11)	46,889	193,848	364,147	2,428
Net (increase) decrease in time deposits	62,493	6,156	55,195	368
Net cash provided by (used in) investing activities	(177,466)	(205,761)	(273,945)	(1,826)
Financing activities:				
Net increase (decrease) in short-term debts (Note 36)	(408,701)	220,413	(495,373)	(3,302)
Proceeds from long-term debts (Note 36)	214,020	430,656	456,045	3,040
Repayments of long-term debts (Note 36)	(772,621)	(614,361)	(479,122)	(3,194)
Repayments of lease liabilities (Notes 35 and 36)	(308,946)	(300,086)	(204,878)	(1,366)
Dividends paid to owners of the Parent (Note 21)	(228,829)	(293,433)	(342,247)	(2,282)
Dividends paid to non-controlling interests	(56,348)	(84,771)	(66,012)	(440)
Payments for acquisition of subsidiary's interests from the non-controlling interests	(14,526)	(21,925)	(17,557)	(117)
Proceeds from disposal of subsidiary's interests to the non-controlling interests	26,420	22,301	13,453	90
Net (increase) decrease in treasury stock (Note 21)	(217,107)	(445,027)	(395,012)	(2,633)
Net cash provided by (used in) financing activities	(1,766,638)	(1,086,233)	(1,530,703)	(10,205)
Effect of exchange rate changes on cash and cash equivalents	15,395	47,921	22,617	151
Net increase (decrease) in cash and cash equivalents included in assets classified as held for sale	—	(408,756)	408,756	2,725
Net increase (decrease) in cash and cash equivalents	1,429	(305,449)	285,074	1,900
Cash and cash equivalents at the beginning of the year	1,555,570	1,556,999	1,251,550	8,344
Cash and cash equivalents at the end of the year	¥1,556,999	¥1,251,550	¥1,536,624	$10,244

See Notes to the consolidated financial statements.

Notes to Consolidated Financial Statements

1. REPORTING ENTITY

Mitsubishi Corporation (the "Parent") is a public company located in Japan. The Parent, together with its consolidated domestic and foreign subsidiaries (collectively, the "Company") engages in wide-ranging business activities which include natural resource development, the trading and manufacturing of diverse commodities, and the provision of consumer products and services through both domestic and overseas networks. Additionally, the Company, leveraging its collective capabilities in light of the business environment, commercializes new business models and technologies and develops and offers new services.
The principal business activities of the Company are disclosed in Note 6. The consolidated financial statements of the Company include those of the Parent, its consolidated companies, and interests in associates and joint arrangements.

2. BASIS OF PREPARATION

(1) Compliance with IFRS Accounting Standards (IFRS)
These consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board.

(2) Basis of measurement
The consolidated financial statements have been prepared on the historical cost basis, except for certain assets and liabilities that are measured at their fair values at the end of each reporting period, as stated in Note 3.

(3) Functional currency and presentation currency
The consolidated financial statements are presented in Japanese yen, which is the Parent's functional currency. All financial information presented in Japanese yen is rounded to the nearest million Japanese yen. Translation of Japanese yen amounts into U.S. dollars amounts for the year ended March 31, 2025 is presented solely for the convenience of readers outside of Japan and has been made at the rate of ¥150=US$1, the approximate rate of exchange at March 31, 2025. The translation should not be construed as a representation that the Japanese yen amounts could be converted into U.S. dollars at the above or any other rate.

(4) New major standards and interpretations applied
The Company did not apply such standards and interpretations.

(5) Significant accounting judgments, estimates and assumptions
In preparing IFRS-compliant consolidated financial statements, management is required to make judgments, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.
The estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates are recognized in the period in which the estimate is changed, and the future periods affected by such revisions.

<u>Impact of the Russia-Ukraine Situation</u>
Regarding the impact of the Russia-Ukraine situation as shown in the economic forecasts issued by public institutions, the global economic growth is expected to be under downward pressure due to inflation. Specifically, as the situation escalates, financial and economic sanctions imposed by major countries against Russia and countermeasures taken by Russia in response, such as restrictions on international remittances and export controls, etc., are likely to remain in place and target an even broader range of items, resulting in restrictions on the supply of goods as well as inflation induced by energy price surges and other factors. Under these circumstances, the direct and indirect impact of this situation will vary by the Company’s business segments and regions it operates. The assumptions made by the Company are based on a projection that the impact will remain in place for some time in the fiscal year ending March 31, 2026. It is assumed that it will take time to lift financial and economic sanctions and restrictions on international remittances, resolve unforeseen supply situation and normalize trade and supply chains. The Company’s main business in Russia consist of financial service business in the Mobility segment and investment in the LNG-related business in the Environmental Energy segment. The carrying amount of total assets related to the Company’s business in Russia amount to ¥235,642 million and ¥140,808 million ($939 million) as of March 31, 2024 and 2025 (of which, the balance of cash and cash equivalents restricted on international remittances was ¥56,459 million and ¥66,267 million ($442 million)).

(LNG-related business in Russia)

The Company holds a 10% ownership interest in Sakhalin Energy LLC. (“SELLC”), which has been engaged in LNG-related business in Russia, and accounts for this investment as other investments (financial asset measured at FVTOCI). The Russian Governmental Resolution issued on March 23, 2024 (No. 701) finalized all LLC Members of SELLC. The details related to the operation of SELLC, including the SELLC's Corporate Charter as well as the terms of the LLC Members Agreement, are being discussed. As such, there remains uncertainty surrounding this investment. Under these circumstances, the Company continues to measure the fair value of this investment with the income approach using the probability-weighted average expected present value technique. The discount rate used for the measurement is determined considering the country risk premium for Russia. While the Company anticipates receiving dividends from the investment in SELLC over the project life, taking into account other scenarios, the Company measured the fair value (Level 3) for this investment at ¥79,599 million and ¥55,010 million ($367 million) as of March 31, 2024 and 2025.

It may be necessary to reassess the scenarios used in the probability-weighted average expected present value technique depending on the future circumstances which may partially resolve uncertainties previously considered in other scenarios. As a result, there is a possibility that the fair value of the investment in SELLC may increase or decrease.

Impact of Climate Change

The impact of climate change and a transition toward decarbonized society is considered in the Company’s consolidated financial statements through estimating for impairment of non-financial assets, fair value of financial instruments, useful lives of property, plant and equipment along with the estimation of asset retirement obligations (ARO) and other items. “The Roadmap to a Carbon Neutral Society,” established by the Company in October 2021, was designed to ensure that the Company contributes to the realization of the international targets set forth in the Paris Agreement and other initiatives. The decarbonization scenarios developed by external institutions in line with the Paris Agreement are considered one of important references in these accounting estimates. However, as the decarbonization scenarios generally assume market-wide trends in terms of supply and demand, the trends may not directly provide the degree of the impact on the business of the Company due to the superiority or subordination of its assets or the peculiarities of its sales contracts. In addition, while the scenario analysis based on the decarbonization scenario analyzes the super-long-term impact on a decades-long basis, a medium- to long-term time horizon of several years to 10 years, which more strongly reflects the current business environment, has a significant impact on the measurement of assets and liabilities in the consolidated financial statements. Therefore, even if the decarbonization scenario analysis implies indications of loss in the value of assets or an increase in liabilities related to our business, it does not immediately mean that the implication also has an impact on the measurement of assets and liabilities in the consolidated financial statements. In considering the accounting estimates, in addition to the decarbonization scenarios, the Company's policies, policy in each country, the results of analyses by external institutions, and other factors that affect each project are comprehensively taken into account to reflect the impact of climate change. Also, the accounting estimate may be affected significantly by future changes in the Company’s strategies or a shift in global trend toward decarbonization.

The Company conducts scenario analyses by referring to a scenario that limits the temperature increase to 1.5°C above pre-industrial levels (“1.5°C scenario”) as part of a discussion on the effect of significant climate-related risks and opportunities on the Company’s business and resilience of the Company’s strategy. LNG-related business in the Environmental Energy segment and Australian steelmaking coal business in the Mineral Resources segment, which have a high transition risk of climate change and have a relatively large scale of assets, are selected from a risk perspective in the scenario analyses.

In LNG-related business, although there is uncertainty in natural gas and LNG demand in the market-wide trends under the 1.5°C scenario, an increase in LNG demand is expected over the long-term mainly in Asia. For the purpose of fair value measurement and impairment testing, including judgements about presence of indications of impairment or reversal of impairment, future cash flow is estimated based on the long-term contracts which accounts for a majority of production in the Company’s existing LNG project, and the forecast of the spot market, where the Company sells the remaining production volume.

In the Australian steelmaking coal business, the demand is likely to remain steady over the long-term even under the 1.5°C scenario since emerging economies such as India and many Southeast Asian countries are expected to sustain the trade volumes. While the demand for steel, which plays a vital role as an essential basic material in the development of infrastructure for achieving decarbonization, is expected to remain robust, it would take many years for any low-carbon steelmaking method to be adopted worldwide. Therefore, during the transitional period lasting several decades, blast furnace steelmaking using steelmaking coal is expected to remain as the primary method and the need for high-quality steelmaking coal, which is the Australian steelmaking coal business’s main product, will likely increase since it contributes to the reduction of emissions in blast furnace steel making process. For the scale of assets, which is the criteria of the implementation of the scenario analyses, the book value of property, plant and equipment of Mitsubishi Development Pty Ltd are ¥962,746 million and ¥994,579 million ($6,631 million) as of March 31, 2024 and 2025, respectively. Though there are uncertainties in the realization of the above 1.5°C scenario, a certain level of demand is expected to continue even under the environment the scenario assumes. Therefore, the Company determines that there is no indication of impairment due to the impact of climate change as of March 31, 2025. The ARO, consisting primarily of costs associated with mine reclamation, landfills and dismantlement of facilities, are estimated based on the remaining operating life mine that can be commercially mined, taking into account the supply and demand, and medium- to long-term price assumption for steelmaking coal. The book value of the ARO are ¥143,118 million and ¥197,221 million ($1,315 million) as of March 31, 2024 and 2025, respectively. For details of the ARO, refer to Note 20.

Regarding the carrying amount of investments in LNG-related business and Shale gas business, and medium- to long-term price assumption for crude oil which LNG prices are closely linked with, refer to "Medium- to long-term price assumption for copper and crude oil." Regarding the impact on provisions, refer to Note 20.

Medium- to long-term price assumption for copper and crude oil

The Company holds interests in entities that are engaged in copper business in the Mineral Resources segment. The Company also holds interests in entities that are engaged in LNG-related business and shale gas business in the Environmental Energy segment. The carrying amount of these investments as of March 31, 2024, and March 31, 2025, are as follows.

	Millions of Yen		Millions of U.S. Dollars
	2024	2025	2025
(Copper business)			
Other investments (financial assets measured at FVTOCI)	¥292,020	¥439,966	$2,933
Investments accounted for using the equity method	406,130	449,894	2,999
(LNG-related business)			
Other investments (financial assets measured at FVTOCI)	¥217,842	¥182,419	$1,216
Other investments (financial assets measured at FVTPL)	—	30,650	204
Investments accounted for using the equity method	522,974	596,431	3,976
Property, plant and equipment	341,939	423,604	2,824
Right-of-use assets	—	283,885	1,893
(Shale gas business)			
Investments accounted for using the equity method	¥250,110	¥268,344	$1,789

The fair value of these financial assets measured at FVTOCI and FVTPL are determined using the discounted cash flow model. Investments accounted for using the equity method, property, plant and equipment, and right-of-use assets are tested for impairment. If there are indications of impairment or reversal of impairment, the recoverable amount is measured, which is the higher of the value in use or the fair value less costs of disposal. The Company uses the discounted cash flow model to estimate value in use. With regard to the copper business, the medium- to long-term copper price forecast is the most significant unobservable input for fair value measurement and impairment testing, including judgements about the presence of indications of impairment or reversal of impairment. With regard to the LNG-related business, the medium- to long-term crude oil price forecast is the most significant unobservable input for fair value measurement and impairment testing, including judgements about the presence of indications of impairment or reversal of impairment, as LNG prices are closely linked with crude oil prices. In addition, with regard to the shale gas business, the impairment testing, including judgements about the presence of indications of impairment or reversal of impairment, is partially affected by crude oil prices as the prices of some shale gas products are linked with crude oil.
The FVTOCI financial assets principally included Minera Escondida and Compania Minera Antamina for copper business as well as Sakhalin Energy LLC and Basrah Gas Company for LNG business. The FVTPL financial assets included Malaysia LNG Tiga. The Company made an irrevocable election to designate a part of equity instruments as financial assets measured at FVTOCI individually, based on its policy at initial recognition. For details on the measurement of fair value, refer to Note 30, and for details of right-of-use assets, refer to Note 35.

The medium- to long-term copper price assumptions are determined based on forecasts of future global demand, production volume and cost assumption. Following the Company's examination of the consistency between the Company's price assumption and the information published by several external institutions, the person responsible for determining the price assumption authorizes this

estimate. Although uncertainties regarding global conditions and macroeconomic trends remain in short-term, the Company anticipates a further increase in demands for copper in future, which has superior electrical conductivity, given the circumstances that more progress on renewable power generation, including wind and solar power, the associated development of power transmission as well as a wide spread of electric vehicles (EVs), and the expected increase in demand for data centers due to the development of generative AI, by accelerating the countermeasure of decarbonized society. On the other hand, there will be a decline in production at existing mines and increasing difficulties in developing in both existing and new mines. The Company thus, forecasts that production costs will rise over the medium- to long-term and the copper market will also be tightening in the medium- to long-term.
The Company's estimate for the medium- to long-term price assumption for copper after 2030, which is reviewed every year, is similar to price forecasts disclosed by third parties (approximately US$4.3/lb., the mean of the price forecasts as of March 2025 disclosed by analysts in financial institutions excluding inflationary effects). In addition, the Company's estimate at the close of the year ended March 31, 2024, for the medium- to long-term price assumption for copper after 2029 was similar to price forecasts disclosed by third parties (approximately US$3.9/lb., the mean of the price forecasts as of March 2024 disclosed by analysts in financial institutions excluding inflationary effects).

The medium- to long-term crude oil price assumptions are determined based on forecasts of future global demand, production volume, and cost assumption. Upon the Company's examination of the consistency between the Company's price assumption and the information published by several external institutions, the person responsible for determining the price assumption authorizes this estimate. From the long-term perspective, the Company forecasts that crude oil demand will peak in the 2030s as efforts toward a decarbonized society are expected to be supported by the development of electrification, as represented by the popularization of EVs, and the growing trend toward countering global climate change risks. In terms of a medium- to long-term timespan, while taking into account the decarbonization scenarios announced by external organizations, such as IEA, the Company also gives comprehensive consideration to uncertainties regarding progress in decarbonization, the impact of the current global conditions and other factors. The medium- to long-term price assumption for Brent crude oil, which is reviewed every year, will reach about US$75/BBL in 2029, excluding inflationary effects, as of March 31, 2025. At the close of the year ended March 31, 2024, the Company similarly estimated that the medium- to long-term price assumptions of crude oil would reach about US$75/BBL in 2028, excluding inflationary effects. Accordingly, the Company has made no significant changes in price assumptions.

Impact of the Introduction of Tariff Policies by the United States

The impact of the policies following the change of administration in the United States on the economic environment, as outlined in economic forecasts issued by public institutions, is expected to exert downward pressure on economic growth prospects, particularly through the introduction of tariff policies, which may slow down the international flow of goods, accelerate inflation in the United States, and slow down China's economic growth.#
In such an environment, the introduction of tariff policies by the United States may continue to have significant impacts on trade and supply chains in the fiscal year ending March 31, 2026. The direct and indirect impacts on the Company are uncertain as they vary depending on the industry and region, and are also influenced by the progress of future negotiations between governments. If the impacts continue for an extended period, it may affect accounting estimates.#

Other

Information about assumption and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending March 31, 2026 is included in the following Notes:
• Fair value of financial instruments: Notes 7 and 30
• Impairment of financial assets: Note 8
• Impairment of non-financial assets: Notes 12, 13, 14 and 15
• Measurement of defined benefit obligation: Note 19
• Provisions: Note 20
• Recoverability of deferred tax assets: Note 28

Information about judgments made in applying accounting policies that have significant effects on the amounts recognized in the consolidated financial statements is included in the following Notes:
• Transfers of financial assets: Note 34
• Interests in joint arrangements and associates: Note 38

Significant changes in accounting judgement, estimates and assumptions in the consolidated financial statements for the year ended March 31, 2025 are included in the following Notes, except for the above:
• Segment information: Note 6
• Non-current assets or disposal groups held for sale: Note 11

- Provisions: Note 20
- Consolidated subsidiaries: Note 37
- Interests in joint arrangements and associates: Note 38

3. MATERIAL ACCOUNTING POLICIES

(1) Basis of consolidation

(i) Subsidiaries

The Parent consolidates the investees that it directly or indirectly controls. Therefore, the Company generally consolidates its majority-owned subsidiaries. However, even in cases where the Company does not own the majority of voting rights, if the Company is deemed to substantively control the decision-making body, the investee is treated as a consolidated subsidiary. In cases where the Company has the majority of voting rights in an investee but other shareholders have substantive rights to participate in the decision-making over the ordinary course of business of the investee, the Company does not have control, and the equity method is applied.

Changes in ownership interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Parent's interest and non-controlling interest is adjusted to reflect changes in their relative interest in the subsidiaries. Any difference between the amount of non-controlling interest and the fair value of the consideration paid or received is recognized directly in equity and attributed to the Parent.

If control over a subsidiary is lost, the difference between (a) the sum of the fair value of consideration received and the fair value of remaining interest and (b) assets (including goodwill), liabilities, and the previous carrying amount of non-controlling interest of the subsidiary is recognized in profit or loss. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 “Financial Instruments,” or the cost on initial recognition of investment in associates or joint ventures.

Please refer to Appendix 1. “List of subsidiaries” for the major consolidated subsidiaries.

(ii) Business combinations

Business combinations (acquisition of businesses) are accounted for using the acquisition method.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, with several exemptions.

In cases where the sum of the consideration transferred, the amount of non-controlling interest in the acquiree, and the fair value of equity interest in the acquiree held previously by the Company exceeds the net amount of identifiable assets and liabilities at the acquisition date, the excess amount is recognized as goodwill. In cases where the above sum is below the net amount of identifiable assets and liabilities, the deficient amount is immediately recognized in profit or loss as a bargain purchase gain.

(iii) Associates and joint ventures

The equity method is applied to investments in associates and joint ventures.

An associate is an entity that is not controlled solely or jointly by the Company but for which the Company is able to exert significant influence over the decisions on financial and operating or business policies. If the Company has 20% or more but no more than 50% of the voting rights of another entity, the Company is presumed to have significant influence over that entity. Entities over which the Company is able to exert significant influence on their decisions regarding financial and operating or business policies even if it holds less than 20% of the voting rights are also included in associates. In contrast, the equity method is not applied in cases where the Company is deemed not to have significant influence even if it holds 20% or more of the voting rights.

A joint venture is a joint arrangement (i.e., arrangement of which two or more parties have joint control) whereby the parties that have joint control have rights to the net assets of an independent entity. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions on activities that have a significant impact on the returns of the arrangement require the unanimous consent of the parties sharing control and those activities are undertaken jointly by the parties.

(iv) Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets, and obligations for the liabilities, relating to the contractual arrangement. For investments in joint operations, only the Company's share of assets, liabilities, revenues and expenses arising from the jointly controlled operating activities is recognized.

(v) Investment entities

An investment entity is defined as an entity that satisfies the following conditions: (a) the entity obtains funds from investors for the purpose of providing those investors with investment management services; (b) commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and (c) measures and evaluates the performance of substantially all of its investments on a fair value basis. In principle, investment entities measure all of their investments at fair value through profit or loss in accordance with IFRS 9 “Financial Instruments.”

If an associate or joint venture of the Company qualifies as an investment entity, upon applying the equity method by the Company, the Company elects to maintain the fair value measurement applied by the investment entity to its equity in such subsidiaries, and does not reclassify those equity to conform to the ordinary consolidation process, while the said reclassification is required if a subsidiary of the Company qualifies as an investment entity.

(vi) Reporting date

When the Company prepares the consolidated financial statements, certain subsidiaries, associates and joint arrangements prepare financial statements with a fiscal year end on or after December 31, but prior to the Parent's fiscal year end of March 31 for which unification of the fiscal year end is impracticable, since the local legal system or contractual terms among shareholders requires the fiscal year end to be different from that of the Parent. It is also impracticable for such entities to provide the provisional settlement of accounts at the end of the reporting period of the Parent due to the characteristics of the business, operations or other practical factors. In such case, adjustments have been made to the consolidated financial statements of the Company for the effects of significant transactions or events that occurred between the end of the reporting period of the subsidiaries, associates or joint arrangements and that of the consolidated financial statements.

(2) Foreign currency translation

Items denominated in foreign currencies are translated at the exchange rate at the transaction date, and monetary items are retranslated at the exchange rate as at the fiscal year end. The difference arising from the retranslation is recognized in “Other income (expense)-net” in the consolidated statement of income.

The assets and liabilities of foreign operations, such as foreign subsidiaries and associates, are translated into Japanese yen at the respective year-end exchange rates. Exchange differences arising from translation are recognized in other comprehensive income and accumulated in “Other components of equity” on a post-tax basis. Income and expense items of foreign operations are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period.

In the event of a loss of control due to the disposal of foreign operations, the cumulative amount of exchange difference is reclassified into profit or loss. In the case of partial disposal that led to the loss of significant influence or joint control, the amount proportionate to the disposal of the cumulative amount of exchange difference is reclassified into profit or loss.

(3) Financial instruments

(i) Non-derivative financial assets

The Company recognizes trade and other receivables in amounts measured by applying IFRS 15 and others on the trade date. The Company recognizes all other financial assets at the trade date at fair value on which the Company became a party to the contract concerning such financial instruments. After initial recognition, financial assets are measured either at amortized cost or at fair value.

(ii) Financial assets measured at amortized cost

Financial assets are measured at amortized cost using the effective interest method if both of the following conditions are met:

• The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(iii) Financial assets measured at fair value

The details of fair value measurements are as described in (17) “Fair value measurements.”

Among financial assets other than financial assets measured at amortized cost, debt instruments meeting both of the following requirements are measured at fair value through other comprehensive income (FVTOCI).

• The asset is held within a business model whose objective is to hold assets for both the collection of contractual cash flows and for sale.

• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The cumulative changes in the fair value of debt instruments measured at FVTOCI are recognized in profit or loss in the event of the derecognition of such assets.

Financial assets, other than those measured at amortized cost and debt instruments measured at FVTOCI, are measured at fair value, and changes in their fair value are recognized as profit or loss (FVTPL). However, the Company elects irrevocably to designate equity instruments as financial assets measured at FVTOCI if the investments are not held for trading, but rather for purposes such as generating business opportunities and maintaining/strengthening trading/cooperative relationships.

The cumulative changes in the fair value of equity instruments as financial assets measured at FVTOCI are directly transferred from other comprehensive income to retained earnings in the event of derecognition of such assets, and are not recognized in profit or loss. Dividend income from financial assets measured at FVTOCI is recognized in profit or loss, as part of finance income at the time when the right to receive payment of the dividend is established.

(iv) Impairment of financial assets measured at amortized cost and debt instruments measured at FVTOCI

Expected credit losses are estimated on financial assets measured at amortized cost and debt instruments measured at FVTOCI, and loss allowances are recognized and measured accordingly.

Loss allowances, based on information such as changes in external and/or internal credit ratings and past due information as of the reporting date, is measured at an amount equal to expected credit losses resulting from all possible default events over the expected lifetime if the credit risk on those financial instruments has increased significantly since initial recognition, or otherwise, at an amount equal to the corresponding expected credit losses within 12 months after the reporting date.

Expected credit losses are measured by reflecting factors such as credit ratings, current financial conditions, and forward-looking information. For financial assets showing evidence of credit impairment as of the reporting date, such as significant financial difficulty of the issuer or the borrower and breach of contracts including past due events, the Company estimates expected credit losses individually after taking into overall consideration such as credit ratings, the states of collateral, and evaluations based on discounted cash flow.

(v) Derecognition of financial assets

The Company derecognizes financial assets when and only when the contractual rights to the cash flows from the financial assets expire, or when the financial assets and substantially all the risks and rewards of ownership are transferred. In cases where the Company neither transfers nor retains substantially all the risks and rewards of ownership but continues to control the assets transferred, the Company recognizes the retained interest in assets and related liabilities that might be payable.

(vi) Cash equivalents

Cash equivalents, which are mainly related to time deposits, are original maturities of three months or less, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(vii) Non-derivative financial liabilities

The Company initially recognizes debt securities and subordinated debt instruments issued by the Company on the issue date. All other financial liabilities are recognized on the transaction date. Financial liabilities are initially recognized at fair value, net of direct transaction costs. After initial recognition, financial liabilities are measured at amortized cost using the effective interest method.

The Company derecognizes financial liabilities when the obligation specified in the contract is discharged, canceled or expired.

(viii) Equity

The amount of equity instruments issued by the Parent is recognized in “Common stock” and “Additional paid-in capital,” and direct issue costs (net of tax) are deducted from “Additional paid-in capital.”

When the Company acquires treasury stock, the sum of the consideration paid and direct transaction costs (after tax) is recognized as a deduction from equity.

(ix) Hedge accounting and derivatives

The Company utilizes derivative instruments primarily to manage interest rate and foreign exchange risks, and to hedge the commodity price risk of various inventory and trading commitments. All derivative instruments are reported at fair value as assets or liabilities. In the case where transactions which can mitigate market risk caused by accounting mismatch, the Company applies hedge accounting by designating such derivatives and non-derivative financial instruments such as foreign currency-denominated debt as a hedging instrument of either a fair value hedge, a cash flow hedge or a hedge on net investment in foreign operations, to the extent that hedging criteria are met.

Fair value hedges

Derivative instruments designated as hedging instruments of fair value hedges primarily consist of interest rate swaps used to convert fixed-rate financial assets or debt obligations to floating-rate financial assets or debt, and a part of commodity futures contracts used to hedge the commodity price risk. Changes in fair values of hedging derivative instruments are recognized in profit or loss, offset against the changes in the fair value due to the risk of the related financial assets, financial liabilities, inventories and firm commitments being hedged and are included in “Other income (expense)-net” or “Cost of revenues” in the consolidated statement of income.

Cash flow hedges

Derivative instruments designated as hedging instruments of cash flow hedges include interest rate swaps to convert floating-rate financial liabilities to fixed-rate financial liabilities, and forward exchange contracts to offset variability in functional currency-equivalent cash flows on forecasted sales transactions. Additionally, commodity swaps and futures contracts that qualify as cash flow hedges are utilized. The effective portion of changes in the fair values of derivatives that are designated as cash flow hedges are deferred and accumulated in “Other components of equity.” In cases where the hedged item is recognized as a non-financial asset or non-financial liability, the amount recognized in “Other components of equity” is reclassified as an adjustment of the initial carrying amount of the non-financial asset or non-financial liability. Derivative unrealized gains and losses included in "Other components of equity" other than the above are reclassified into profit or loss at the time that the associated hedged transactions are recognized in profit or loss.

Hedges of net investment in foreign operations

The Company uses forward exchange contracts and non-derivative financial instruments, such as foreign currency-denominated debt, in order to reduce the foreign currency exposure in the net investment in a foreign operation. The effective portion of changes in fair values of the hedging instruments are accumulated in “Exchange differences on translating foreign operations” within “Other components of equity.”

Derivative instruments used for other than hedging activities

The Company enters into commodity and financial derivative instruments as part of its brokerage services in commodity futures markets and its trading activities.

Changes in fair value of derivatives not designated as hedging instruments or held for trading purposes are recognized in profit or loss.

(4) Inventories

Inventories are recognized at the lower of cost or net realizable value based on the weighted average cost formula or identified cost method.

Inventories acquired with the purpose of generating a profit from short-term price fluctuations (“the inventory held for trading purposes”) are measured at fair value less costs to sell.

The Company has contracts to borrow commodities from or lend commodities to counterparties mainly in Mineral Resources segment (“Commodity loan transaction”). In the commodity borrowing transactions, the Company borrows the commodities from the counterparties and is required to return the same quality and quantity of the commodities to the counterparties on the date mutually agreed by both parties. The Company recognizes and measures the commodities borrowed at the time of transaction implementation as the inventory held for trading purposes. The obligation to return the commodities is recognized in other current liabilities or other non-current liabilities and remeasured at fair value at the end of each reporting period. Also, in the commodity lending transactions, the inventory held for trading purposes is reclassified to other current assets or other non-current assets at the time of lending implementation, and measured at fair value less costs to sell at the end of each reporting period. The Company earns profit and manages commodity price risks combined with these transactions and commodity derivative transactions including contracts to purchase and sell non-financial instruments in accordance with IFRS 9 “Financial Instruments.”

(5) Biological assets

Biological assets are measured at fair value less costs to sell, with any changes therein recognized in profit or loss, except in the case where fair value cannot be measured reliably.

(6) Property, plant and equipment

Property, plant and equipment are recognized at cost, net of accumulated depreciation and accumulated impairment losses.

Depreciation of property, plant and equipment other than assets that are not depreciated such as land and mineral resources-related property, is calculated principally using the straight-line method for buildings and structures, the straight-line or declining-balance method for machinery and equipment, and the straight-line method for vessels and vehicles mainly over the following estimated useful lives.

The estimated useful life of each asset is mainly as follows.

Buildings and structures	2 to 65 years
Machinery and equipment	2 to 50 years
Vessels and vehicles	2 to 25 years

Assets related to mineral rights, exploration and evaluation, development, and production of oil and gas or mining resources are classified as mineral resources-related property.

Among these, assets related to mineral rights, exploration and evaluation after the start of production are depreciated using the unit-of-production method based on the proven or probable reserves. Depreciation of mineral resources-related property other than the above is calculated principally using the straight-line method over its estimated useful life which is mainly 2 to 42 years.

(7) Investment property

The Company applies the cost method to investment property, and measures investment property at cost, net of accumulated depreciation and accumulated impairment losses. Investment property is depreciated using the straight-line method over its estimated useful life, which is mainly 2 to 60 years.

(8) Intangible assets and goodwill

Intangible assets with finite useful lives acquired by the Company are measured at cost, net of accumulated amortization and accumulated impairment losses. These intangible assets are amortized under the straight-line method over their estimated useful lives from the date on which the assets became available for use. The estimated useful life of each asset is mainly as follows:

Software	2 to 15 years
Customer relationships	4 to 20 years
Sustainable energy subsidy	10 to 13 years

At N.V. Eneco, the rights to receive subsidies for sustainable energy producers from governments (“Sustainable energy subsidy”) are recognized as intangible assets.

Development costs are capitalized only if they are reliably measurable, the product or process is technically and commercially feasible, it is probable that future economic benefits will be generated, and the Company has the intention and sufficient resources to complete the development and to use or sell them, which are mainly related to software. Other development costs, mainly related to software, are recognized as an expense as incurred.

Intangible assets with indefinite useful lives and goodwill are not amortized but measured at cost, net of accumulated impairment losses.

(9) Leases

(i) Lease as lessee

At the commencement date of the lease, lease liabilities are initially measured at the present value of future lease payments over the lease term, and right-of-use assets, representing the right to use an underlying asset, are initially measured at the initial amount of lease liabilities adjusted for prepaid lease payments, etc.

Subsequent to initial recognition, right-of-use assets are depreciated over the lesser of the useful life or the lease term, mainly on a straight-line basis. Interest costs and repayments of lease liabilities are reflected in the carrying amount of lease liabilities based on the interest method. The lease term is determined, at the commencement date of the lease, by evaluating the enforceability of options to terminate and/or extend the lease as well as the economic incentives such as past practical records of exercise, the importance of underlying assets in the corresponding business, etc. The Company also subsequently remeasures the carrying amount of lease liabilities and right-of-use assets to reflect the change in lease payments when necessary based on the actual results of exercise etc. Regarding the impairment of right-of-use-assets, refer to (12) “Impairment of non-financial assets.”

The Company elects the recognition exemption for short-term leases for leases having lease terms of 12 months or less. For these leases, neither right-of-use assets nor lease liabilities are recognized, and lease payments are recognized as an expense on a straight-line basis over the lease term. In addition, as a practical expedient regarding the separation of components of contracts is elected for the classes of underlying asset of real estates and vessels in which non-lease components are not separately accounted from lease components, lease components and any associated non-lease components are accounted as a single lease component.

(ii) Lease as lessor

Leases as lessor are classified as finance leases if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Amounts due from lessees under finance leases are recognized as part of “Trade and other receivables” at an amount equal to the net investment in the lease, and its finance income is allocated and recognized over the lease term on a rational basis against the gross investment in the lease.

Leases other than finance leases are classified as operating leases, and operating lease income is recognized over the term of underlying leases on a straight-line basis.

(10) Mining operations

Mining exploration costs are recognized as an expense as incurred until the mining project has been established as technically feasible and commercially viable by a final feasibility study. Once established as technically feasible and commercially viable, costs are capitalized and are amortized using the unit-of-production method based on the proven and probable reserves.

The stripping costs incurred during the production phase of a mine are accounted for as variable production costs and are included in the costs of the inventory produced during the period that the stripping costs are incurred. To the extent of the benefit of improved access to ore, the stripping costs are mainly recognized as property, plant and equipment.

For capitalized costs related to mining operations, impairment loss is recognized based on the fair value less costs of disposal if it is determined that commercial production cannot commence or capitalized costs are not recoverable.

(11) Non-current assets or disposal groups held for sale

If the carrying amount of non-current assets or disposal groups will be recovered principally through a sale transaction rather than through continuing use, the Company classifies such non-current assets or disposal groups as held for sale, and reclassifies them into current assets and current liabilities.

Non-current assets or disposal groups classified as held for sale are measured at the lower of their carrying amount or fair value less costs to sell. However, this excludes those that are subject to measurement requirements in accordance with standards other than IFRS 5 “Non-current Asset Held for Sale and Discontinued Operations.”

(12) Impairment of non-financial assets

If there are any events or changes in circumstances indicating that the carrying amount of the Company's non-financial assets excluding inventories and deferred tax assets may not be recoverable, the recoverable amount of such assets are estimated by assuming that there are indications of impairment. In addition, goodwill and intangible assets with indefinite useful lives are tested for impairment at least annually, principally at the same time every year, irrespective of whether there is any indication of impairment.

The smallest unit that generates cash inflows largely independently from cash inflows of other assets or groups of assets is referred to as a cash-generating unit, and assessment for impairment is performed with respect to each asset, cash-generating unit or group of cash-generating units. If the carrying amount of the asset, cash-generating unit, or group of cash-generating units exceeds its recoverable amount, an impairment loss is recognized in profit or loss.

The recoverable amount of the asset, cash-generating unit or group of cash-generating units is the higher of the value in use or the fair value less costs of disposal.

Goodwill that constitutes part of the carrying amount of investments accounted for using the equity method is not recognized separately, and is not tested for impairment on an individual basis. However, the total amount of investments accounted for using the equity method is assessed for indications of impairment and tested for impairment by treating it as a single asset. Non-financial assets other than goodwill that constitute a portion of the carrying amount of investments accounted for using the equity method are tested for impairment by investee asset, cash-generating unit, or group of cash-generating units on the basis of the carrying amounts that reflect fair value adjustment upon application of the equity method.

Impairment recognized in the past is reversed if there are indications of reversal of impairment and changes in the estimates used to determine the asset's recoverable amount, and the reversal of impairment losses are recognized in profit or loss. However, impairment loss recognized for goodwill is not reversed. Reversal of impairment loss is recognized up to the carrying amount which is calculated on the basis that no impairment loss for the asset had been recorded in prior years.

(13) Post-employment benefits

The Company has adopted defined benefit plans and defined contribution plans.

Obligations related to defined benefit plans are recognized in the consolidated statement of financial position as the net amount of benefit obligations under such plans and the fair value of pension assets. Benefit obligations are calculated, by involving qualified actuaries, at the discounted present value of the amount of estimated future benefits corresponding to the consideration for services already provided by employees with respect to each plan.

The Company recognizes the increases or decreases in obligations due to the remeasurement of benefit obligations and pension assets of defined benefit plans in other comprehensive income and such increases or decreases are recorded in “Other components of equity” which are immediately reclassified into “Retained earnings.”

Obligations to make contributions under defined contribution plans are recognized in profit or loss as expenses in the period during which services were provided by employees.

(14) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period considering the risks and uncertainties surrounding the obligations, and is discounted when the time value of money is material.

The provision for decommissioning and restoration is reviewed in each period and adjusted to reflect developments that could include changes in closure dates, legislation, discount rate or estimated future costs. The amount recognized as a liability for decommissioning and restoration is calculated as the present value of the estimated future costs determined in accordance with local conditions and requirements. An amount corresponding to the provision is capitalized as part of "Property, plant and equipment," "Investment property" and "Right-of-use assets" and is depreciated over the estimated useful life of the corresponding asset.

(15) Revenues

(i) Revenue recognition criteria (five-step approach)

In line with the application of IFRS 15 "Revenue from Contracts with Customers," the Company recognizes revenue based on the five-step approach outlined below.

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

In identifying performance obligations, the Company performs principal versus agent considerations. If the nature of the promise is a performance obligation for the Company to provide the specified goods or services itself, the Company is a principal and the total amount of consideration is presented as revenue in its consolidated statement of income. If its nature is a performance obligation to arrange for those goods or services to be provided by other parties, the Company is an agent and the commission, fee amount or the net amount of consideration is presented as revenue in its consolidated statement of income.

The Company adopts the practical expedient which allows it not to adjust the financing component if the period between the transfer of goods or services and receipt of payment from a customer is expected to be one year or less at the contract inception.

(ii) Revenue recognition in major transactions

(Revenue recognition at a point in time (all segments))

The Company trades a wide variety of products and commodities, including metals, machinery, chemicals, and consumer goods. In the sale of products and commodities as a principal, the Company recognizes revenue when the terms of delivery have been satisfied as it is considered that the customer has obtained control of the products or commodities and therefore, the identified performance obligations (delivery of products and commodities) have been satisfied at that point. When the Company acts as an agent in the sale of products and commodities, the Company recognizes revenue when the terms of delivery have been satisfied as it is considered that the customer has obtained control of the products or commodities and therefore, the identified performance obligations (arrangement for the delivery of products and commodities) have been satisfied at that point.

The Company also performs service-related activities. In service-related activities, the Company provides a variety of services including logistics, telecommunications, technical support and others. Revenue for service-related activities is recognized when the customer has obtained the benefits as it is considered that the performance obligations (providing services) have been satisfied.

(Revenue recognition over time (mainly Smart-Life Creation segment and Urban Development & Infrastructure segment))

The Company mainly performs the services based on franchise contracts and plant constructions based on construction contracts. If the control of the goods or services is transferred to the customer over time, revenue from franchise contracts is recognized by the profits recognized for each franchisee. Revenue from other contract like construction contract is recognized by measuring progress towards complete satisfaction of the performance obligations (providing services) with mainly the input methods (in the case of construction contracts, it is mainly the progress of the costs), which faithfully depict the Company's performance.

Revenue recognition of service-related activities performed by the Company as an agent is also measured by progress towards complete satisfaction of the performance obligations as an agent (arrangements related to providing services) with mainly the input methods (mainly the progress of costs incurred by arrangements).

(16) Income taxes

Income tax expenses consist of current and deferred taxes and are recognized in profit or loss, excluding those related to other comprehensive income etc.

Deferred taxes are recognized for temporary differences between the tax base of an asset or liability and its carrying amount in the statement of financial position. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognized only with respect to unused tax losses, unused tax credits, and deductible temporary differences where it is probable that future taxable income will be reduced, and the recoverability of those deferred tax assets is reviewed at the end of each reporting period.

For taxable temporary differences concerning subsidiaries, associates, and joint arrangements, deferred tax liabilities are recognized. However, deferred tax liabilities are not recognized in cases where the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences concerning subsidiaries, associates, and joint arrangements are recognized only to the extent that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

The Company applies the temporary exception under IAS 12 Income Taxes (Amended), issued on May 23, 2023, to recognize deferred tax assets and liabilities arising from legislations enacted to implement Pillar Two model published by OECD.

(17) Fair value measurements

Certain assets and liabilities are required to be recognized at fair value. The estimated fair values of those assets and liabilities have been determined using market information such as quoted market price and valuation methodologies, such as market approach, income approach, and cost approach. There are three levels of inputs that may be used to measure fair value.

(i) Level 1

Quoted prices (unadjusted) in active markets (markets in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis) for identical assets or liabilities that the Company can access at the measurement date.

(ii) Level 2

Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include: quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

(iii) Level 3

Unobservable inputs for the asset or liability. The Company develops unobservable inputs using the best information available in the circumstances, which might include the Company's own data.

The valuation methods for all fair value measurements of assets and liabilities are determined based on the valuation policies and procedures, which include the valuation methods for fair value measurements, approved by the proper accounting personnel. The business plans and development plans that provide a basis for cash flows are decided through internal verification procedures, which include analyses of the variance between plans and results in the previous fiscal year, as well as discussions with business partners and hearings with external specialists. The discount rates properly reflect the risk premium, the risk-free rate and the unlevered rate, with due consideration to the external environment, such as geopolitical risks. Future resource prices are a significant unobservable input for the fair value measurements of resource-related investments and are calculated based on comprehensive consideration of such factors as present prices, forecasts of supply and demand, and the price forecasts of external institutions. Short-term prices are more likely to be significantly affected by the present price, and medium- to long-term prices are more likely to be significantly affected by forecasts of supply and demand and the price forecasts of external institutions. These inputs are analyzed in comparison with those from the prior year, and reports issued by external institutions in order to analyze changes in fair value. The results of fair value measurements and analyses of changes in fair value are reviewed quarterly by the accounting department of the relevant segment of the Company (which is independent of the segment’s sales department) or that of the relevant subsidiary and then approved by the authorized accounting officer. The valuation policies and procedures, including the valuation methods for fair value measurements, are decided and periodically reviewed by the corporate accounting department of the Parent, based on its accounting manual.

4. NEW STANDARDS AND INTERPRETATIONS NOT YET APPLIED

New or amended major Standards and Interpretations that were issued as of the date of approval of the consolidated financial statements but were not yet applied by the Company as of March 31, 2025 are as follows.

The application of IFRS18 requires the presentation of new subtotals, including “Operating profit,” in the consolidated statements of income and enhances guidance on information grouping (aggregation and disaggregation). In addition, new disclosures such as management-defined performance measure (MPM) are required. However, the impacts of application of IFRS18 are currently under consideration.

Standards and Interpretations	Title	Date of mandatory application (fiscal year of commencement thereafter)	Reporting periods of application by the Company (The reporting period ending)	Outline of new/amended Standards and Interpretations
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027	March 31, 2028	Revised presentation of consolidated statements of income and disclosure of management-defined performance measure, etc.

5. BUSINESS COMBINATIONS AND ACQUISITION OF JOINT OPERATIONS

There were no significant business combinations or acquisitions of joint operations for the years ended March 31, 2024 and 2025.

6. SEGMENT INFORMATION

[Operating segment information]

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the President and CEO of the Parent who is the chief operating decision maker of the Company in deciding how to allocate resources and in assessing performance.

The operating segments were determined based on the nature of the products and services offered. The Company's reportable operating segments consist of the following eight business groups:

Environmental Energy	The Environmental Energy Group engages in the development and production of natural gas and liquefied natural gas (LNG), as well as LPG and petroleum products businesses, while also developing next-generation energy businesses.
Materials Solution	The Materials Solution Group engages in sales and trading, investment and business development related to a wide range of materials such as petrochemicals, basic chemicals, performance materials, carbon materials, ceramics and steel products.
Mineral Resources	The Mineral Resources Group engages in "managing" business by investing in and developing mineral resources, such as copper, steelmaking coal, iron ore, aluminum, lithium and nickel while leveraging high-quality and functions in steel raw materials and non-ferrous resources and products through a global network to reinforce supply systems.
Urban Development & Infrastructure	The Urban Development & Infrastructure Group engages in urban development and operation domestically and in the overseas, real estate development and management, data centers supporting the digital society, ships, aerospace-related equipment, industrial machinery, and energy infrastructure businesses.
Mobility	The Mobility Group engages in value chain businesses including overseas production, sales, financing, and after-sales of automobiles, mobility service businesses which fulfill needs related to mobility, and mobility-related businesses based on EVs and batteries.
Food Industry	The Food Industry Group engages in a wide range of business areas and operations related to food, including production, procurement and manufacturing of food resources, fresh foods, consumer goods, and food ingredients, through activities such as sales, investments and business development.
Smart-Life Creation	The Smart-Life Creation Group engages in creation of an affluent society and a better life for consumers (Smart-Life) by establishing various C2B businesses which meet the social issues and needs of consumers in each region and country, and organically linking them with B2B businesses such as finance, digital and logistics.
Power Solution	The Power Solution Group engages in a wide range of business areas in power related businesses which is the industrial base domestically and in the overseas. Specifically, the Group engages in power generating businesses, power trading businesses, power retail businesses as well as the development of power transmission businesses and hydrogen energy sources.

The accounting policies of the operating segments are the same as those described in Note 3. Management evaluates segment performance based on several factors, of which the primary financial measure is "Profit (loss) for the year attributable to owners of the Parent."

Intersegment transactions are priced with reference to prices applicable to transactions with third parties.

The Company's segment information at and for the years ended March 31, 2023, 2024 and 2025 was as follows:

As for "Revenues," please refer to Note 24.

2023	Millions of Yen					
	Environmental Energy	Materials Solution	Mineral Resources	Urban Development & Infrastructure	Mobility	Food Industry
Gross profit	¥32,420	¥258,886	¥656,828	¥151,803	¥231,871	¥312,221
Share of profit of investments accounted for using the equity method	248,472	53,809	19,164	42,949	70,196	27,249
Profit (loss) for the year attributable to owners of the Parent	194,473	91,483	439,331	131,853	131,132	59,847
Total assets	2,426,531	2,316,236	4,098,105	1,962,176	2,025,566	2,048,042
Note			38	37	38	

	Millions of Yen					
	Smart-Life Creation	Power Solution	Total	Other	Adjustments and Eliminations	Consolidated
Gross profit	¥740,420	¥170,007	¥2,554,456	¥6,710	¥(1,204)	¥2,559,962
Share of profit of investments accounted for using the equity method	37,100	1,196	500,135	38	7	500,180
Profit (loss) for the year attributable to owners of the Parent	37,543	57,825	1,143,487	12,847	24,360	1,180,694
Total assets	4,473,573	2,683,181	22,033,410	2,956,284	(2,842,193)	22,147,501
Note		37,38				

2024	Millions of Yen					
	Environmental Energy	Materials Solution	Mineral Resources	Urban Development & Infrastructure	Mobility	Food Industry
Gross profit	¥107,990	¥232,521	¥397,918	¥168,949	¥182,085	¥300,606
Share of profit of investments accounted for using the equity method	147,214	35,451	70,322	10,715	94,406	14,518
Profit (loss) for the year attributable to owners of the Parent	238,804	73,877	295,524	50,921	141,434	(25,315)
Total assets	2,875,279	2,103,534	4,379,232	2,093,401	1,976,039	2,164,638
Note	22,37		11		22,37	11,27,38

	Millions of Yen					
	Smart-Life Creation	Power Solution	Total	Other	Adjustments and Eliminations	Consolidated
Gross profit	¥806,054	¥155,082	¥2,351,205	¥8,136	¥368	¥2,359,709
Share of profit of investments accounted for using the equity method	45,728	25,969	444,323	34	28	444,385
Profit (loss) for the year attributable to owners of the Parent	102,664	97,907	975,816	(2,179)	(9,603)	964,034
Total assets	4,662,158	2,731,046	22,985,327	3,281,816	(2,807,571)	23,459,572
Note	11,14	37,38		27		

2025	Millions of Yen Environmental Energy	Materials Solution	Mineral Resources	Urban Development & Infrastructure	Mobility	Food Industry
Gross profit	¥114,177	¥229,144	¥193,931	¥141,917	¥154,006	¥279,984
Share of profit of investments accounted for using the equity method	124,296	36,027	53,044	27,028	54,263	14,254
Profit (loss) for the year attributable to owners of the Parent	198,646	68,270	227,812	39,802	112,354	92,438
Total assets	3,246,869	2,021,362	4,538,086	2,159,524	1,848,058	1,952,102
Note	30,35,41		11	20		11

	Millions of Yen Smart-Life Creation	Power Solution	Total	Other	Adjustments and Eliminations	Consolidated
Gross profit	¥538,491	¥175,851	¥1,827,501	¥7,806	¥1,087	¥1,836,394
Share of profit of investments accounted for using the equity method	59,879	(31,526)	337,265	155	62	337,482
Profit (loss) for the year attributable to owners of the Parent	185,041	(15,607)	908,756	51,167	(9,214)	950,709
Total assets	2,587,267	2,512,091	20,865,359	3,153,422	(2,522,677)	21,496,104
Note	11,37,41	38				

2025	Millions of U.S. Dollars Environmental Energy	Materials Solution	Mineral Resources	Urban Development & Infrastructure	Mobility	Food Industry
Gross profit	$761	$1,528	$1,293	$946	$1,027	$1,867
Share of profit of investments accounted for using the equity method	829	240	354	180	362	95
Profit (loss) for the year attributable to owners of the Parent	1,324	455	1,519	265	749	616
Total assets	21,646	13,476	30,254	14,397	12,320	13,014
Note	30,35,41		11	20		11

	Millions of U.S. Dollars Smart-Life Creation	Power Solution	Total	Other	Adjustments and Eliminations	Consolidated
Gross profit	$3,590	$1,172	$12,183	$52	$7	$12,243
Share of profit of investments accounted for using the equity method	399	(210)	2,248	1	0	2,250
Profit (loss) for the year attributable to owners of the Parent	1,234	(104)	6,058	341	(61)	6,338
Total assets	17,248	16,747	139,102	21,023	(16,818)	143,307
Note	11,37,41	38				

Notes:

1. "Other" represents the corporate departments which primarily provide services and operational support to the Company and affiliated companies. This column also includes certain revenues and expenses from business activities related to financing and human resource services that are not allocated to reportable operating segments. Unallocated corporate assets categorized in "Other" consist primarily of cash, time deposits and securities for financial and investment activities.
2. "Adjustments and Eliminations" includes certain income and expense items that are not allocated to reportable operating segments and intersegment eliminations.
3. The Company has reorganized its operating segments into 8 groups from the beginning of fiscal year ended March 31, 2025, and the Company's segment information for the year ended March 31, 2023 and 2024, has been reclassified.
4. "Gross profit" under the "Urban Development & Infrastructure" for the year ended March 31, 2025, includes the construction costs estimated to be required for the completion of the Chiyoda Corporation's Golden Pass LNG project. In the previous fiscal year, the Parent estimated and recorded provision for loss on the construction contract in light of the possibility that a partner who jointly operates the project may withdraw from the project. Considering that Chiyoda Corporation's consolidated financial statements for the previous fiscal year had not been approved at the time of the issuance of the Parent's annual financial report for the year ended March 31, 2024, the impact of the provision was included in "Profit (loss) for the year attributable to owners of the Parent" under "Other." For the year ended March 31, 2025, the impact of the provision for loss on the construction contract estimated at March 31, 2025, was recorded in "Gross profit" under the "Urban Development & Infrastructure," given the approval of Chiyoda Corporation's consolidated financial statements. Accordingly, the provision recorded in the year ended March 31, 2024, has been reversed and the impact of this reversal has been included in "Profit (loss) for the period

attributable to owners of the Parent" under "Other." Please refer to Note 20 for the details of the Chiyoda Corporation's provision for loss on the construction contract.

[Geographic Information]

Revenues and non-current assets at and for the years ended March 31, 2023, 2024 and 2025 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2023	2024	2025	2025
Revenues:				
Japan	¥9,901,987	¥9,497,940	¥9,134,688	$60,898
U.S.A	3,682,578	2,907,301	3,007,521	20,050
Singapore	1,747,194	1,452,786	1,735,868	11,572
Australia	1,439,304	1,257,433	821,561	5,477
Netherlands	1,045,224	860,303	735,358	4,902
Other	3,755,686	3,591,838	3,182,605	21,217
Total	¥21,571,973	¥19,567,601	¥18,617,601	$124,117
Non-current assets (excluding financial assets, deferred tax assets and post-employment benefit assets)				
Australia	¥1,034,395	¥1,005,662	¥1,034,247	$6,895
Japan	2,707,740	869,825	899,941	6,000
Netherlands	678,306	785,519	788,580	5,257
Canada	338,142	416,934	685,263	4,568
Other	1,217,352	959,934	1,002,738	6,685
Total	¥5,975,935	¥4,037,874	¥4,410,769	$29,405

Note: Revenues are attributed to geographic areas based on the location of the assets producing such revenues.

Neither the Company nor any of its segments depended on any single customer, small group of customers, or government for more than 10% of the Company's revenues for the years ended March 31, 2023, 2024 and 2025.

7. SHORT-TERM INVESTMENTS AND OTHER INVESTMENTS

The following is a breakdown of the carrying amounts of "Short-term investments" and "Other investments" at March 31, 2024 and 2025.

	Millions of Yen			
	FVTPL	FVTOCI	Amortized cost	Total
(March 31, 2024)				
Short-term investments	¥61	―	¥5,327	¥5,388
Other investments	210,222	¥1,486,501	118,050	1,814,773
(March 31, 2025)				
Short-term investments	106	―	75,231	75,337
Other investments	274,131	1,488,355	221,671	1,984,157

	Millions of U.S. Dollars			
	FVTPL	FVTOCI	Amortized cost	Total
(March 31, 2025)				
Short-term investments	$1	―	$502	$502
Other investments	1,828	$9,922	1,478	13,228

The Company estimates expected credit losses on "short-term investments" and "other investments" measured at amortized cost and, when necessary, recognizes loss allowances, however, the amounts were immaterial for the years ended March 31, 2024 and 2025.

Please refer to Note 30 for the fair values of marketable and non-marketable securities within "Other Investments" measured at FVTOCI at March 31, 2024 and 2025.

The amount of dividend income from financial assets measured at FVTOCI held at March 31, 2023 and 2024 were ¥132,403 million and ¥173,473 million, respectively. The breakdown of dividend income from financial assets measured at FVTOCI for the year ended March 31, 2025 was as follows. These dividend incomes were included in "Finance income" in the consolidated statement of income.

	Millions of Yen	Millions of U.S. Dollars
	2025	2025
Dividend income from marketable securities	¥13,809	$92
Dividend income from non-marketable securities	186,690	1,245
Total	200,499	1,337

The amount of dividend income from derecognized financial assets measured at FVTOCI were immaterial for the years ended March 31, 2023, 2024 and 2025.

With respect to financial assets measured at FVTOCI derecognized as a result of sale, through the continuous modification of the Company's portfolio strategy, the fair values at the time of derecognition and accumulated gains or losses on disposal (before tax) for the years ended March 31, 2023, 2024 and 2025 were as follows.

	Millions of Yen			Millions of U.S. Dollars
	2023	2024	2025	2025
Fair value at the time of derecognition	¥59,450	¥61,524	¥61,543	$410
Accumulated gain or loss on disposal (before tax)	10,692	38,701	38,143	254

With respect to financial assets measured at FVTOCI, all or part of the accumulated gain or loss (after tax) recorded as other components of equity was transferred to retained earnings at the time of derecognition or tax deduction. Please refer to Note 22 for the amounts transferred for the years ended March 31, 2023, 2024 and 2025, respectively. Also, the portions of which attributable to the non-controlling interest were immaterial.

8. TRADE AND OTHER RECEIVABLES

The following is a breakdown of the carrying amounts of "Trade and other receivables" at March 31, 2024 and 2025. The amounts not expected to be collected within 1 year included within the total current trade and other receivables were immaterial.

Classification	Millions of Yen 2024	Millions of Yen 2025	Millions of U.S. Dollars 2025
Current trade and other receivables			
Notes receivable-trade	¥253,015	¥278,218	$1,855
Accounts receivable-trade and other and lease receivables	3,537,946	3,403,417	22,689
Other receivables	505,621	547,873	3,652
Loss allowance	(53,609)	(61,658)	(411)
Total current trade and other receivables	¥4,242,973	¥4,167,850	$27,786
Non-current trade and other receivables			
Trade and lease receivables	¥601,042	¥512,917	$3,419
Loans receivable	508,895	362,479	2,417
Other receivables	23,524	25,348	169
Loss allowance	(37,148)	(34,477)	(230)
Total non-current trade and other receivables	¥1,096,313	¥866,267	$5,775

Short-term and long-term receivables are contractual rights to receive money. The Company recognizes loss allowances for these receivables by estimating expected credit losses based on internal ratings, current financial conditions and forward-looking information. The Company applies the simplified approach for trade receivables and contract assets that do not contain a significant financial component in accordance with IFRS15 and measures loss allowances at an amount equal to lifetime expected credit losses. For other receivables, the Company measures loss allowances at an amount equal to 12-month expected credit losses when there is no significant increase in credit risk. When there is a significant increase in credit risk, the Company measures loss allowances at an amount equal to lifetime expected credit losses.

Loss allowances for receivables that are credit-impaired as of the reporting date are measured by estimating expected credit losses individually, based upon factors related to credit ratings from applicable agencies, evaluation based on discounted cash flow, fair value of the underlying collateral, the condition of the debtor and other information.

The Company writes off the amount of expected credit losses from the gross carrying amount of a receivable and derecognizes the receivable when the Company has no reasonable expectations of recovering the receivable in its entirety or a portion thereof. The Company recognizes loss allowances on such receivables based on the expected credit losses for the gross amount after write-off.

The following is a breakdown of the gross carrying amount of receivables before adjusting for loss allowance and the amount of loss allowance at March 31, 2024 and 2025.

(March 31, 2024)

	Millions of Yen					
	Gross carrying amount of receivables before adjusting for loss allowance			Loss allowance		
	Trade receivables	Lease receivables	Loans	Trade receivables	Lease receivables	Loans
12-month expected credit losses	¥3,868,489	¥605,779	¥633,247	¥34,073	¥5,064	¥1,154
Lifetime expected credit losses						
Receivables for which there have been significant increases in credit risk	25,899	46,547	3,299	1,835	4,657	95
Credit-impaired receivables	40,182	8,301	11,159	30,348	2,378	11,153
Total	¥3,934,570	¥660,627	¥647,705	¥66,256	¥12,099	¥12,402

Purchased or originated credit-impaired receivables are included in "Credit-impaired receivables" above, and the total amount of purchased or originated credit-impaired receivables initially recognized during the year ended March 31, 2024 was immaterial.

(March 31, 2025)

	Millions of Yen					
	Gross carrying amount of receivables before adjusting for loss allowance			Loss allowance		
	Trade receivables	Lease receivables	Loans	Trade receivables	Lease receivables	Loans
12-month expected credit losses	¥3,761,127	¥542,038	¥497,784	¥30,774	¥3,041	¥355
Lifetime expected credit losses						
Receivables for which there have been significant increases in credit risk	24,806	42,343	2,977	1,675	5,348	64
Credit-impaired receivables	54,605	7,896	10,021	42,035	2,822	10,021
Total	¥3,840,538	¥592,277	¥510,782	¥74,484	¥11,211	¥10,440

	Millions of U.S. Dollars					
	Gross carrying amount of receivables before adjusting for loss allowance			Loss allowance		
	Trade receivables	Lease receivables	Loans	Trade receivables	Lease receivables	Loans
12-month expected credit losses	$25,074	$3,614	$3,319	$205	$20	$2
Lifetime expected credit losses						
Receivables for which there have been significant increases in credit risk	165	282	20	11	36	—
Credit-impaired receivables	364	53	67	280	19	67
Total	$25,604	$3,949	$3,405	$497	$75	$70

Purchased or originated credit-impaired receivables are included in "Credit-impaired receivables" above, and the total amount of purchased or originated credit-impaired receivables initially recognized during the year ended March 31, 2025 was immaterial.

The Company holds collateral and other credit enhancements related to the above receivables, including third-party guarantees, credit insurance, and collateral such as commodity inventory. Collateral and other credit enhancements for credit-impaired receivables were immaterial at March 31, 2025.

The Company has not shown the classification of "Trade receivables that do not contain a significant financing component" in accordance with IFRS15 in the table above. This is because most of the trade receivables that do not contain a significant financing component have original maturities of one year or less, and the measurement of loss allowance for those mentioned receivables is substantially the same as that of trade receivables which contain a significant financing component.
The amount of trade receivables that do not contain a significant financing component with original maturities of more than one year were ¥20,974 million and ¥62,660 million ($418 million) at March 31, 2024 and 2025, respectively. These are included in "12-month expected credit losses" and "Receivables for which there have been significant increases in credit risk" within "Lifetime expected credit losses" above.

The changes in the loss allowance for trade and other receivables for the years ended March 31, 2024 and 2025 were as follows.

(Year ended March 31, 2024)

	Millions of Yen			
	12-month expected credit losses	Lifetime expected credit losses		Total
		Receivables for which there have been significant increases in credit risk	Credit impaired receivables	
Balance at the beginning of the year	¥43,899	¥6,226	¥34,091	¥84,216
Provision for expected credit losses	770	10	20,076	20,856
Charge-offs	(3,589)	—	(16,259)	(19,848)
Other	(789)	351	5,971	5,533
Balance at the end of the year	¥40,291	¥6,587	¥43,879	¥90,757

(Year ended March 31, 2025)

	Millions of Yen			
	12-month expected credit losses	Lifetime expected credit losses		Total
		Receivables for which there have been significant increases in credit risk	Credit impaired receivables	
Balance at the beginning of the year	¥40,291	¥6,587	¥43,879	¥90,757
Provision for expected credit losses	2,947	450	27,877	31,274
Charge-offs	(7,018)	(126)	(17,027)	(24,171)
Other	(2,050)	176	149	(1,725)
Balance at the end of the year	¥34,170	¥7,087	¥54,878	¥96,135

	Millions of U.S. Dollars			
	12-month expected credit losses	Lifetime expected credit losses		Total
		Receivables for which there have been significant increases in credit risk	Credit impaired receivables	
Balance at the beginning of the year	$269	$44	$293	$605
Provision for expected credit losses	20	3	186	208
Charge-offs	(47)	(1)	(114)	(161)
Other	(14)	1	1	(12)
Balance at the end of the year	$228	$47	$366	$641

The change in loss allowance due to changes in expected credit losses is included in "Provision for expected credit losses." Purchased or originated credit-impaired receivables are included in "Credit impaired receivables" above, and the total amount of undiscounted expected credit losses at initial recognition on the receivables during the year ended March 31, 2024 was ¥14,247 million and the amount was immaterial during the year ended March 31, 2025. Also, "Other" principally includes the effect of changes in foreign currency exchange rates.

The Company has not shown the classification of the loss allowance for "Trade receivables that do not contain a significant financing component" in accordance with IFRS15 in the table above. This is because most of the trade receivables that do not contain a significant financing component have original maturities of one year or less, and the measurement of loss allowance for those mentioned receivables is substantially the same as that of trade receivables which contain a significant financing component.
The amount of the loss allowance for trade receivables that do not contain a significant financing component with original maturities of more than one year was immaterial at March 31, 2025.

The Company uses a single consistent method without classification for the accounting treatment and risk management related to trade and other receivables. Please refer to Note 3 "(3) Financial instruments" and Note 33.

9. INVENTORIES

The breakdown of "Inventories" at March 31, 2024 and 2025 was as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2025	2025
Merchandise and finished goods	¥1,408,014	¥1,420,679	$9,471
Raw materials, work in progress and supplies	251,104	281,938	1,880
Real estate held for development and resale	65,103	60,879	406
Total	¥1,724,221	¥1,763,496	$11,757
Carrying amount of inventories carried at fair value less costs to sell included above (refer to Note 30)	¥544,073	¥633,550	$4,224

The amount of real estate held for development and resale includes ¥31,598 million and ¥39,583 million ($264 million) that were expected to be sold after more than 12 months at March 31, 2024 and 2025, respectively.

Costs of inventories are recognized as expenses in the amount of "Costs of revenues" in the consolidated statement of income and the expenses other than inventories recognized in the amount of "Costs of revenues" were immaterial for the years ended March 31, 2023, 2024 and 2025.

Amounts related to write-down of inventories recognized as expenses were immaterial for the years ended March 31, 2023, 2024 and 2025.

10. BIOLOGICAL ASSETS

The following is a breakdown of carrying amounts of biological assets at March 31, 2024 and 2025.

	Millions of Yen		Millions of U.S. Dollars
	2024	2025	2025
Salmon Farming	¥105,406	¥101,259	$675
Other	17,649	18,648	124
Carrying amounts	¥123,055	¥119,907	$799

Biological assets are mainly inventories of live fish held in the business of salmon farming in Norway, Chile and Canada.
The following is a breakdown of cost of biological assets, fair value adjustments and carrying amounts of biological assets held in the business of salmon farming at March 31, 2024 and 2025.

	Millions of Yen		Millions of U.S. Dollars
	2024	2025	2025
Cost of biological assets	¥91,069	¥93,345	$622
Fair value adjustments	14,337	7,914	53
Carrying amounts	¥105,406	¥101,259	$675

The following is a breakdown of changes in the carrying amounts of biological assets held in the business of salmon farming for the years ended March 31, 2024 and 2025.

	Millions of Yen		Millions of U.S. Dollars
	2024	2025	2025
Balance at the beginning of year	¥92,438	¥105,406	$703
Increase due to production	157,825	176,158	1,174
Decrease due to sales / harvest / mortality	(152,311)	(174,155)	(1,161)
Fair value adjustments	(2,370)	(6,491)	(43)
Exchange translations and others	9,824	341	2
Balance at the end of year	¥105,406	¥101,259	$675

Fair value adjustments of biological assets were mainly included in "Other income (expense)-net" in the consolidated statement of income, for which amount of loss recognized was ¥4,086 million for the year ended March 31, 2023.

The valuation of biological assets is carried out separately for each operating region. Fair value is measured using a market approach based on the most relevant assumptions of price, growth rate and mortality rate at the reporting date. The valuation of biological assets is classified at Level 3 in the valuation hierarchy.

The business related to biological assets is exposed to fluctuations in prices, which is determined by global supply and demand.
In order to partially mitigate the commodity price risk, the Company enters into future contracts in exchange markets.

The following is a breakdown of changes in the live weight (tonnes) of biological assets held in the business of salmon farming for the years ended March 31, 2024 and 2025.

	Tonnes	
	2024	2025
Balance at the beginning of year	116,354	117,318
Increase due to production	242,350	247,603
Decrease due to sales/harvest/mortality	(241,386)	(252,215)
Balance at the end of year	117,318	112,706

11. NON-CURRENT ASSETS OR DISPOSAL GROUPS HELD FOR SALE

The following disposal groups are classified as held for sale as of March 31, 2024 since the sale is highly probable and the sale and delivery is expected to be completed within 1 year. Amounts related to non-current assets classified as held for sale were immaterial at March 31, 2024, and both non-current assets and disposal groups classified as held for sale were immaterial at March 31, 2025.

Disposal groups classified as held for sale

As of March 31, 2024, the assets and liabilities related to the Blackwater and Daunia coal mines, in which Mitsubishi Development Pty Ltd, a consolidated subsidiary in the Mineral Resources segment, holds a 50% interest, were classified as a disposal group held for sale and the Company recorded the assets of ¥197,644 million in “Assets classified as held for sale” and the liabilities of ¥65,579 million in "Liabilities directly associated with assets classified as held for sale," respectively, in the consolidated statement of financial position.
On April 2, 2024, the Company completed the divestment of all interests in the Blackwater and Daunia mines. The purchase price is US$1.6 billion (US$0.05 billion has been received on signing of the Asset Sale Agreement, US$1.00 billion upon completion, and the remaining US$0.55 billion to be received over three years following completion), with coal price and sales volume linked contingent consideration of an aggregate of up to US$0.45 billion payable over three years. The resulting gain of ¥131,648 million ($878 million) and a related income tax expense of ¥38,703 million ($258 million) are recorded in “Gains (losses) on disposal and sale of property, plant and equipment and others” as well as in “Income taxes” and others in the consolidated statement of income. Also, consideration received in cash of ¥161,074 million ($1,074 million) is recorded in “Proceeds from disposal of property, plant and equipment and others” and others in the consolidated statement of cash flows. As a part of the purchase price may differ due to fluctuations in coal prices and sales volume after April 2, 2024, the above gain includes the effect of the change in estimate of such variable consideration as of March 31, 2025. Contingent consideration of an aggregate of up to US$0.45 billion will be received if the average realized sales price of the two mines exceeds the threshold of US$159/ton for the first 12 months after the sale’s completion and US$134/ton between one to three years after the sale’s completion. The consideration to be received in the future, including the above variable consideration, is recorded in the total amount of ¥103,244 million ($688 million) in the consolidated statement of financial position as of March 31, 2025.

As of March 31, 2024, the assets and liabilities held by Lawson Inc. (Lawson), a consolidated subsidiary in the Smart-Life Creation segment, were classified as a disposal group held for sale and the Company recorded the assets of ¥2,678,672 million in “Assets classified as held for sale” and the liabilities of ¥1,773,202 million in "Liabilities directly associated with assets classified as held for sale," respectively, in the consolidated statement of financial position.
Following a tender offer by KDDI Corporation (KDDI), for shares of Lawson and a squeeze-out procedure using a reverse stock split, the ownership ratio between the Parent and KDDI were adjusted to 50% each on August 15, 2024, bringing all terms and conditions of a Shareholders Agreement between the Parent and KDDI into effect, and classifying Lawson as a joint venture during the year ended March 31, 2025. Please refer to Note 37 for the gains (losses) and cash flows associated with the loss of control recorded in the year ended March 31, 2025.

As of March 31, 2024, the assets and liabilities held by PRINCES LIMITED (PRINCES), a consolidated subsidiary in the Food Industry segment, were classified as a disposal group held for sale and the Company recorded the assets of ¥176,682 million in “Assets classified as held for sale” and the liabilities of ¥74,288 million in "Liabilities directly associated with assets classified as held for sale," respectively, in the consolidated statement of financial position. The disposal group was measured at fair value less cost to sell in Level 3. As a result, a loss of ¥38,601 million after taxes, including an "Impairment losses and reversals on property, plant and equipment, intangible assets, goodwill and others" of ¥33,750 million, is recorded in the consolidated statement of income.
During the year ended March 31, 2025, the Parent completed sale of all the shares (100% of all outstanding stock) to NEWLAT FOOD S.p.A and with this sale of shares, the Parent lost control of the PRINCES. The gains (losses) associated with the loss of control recorded in the year ended March 31, 2025 were immaterial. Also, after the loss of control, Mitsubishi Corporation Finance PLC, a consolidated subsidiary in the Other segment, collected loan receivables from PRINCES. As a result, ¥98,552 million ($657 million) is recorded in the “Collection of loan receivable” in the consolidated statement of cash flows.

Fair value of non-current assets or disposal groups

The fair value in Level 1 of non-current assets or disposal groups was measured by the quoted market price in an active market. The fair value in Level 3 of non-current assets or disposal groups was measured by personnel in the accounting department of the Company or the subsidiaries who manage the corresponding assets, based upon information of the estimated sales value of the assets. Differences between the carrying amount and the fair value of non-current assets or disposal groups held for sale measured at amortized cost are immaterial.

12. PROPERTY, PLANT AND EQUIPMENT

The following is a breakdown of the gross carrying amount, accumulated depreciation and accumulated impairment losses, and carrying amounts of "Property, plant and equipment" at March 31, 2024 and 2025.

	Millions of Yen						
	Land	Buildings and structures	Machinery and equipment	Vessels and vehicles	Mineral resources -related property	Construction in progress	Total
(March 31, 2024)							
Gross carrying amount	¥220,627	¥595,002	¥1,490,529	¥256,651	¥1,690,896	¥434,058	¥4,687,763
Accumulated depreciation and accumulated impairment losses	12,102	371,823	762,502	140,835	707,507	626	1,995,395
Carrying amount	¥208,525	¥223,179	¥728,027	¥115,816	¥983,389	¥433,432	¥2,692,368
(March 31, 2025)							
Gross carrying amount	¥226,490	¥643,128	¥1,605,247	¥249,879	¥1,765,939	¥505,400	¥4,996,083
Accumulated depreciation and accumulated impairment losses	11,907	385,531	840,005	140,558	744,168	903	2,123,072
Carrying amount	¥214,583	¥257,597	¥765,242	¥109,321	¥1,021,771	¥504,497	¥2,873,011

	Millions of U.S. Dollars						
(March 31, 2025)	Land	Buildings and structures	Machinery and equipment	Vessels and vehicles	Mineral resources -related property	Construction in progress	Total
Gross carrying amount	$1,510	$4,288	$10,702	$1,666	$11,773	$3,369	$33,307
Accumulated depreciation and accumulated impairment losses	79	2,570	5,600	937	4,961	6	14,154
Carrying amount	$1,431	$1,717	$5,102	$729	$6,812	$3,363	$19,153

Carrying amounts above include property, plant and equipment subject to operating leases as lessor, and "Vessels and vehicles" includes leased vessels in the Commercial vessels-related business.

The following is a breakdown of changes in the carrying amounts of "Property, plant and equipment" for the years ended March 31, 2024 and 2025.

	Millions of Yen						
Carrying amount	Land	Buildings and structures	Machinery and equipment	Vessels and vehicles	Mineral resources -related property	Construction in progress	Total
Beginning of year ended March 31, 2024	¥217,811	¥438,496	¥724,295	¥102,542	¥1,016,977	¥491,921	¥2,992,042
Additions	546	26,001	58,279	25,269	79,998	255,527	445,620
Additions through business combination	—	—	224	14,221	—	3,505	17,950
Disposal or reclassification to assets held for sale	(11,029)	(219,451)	(63,811)	(4,272)	(154,445)	(30,065)	(483,073)
Depreciation	—	(39,733)	(105,073)	(18,973)	(60,045)	—	(223,824)
Impairment losses	(762)	(13,222)	(20,490)	(31)	—	(1,244)	(35,749)
Exchange translations	3,914	10,314	69,767	4,314	95,743	35,897	219,949
Other	(1,955)	20,774	64,836	(7,254)	5,161	(322,109)	(240,547)
End of year ended March 31, 2024	¥208,525	¥223,179	¥728,027	¥115,816	¥983,389	¥433,432	¥2,692,368
Additions	222	14,724	38,780	21,156	74,950	149,029	298,861
Additions through business combination	4,850	28,774	4,428	605	—	1,376	40,033
Disposal or reclassification to assets held for sale	(507)	(630)	(4,085)	(18,317)	(704)	(1,967)	(26,210)
Depreciation	—	(20,600)	(94,803)	(19,814)	(53,757)	—	(188,974)
Impairment losses	(287)	(870)	(1,526)	(12)	—	(361)	(3,056)
Exchange translations	2,310	(12)	(1,433)	2,583	(47,244)	40,777	(3,019)
Other	(530)	13,032	95,854	7,304	65,137	(117,789)	63,008
End of year ended March 31, 2025	¥214,583	¥257,597	¥765,242	¥109,321	¥1,021,771	¥504,497	¥2,873,011

Carrying amount	Millions of U.S. Dollars						
	Land	Buildings and structures	Machinery and equipment	Vessels and vehicles	Mineral resources -related property	Construction in progress	Total
Beginning of year ended March 31, 2025	$1,390	$1,488	$4,854	$772	$6,556	$2,890	$17,949
Additions	1	98	259	141	500	994	1,992
Additions through business combination	32	192	30	4	—	9	267
Disposal or reclassification to assets held for sale	(3)	(4)	(27)	(122)	(5)	(13)	(175)
Depreciation	—	(137)	(632)	(132)	(358)	—	(1,260)
Impairment losses	(2)	(6)	(10)	(0)	—	(2)	(20)
Exchange translations	15	(0)	(10)	17	(315)	272	(20)
Other	(4)	87	639	49	434	(785)	420
End of year ended March 31, 2025	$1,431	$1,717	$5,102	$729	$6,812	$3,363	$19,153

Notes:

1. "Other" includes deconsolidation, transfers from construction in progress to other property, plant and equipment and effects of changes in estimates of provision for decommissioning and restoration.
2. "Impairment losses" are mainly recognized in the Food Industry segment for the year ended March 31, 2024, and are immaterial for the year ended March 31, 2025.
3. Disposal or reclassification to assets held for sale for the year ended March 31, 2024 includes the effect of reclassification of assets held by Lawson, a consolidated subsidiary in the Smart-Life Creation Segment, to held for sale. For details, please refer to Note 11.

Impairment losses are included in "Impairment losses and reversals on property, plant and equipment, intangible assets, goodwill and others" in the consolidated statement of income. For assets that have indications of being impaired, impairment losses are calculated as the difference between the carrying amount of such assets and their recoverable amount. In the course of recognizing and measuring impairment losses, the Company measured the recoverable amount using value in use or fair value less costs of disposal. For the discount rate, the Company used a rate that reasonably reflects the rate of return that is considered to be the market-average rate that incorporates the risks specific to the cash-generating units.

The amount of reversals of impairment losses on property, plant and equipment recognized was immaterial for the years ended March 31, 2023, 2024 and 2025.

The amount of contractual commitments for the acquisition of property, plant and equipment was ¥161,790 million and ¥166,204 million ($1,108 million) at March 31, 2024 and 2025, respectively. The amount at March 31, 2024 and 2025 includes contractual commitments incurred from the investments mainly in renewable energy in N.V. Eneco.

The amount of compensation from third parties for items of property, plant and equipment that were impaired, lost or given up that is included in net income was immaterial for the years ended March 31, 2023, 2024 and 2025.

13. INVESTMENT PROPERTY

The following is a breakdown of gross carrying amount, accumulated depreciation and accumulated impairment losses, and carrying amount of investment property at March 31, 2024 and 2025.

	Millions of Yen		Millions of U.S. Dollars
	2024	2025	2025
Gross carrying amount	¥63,523	¥72,012	$480
Accumulated depreciation and accumulated impairment losses	34,769	37,621	251
Carrying amount	¥28,754	¥34,391	$229

The changes in the carrying amounts were primarily due to increases from acquisitions and decreases from depreciation. The respective amounts of these changes were immaterial at March 31, 2024 and 2025.

The fair value of investment property is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2025	2025
Fair value	¥40,281	¥45,282	$302

The fair value of investment property is mainly based on a valuation conducted by independent appraisers, with recent experience of real estate appraisal relevant to locations and types of investment property evaluated, and qualification of proper specialized agencies such as certified real estate appraiser.
The fair value is determined mainly using a discounted cash flow model based on inputs such as estimated future rental income of each property, discount rate, etc. The fair value is designated as Level 3 in the fair value hierarchy.

The amounts of rental income and fixed property taxes and other direct operating expenses arising from investment property were immaterial for the years ended March 31, 2023, 2024 and 2025.

The amount of acquisitions of investment property for which a contract had been concluded but not executed was immaterial at March 31, 2024 and 2025.

14. INTANGIBLE ASSETS AND GOODWILL

Intangible assets

The following is a breakdown of the gross carrying amount, accumulated amortization and accumulated impairment losses, and carrying amount of intangible assets at March 31, 2024 and 2025.

	Millions of Yen						
	Trademarks and trade names	Software	Customer relationships	Fish farming license and surface rights	Sustainable energy subsidy	Other	Total
(March 31, 2024)							
Gross carrying amount	¥52,243	¥287,488	¥190,860	¥122,817	¥92,811	¥77,733	¥823,952
Accumulated amortization and accumulated impairment losses	14,484	179,450	99,911	2,939	27,514	53,234	377,532
Carrying amount	¥37,759	¥108,038	¥90,949	¥119,878	¥65,297	¥24,499	¥446,420
(March 31, 2025)							
Gross carrying amount	¥52,066	¥317,067	¥192,751	¥157,579	¥92,930	¥56,552	¥868,945
Accumulated amortization and accumulated impairment losses	16,714	200,863	113,348	3,586	34,443	38,839	407,793
Carrying amount	¥35,352	¥116,204	¥79,403	¥153,993	¥58,487	¥17,713	¥461,152

	Millions of U.S. Dollars						
(March 31, 2025)	Trademarks and trade names	Software	Customer relationships	Fish farming license and surface rights	Sustainable energy subsidy	Other	Total
Gross carrying amount	$347	$2,114	$1,285	$1,051	$620	$377	$5,793
Accumulated amortization and accumulated impairment losses	111	1,339	756	24	230	259	2,719
Carrying amount	$236	$775	$529	$1,027	$390	$118	$3,074

The following is a breakdown of the changes in the carrying amount of intangible assets for the years ended March 31, 2024 and 2025.

Carrying amount	Millions of Yen						
	Trademarks and trade names	Software	Customer relationships	Fish farming license and surface rights	Sustainable energy subsidy	Other	Total
Beginning of year ended March 31, 2024	¥281,021	¥139,138	¥149,738	¥95,844	¥64,901	¥16,985	¥747,627
Additions	599	55,939	—	14,555	—	13,691	84,784
Additions through business combinations	377	385	—	—	—	9,984	10,746
Disposal or reclassification to assets held for sale	(236,840)	(50,832)	(77,441)	(180)	—	(9,492)	(374,785)
Amortization	(11,839)	(37,813)	(16,862)	(72)	(7,387)	(14,459)	(88,432)
Impairment losses	—	(1,236)	—	(1)	—	(2,302)	(3,539)
Exchange translations	4,135	2,940	8,814	9,887	7,783	1,198	34,757
Other	306	(483)	26,700	(155)	—	8,894	35,262
End of year ended March 31, 2024	¥37,759	¥108,038	¥90,949	¥119,878	¥65,297	¥24,499	¥446,420
Additions	51	37,084	—	17,957	—	11,551	66,643
Additions through business combinations	94	102	2,842	10,516	—	27	13,581
Disposal or reclassification to assets held for sale	1	(378)	—	—	—	(487)	(864)
Amortization	(2,289)	(27,382)	(13,834)	(68)	(7,800)	(11,361)	(62,734)
Impairment losses	(2)	(1,217)	—	—	—	(611)	(1,830)
Exchange translations	(230)	167	(554)	2,183	990	(1,410)	1,146
Other	(32)	(210)	—	3,527	—	(4,495)	(1,210)
End of year ended March 31, 2025	¥35,352	¥116,204	¥79,403	¥153,993	¥58,487	¥17,713	¥461,152

Carrying amount	Millions of U.S. Dollars						
	Trademarks and trade names	Software	Customer relationships	Fish farming license and surface rights	Sustainable energy subsidy	Other	Total
Beginning of year ended March 31, 2025	$252	$720	$606	$799	$435	$163	$2,976
Additions	0	247	—	120	—	77	444
Additions through business combinations	1	1	19	70	—	0	91
Disposal or reclassification to assets held for sale	0	(3)	—	—	—	(3)	(6)
Amortization	(15)	(183)	(92)	(0)	(52)	(76)	(418)
Impairment losses	(0)	(8)	—	—	—	(4)	(12)
Exchange translations	(2)	1	(4)	15	7	(9)	8
Other	(0)	(1)	—	24	—	(30)	(8)
End of year ended March 31, 2025	$236	$775	$529	$1,027	$390	$118	$3,074

"Disposal or reclassification to assets held for sale" for the year ended March 31, 2024, includes the effect of reclassification of assets held by Lawson, a consolidated subsidiary in the Smart-Life Creation Segment, to held for sale, and “Other” of “Customer relationships” includes the reversal of impairment loss recognized in the past regarding customer-related assets of Lawson (related to domestic convenience store business) of ¥26,745 million. The reversal of impairment loss is included in "Impairment losses and reversals on property, plant and equipment, intangible assets, goodwill and others" in the consolidated statement of income. For details of reclassification of assets to held for sale, please refer to Note 11.

The Company does not amortize intangible assets with indefinite useful lives such as fish farming license and surface rights, given that the terms of the contracts are not set out and it is possible to sustain the value of such rights at a small cost.

At March 31, 2024 and 2025, the carrying amounts of intangible assets with indefinite useful lives were as follows:

Carrying amount	Millions of Yen		Millions of U.S. Dollars
	2024	2025	2025
Fish farming license and surface rights	¥118,506	¥152,664	$1,018
Other	4,747	4,592	31
Total	¥123,253	¥157,256	$1,048

Amortization expense for intangible assets, including those internally generated, is included in "Cost of revenues" or "Selling, general and administrative expenses" in the consolidated statement of income.

Impairment losses on intangible assets are included in "Impairment losses and reversals on property, plant and equipment, intangible assets, goodwill and others" in the consolidated statement of income. For the assets for which indications of impairment are identified, the recoverable amounts are estimated, normally as value in use, and impairment losses are calculated as the difference between the carrying amount of the assets and the recoverable amount. Value in use of assets is primarily estimated based on discounted cash flows.

Internally generated intangible assets primarily consist of software, the carrying amount of which was ¥69,094 million and ¥67,269 million ($448 million) at March 31, 2024 and 2025, respectively.

The amount of contractual commitments for the acquisition of intangible assets was immaterial at March 31, 2024 and 2025.

Research and development costs recognized in net income were immaterial at March 31, 2023, 2024 and 2025.

Goodwill

The following is a breakdown of the gross carrying amount, accumulated impairment losses, and carrying amount of goodwill at March 31, 2024 and 2025.

	Millions of Yen		Millions of U.S. Dollars
	2024	2025	2025
Gross carrying amount	¥316,285	¥317,481	$2,117
Accumulated impairment losses	(19,812)	(19,728)	(132)
Carrying amount	¥296,473	¥297,753	$1,985

The following is a breakdown of the changes of the carrying amount of goodwill.

Carrying amount	Millions of Yen		Millions of U.S. Dollars
	2024	2025	2025
Balance at the beginning of the year	¥459,775	¥296,473	$1,976
Additions	10,229	4,474	30
Impairment losses	(7,172)	—	—
Disposal	(189,362)	—	—
Exchange translations	23,005	(1,769)	(12)
Other	(2)	(1,425)	(10)
Balance at the end of the year	¥296,473	¥297,753	$1,985

Impairment losses on goodwill are included in "Other income (expense)-net" in the consolidated statement of income.

Decrease of the carrying amount due to disposal for the year ended March 31, 2024 includes the effect of reclassification of assets (including goodwill) held by Lawson, a consolidated subsidiary in the Smart-Life Creation Segment, to held for sale. For details, please refer to Note 11. Also, decrease of the carrying amount due to disposal for the year ended March 31, 2024 includes the effect of the loss of control over Nexamp, Inc., a consolidated subsidiary in the Power Solution Segment. For details, please refer to Note 37 (Nexamp, Inc.).

Impairment test of goodwill and intangible assets with indefinite useful lives

The assumptions used for the impairment test of significant goodwill and intangible assets with indefinite useful lives allocated to cash-generating units were as follows:

Cermaq Group AS

The amount of goodwill and intangible assets with indefinite useful lives as of March 31, 2024 was ¥24,496 million and ¥117,630 million, respectively. The amount of goodwill and intangible assets with indefinite useful lives as of March 31, 2025 was ¥26,199 million ($175 million) and ¥151,772 million ($1,012 million), respectively.
In the impairment test of goodwill and intangible assets with indefinite useful lives, the recoverable amount was estimated based on value in use by using the present value of future cash flows based on the business plan reflecting the most recent business environment, with the support of an independent appraiser.
The key assumptions with the most significant impact on the calculation of value in use are the future salmon price and farming plan. Therefore, the Company has formulated a business plan covering a period of ten years to reflect factors such as the mid and long-term salmon forecast for supply and demand, as well as the effect of on-going salmon farming improvement initiatives.
For the discount rate, the Company used a rate that reasonably reflects the rate of return that is considered to be the market-average rate incorporating the risks specific to the cash-generating unit. The growth rate for future cash flows exceeding the period of the business plan must take into consideration the long-term average growth rate of the market or country to which the cash-generating unit belongs and must be set in a range that does not exceed this rate. For the impairment test in the year ended March 31, 2025, the Company used the growth rate of 0%.
Even when the significant assumptions used in the impairment test change within a reasonably predictable range, the risk of the recoverable amount falling below the book value is considered to be limited.

Chiyoda Corporation

The amount of goodwill as of March 31, 2024 and 2025 was ¥69,230 million and ¥69,196 million ($461 million), respectively.
In the impairment test of goodwill, the recoverable amount was estimated based on value in use by using the present value of future cash flows based on the business plan reflecting the most recent business environment, with the support of an independent appraiser.
The Company has formulated business plans for each major business, mainly covering a period of five years. The key assumptions with the most significant impact on the calculation of the value in use are construction revenue and gross profit margin. These assumptions reflect factors such as the current status of each project and the economic environment.
For the discount rate, the Company used a rate that reasonably reflects the rate of return that is considered to be the market-average rate incorporating the risks specific to the cash-generating units. Future cash flows exceeding the period of the business plan were estimated based on the leveling of historical results. The growth rate for future cash flows exceeding the period of the business plan must take into consideration the long-term average growth rate of the market or country to which the cash-generating unit belongs and must be set in a range that does not exceed this rate. For the impairment test in the year ended March 31, 2025, the Company mainly used the growth rate of 0%. For some businesses, terminal value for the period beyond the business plan was calculated by multiplying the one-year net profit based on the net profit of the last year of the business plan by percentages referencing guideline company peer group forward PER multiples.
Even when the significant assumptions used in the impairment test change within a reasonably predictable range, the risk of the recoverable amount falling below the book value is considered to be limited.

N.V. Eneco

The amount of goodwill as of March 31, 2024 and 2025 was ¥145,864 million and ¥144,877 million ($966 million), respectively.
In the impairment test of goodwill, the recoverable amount was estimated based on value in use by using the present value of future cash flows based on the business plan reflecting the most recent business environment, with the support of an independent appraiser.
The Company has formulated a business plan covering a period of five years. The key assumptions with the most significant impact on the calculation of the value in use are the sales price assumption and the supply outlook that is a precondition for sales volume. These assumptions reflect factors such as historical performance and the outlook for future supply-and-demand conditions, etc.
For the discount rate, the Company used a rate that reasonably reflects the rate of return that is considered to be the market-average rate incorporating the risks specific to the cash-generating units. The growth rate for future cash flows exceeding the period of the business plan must take into consideration the long-term average growth rate of the market or country to which the cash-generating unit belongs and must be set in a range that does not exceed this rate. For the impairment test in the year ended March 31, 2025, the Company used the growth rate of 0%.
Even when the significant assumptions used in the impairment test change within a reasonably predictable range due to factors observed in the external environment such as escalation of geopolitical risks and volatile energy market conditions, the risk of the recoverable

amount falling below the book value is considered to be limited.

15. EXPLORATION FOR AND EVALUATION OF MINERAL RESOURCES

The carrying amount of exploration and evaluation assets was ¥127,573 million and ¥122,560 million ($817 million) as of March 31, 2024 and 2025, respectively, and these amounts were primarily included within "Property, plant and equipment" in the consolidated statements of financial position. The changes in the carrying amounts of exploration and evaluation assets were mainly due to exchange translations.

Further, there were some liabilities derived from the Company's exploration and evaluation activities; however, the carrying amount as of March 31, 2024 and 2025 was immaterial.

In addition, there were some expenses as well as cash flows from operating and investing activities derived from the Company's exploration and evaluation activities; however, neither of these expenses nor cash flows for the years ended March 31, 2023, 2024 and 2025 were material.

16. ASSETS PLEDGED AND ACCEPTED AS COLLATERAL

Assets pledged as collateral

The following is a breakdown of the carrying amounts of assets pledged as collateral for loans, guarantees of contracts and others at March 31, 2024 and 2025.

	Millions of Yen		Millions of U.S. Dollars
	2024	2025	2025
Trade and other receivables (current and non-current)	¥179,968	¥151,192	$1,008
Other investments (current and non-current)	287,774	264,204	1,761
Property, plant and equipment (net of accumulated depreciation and accumulated impairment losses)	100,202	77,290	515
Assets classified as held for sale	116,175	—	—
Other	8,735	9,415	63
Total	¥692,854	¥502,101	$3,347

"Other investments" above includes shares pledged as collateral by the Company in relation to project financing in which an associate or investee is the debtor.

The Parent, subsidiaries, associates and investees have borrowings under loan agreements with financial institutions, and above assets pledged as collateral are provided upon the request of the lenders.

With respect to the borrowings from financial institutions, lenders have rights to enforce the disposal of those assets pledged as collateral and may offset those proceeds against a debt, if the borrower defaults on a debt such as failure of borrower to pay any sum of matured payables, or breach the representation and warranty or the covenants.

Trust receipts issued under customary import financing arrangements give banks a security interest in the merchandise imported and/or sales proceeds resulting from the sale of such merchandise. The Company follows the practice of repaying the related notes and acceptances payable at maturity without applying the sales proceeds to specific notes or acceptances. Due to the large volume of transactions, it is impracticable to determine the aggregate amounts of assets covered by outstanding trust receipts and, therefore, those amounts are not included in the amount of assets pledged as collateral above.

Notwithstanding the above assets pledged as collateral, substantially all of the short-term and long-term loans from banks are made under agreements which, as is customary in Japan, allow banks, under certain conditions, to require the Company to provide collateral (or additional collateral) or guarantors with respect to the loans, and to treat any collateral, whether furnished as security for certain short-term or long-term loans or otherwise, as collateral for all indebtedness to such banks.

It may be possible to regard the assets as pledged collateral for those transferred but which are not derecognized from the consolidated statement of financial position. However, the legal nature of those transactions are different from the assets pledged under collateral in normal contracts hence the Company excluded such transactions from the table above.

Meanwhile, the Company sold ¥129,964 million and ¥114,188 million ($761 million) of non-financial assets in Precious Metals under repurchase agreements which were not derecognized at March 31, 2024 and 2025, respectively. As for similar transactions regarding to the financial assets, please refer to Note 34.

Assets accepted as collateral

The fair value of accepted collateral was immaterial at March 31, 2024 and 2025.

17. BONDS AND BORROWINGS

Bonds and borrowings (current liabilities) as of March 31, 2024 and 2025 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2024	2025	2025
Bank loans —3.4% as of March 31, 2025	¥446,322	¥475,182	$3,168
Commercial paper —4.1% as of March 31, 2025	826,593	607,411	4,049
Bonds and borrowings (non-current liabilities) with current maturities	460,769	255,681	1,705
Total	¥1,733,684	¥1,338,274	$8,922

The interest rates represent weighted-average rates on outstanding balances as of March 31, 2025.

Bonds and borrowings (non-current liabilities) as of March 31, 2024 and 2025 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2024	2025	2025
Non-current liabilities with collateral maturing through 2041 —principally 1.0% to 7.6% as of March 31, 2025	¥67,513	¥72,272	$482
Non-current liabilities without collateral:			
Banks and other financial institutions, maturing through 2083 —principally 0.1% to 1.9% as of March 31, 2025	1,816,908	1,869,855	12,466
Banks and other financial institutions, maturing through 2038 (payable in foreign currencies) —principally 2.2% to 5.3% as of March 31, 2025	1,340,960	1,016,301	6,775
Japanese yen bonds (including commercial paper) (fixed rate 0.5% to 1.7%, due 2028-2081 as of March 31, 2025)	350,000	320,000	2,133
U.S. dollar bonds (floating rate 4.4%, due 2028 as of March 31, 2025)	4,542	4,485	30
(fixed rate 1.1% to 5.1%, due 2026-2034 as of March 31, 2025)	302,510	298,146	1,988
Hong Kong dollar bonds (fixed rate 4.1%, due 2028 as of March 31, 2025)	—	5,763	38
Other and adjustments	(27,396)	(52,393)	(349)
Sub-total	¥3,855,037	¥3,534,429	$23,563
Less current maturities	(460,769)	(255,681)	(1,705)
Total	¥3,394,268	¥3,278,748	$21,858

Non-current liabilities with collateral principally include borrowings from banks and other financial institutions both in Japanese yen and foreign currencies.

Related information such as lines of credit, financial covenants and breakdown by due date is stated in "Liquidity risk management" of Note 33.

Non-current liabilities from banks and other financial institutions without collateral include a subordinated loan (Hybrid Loan, maturing through 2080-2083) of ¥286,000 million ($1,907 million). These loans are callable after the fifth year from their execution dates (2020-2023) at the discretion of the Company.

Japanese yen bonds without collateral include subordinated and callable deferred interest bonds (Hybrid Bonds, maturing through 2075-2081) of ¥200,000 million ($1,333 million). These bonds are callable after the fifth or tenth year from their issuance dates (2015-2021) at the discretion of the Company.

The amount of fixed-rate debts and bonds procured by the Parent were ¥1,792,905 million and ¥1,831,646 million ($12,211 million) as of March 31, 2024 and 2025, respectively. In principle, for these fixed-rate debts and bonds, fair value hedge with interest rate swaps as hedging instruments is applied to hedge risks of changes in fair value due to interest rate volatility. Please refer to Notes 32 and 33 for details about fair value hedges.

18. TRADE AND OTHER PAYABLES

The carrying amounts of "Trade and other payables" (current liabilities) at March 31, 2024 and 2025 mostly consist of accounts payable-trade to be paid to suppliers, in which the amounts not expected to be settled within 1 year were immaterial.

19. EMPLOYEE BENEFITS

(1) Pension and retirement benefit obligations

The Parent and certain subsidiaries have defined benefit pension plans covering substantially all employees other than directors. The primary defined benefit pension plans are the Corporate Pension Funds under the Japanese Defined Benefit Corporate Pension Law. The benefits for these plans are based upon years of service, compensation at the time of severance and other factors.

By April 2013, the Parent had converted certain portions of the Corporate Pension Funds into a defined contribution plan in phases.

The Parent has the obligation to make contributions to the Mitsubishi Corporation Pension Fund ("Fund") in order to cover the cost of paying pension benefits. The Fund is legally independent from the Parent, and the board of representatives comprises an equal number of representatives elected by the Parent and the Parent's employees. The chairman of the board is elected from the representatives elected from the Parent. Proceedings of the board of representatives are decided by a majority vote of the members attending. In the case of a tied vote, the chairman has the power to decide. However, with regard to important matters, the decision is made by a majority that exceeds the above.

The director of the Fund has the duty to comply with the law, the dispositions of the Minister of Health, Labour, and Welfare made pursuant to laws, the bylaws of the Fund and the decisions of the board of representatives and to faithfully perform duties for the Fund. In addition, the director is prohibited from acts that constitute conflicts of interest and from managing the Fund for the purpose of benefiting a third party.

In addition to the defined benefit pension plans, the Parent and most of the domestic subsidiaries have unfunded severance indemnity plans under which their employees, other than directors, are entitled, under most circumstances, to lump-sum severance indemnities upon mandatory retirement at normal retirement age or earlier termination of employment. The benefits for these plans are based upon years of service, compensation at the time of severance and other factors.

The Company uses March 31 as the measurement date for the pension plans.

The following is a breakdown of changes in the net amount recorded in the consolidated statement of financial position for the Company's defined benefit obligations for the years ended March 31, 2024 and 2025:

	Millions of Yen		Millions of U.S. Dollars
	2024	2025	2025
Change in present value of obligations under defined benefit pension plans:			
Present value of obligations under defined benefit pension plans at the beginning of the year	¥556,776	¥487,473	$3,250
Service cost	14,924	12,639	84
Interest cost	8,473	7,695	51
Actuarial (gain) loss	(11,996)	(13,070)	(87)
Benefits paid	(28,474)	(26,139)	(174)
Acquisitions/divestitures-net	(49,846)	(715)	(5)
Others	(2,384)	(3,620)	(24)
Present value of obligations under defined benefit pension plans at the end of the year	487,473	464,263	3,095
Change in plan assets:			
Fair value of plan assets at the beginning of the year	557,911	556,870	3,712
Interest income	9,350	9,414	63
Income from plan assets other than interest	99,238	43,594	291
Employer contributions	3,612	3,568	24
Benefits paid	(21,875)	(21,836)	(146)
Return of assets from retirement benefit trusts	(55,400)	—	—
Acquisitions/divestitures-net	(32,214)	(316)	(2)
Others	(3,752)	(3,816)	(25)
Fair value of plan assets at the end of the year	556,870	587,478	3,917
Effect of the asset ceiling	—	—	—
Net amount of (assets) liabilities recorded in Consolidated statement of financial position	¥(69,397)	¥(123,215)	$(821)

Notes:

1. "Actuarial (gain) loss" arises from changes in demographic assumptions and financial assumptions.
2. "Return of assets from retirement benefit trusts" was a result of the partial cancellation of the Parent's retirement benefit trust in the previous fiscal year. The transaction amount is included in “Other - net” of cash flow from Operating activities in the consolidated statement of cash flows.

Investment Policy

The Company's investment policy for its defined benefit pension plans is to procure an adequate return to provide future payments of pension benefits over the long term by optimizing risk tolerance and formulating a well-diversified portfolio including investments such as equity instruments, debt securities and alternative assets.
Considering the funded status of the pension plans and surrounding economic environment for investments, the Company's investment strategy may be revised as needed. Moreover, the Company continuously monitors and pays extra attention to the diversification strategies and investment managers for the purpose of risk control and thereby pursues efficient risk management.

Fair value of plan assets by type

The following is a breakdown of the Company's plan assets at March 31, 2024 and 2025:

	Millions of Yen		Millions of U.S. Dollars
	2024	2025	2025
Plan assets that have a quoted market price in an active market			
Equity instruments	¥153,896	¥202,741	$1,352
Debt instruments	6,669	6,243	42
Cash and cash equivalents	27,522	30,264	202
Total	188,087	239,248	1,595
Plan assets that do not have a quoted market price in an active market			
Equity instruments	95,945	63,903	426
Debt instruments	141,895	145,943	973
Life insurance company accounts	57,852	56,693	378
Other assets	73,091	81,691	545
Total	368,783	348,230	2,322
Total plan assets	¥556,870	¥587,478	$3,917

Notes:
1. "Equity instruments" that have a quoted market price in an active market mainly consist of Japanese equity securities and include investments through funds.
2. "Equity instruments" and "Debt instruments" that do not have a quoted market price in an active market mainly consist of global equity securities and global debt, respectively, and both include investments through funds.
3. "Other assets" include cash equivalent, hedge funds, private equity funds, and infrastructure funds, etc.

Significant actuarial assumptions

The weighted average assumptions used to measure the present value of the defined benefit obligation at March 31, 2024 and 2025 were as follows:

	2024	2025
Discount rate	1.6%	2.3%
Rate of increase in future compensation levels	2.7	3.2

The assumption of average longevity at pension age of the Parent was 21.0 years for current pensioners, and 22.9 years and 23.1 years for employees respectively, at March 31, 2024 and 2025.

Analysis of sensitivity to significant actuarial assumptions

If the discount rate of the Parent which accounts for a large proportion of the defined benefit obligation of the Company falls by 0.5%, the defined benefit obligation is presumed to increase by ¥23,827 million ($159 million) at March 31, 2025. If the discount rate of the Parent rises by 0.5%, the defined benefit obligation is presumed to decrease by ¥21,250 million ($142 million).
This analysis assumes that all other variables remain constant. However, the discount rate does not always change independently.

Contributions

The Company's funding policy is to contribute to provide not only for benefits attributable to service to date, but also for those expected to be earned in the future. Companies in Japan generally contribute to the extent of the amount deductible for income tax purposes.
The Company expects to contribute ¥3,420 million ($23 million) to its defined benefit pension plans during the year ending March 31, 2026.

Estimated future benefit payments

Estimated future benefit payments are as follows:

	Millions of Yen	Millions of U.S. Dollars
Years ending March 31:		
2026	¥28,463	$190
2027	28,025	187
2028	31,243	208
2029	31,681	211
2030	29,915	199
2031 through 2035	133,290	889

Defined contribution plans

The Parent and certain subsidiaries have defined contribution plans. The expenses related to these defined contribution plans for the years ended March 31, 2023, 2024 and 2025 were ¥11,770 million, ¥12,766 million and ¥12,610 million ($84 million), respectively.

(2) Employee benefits expense

The amount of employee benefits expense included in the consolidated statement of income was ¥776,293 million, ¥825,473 million and ¥786,871 million ($5,246 million) for the years ended March 31, 2023, 2024 and 2025, respectively.

20. PROVISIONS

The changes in provisions for the years ended March 31, 2025 were as follows:

(Year ended March 31, 2025)

	Millions of Yen					
	Balance at the beginning of the year	Provisions made	Provisions used	Accretion expense	Other*	Balance at the end of the year
Provision for decommissioning and restoration	¥219,853	¥79,031	¥(9,900)	¥9,216	¥(11,461)	¥286,739
Provision relating to onerous contracts	135,338	47,706	(35,051)	703	(72,117)	76,579
Other	90,802	25,481	(10,954)	—	(37,549)	67,780

(Year ended March 31, 2025)

	Millions of U.S. Dollars					
	Balance at the beginning of the year	Provisions made	Provisions used	Accretion expense	Other*	Balance at the end of the year
Provision for decommissioning and restoration	$1,466	$527	$(66)	$61	$(76)	$1,912
Provision relating to onerous contracts	902	318	(234)	5	(481)	511
Other	605	170	(73)	—	(250)	452

Notes:
1. "Other*" principally includes the effect of changes in foreign currency exchange rates, unused amounts reversed during the period and the effect of consolidation and deconsolidation.
2. In addition to the above, "Provisions" on the consolidated statement of financial position contains provisions regarding employee benefits and others.

Provision for decommissioning and restoration

The Company recognizes a provision for decommissioning and restoration, consisting primarily of costs associated with mine reclamation, landfills and dismantlement of facilities. These are related to legal obligations associated with the normal operation of the Company's coal mining, oil, gas and other facilities. The main cash outflows related to the provision are expected to be paid over approximately 61 years, but are inherently difficult to predict and affected by future business plans and other circumstances. The discount rate is applied at a pre-tax discount rate that reflects the market valuation of the time value of money.

At March 31, 2024, the Company estimated that the cash outflows related to the provision would occur up to 51 years, however, at the end of March 31, 2025, it is expected to be paid over periods of up to 61 years as a result of the following reviews and reassessments.

The Company's consolidated subsidiary in the Mineral Resources segment recognizes a provision for asset retirement obligations based on costs they expect to incur to rehabilitate mining sites and decommission of infrastructure/facilities.

During the year ended March 31, 2025, the Company reviewed its plans for the decommissioning and restoration of such assets by reflecting the most recent external environment and other factors, and ¥64,360 million ($429 million) is recognized in "Provisions made." As a result, the amount of asset retirement obligations increased by ¥54,103 million ($361 million) to ¥197,221 million ($1,315 million) as of March 31, 2025.

Provision relating to onerous contracts

The Company recognizes a provision relating to onerous contracts, consisting primarily of costs associated with construction contract and commodity sales and purchase contract, if the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

During the year ended March 31, 2025, provisions for losses on construction contracts of Chiyoda Corporation amounting to ¥35,544 million ($237 million) (increase) and ¥31,726 million ($212 million) (decrease) were recorded as "Provisions made" and "Provisions used", respectively, due to the reassessments of project execution costs and the progress of the project executions. This amount includes construction losses from the Golden Pass LNG Project. In the year ended March 31, 2024, the Parent estimated and recorded a provision for the construction losses of the project in light of the possibility that a partner who jointly operates the project may withdraw from the project. In the year ended March 31, 2025, the provision was re-estimated and recorded based on revised estimation of losses that reflects the progress of the construction and written agreements with the customers and the other partner of the project. The provision recorded in the year ended March 31, 2024, has been reversed and the impact of this reversal has been included in “Other.” Cash outflows related to these provisions are expected to be paid over periods of up to 2 years, but will be affected by future business plans and other circumstances.

Other

"Other" includes provisions for product warranties, provisions for loss on litigation and others.

21. EQUITY

Common stock

The Companies Act of Japan (the "Companies Act") requires in principle that the amount of payment for shares and assets delivered shall be the amount of common stock. However, the Companies Act permits, as an exception, that an amount not exceeding 50% of such payment and assets may be incorporated into additional paid-in capital.

The total number of shares of common stock authorized to be issued at March 31, 2023, 2024 and 2025 was as follows:

	2023 (Number of shares)	2024 (Number of shares)	2025 (Number of shares)
Ordinary stock (no-par stock)	7,500,000,000	7,500,000,000	7,500,000,000

The change in the total number of shares of issued stock for the years ended March 31, 2023, 2024 and 2025 was as follows:

	2023 (Number of shares)	2024 (Number of shares)	2025 (Number of shares)
Balance, beginning of the year	4,457,170,053	4,374,907,053	4,179,018,153
Change during the year	(82,263,000)	(195,888,900)	(156,627,000)
Balance, end of the year	4,374,907,053	4,179,018,153	4,022,391,153

Additional paid-in capital and retained earnings

The Companies Act requires that an amount equal to 10% of dividends from retained earnings to be paid shall be appropriated and set aside as a legal reserve until the total of additional paid-in capital and legal reserve amounts to be 25% of the common stock amount.

The Companies Act allows, subject to certain conditions, such as resolution at a shareholders' meeting, a company to transfer amounts between common stock, reserves and surplus.

Treasury stock

The Companies Act allows Japanese companies to purchase and hold treasury stock. Japanese companies are allowed to decide the number, amount and other aspects of the treasury stock to be acquired, not exceeding the amount available for distribution, upon resolution at the shareholders' meeting. The Companies Act allows Japanese companies to purchase treasury stock through market transactions or tender offer by resolution of the Board of Directors, within the limit under the Articles of Incorporation, subject to limitations imposed by the Companies Act. At the ordinary general meeting of shareholders held on June 24, 2004, approval was granted for the Parent to amend the Articles of Incorporation to entitle the Board of Directors to purchase outstanding shares of the Parent's treasury stock by its resolutions.

The number of treasury stock held by the Parent and the Parent’s treasury stock held by subsidiaries and associates were 88,529,424 shares, 81,159,032 shares and 44,547,170 shares at March 31, 2023, 2024 and 2025, respectively. This decrease was due to the share cancellation.

The number of shares of the Parent held in the trust account for the ESOP Trust, which was included in the number of treasury stock and treasury stock held by subsidiaries and associates, were 21,059,172 shares, 20,529,960 shares and 19,781,904 shares at March 31, 2023, 2024 and 2025, respectively.

Shares repurchased and cancelled during the year ended March 31, 2025 were as follows:

Resolution	Class of shares	Number of shares repurchased	Number of shares cancelled	Date of cancellation (Expected date)	Shares outstanding after cancellation
Board of Directors' meeting held on February 6, 2024	Ordinary shares	123,276,500	156,627,000	October 31, 2024	4,022,391,153

Dividends
Under the Companies Act, the total amount of dividends and acquisition or purchase of treasury stock may not exceed the distributable amount of the Parent which is calculated based on the amount of the retained earnings recorded in the Parent's books of account prepared in accordance with accounting principles generally accepted in Japan. Adjustments to the consolidated financial statements to conform with IFRS have no impact on the distributable amount under the Companies Act. The distributable amount under the Companies Act was ¥3,359,985 million ($22,400 million) as of March 31, 2025. The distributable amount may change up to the effective date of the distribution of dividends due to the Parent's acquisition of its own shares.

The Company has stipulated in the Articles of Incorporation that the matters listed in Article 459, Paragraph 1 of the Companies Act, including dividends of surplus, to be resolvable by the Board of Directors. The Company's basic policy is to pay dividends of surplus twice a year, an interim dividend and a year-end dividend. The decision body for dividends of surplus for the year ended March 31,2025 is the shareholders' meeting for the year-end dividend (record date is March 31 every year) and the Board of Directors for the interim dividend (record date is September 30 every year).

Dividends paid during the years ended March 31, 2023, 2024 and 2025 were as follows:

		Millions of Yen	Yen			Millions of U.S. Dollars	U.S. Dollars
Resolution	Class of shares	Amount of dividends	Dividends per share	Record date	Effective date	Amount of dividends	Dividends per share
Ordinary general meeting of shareholders held on June 24, 2022	Ordinary shares	¥116,909	¥26.33	March 31, 2022	June 27, 2022		
Board of Directors' meeting held on November 8, 2022	Ordinary shares	112,715	25.67	September 30, 2022	December 1, 2022		
Ordinary general meeting of shareholders held on June 23, 2023	Ordinary shares	147,891	34.33	March 31, 2023	June 26, 2023		
Board of Directors' meeting held on November 2, 2023	Ordinary shares	146,990	35.00	September 30, 2023	December 1, 2023		
Ordinary general meeting of shareholders held on June 21, 2024	Ordinary shares	144,146	35.00	March 31, 2024	June 24, 2024	$961	$0.23
Board of Directors' meeting held on November 1, 2024	Ordinary shares	199,825	50.00	September 30, 2024	December 2, 2024	1,332	0.33

Dividends with a record date in the current fiscal year but an effective date in the following fiscal year are as follows:

		Millions of Yen		Yen			Millions of U.S. Dollars	U.S. Dollars
Resolution	Class of shares	Amount of dividends	Source of dividends	Dividends per share	Record date	Effective date	Amount of dividends	Dividends per share
Ordinary general meeting of shareholders held on June 20, 2025 (expected)	Ordinary shares	¥199,883	Retained earnings	¥50.00	March 31, 2025	June 23, 2025	$1,333	$0.33

Management of capital
The Parent manages total equity attributable to owners of the Parent as the Company's capital.

The Company's basic capital policy is to sustain growth and maximize corporate value by enhancing its earnings base, as well as taking efficiency and soundness into consideration.

Some subsidiaries of the Company are affected by capital restrictions through debt covenants on interest-bearing liabilities from financial institutions. Therefore, the Company manages its financial operations to ensure that it stays within the requirements of those covenants.

Note: On January 1, 2024, the Company conducted a three-for-one stock split of its common shares. The calculation of the number of shares and dividends per share above are done under the assumption that the stock split occurred at the beginning of the fiscal year ended March 31, 2023.

22. OTHER COMPONENTS OF EQUITY AND OTHER COMPREHENSIVE INCOME (LOSS)

The following is a breakdown of "Other components of equity" (attributable to owners of the Parent, net of tax) for the years ended March 31, 2023, 2024 and 2025.

	Millions of Yen				
	Balance at the beginning of the year	Other comprehensive income (loss) attributable to owners of the Parent	Transfer to retained earnings	Transfer to non-financial assets or non-financial liabilities	Balance at the end of the year
(Year ended March 31, 2023)					
Other investments designated as FVTOCI	¥511,059	¥(95,711)	¥(9,917)	—	¥405,431
Remeasurement of defined benefit pension plans	—	16,032	(16,032)	—	—
Cash flow hedges	(121,321)	174,365	—	—	53,044
Exchange differences on translating foreign operations	880,674	376,391	—	—	1,257,065
Total	¥1,270,412	¥471,077	¥(25,949)	—	¥1,715,540
(Year ended March 31, 2024)					
Other investments designated as FVTOCI	¥405,431	¥98,317	¥(32,601)	—	¥471,147
Remeasurement of defined benefit pension plans	—	85,329	(85,329)	—	—
Cash flow hedges	53,044	33,960	—	—	87,004
Exchange differences on translating foreign operations	1,257,065	532,379	—	—	1,789,444
Total	¥1,715,540	¥749,985	¥(117,930)	—	¥2,347,595
(Year ended March 31, 2025)					
Other investments designated as FVTOCI	¥471,147	¥10,577	¥(24,036)	—	¥457,688
Remeasurement of defined benefit pension plans	—	33,698	(33,698)	—	—
Cash flow hedges	87,004	(14,264)	—	¥(2,500)	70,240
Exchange differences on translating foreign operations	1,789,444	80,409	—	—	1,869,853
Total	¥2,347,595	¥110,420	¥(57,734)	¥(2,500)	¥2,397,781

	Millions of U.S. Dollars				
(Year ended March 31, 2025)	Balance at the beginning of the year	Other comprehensive income (loss) attributable to owners of the Parent	Transfer to retained earnings	Transfer to non-financial assets or non-financial liabilities	Balance at the end of the year
Other investments designated as FVTOCI	$3,141	$71	$(160)	—	$3,051
Remeasurement of defined benefit pension plans	—	225	(225)	—	—
Cash flow hedges	580	(95)	—	$(17)	468
Exchange differences on translating foreign operations	11,930	536	—	—	12,466
Total	$15,651	$736	$(385)	$(17)	$15,985

The following is a breakdown of Other comprehensive income (loss) attributable to owners of the Parent and Transferred to retained earnings of other investments designated as FVTOCI for the year ended March 31, 2025.

	Millions of Yen	
	Other comprehensive income (loss) attributable to owners of the Parent	Transfer to retained earnings
(Derecognized securities)		
Marketable securities	¥771	¥(24,661)
Non-marketable securities	2,650	625
(Securities held at March 31, 2025)		
Marketable securities	(50,294)	—
Non-marketable securities	57,450	—
Total	¥10,577	¥(24,036)

	Millions of U.S. Dollars	
	Other comprehensive income (loss) attributable to owners of the Parent	Transfer to retained earnings
(Derecognized securities)		
Marketable securities	$5	$(164)
Non-marketable securities	18	4
(Securities held at March 31, 2025)		
Marketable securities	(335)	—
Non-marketable securities	383	—
Total	$71	$(160)

The amount transferred to retained earnings related to securities held at March 31, 2025 is immaterial.

The following is a breakdown of Other comprehensive income (loss) (attributable to non-controlling interests, net of tax) for the years ended March 31, 2023, 2024 and 2025.

	Millions of Yen			Millions of U.S. Dollars
	2023	2024	2025	2025
Gains (losses) on other investments designated as FVTOCI	¥842	¥(7,663)	¥10,689	$71
Remeasurement of defined benefit pension plans	463	494	327	2
Cash flow hedges	13,502	3,075	(5,562)	(37)
Exchange differences on translating foreign operations	21,505	30,100	(5,934)	(40)
Total	¥36,312	¥26,006	¥(480)	$(3)

The following is a breakdown of "Other comprehensive income (loss)" (including those attributable to non-controlling interests) for the years ended March 31, 2023, 2024 and 2025.

	Millions of Yen								
	2023			2024			2025		
	Before income taxes	Income tax benefit (expense)	Net of tax	Before income taxes	Income tax benefit (expense)	Net of tax	Before income taxes	Income tax benefit (expense)	Net of tax
Items that will not be reclassified to profit or loss for the year									
Gains (losses) on other investments designated as FVTOCI	¥(122,089)	¥27,518	¥(94,571)	¥133,833	¥(31,280)	¥102,553	¥17,202	¥(18,688)	¥(1,486)
Remeasurement of defined benefit pension plans	18,476	(2,874)	15,602	111,234	(31,974)	79,260	56,664	(19,783)	36,881
Share of other comprehensive income (loss) of investments accounted for using the equity method	691	(96)	595	(4,181)	(1,155)	(5,336)	20,620	(724)	19,896
Items that may be reclassified to profit or loss for the year									
Cash flow hedges	130,717	(27,553)	103,164	45,473	(8,569)	36,904	(32,073)	8,781	(23,292)
Exchange differences on translating foreign operations	285,280	10,773	296,053	495,487	(16,091)	479,396	18,536	(217)	18,319
Share of other comprehensive income (loss) of investments accounted for using the equity method	214,850	(28,304)	186,546	104,435	(21,221)	83,214	74,881	(15,259)	59,622
Total	¥527,925	¥(20,536)	¥507,389	¥886,281	¥(110,290)	¥775,991	¥155,830	¥(45,890)	¥109,940

	Millions of U.S. Dollars		
	2025		
	Before income taxes	Income tax benefit (expense)	Net of tax
Items that will not be reclassified to profit or loss for the year			
Gains (losses) on other investments designated as FVTOCI	$115	$(125)	$(10)
Remeasurement of defined benefit pension plans	378	(132)	246
Share of other comprehensive income (loss) of investments accounted for using the equity method	137	(5)	133
Items that may be reclassified to profit or loss for the year			
Cash flow hedges	(214)	59	(155)
Exchange differences on translating foreign operations	124	(1)	122
Share of other comprehensive income (loss) of investments accounted for using the equity method	499	(102)	397
Total	$1,039	$(306)	$733

The amounts reclassified to profit or loss from exchange differences on translating foreign operations for the year ended March 31, 2023 include ¥13,296 million (before income taxes) due to the loss of control over DGA SEG B.V., a wholly owned subsidiary in the Power Solution segment, with an investment in the geothermal investment in Indonesia.

The amounts reclassified to profit or loss from exchange differences on translating foreign operations for the year ended March 31, 2024 include ¥16,323 million (before income taxes) due to the loss of control over DIAMOND GAS MALAYSIA B.V., a wholly owned subsidiary in the Environmental Energy segment, as well as ¥18,995 million (before income taxes) due to the loss of control over MC AUTOMOBILE (EUROPE) N.V., a wholly owned subsidiary in the Mobility segment.
Other than the above, the amounts reclassified to profit or loss from exchange differences on translating foreign operations and share of other comprehensive income (loss) of investments accounted for using the equity method included in Other comprehensive income (loss) (including those attributable to non-controlling interests) were immaterial for the years ended March 31, 2023, 2024 and 2025.

As for the reclassification adjustments to profit or loss from cash flow hedges included in Other comprehensive income (loss) (including those attributable to non-controlling interests) for the years ended March 31, 2023, 2024 and 2025, please refer to Note 32.

23. SHARE-BASED PAYMENT

The Parent unified previous stock option plans for a stock-linked compensation plan that grant the right to purchase the shares of the Parent at an exercise price of ¥1 per share from 2007 stock option plans resolved at the Board of Directors' meeting held on July 20, 2007 to the year ended March 31, 2019. The Parent resolved at the Board of Directors meeting held on June 21, 2019 that it would newly distribute stock options for a stock-linked compensation plan with market conditions.

The stock option plans for a stock-linked compensation plan resolved by the Board of Directors' meetings held on or after July 2007

Under the unified plan, for directors, executive officers and senior vice presidents of the Parent (excluding external directors), the right to purchase the shares of the Parent is granted at an exercise price of ¥1 per share. The contractual term of the stock option is up to 30 years. The stock options are vested and exercisable from the earlier of either the day up to 2 years after the grant date or the day after leaving their position as director, executive officer and senior vice president of the Parent. The stock option holders may exercise their stock acquisition right during the 10-year period starting on the day after leaving their position as director, executive officer and senior vice president of the Parent. If they leave their position before June 30 of the next year (for the stock option plans resolved by the Board of Directors' meeting held on or after May 2014, before March 31 of the next year) after the grant date, the exercisable number is determined based on the tenure from the grant date.

The stock option plan for a stock-linked compensation plan with market conditions resolved by the Board of Directors' meetings held on or after June 2019

Under the new plans with market conditions, for directors and executive officers of the Parent (excluding external directors), the right to purchase the shares of the Parent is granted at an exercise price of ¥1 per share. Depending on the plans, the contractual term of the stock option is 27 years starting on the day up to 3 years after the grant date. The number of stock options that can be exercised varies depending on the Parent's share performance for 3 years starting from the grant date or the day up to 3 years before the grant date. The stock option holders cannot exercise their stock acquisition right after 10 years from the day after leaving their position as director and executive officer of the Parent.

The share-based remuneration based on these stock option plans was immaterial for the years ended March 31, 2023, 2024 and 2025.

24. REVENUES

(1) The disaggregation of revenue recognized from contracts with customers

The following is the disaggregation of "Revenues" for the years ended March 31, 2023, 2024 and 2025.

2023	Millions of Yen					
	Environmental Energy	Materials Solution	Mineral Resources	Urban Development & Infrastructure	Mobility	Food Industry
Revenues recognized from contracts with customers	¥2,029,204	¥4,688,911	¥1,758,863	¥657,603	¥1,014,483	¥1,913,345
Revenues from other sources of revenue	1,780,019	30,168	1,926,110	139,698	74,303	487,432
Total	¥3,809,223	¥4,719,079	¥3,684,973	¥797,301	¥1,088,786	¥2,400,777

	Millions of Yen					
	Smart-Life Creation	Power Solution	Total	Other	Adjustments and Eliminations	Consolidated
Revenues recognized from contracts with customers	¥3,385,750	¥1,630,190	¥17,078,349	¥5,698	—	¥17,084,047
Revenues from other sources of revenue	5,886	44,310	4,487,926	—	—	4,487,926
Total	¥3,391,636	¥1,674,500	¥21,566,275	¥5,698	—	¥21,571,973

2024	Millions of Yen					
	Environmental Energy	Materials Solution	Mineral Resources	Urban Development & Infrastructure	Mobility	Food Industry
Revenues recognized from contracts with customers	¥1,607,638	¥4,201,446	¥1,521,606	¥814,149	¥846,747	¥1,975,359
Revenues from other sources of revenue	1,283,355	30,392	1,724,684	118,336	76,353	409,198
Total	¥2,890,993	¥4,231,838	¥3,246,290	¥932,485	¥923,100	¥2,384,557

	Millions of Yen					
	Smart-Life Creation	Power Solution	Total	Other	Adjustments and Eliminations	Consolidated
Revenues recognized from contracts with customers	¥3,508,422	¥1,376,700	¥15,852,067	¥5,183	—	¥15,857,250
Revenues from other sources of revenue	25,285	42,747	3,710,350	1	—	3,710,351
Total	¥3,533,707	¥1,419,447	¥19,562,417	¥5,184	—	¥19,567,601

2025	Millions of Yen					
	Environmental Energy	Materials Solution	Mineral Resources	Urban Development & Infrastructure	Mobility	Food Industry
Revenues recognized from contracts with customers	¥1,748,741	¥3,978,475	¥1,219,273	¥786,423	¥672,507	¥1,790,685
Revenues from other sources of revenue	1,301,890	30,500	2,003,787	111,358	78,709	452,837
Total	¥3,050,631	¥4,008,975	¥3,223,060	¥897,781	¥751,216	¥2,243,522

	Millions of Yen					
	Smart-Life Creation	Power Solution	Total	Other	Adjustments and Eliminations	Consolidated
Revenues recognized from contracts with customers	¥3,053,346	¥1,321,653	¥14,571,103	¥6,290	—	¥14,577,393
Revenues from other sources of revenue	15,294	45,833	4,040,208	—	—	4,040,208
Total	¥3,068,640	¥1,367,486	¥18,611,311	¥6,290	—	¥18,617,601

2025	Millions of U.S. Dollars					
	Environmental Energy	Materials Solution	Mineral Resources	Urban Development & Infrastructure	Mobility	Food Industry
Revenues recognized from contracts with customers	$11,658	$26,523	$8,128	$5,243	$4,483	$11,938
Revenues from other sources of revenue	8,679	203	13,359	742	525	3,019
Total	$20,338	$26,727	$21,487	$5,985	$5,008	$14,957

	Millions of U.S. Dollars					
	Smart-Life Creation	Power Solution	Total	Other	Adjustments and Eliminations	Consolidated
Revenues recognized from contracts with customers	$20,356	$8,811	$97,141	$42	—	$97,183
Revenues from other sources of revenue	102	306	26,935	—	—	26,935
Total	$20,458	$9,117	$124,075	$42	—	$124,117

The Company has reorganized its operating segments into 8 groups from the beginning of fiscal year ended March 31, 2025, and the Company's segment information for the years ended March 31, 2023 and 2024 has been reclassified.
Revenues recognized from contracts with customers include revenues recognized at a point in time (sales of products or providing services, etc. as principal or agent), as well as revenues recognized over time (providing services based on franchise contracts, plant constructions based on construction contracts, etc.).
Revenues recognized from contracts with customers in the Smart-Life Creation segment include franchise commissions from franchised stores based on franchise agreements, the amount of which was ¥251,564 million, ¥277,563 million and ¥148,731 million ($992 million) for the years ended March 31, 2023, 2024 and 2025, respectively. The commission includes lease income attributable to property and store equipment leases. The decrease in revenue in the year ended March 31, 2025 is mainly due to Lawson becoming an equity method affiliate.
Revenues recognized from contracts with customers in the Urban Development & Infrastructure segment include revenues recognized by measuring progress of construction based on construction contracts, the amount of which was ¥428,189 million, ¥528,210 million

and ¥430,600 million ($2,871 million) for the years ended March 31, 2023, 2024 and 2025, respectively.
Revenues from other sources of revenue include revenues recognized in the scope of IFRS9 "Financial Instruments" (including the gross amount of revenues recognized from contracts to buy or sell a non-financial item that can be settled net in cash or other financial instruments, or by exchange for financial instruments at the timing of delivery) and lease income based on IFRS16 "Leases."
The portion of the Company's revenues accounted for by variable consideration is immaterial.

(2) Contract balance
Contract assets are an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer (except receivables) when the right is conditioned on something other than the passage of time (for example, the entity's future performance). It is presented as "Trade and other receivables."
Contract liabilities represent an entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from said customer and is presented mainly as "Advances from customers."
The following is a breakdown of carrying amounts of "Contract assets" and "Contract liabilities" at the beginning and the end of the years ended March 31, 2024 and 2025. Contract balances were mainly recognized from construction contracts in which there was a difference between the point in time when performance obligations were satisfied (progress of construction) and the right to claim arose or consideration was received. Contract assets increased due to performance obligations being satisfied before rights to claim arose (and decreased due to transfer to trade receivables when the rights to claim arose). Contract liabilities increased due to considerations received before performance obligations were satisfied (and decreased due to transfer to revenues when the performance obligations were satisfied).

	Millions of Yen				Millions of U.S. Dollars	
	2024		2025		2025	
	Contract assets	Contract liabilities	Contract assets	Contract liabilities	Contract assets	Contract liabilities
Balance at the beginning of the year	¥41,535	¥324,839	¥45,849	¥356,490	$306	$2,377
Changes during the year	4,314	31,651	25,283	29,509	169	197
Balance at the end of the year	¥45,849	¥356,490	¥71,132	¥385,999	$474	$2,573

Revenues recognized for the years ended March 31, 2023, 2024 and 2025 that were included in the contract liabilities balance at the beginning of the year were ¥162,362 million, ¥220,454 million and ¥173,035 million ($1,154 million), respectively. Revenues for the years ended March 31, 2023, 2024 and 2025 recognized (or partially recognized) from the performance obligations satisfied in the previous years were immaterial.

(3) Transaction price allocated to the remaining performance obligations
Following are the aggregate amounts of the transaction price allocated to the performance obligations that were unsatisfied (or partially unsatisfied) at the end of the years ended March 31, 2023, 2024 and 2025 and the breakdown by expected duration of the remaining performance obligation in the future.
The amounts of the transaction price are calculated based on the contracts with the customers with reference to commodity prices such as crude oil or gas, and if the consideration is variable, it is included in the transaction price only to the extent that a significant reversal in the amount of cumulative revenues recognized will not occur.
The transaction price allocated to the remaining performance obligations at the end of the years ended March 31, 2023, 2024 and 2025 was derived to a large extent from a long-term LNG sales contract with customers mainly in Japan through participating in Cameron LNG, LLC (CLNG) at Louisiana Terminal in the U.S and the LNG Canada Project in Kitimat, British Columbia, Canada.
Contracts for which the original expected duration of revenue recognition from contract conclusion is one year or less are not included in the table below in accordance with the provisions of practical expedient adopted.

	Millions of Yen			Millions of U.S. Dollars
	2023	2024	2025	2025
Not later than 1 year	¥1,501,156	¥1,563,339	¥1,531,101	$10,207
Later than 1 year and not later than 5 years	3,594,412	3,563,176	3,576,508	23,843
Later than 5 years and not later than 10 years	2,434,136	2,588,474	2,678,339	17,856
Later than 10 years	3,054,047	2,833,190	2,593,445	17,290
Total	¥10,583,751	¥10,548,179	¥10,379,393	$69,196

In addition to the above, the Company has the substantially indefinite obligation to supply heat to the customers for district heating business in Europe at March 31, 2023, 2024 and 2025, the amount of estimated consideration of which was ¥94,934 million, ¥68,028 million and ¥65,228 million ($435 million) per year, respectively.

25. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

The following is a breakdown of "Selling, general and administrative expenses" for the years ended March 31, 2023, 2024 and 2025.

	Millions of Yen			Millions of U.S. Dollars
	2023	2024	2025	2025
Employee benefit expenses	¥593,859	¥622,078	¥584,699	$3,898
Equipment expenses	335,759	351,683	240,836	1,606
Outsourcing expenses	127,821	143,205	135,219	901
Transportation and warehousing expenses	136,746	139,473	131,736	878
Office expenses	79,417	87,144	79,622	531
Advertising and sales promotion expenses	72,959	80,462	59,190	395
Others	260,957	268,237	233,995	1,560
Total	¥1,607,518	¥1,692,282	¥1,465,297	$9,769

Remuneration for the Parent's directors for the years ended March 31, 2023, 2024 and 2025 that were included in “Employee benefit expenses” were ¥1,955 million, ¥1,979 million, and ¥2,053 million ($14 million), respectively.

26. INCOME AND EXPENSES PERTAINING TO FINANCIAL INSTRUMENTS

The following is a breakdown of "Gains (losses) on investments," "Finance income" and "Finance costs" for the years ended March 31, 2023, 2024 and 2025.

Classification	Millions of Yen 2023	Millions of Yen 2024	Millions of Yen 2025	Millions of U.S. Dollars 2025
Gains (losses) on investments				
Financial assets measured at FVTPL	¥5,512	¥3,658	¥21,915	$146
Subsidiaries, investments accounted for using the equity method and other	191,493	229,349	283,714	1,891
Total gains (losses) on investments	¥197,005	¥233,007	¥305,629	$2,038
Finance income				
Interest income	66,758	113,043	129,644	864
Dividend income	136,884	192,331	212,952	1,420
Total finance income	¥203,642	¥305,374	¥342,596	$2,284
Finance costs				
Interest expenses	(115,377)	(191,141)	(170,619)	(1,137)
Total finance costs	¥(115,377)	¥(191,141)	¥(170,619)	$(1,137)

"Interest income" is mainly incurred from Financial assets measured at amortized cost such as "Loans receivables" and Financial assets measured at FVTPL such as "Cash and cash equivalents." Dividend income is mainly incurred from Financial assets measured at FVTOCI.

"Interest expenses" is mainly incurred from Financial liabilities measured at amortized cost, "Lease liabilities" and Derivatives. For "Lease liabilities," please refer to Note 35 for more information.

In addition to the above, the Company recognized income and expenses from the following financial instruments for the years ended March 31, 2023, 2024 and 2025.

Derivatives not being designated as hedging instruments

Please refer to Note 33 for income and expenses from derivatives not being designated as hedging instruments, and please refer to Note 32 for gains and losses on hedging activities.

Income and expenses pertaining to sales finance transactions

For certain sales finance transactions, "Interest income" incurred from financial assets measured at amortized cost and "Interest expense" from financial liabilities measured at amortized cost were recognized in "Revenues" or "Cost of revenues" in the consolidated statement of income, of which the portion of the amounts were immaterial.

Any borrowing costs are capitalized where the debts are directly attributable to the acquisitions of property, plant and equipment. The borrowing costs from general borrowings are also capitalized to the extent that the costs are spent for the acquisitions of property, plant and equipment. The amounts of capitalized borrowing costs were immaterial for the years ended March 31, 2023, 2024 and 2025.

27. OTHER INCOME (EXPENSE)-NET

The following is a breakdown of "Other income (expense)-net" for the years ended March 31, 2023, 2024 and 2025.

	Millions of Yen			Millions of U.S. Dollars
	2023	2024	2025	2025
Foreign exchange gains (losses)	¥26,009	¥(27,763)	¥7,252	$48
Gains (losses) from derivatives	(31,454)	25,086	(12,443)	(83)
Gains (losses) from valuation of biological assets	(10,490)	(5,098)	(10,041)	(67)
Other	(9,418)	(96,342)	91,770	612
Other income (expense)-net	¥(25,353)	¥(104,117)	¥76,538	$510

Gains (losses) arising from the translation of assets and liabilities recorded in currencies other than the functional currency and from the settlement of those assets and liabilities are recognized as foreign exchange gains (losses) as they arise.

Gains (losses) from derivatives include unrealized gains (losses) on outstanding foreign exchange-related derivatives, which are generally effectively offset by foreign exchange gains (losses) and, consequently, the net amount of the offsetting gains (losses) of those accounts is immaterial. Please refer to Note 33, for information on risk management for foreign currency risk. Gains (losses) from derivatives also include gains (losses) from interest rate swap contracts entered into to convert fixed-rate financial assets and liabilities into floating-rate basis. Gains (losses) from derivatives which effectively offset the interest rate risks but do not meet the requirement of hedge accounting were immaterial for the years ended March 31, 2023, 2024 and 2025.

Please refer to Note 10, for information on gains (losses) from valuation of biological assets.

Other includes losses of ¥33,427 million arising from recognition of provision in Cermaq Group AS, a consolidated subsidiary in the Food Industry Segment, for the year ended March 31, 2024. On January 25, 2024, Cermaq Group AS received a Statement of Objections from the European Commission concerning suspected violations of European competition laws in the Norwegian Atlantic Salmon aquaculture and marketing business. The Parent has also received the same Statement as the parent company on the same day. A "Statement of Objections" is a document that expresses the European Commission's interim view on alleged violations of European competition law under investigation and is not a final decision. Recipients of this document are entitled to express their opinions, including, without limitation, objections. The final decision of the European Commission may be appealed to the EU Court but the date of the final decision has not been determined. However, Cermaq Group AS does not acknowledge any legal liability, and intends to strongly defend itself against these objections.

In addition, other includes profits arising from reversal of provision recorded under "Other" for the year ended March 31, 2024 in Chiyoda Corporation, a consolidated subsidiary in the Urban Development & Infrastructure Segment for the year ended March 31, 2025. Please refer to Notes 6 and 20.

28. INCOME TAXES

Income taxes in Japan applicable to the Company, imposed by the national, prefectural and municipal governments, in the aggregate, resulted in a statutory income tax rate of approximately 30.6%. The “Act for Partial Revision of the Income Tax Act, etc.” (Act No.13 of 2025) was enacted by the National Diet on March 31, 2025. This revision resulted in a change in income tax rates from fiscal years beginning on or after April 1, 2026. In accordance with this change, the statutory income tax rate for Japan used for calculating deferred tax assets and liabilities has been updated from 30.6% to 31.5% for temporary differences expected to be reversed during the fiscal years beginning on or after April 1, 2026. In accordance with the tax rate change, adjustment of deferred tax assets and liabilities was immaterial. Foreign subsidiaries are subject to income taxes of the countries in which they operate.
In addition, the current tax for the year ended March 31, 2025 resulting from Pillar Two Model published by OECD was immaterial.

Income taxes for the years ended March 31, 2023, 2024 and 2025 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2023	2024	2025	2025
Current tax	¥386,957	¥292,140	¥238,679	$1,591
Deferred tax	22,175	45,596	78,500	523
Income taxes	409,132	337,736	317,179	2,115
Income taxes recognized in other comprehensive income	20,536	110,290	45,890	306
Total	¥429,668	¥448,026	¥363,069	$2,420

A reconciliation of the combined statutory income tax rates for the years ended March 31, 2023, 2024 and 2025 to the effective income tax rates on income before income taxes reflected in the consolidated statement of income is as follows:

	2023	2024	2025
Combined statutory income tax rate (Note 1)	30.6%	30.6%	30.6%
Effect of income from investments accounted for using the equity method	(6.8)	(7.9)	(6.5)
Effect of the recoverability of deferred tax assets	(0.6)	1.4	(1.6)
Difference of tax rates for foreign subsidiaries	(1.4)	(2.0)	(2.0)
Other-net	2.5	2.7	2.1
Effective income tax rate on income before income taxes in the consolidated statement of income	24.3%	24.8%	22.8%
Less effect of income from investments accounted for using the equity method	6.8	7.9	6.5
Effective income tax rate on income before income taxes of the Parent and subsidiaries (Note 2)	31.1%	32.7%	29.3%

Notes:
1. The reconciliation is rounded to one decimal place.
2. To exclude the effect of "Share of profit (loss) of investments accounted for using the equity method" included in profit before tax in the consolidated statements of income which causes the difference between the effective tax rate and the combined statutory tax rate, “Effective income tax rate on income before income taxes of the Parent and subsidiaries” is disclosed.

Significant components of deferred tax assets and liabilities at March 31, 2024 and 2025 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2025	2025
Assets:			
Loss allowance	¥12,837	¥12,050	$80
Accrued pension and retirement benefits	10,688	12,450	83
Property, plant and equipment, Investment property and Intangible assets	28,657	15,151	101
Short-term investments and Other investments	37,278	32,638	218
Net operating loss carry forwards	32,908	46,199	308
Provisions and other	102,068	103,982	693
Derivatives	46,523	58,935	393
Leases	89,225	134,983	900
Other	78,102	90,998	607
Gross deferred tax assets	438,286	507,386	3,383
Liabilities:			
Accrued pension and retirement benefits	22,713	36,327	242
Short-term investments and Other investments	402,592	411,015	2,740
Property, plant and equipment, Investment property and Intangible assets	298,913	299,714	1,998
Investments accounted for using the equity method	237,450	347,791	2,319
Derivatives	29,862	27,659	184
Leases	95,839	152,789	1,018
Other	97,429	92,582	617
Gross deferred tax liabilities	1,184,798	1,367,877	9,118
Net deferred tax liabilities	¥(746,512)	¥(860,491)	$5,736

No deferred tax liability is recognized for taxable temporary differences associated with investments in subsidiaries and interests in joint arrangements where the Parent considers that the Parent 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. At March 31, 2024 and 2025, the amount of taxable temporary differences associated with investments in subsidiaries and interests in joint arrangements on which deferred tax liabilities were not recognized in the Company's consolidated financial statements were ¥2,986,540 million and ¥2,937,783 million ($19,585 million), respectively.

The Company recognized deferred tax assets for deductible temporary differences, tax losses and tax credits where it is probable that future taxable profit will allow the deferred tax assets to be recovered.

Deductible temporary differences, unused tax losses, and unused tax credits for which no deferred tax asset was recognized as of March 31, 2024 and 2025 will expire as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2025	2025
Not later than 5 years	¥74,936	¥79,499	$530
Later than 5 years and not later than 10 years	320,515	304,700	2,031
Later than 10 years	1,239,992	1,175,752	7,838
Total	¥1,635,443	¥1,559,951	$10,400

The amounts of deductible temporary differences associated with investments in subsidiaries, on which deferred tax assets were not recognized in the Company's consolidated financial statements at March 31, 2024 and 2025 were ¥351,303 million and ¥241,156 million ($1,608 million), respectively, and are not included in the above.

Deductible temporary differences and unused tax losses for which the Parent recognized deferred tax assets on the national tax in Japan but did not recognize deferred tax assets on the local tax, considering the recoverability, as of March 31, 2024 and 2025, were ¥583,825 million and ¥607,751 million ($4,052 million), respectively, which are included in the above table and the amount of deductible temporary differences associated with investments in subsidiaries.

29. EARNINGS PER SHARE

Reconciliations of the basic and diluted profit for the years attributable to owners of the Parent per share are as follows:

	Yen			U.S. Dollars
	2023	2024	2025	2025
Profit for the year attributable to owners of the Parent per share				
Basic	¥269.76	¥230.10	¥236.97	$1.58
Diluted	268.56	222.37	235.80	1.57

				Millions of U.S. Dollars
	2023	2024	2025	2025
Numerator (Millions of Yen):				
Profit for the year attributable to owners of the Parent	¥1,180,694	¥964,034	¥950,709	$6,338
Reconciliation of profit for the year	—	(28,057)	—	—
Diluted profit for the year attributable to owners of the Parent	¥1,180,694	¥935,977	¥950,709	$6,338
Denominator (Thousands of shares):				
Basic weighted average common shares outstanding	4,376,783	4,189,638	4,011,862	
Effect of dilutive securities:				
Share-based remuneration	19,539	19,503	19,954	
Diluted outstanding shares	4,396,322	4,209,141	4,031,816	

Note: On January 1, 2024, the Company conducted a three-for-one stock split of its common shares. The above reconciliations of the basic and diluted profit for the year attributable to owners of the Parent per share is calculated based on the assumption that the stock split occurred at the start of the fiscal year ended March 31, 2023.

30. FAIR VALUE MEASUREMENT

Assets and liabilities measured at fair value on a recurring basis

The following tables categorize assets and liabilities measured at fair value on a recurring basis as of March 31, 2024 and 2025, respectively.

(March 31, 2024)

	Millions of Yen				
	Level 1	Level 2	Level 3	Netting	Total
Assets					
Cash and cash equivalents	¥1,011,361	—	—	—	¥1,011,361
Short-term investments and other investments					
Financial assets measured at FVTPL	20,243	¥473	¥189,567	—	210,283
Financial assets measured at FVTOCI					
Marketable securities	654,661	—	—	—	654,661
Non-marketable securities	—	322	831,518	—	831,840
Trade and other receivables					
Financial assets measured at FVTPL	—	158,259	28,882	—	187,141
Other financial assets (Derivatives)					
Interest rate contracts	—	40,181	—	¥(197)	39,984
Foreign exchange contracts	—	82,737	—	(3,761)	78,976
Commodity contracts and others	477,672	498,290	38,249	(742,008)	272,203
Inventories	8,619	535,454	—	—	544,073
Other current assets and other non-current assets					
Assets related to commodity loan transactions	—	444,243	—	—	444,243
Total assets	¥2,172,556	¥1,759,959	¥1,088,216	¥(745,966)	¥4,274,765
Liabilities					
Other financial liabilities (Derivatives)					
Interest rate contracts	—	41,448	—	(198)	41,250
Foreign exchange contracts	—	38,789	—	(4,272)	34,517
Commodity contracts and others	448,716	536,998	43,607	(742,165)	287,156
Other current liabilities and other non-current liabilities					
Liabilities related to commodity loan transactions	—	326,196	—	—	326,196
Total liabilities	¥448,716	¥943,431	¥43,607	¥(746,635)	¥689,119

Note: There were no material transfers between different levels during the year ended March 31, 2024.

(March 31, 2025)

	Millions of Yen				
	Level 1	Level 2	Level 3	Netting	Total
Assets					
Cash and cash equivalents	¥812,279	—	—	—	¥812,279
Short-term investments and other investments					
Financial assets measured at FVTPL	21,251	¥434	¥252,552	—	274,237
Financial assets measured at FVTOCI					
Marketable securities	543,636	—	—	—	543,636
Non-marketable securities	—	301	944,418	—	944,719
Trade and other receivables					
Financial assets measured at FVTPL	—	161,785	24,870	—	186,655
Other financial assets (Derivatives)					
Interest rate contracts	—	29,002	—	¥(175)	28,827
Foreign exchange contracts	—	41,416	—	(4,027)	37,389
Commodity contracts and others	281,632	542,708	30,553	(625,930)	228,963
Inventories	8,438	625,112	—	—	633,550
Other current assets and other non-current assets					
Assets related to commodity loan transactions	—	439,781	—	—	439,781
Total assets	¥1,667,236	¥1,840,539	¥1,252,393	¥(630,132)	¥4,130,036
Liabilities					
Other financial liabilities (Derivatives)					
Interest rate contracts	—	55,997	—	(175)	55,822
Foreign exchange contracts	16	32,360	—	(4,059)	28,317
Commodity contracts and others	308,942	563,317	37,339	(625,930)	283,668
Other current liabilities and other non-current liabilities					
Liabilities related to commodity loan transactions	—	347,433	—	—	347,433
Total liabilities	¥308,958	¥999,107	¥37,339	¥(630,164)	¥715,240

(March 31, 2025)

	Millions of U.S. Dollars				
	Level 1	Level 2	Level 3	Netting	Total
Assets					
Cash and cash equivalents	$5,415	—	—	—	$5,415
Short-term investments and other investments					
Financial assets measured at FVTPL	142	$3	$1,684	—	1,828
Financial assets measured at FVTOCI					
Marketable securities	3,624	—	—	—	3,624
Non-marketable securities	—	2	6,296	—	6,298
Trade and other receivables					
Financial assets measured at FVTPL	—	1,079	166	—	1,244
Other financial assets (Derivatives)					
Interest rate contracts	—	193	—	$(1)	192
Foreign exchange contracts	—	276	—	(27)	249
Commodity contracts and others	1,878	3,618	204	(4,173)	1,526
Inventories	56	4,167	—	—	4,224
Other current assets and other non-current assets					
Assets related to commodity loan transactions	—	2,932	—	—	2,932
Total assets	$11,115	$12,270	$8,349	$(4,201)	$27,534
Liabilities					
Other financial liabilities (Derivatives)					
Interest rate contracts	—	373	—	(1)	372
Foreign exchange contracts	0	216	—	(27)	189
Commodity contracts and others	2,060	3,755	249	(4,173)	1,891
Other current liabilities and other non-current liabilities					
Liabilities related to commodity loan transactions	—	2,316	—	—	2,316
Total liabilities	$2,060	$6,661	$249	$(4,201)	$4,768

Note: There were no material transfers between different levels during the year ended March 31, 2025.

Please refer to Note 10 for the details of biological assets measured at fair value.

The following tables represent the changes in the balance of major Level 3 assets and liabilities measured at fair value on a recurring basis for the years ended March 31, 2024 and 2025, respectively.

(Year ended March 31, 2024)

	Millions of Yen							
	Balance at the beginning of the year	Net realized/ unrealized gains (losses) included in profit for the year	Net realized/ unrealized gains (losses) included in other comprehensive income (loss)	Increase due to purchases and other	Decrease due to sales and other	Redemptions and Settlements	Balance at the end of the year	Net change in unrealized gains (losses) of assets and liabilities still held at the end of the year
Short-term investments and other investments								
Financial assets measured at FVTPL	¥209,063	¥(1,852)	¥12,274	¥24,775	¥(52,100)	¥(2,593)	¥189,567	¥(883)
Financial assets measured at FVTOCI (Non-marketable securities)	858,030	—	3,527	3,684	(33,722)	(1)	831,518	—
Other financial assets (Derivatives)								
Commodity contracts and others	35,133	8,824	5,201	3,393	—	(14,302)	38,249	5,889
Other financial liabilities (Derivatives)								
Commodity contracts and others	81,893	16,879	(47,707)	576	—	(8,034)	43,607	13,531

Notes:

1. "Increase due to purchases and other" and "Decrease due to sales and other" include changes due to consolidation, deconsolidation, capital increase, paid-in capital reduction and transfer from (to) other accounts.
2. There are no material transfers between different levels during the year ended March 31, 2024.
3. "Decrease due to sales and other" under "Financial assets measured at FVTPL" includes a decrease of ¥30,000 million attributable to the reclassification of the functional materials specialized company to an equity-method affiliate in the fiscal year ended March 31, 2024.

(Year ended March 31, 2025)

	Millions of Yen							
	Balance at the beginning of the year	Net realized/ unrealized gains (losses) included in profit for the year	Net realized/ unrealized gains (losses) included in other comprehensive income (loss)	Increase due to purchases and other	Decrease due to sales and other	Redemptions and Settlements	Balance at the end of the year	Net change in unrealized gains (losses) of assets and liabilities still held at the end of the year
Short-term investments and other investments								
Financial assets measured at FVTPL	¥189,567	¥(2,033)	¥(1,381)	¥97,859	¥(18,836)	¥(12,624)	¥252,552	¥(1,289)
Financial assets measured at FVTOCI (Non-marketable securities)	831,518	—	90,522	34,327	(11,925)	(24)	944,418	—
Other financial assets (Derivatives)								
Commodity contracts and others	38,249	31,670	(903)	4,342	—	(42,805)	30,553	2,153
Other financial liabilities (Derivatives)								
Commodity contracts and others	43,607	13,128	(456)	—	—	(18,940)	37,339	8,343

(Year ended March 31, 2025)

	Millions of U.S. Dollars							
	Balance at the beginning of the year	Net realized/ unrealized gains (losses) included in profit for the year	Net realized/ unrealized gains (losses) included in other comprehensive income (loss)	Increase due to purchases and other	Decrease due to sales and other	Redemptions and Settlements	Balance at the end of the year	Net change in unrealized gains (losses) of assets and liabilities still held at the end of the year
Short-term investments and other investments								
Financial assets measured at FVTPL	$1,264	$(14)	$(9)	$652	$(126)	$(84)	$1,684	$(9)
Financial assets measured at FVTOCI (Non-marketable securities)	5,543	—	603	229	(80)	(0)	6,296	—
Other financial assets (Derivatives)								
Commodity contracts and others	255	211	(6)	29	—	(285)	204	14
Other financial liabilities (Derivatives)								
Commodity contracts and others	291	88	(3)	—	—	(126)	249	56

Notes:

1. "Increase due to purchases and other" and "Decrease due to sales and other" include changes due to consolidation, deconsolidation, capital increase, paid-in capital reduction and transfer from (to) other accounts.
2. There are no material transfers between different levels during the year ended March 31, 2025.
3. In the Malaysia LNG business of the Environmental Energy Segment, the Company entered into an agreement with Petroliam Nasional Berhad(“PETRONAS”) to extend the interests in Malaysia LNG Dua(“DUA”) and to reinvest in Malaysia LNG Tiga(“TIGA”) in September 2024. Please refer to Note 41 for details regarding the extension of the interests in DUA. Although the Company sold all of its interests in TIGA (5% interests) held through Diamond Gas Netherlands B.V. (liquidated in December 2023) to PETRONAS in March 2023, in accordance with the aforementioned agreement, the Company acquired shares for a purchase price of ¥65,462 million ($436 million) for the year ended March 31, 2025 resulting in a 10% interests in TIGA. As a result of the decision to designate the changes in the fair value of half of the interests acquired as equity financial assets to be recognized in other comprehensive income (FVTOCI), half of the interests acquired were classified as “Financial assets measured at FVTOCI” and the other half as “Financial assets measured at FVTPL,” with ¥32,731 million ($218 million) each included respectively in “Increases due to purchases and other.”

Net realized/unrealized gains (losses) on short-term investments and other investments (FVTPL) included in profit for the year are recognized in "Gains (losses) on investments" in the consolidated statement of income. The amount recognized as other comprehensive income (loss) is included in "Exchange differences on translating foreign operations" in the consolidated statement of other comprehensive income.

The amount of net realized/unrealized gains (losses) on short-term investments and other investments (FVTOCI) recognized as other comprehensive income (loss) is included in “Gains on other investments designated as FVTOCI” and “Exchange differences on translating foreign operations” in the consolidated statement of comprehensive income.

In the fiscal year ended March 31, 2024, the amount recognized as “Other comprehensive income (loss)” included a decrease of ¥85,770 million in the fair value of investments in the copper business, mainly due to a revision in the medium-to long-term business plan, an increase of ¥35,833 million in the fair value of investments in the North American plastic building materials business, and an increase of ¥19,259 million in the fair value of the investment in the LNG-related business in Russia.

The amount recorded in other comprehensive income (loss) for the fiscal year ended March 31, 2025 includes an increase in the fair value of investments in the copper business of ¥147,946 million ($986 million), mainly due to a revision in the medium to long-term business plan, and a ¥24,589 million ($164 million) decrease in fair value of investment in the LNG-related business in Russia. Please refer to Note 2 for the estimates and the underlying assumptions used regarding LNG-related business in Russia.

Fair value measurement of assets and liabilities measured at fair value on a recurring basis

Cash and cash equivalents

Level 1 cash and cash equivalents consist of cash and current accounts, for which the carrying amount approximates fair value.

Short-term investments and other investments

Level 1 short-term investments and other investments primarily consist of marketable equity securities valued at the quoted market price in an active market. Level 3 short-term investments and other investments primarily consist of non-marketable equity securities valued by discounted cash flows, making comparisons with similar transactions and modified net asset value per share of investees, etc.
The fair values of short-term investments and other investments classified in Level 3 are measured by personnel in the accounting department of the Company who manage the investments with information on discounted cash flows of the investees, information on the net modified asset value per share of the investees, or independent third-party appraisals.

Trade and other receivables

Trade and other receivables measured at fair value on a recurring basis primarily consist of restricted cash, valued by discounted cash flows using the interest rate applied in cases where loans or credit with the same terms and remaining maturities are provided to borrowers or customers with a similar credit rating. Trade and other receivables are classified in Level 3 if the amount affected by unobservable inputs covers a significant proportion of fair value, and Level 2 if the amount affected by unobservable inputs does not cover a significant proportion of fair value.

The fair values of trade and other receivables classified in Level 3 are measured by personnel in the accounting department of the Company who manage the corresponding assets, or personnel in charge of accounting at a subsidiary that possesses such assets, with information on discounted cash flows from such receivables.

Derivatives

Derivatives classified in Level 1 are comprised principally of commodity derivative contracts traded on exchange markets, which are valued using quoted market prices. Derivatives classified in Level 2 are comprised principally of commodity derivative contracts traded in over-the-counter markets, which are valued mainly by market approach using observable market inputs such as interest rates, foreign exchange rates and commodity prices. Derivatives classified in Level 3 are valued by the income approach based on unobservable inputs such as estimated future market prices. For long-term electric power contracts and related derivatives (sales and procurement), which are the primary transactions, future market prices are estimated using such observable inputs as market prices, as well as such unobservable inputs as government energy policy and forecasts of electricity supply and demand. Credit risks are adjusted in the net balance of derivative assets and liabilities.

Inventories

Level 1 and Level 2 inventories primarily consist of inventories of nonferrous metals held for trading purposes, which are classified in Level 1 if they are valued using quoted market prices, and Level 2 if they are valued mainly by market approach using observable inputs such as commodity prices. The fair values of these inventories include costs to sell, which are immaterial.

Other current assets and other non-current assets (Assets related to commodity loan transactions)
Other current assets and other non-current assets measured at fair value on a recurring basis primarily consist of assets related to commodity loan transactions primarily in the Mineral Resources segment, which are valued mainly by market approach using observable inputs such as commodity prices and classified in Level 2. The fair values include costs to sell, which are immaterial.

Other current liabilities and other non-current liabilities (Liabilities related to commodity loan transactions)
Other current liabilities and other non-current liabilities measured at fair value on a recurring basis primarily consist of liabilities related to commodity loan transactions primarily in the Mineral Resources segment, which are valued mainly by market approach using observable inputs such as commodity prices and classified in Level 2.

Assets and liabilities measured at fair value on a non-recurring basis

Assets and liabilities that are measured at fair value on a non-recurring basis are stated in "Non-current assets or disposal groups held for sale" in Note 11.

Quantitative information about Level 3 Fair Value Measurements

The following tables represent main information about valuation methods and unobservable inputs used for the major Level 3 assets measured at fair value as of March 31, 2024 and 2025, respectively.

(March 31, 2024)

Classification	Valuation method	Unobservable input	Weighted average
Non-marketable equity securities	Discounted cash flow	Discount rate	13.8%

(March 31, 2025)

Classification	Valuation method	Unobservable input	Weighted average
Non-marketable equity securities	Discounted cash flow	Discount rate	12.2%

The significant unobservable input used in measuring the fair value of non-marketable equity securities is the discount rate. Significant increases (decreases) in this input result in significant decreases (increases) in fair value.
Even if there is no change in the discount rate for individual non-marketable equity securities, it is possible that changes in fair value of individual equity securities result in change of the aforementioned weighted average discount rate. Regarding changes in the fair value of non-marketable equity securities classified as level 3, please refer to the tables for “changes in the balance of major level 3 assets and liabilities measured at fair value on a recurring basis.”
The main items of non-marketable equity securities are investments in the copper business and LNG-related business. The medium- to long-term forecast for copper and crude oil price is another significant unobservable input. Please refer to Note 2 for the fair values and estimates of investments in the copper business and LNG-related business.

Fair value of financial instruments measured at amortized cost

The following is the carrying amounts and information about fair values of financial instruments that are measured at amortized cost.

Cash equivalents and time deposits

The carrying amounts of cash equivalents and time deposits measured at amortized cost were ¥334,302 million and ¥757,572 million ($5,050 million) for the years ended March 31, 2024 and 2025, respectively. The carrying amounts approximate their fair values due to most of these instruments having relatively short maturities.

Short-term investments and other investments

Short-term investments and other investments measured at amortized cost mainly consist of domestic and foreign debt securities and non-marketable assets such as guarantee deposits in domestic business. The carrying amounts were ¥123,377 million and ¥296,902 million ($1,979 million) for the years ended March 31, 2024 and 2025, respectively. The carrying amounts approximate the fair values because debt securities are hedged through fair value hedge with interest rate swap as hedging instruments so that the hedge effect are included in the carrying amounts. The discount rates applied to fair value measurement of guarantee deposits have not changed materially since initial recognition due to domestic interest rate having been staying low.

Trade and other receivables
The carrying amounts of trade and other receivables were ¥4,454,486 million and ¥4,196,522 million ($27,977 million) for the years ended March 31, 2024 and 2025, respectively. The carrying amounts approximate the fair values due to most of these instruments having relatively short maturities. The amounts of the instruments with relatively long maturities which could cause significant difference between carrying amounts and fair values are immaterial.

Bonds and borrowings

The carrying amounts of bonds and borrowings were ¥5,127,952 million and ¥4,617,022 million ($30,780 million) for the years ended March 31, 2024 and 2025, respectively. The carrying amounts approximate the fair values, provided the carrying amounts are measured taking into account the effects of fair value hedges, where the hedging instruments of interest rate swap are applied for fixed-rate debts with long maturities that are vulnerable to interest rate volatilities. Please refer to Notes 17 and 32 for fair value hedge and Note 33 for risk management policy.

Trade and other payables

The carrying amounts of trade and other payables were ¥2,875,695 million and ¥2,919,280 million ($19,462 million) for the years ended March 31, 2024 and 2025, respectively. The carrying amounts approximate the fair values due to most of these instruments having relatively short maturities. The amounts of the instruments with relatively long maturities which could cause significant difference between carrying amounts and fair values are immaterial.

31. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The gross amount (before offsetting), offset amount, the amount presented in the consolidated statement of financial position, the amount not offset in the consolidated statement of financial position, and the net amount of financial assets and financial liabilities that are offset in accordance with the requirements for offsetting financial assets and financial liabilities and subject to enforceable master netting agreements or similar agreements at March 31, 2024 and 2025 were as follows.

(March 31, 2024)

	Millions of Yen		
	Financial assets		Financial liabilities
	Derivatives	Loans receivable	Derivatives
Gross amount (before offsetting)	¥1,137,129	¥45,000	¥1,109,558
Offset amount	(745,966)	—	(746,635)
Amount presented in the consolidated statement of financial position	391,163	45,000	362,923
Amount not offset in the consolidated statement of financial position	(124,409)	(45,000)	(176,578)
Net	¥266,754	—	¥186,345

"Offset amount" includes a portion of financial collateral that meets the offsetting criteria, as well as derivatives.

(March 31, 2025)

	Millions of Yen			Millions of U.S. Dollars		
	Financial assets		Financial liabilities	Financial assets		Financial liabilities
	Derivatives	Loans receivable	Derivatives	Derivatives	Loans receivable	Derivatives
Gross amount (before offsetting)	¥925,311	¥45,000	¥997,971	$6,169	$300	$6,653
Offset amount	(630,132)	—	(630,164)	(4,201)	—	(4,201)
Amount presented in the consolidated statement of financial position	295,179	45,000	367,807	1,968	300	2,452
Amount not offset in the consolidated statement of financial position	(140,757)	(45,000)	(161,757)	(938)	(300)	(1,078)
Net	¥154,422	—	¥206,050	$1,029	—	$1,374

"Offset amount" includes a portion of financial collateral that meets the offsetting criteria, as well as derivatives.

Derivative transactions

The Company has derivative transactions subject to an enforceable master netting agreement or similar agreement with counterparties.

These agreements prescribe that, in the event of non-performance or cancellation of any provision, all financial instruments within their scope must be settled in a single net amount, and create a right of set-off but the agreements do not automatically grant the right of set-off.

Reverse repurchase transactions

The Company has lending agreements where the Company is able to offset the debt securities pledged as collateral against the loan in the event of debt default, bankruptcy or failure of the counterparty. The agreements provide a right of set-off for the Company but do not grant the right of set-off automatically.

Also, the Company does not include the amount related to securities lending transactions and sale-and-repurchase transactions in Note 34 in the table above, as these agreements provide a right of set-off for the Company in the same way as reverse repurchase transactions.

32. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

The Company, in the normal course of business, is exposed to market risks from changes in interest rates, foreign exchange rates and commodity prices. To manage the exposures to these risks, the Company generally identifies its net exposures and utilizes transactions which can mitigate market risks. Additionally, the Company enters into various derivative transactions pursuant to the Company's risk management strategies to hedge the exposures to market risks. Please refer to Note 33 for details of the risk management strategies.

The types of derivatives used by the Company are primarily interest rate swaps, foreign exchange contracts, currency swaps, commodity futures contracts and commodity swaps. The changes in fair values or cash flows of these derivatives are offset in part or in whole by corresponding changes in the fair values or cash flows of the hedged items.

In the case where transactions which can mitigate market risk cannot be utilized, the Company performs hedge designation pursuant to its risk management strategies and applies hedge accounting. In these circumstances, in order to assess whether the changes in fair values or cash flows of hedging instruments are highly effective in offsetting changes in fair values or cash flows of hedged items, both at the inception of the hedge and on an on-going basis, the Company confirms the economic relationship between the hedging instruments and the hedged items by qualitative assessment which confirms whether the critical terms of the hedging instruments and the hedged items match or are closely aligned and quantitative assessment which confirms that the hedging instruments and the hedged items have values that will move in the opposite direction because of the same risk. The effect of credit risk on the hedging relationship is immaterial. When the hedging relationship is expected to result in ineffectiveness, the Company measures the hedge ineffectiveness by the quantitative method. As the Company performs hedges which are highly effective, the amount of hedge ineffectiveness is immaterial.

At the inception of the hedging relationship, the Company determines the hedge ratio of the hedging relationship based on the quantity of the hedged items and the quantity of the hedging instruments, which are generally one to one. If a hedging relationship ceases to meet the hedge effectiveness requirement but the risk management objective remains the same, the Company adjusts the hedge ratio determined at the inception of the hedging relationship so that it meets the qualifying criteria again. When the risk management objective for a hedging relationship is changed, the Company discontinues applying hedge accounting, but its effect on profit or loss is immaterial.

(1) Impact of hedging activities on the consolidated statement of financial position
The following are the carrying amounts of derivative instruments and non-derivative financial instruments designated as hedging instruments at March 31, 2024 and 2025.

	Millions of Yen				Millions of U.S. Dollars	
	2024		2025		2025	
Types of hedges	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Fair value hedges	¥48,500	¥49,564	¥27,919	¥71,137	$186	$474
Cash flow hedges	28,366	34,977	14,674	46,694	98	311
Hedge of the net investment in foreign operations	—	22,859	2,954	12,343	20	82
Total	¥76,866	¥107,400	¥45,547	¥130,174	$304	$868

The derivative instruments above are included in “Other financial assets,” “Other financial liabilities,” and “Bonds and borrowings” in the consolidated statement of financial position.

The primary hedging instrument for fair value hedges is Interest rate swap contracts.
The primary hedging instrument for cash flow hedges is Commodity contracts.
The primary hedging instrument for hedge of the net investment in foreign operations is Foreign-currency-denominated debt.

The following are the nominal amounts related to major derivative instruments designated as hedging instruments at March 31, 2024 and 2025. As the Company uses various types of hedging instruments, it is difficult to provide a breakdown of the nominal amounts by maturity or the average price of the hedging instruments.

(March 31, 2024)

Risk category	Type of hedge	Hedging instrument	Nominal amount	
Interest rate risk	Fair value hedges	Fixed receive / floating pay interest rate swap	1,490,000	Million yen
		Fixed receive / floating pay interest rate swap	2,000,000	Thousand U.S. Dollars
		Fixed pay / floating receive interest rate swap	522,542	Thousand U.S. Dollars
	Cash flow hedges	Fixed pay / floating receive interest rate swap	264,748	Thousand Euros
Foreign currency risk	Fair value hedges	U.S. Dollars buy / Japanese Yen sell currency swap	950,000	Thousand U.S. Dollars
	Cash flow hedges	Canadian Dollars buy / U.S. Dollars sell foreign exchange contract	431,000	Thousand Canadian Dollars
		U.S. Dollars sell / Australian Dollars buy foreign exchange contract	3,377,000	Thousand U.S. Dollars
	Hedge of the net investment in foreign operations	U.S. Dollars sell / Japanese Yen buy foreign exchange contract	1,093,657	Thousand U.S. Dollars
		U.S. Dollars denominated debt	114,960	Thousand U.S. Dollars
Interest rate and Foreign currency risk	Cash flow hedges	U.S. Dollars buy / Indonesia Rupiah sell currency and interest rate swap	280,250	Thousand U.S. Dollars
Commodity price risk	Fair value hedges	Silver commodity derivative	23,895,000	TOZ
		Platinum commodity derivative	181,350	TOZ
	Cash flow hedges	Natural Gas commodity derivative	55,029,490	MMBTU
		Gas / Power commodity derivative	15,209,267	MWH

(March 31, 2025)

Risk category	Type of hedge	Hedging instrument	Nominal amount	
Interest rate risk	Fair value hedges	Fixed receive / floating pay interest rate swap	1,533,500	Million yen
		Fixed receive / floating pay interest rate swap	2,000,000	Thousand U.S. Dollars
		Fixed pay / floating receive interest rate swap	806,599	Thousand U.S. Dollars
	Cash flow hedges	Fixed pay / floating receive interest rate swap	235,192	Thousand Euros
Foreign currency risk	Fair value hedges	U.S. Dollars buy / Japanese Yen sell currency swap	850,000	Thousand U.S. Dollars
	Cash flow hedges	Canadian Dollars buy / U.S. Dollars sell foreign exchange contract	2,178,000	Thousand Canadian Dollars
		U.S. Dollars sell / Australian Dollars buy foreign exchange contract	1,793,800	Thousand U.S. Dollars
	Hedge of the net investment in foreign operations	U.S. Dollars sell / Japanese Yen buy foreign exchange contract	1,093,291	Thousand U.S. Dollars
Interest rate and Foreign currency risk	Cash flow hedges	U.S. Dollars buy / Indonesia Rupiah sell currency and interest rate swap	441,250	Thousand U.S. Dollars
Commodity price risk	Fair value hedges	Gold commodity derivative	77,000	TOZ
		Silver commodity derivative	30,030,000	TOZ
		Platinum commodity derivative	181,350	TOZ
	Cash flow hedges	Natural Gas commodity derivative	233,611,793	MMBTU
		Gas / Power commodity derivative	8,741,530	MWH

(2) Fair value hedges

The following are the carrying amounts of the main hedged items and the accumulated amounts of fair value hedge adjustments included in the carrying amounts of the hedged items at March 31, 2024 and 2025.

(March 31, 2024)

		Millions of Yen	
Risk category	Account in the consolidated statement of financial position	Carrying amount	Accumulated amount of fair value hedge adjustments
Interest rate risk	Bonds and borrowings	¥1,768,181	¥(23,527)
Foreign currency risk	Bonds and borrowings	68,143	22,513

(March 31, 2025)

		Millions of Yen	
Risk category	Account in the consolidated statement of financial position	Carrying amount	Accumulated amount of fair value hedge adjustments
Interest rate risk	Bonds and borrowings	¥1,783,508	¥(48,187)

(March 31, 2025)

		Millions of U.S. Dollars	
Risk category	Account in the consolidated statement of financial position	Carrying amount	Accumulated amount of fair value hedge adjustments
Interest rate risk	Bonds and borrowings	$11,890	$(321)

The amount of hedge ineffectiveness and the accumulated amount of fair value hedge adjustments remaining in the financial position for any hedged items that have ceased to be adjusted for hedging gains and losses were immaterial for the years ended March 31, 2024 and 2025.

(3) Cash flow hedges

The following are the amounts of other components of equity recognized by continuing cash flow hedges at March 31, 2023, 2024 and 2025.

	Millions of Yen			Millions of U.S. Dollars
Risk category	2023	2024	2025	2025
Interest rate risk	¥74,197	¥62,161	¥48,028	$320
Foreign currency risk	18,282	18,027	1,446	10
Commodity price risk	(39,435)	6,816	7,462	50

The amounts recorded as other components of equity recognized by hedging relationships for which hedge accounting is no longer applied was immaterial at March 31, 2023, 2024 and 2025.

The following are the gains or losses related to hedging activities for the years ended March 31, 2023, 2024 and 2025.

(Year ended March 31, 2023)

During the year ended March 31, 2023, changes in other components of equity recognized by continuing hedges (including those attributable to non-controlling interests, before income taxes) were mainly due to gain or loss recognized in other comprehensive income, with ¥68,322 million (losses) recorded in the categories of foreign currency risk and ¥68,456 million (gains) recorded in the categories of commodity price risk. The amount of gain or loss reclassified from other components of equity into profit or loss (effective portion) consisted mainly of ¥60,725 million (losses) in "Other income (expense)-net" in the categories of foreign currency risk and ¥65,391 million (losses) in "Revenues" / "Cost of revenues" in the categories of commodity price risk, for the year ended March 31, 2023.

Please refer to Note 22 for the breakdown of other components of equity and other comprehensive income (loss).

The amount of hedge ineffectiveness was immaterial for the year ended March 31, 2023.

(Year ended March 31, 2024)

During the year ended March 31, 2024, changes in other components of equity recognized by continuing hedges (including those attributable to non-controlling interests, before income taxes) were mainly due to gain or loss recognized in other comprehensive income, with ¥90,627 million (gains) recorded in the categories of commodity price risk. The amount of gain or loss reclassified from other components of equity into profit or loss (effective portion) consisted mainly of ¥31,170 million (gains) in "Revenues" / "Cost of revenues" in the categories of commodity price risk, for the year ended March 31, 2024.

Please refer to Note 22 for the breakdown of other components of equity and other comprehensive income (loss).

The amount of hedge ineffectiveness was immaterial for the year ended March 31, 2024.

(Year ended March 31, 2025)

During the year ended March 31, 2025, changes in other components of equity recognized by continuing hedges (including those attributable to non-controlling interests, before income taxes) were mainly due to gain or loss recognized in other comprehensive income, with ¥24,038 million ($160 million) (losses) recorded in the categories of foreign currency risk. The amount of gain or loss reclassified from other components of equity into profit or loss (effective portion) consisted mainly of ¥31,738 million ($212 million) (gains) in "Revenues" / "Cost of revenues" in the categories of commodity price risk, for the year ended March 31, 2025.

Please refer to Note 22 for the breakdown of other components of equity and other comprehensive income (loss).

The amount of hedge ineffectiveness was immaterial for the year ended March 31, 2025.

(4) Net investment hedges

The following are the amounts of other components of equity recognized by net investment hedges at March 31, 2023, 2024 and 2025.

		Millions of Yen			Millions of U.S. Dollars
Risk category		2023	2024	2025	2025
Foreign currency risk	Other components of equity recognized by continuing hedges	¥(26,233)	¥(21,512)	¥(28,847)	$(192)
	Other components of equity recognized by hedging relationships for which hedge accounting is no longer applied	(112,624)	(122,175)	(119,304)	(795)

The amount of gain or loss reclassified from other components of equity into profit or loss (effective portion) and hedge ineffectiveness were immaterial for the years ended March 31, 2023, 2024 and 2025.

Please refer to Note 22 for the breakdown of other components of equity and other comprehensive income (loss).

33. RISK MANAGEMENT RELATED TO FINANCIAL INSTRUMENTS

The Company's risk management strategies for each risk are as follows. Please refer to Note 32 for more information regarding hedging activities related to each risk.

Interest rate risk management

The Company's financing, investing and cash management activities are exposed to risks associated with changes in interest rates. In order to manage these exposures, the Company enters into interest rate swap contracts. Interest rate swaps are used, in most cases, to convert fixed-rate assets or debts to floating-rate assets or debts, as well as to convert some floating-rate assets or debts to a fixed basis. The objective of maintaining this mix of fixed- and floating-rate assets and debts is to allow the Company to manage the overall value of cash flows attributable to certain assets and debt instruments.

At March 31, 2024 and 2025, the Company had gross interest-bearing liabilities (excluding lease liabilities) of ¥5,128.0 billion and ¥4,617.0 billion ($30.8 billion), respectively. Since almost all of these liabilities bear floating interest rates, there is a risk of an increase in interest expenses caused by a rise in interest rates.

The majority of these interest-bearing liabilities correspond to trade receivables, loans receivable and other operating assets that are positively affected by increases in interest rates. Since a rise in interest rates produces an increase in income from these assets, although there is a time lag, interest rate risk is mitigated. For the remaining interest-bearing liabilities exposed to interest rate risk without such offsets, commensurate asset holdings such as investment securities, property and equipment generate trading income and other income streams, such as dividends, are strongly correlated with economic cycles. Accordingly, even if interest rates increase through economic improvement, leading to higher interest expenses, the Company believes that these expenses would be offset by an increase in income from the corresponding asset holdings. However, the Company's operating results may be negatively impacted temporarily if there is a rapid rise in interest rates because increased income from commensurate asset holdings would fail to offset the effects of a preceding increase in interest expenses. To monitor market movements in interest rates and respond flexibly to market risks, the Parent has an Asset Liability Management (ALM) Committee, which establishes fund procurement strategies and manages the risk of interest rate fluctuations. Assuming that the interest rate increased/decreased by 1% at March 31, 2023, 2024 and 2025, its impact on net income and total equity would be immaterial.

Foreign currency risk management

The Company operates globally and is exposed to foreign currency risks related to purchasing, selling, financing and investing in currencies other than the local currencies in which the Company operates. The Company's strategy to manage foreign currency risks is to net foreign currency exposures on recognized assets, liabilities and unrecognized firm commitments by utilizing transactions which can mitigate market risks, and to purchase forward exchange and other contracts to preserve the economic value of cash flows in currencies other than the functional currency. The Company believes that in circumstances where these foreign currency contracts have not been designated as hedging instruments, such contracts effectively hedge the impact of the variability in exchange rates. Hedged currencies primarily include U.S. dollar, Australian dollar and Euro.

Estimated amounts of decrease in the total equity assuming that the Japanese yen appreciated by ¥1 at March 31, 2023, 2024 and 2025 were as follows. Estimated amounts of increase in the total equity assuming that the Japanese yen depreciated by ¥1 were the same amounts.

The foreign exchange gains (losses) were ¥26,009 million, ¥(27,763) million and ¥7,252 million ($48 million) for the years ended March 31, 2023, 2024 and 2025, respectively. As the derivative-related gains (losses) arising from hedging instruments have effectively offset the foreign exchange gains (losses), the net amount after offsetting would be immaterial.

Currency	2023 (Billions of Yen)	2024 (Billions of Yen)	2025 (Billions of Yen)	2025 (Million U.S. Dollars)
U.S. Dollar	¥18.6	¥21.2	¥21.4	$143
Australian Dollar	11.4	11.7	11.4	76
Euro	4.1	5.1	4.8	32

Commodity price risk management

The Company is exposed to risks related to fluctuations in commodity prices in various trading and other operating activities and enters into derivatives such as commodity futures, options, swaps and contracts to buy or sell non-financial items that can be settled net in cash or other financial instruments in order to hedge or manage such risks. Although some of these derivatives are not designated as hedging relationships such as cash flow hedges or fair value hedges, the Company believes that the impacts derived from fluctuations in commodity prices are effectively managed, as trading positions, which may also include inventories, assets and liability related to commodity loan transactions and others, are integrally managed by each commodity with exposure and loss limit set and monitored in accordance with risk management strategies.
The derivatives held to hedge or manage risks related to changes in commodity prices are measured at fair value and their fluctuations are recognized in "revenues" or "cost of revenues" in the consolidated statement of income, being offset by profits or losses related to inventories or commodity loan contracts measured at fair value if applicable. Such net profits are administrated as transaction profits (gross profit) by each commodity.
Transactions utilizing such derivatives are operated mainly in the Mineral resources trading business and the Overseas power business where the transaction profits (gross profits) were ¥95.6 billion, ¥91.0 billion and ¥122.5 billion ($0.8 billion) for the years ended March 31, 2023, 2024 and 2025, respectively.

Share price risk management

Based on its risk management policies, the Company manages the risk of share price fluctuations by periodically monitoring fair value and unrealized gains (losses) with respect to each investee.
At March 31, 2024 and 2025, the Company owned ¥674.9 billion and ¥564.9 billion ($3.8 billion) of marketable securities. These investments are mostly equity securities of customers and suppliers which are exposed to the risk of fluctuations in share prices. These amounts are based on fair value and not including equity securities of the associates.
Assuming that the share price rose or fell by 10% at March 31, 2024 and 2025, the increase or decrease in total equity would amount to approximately ¥47.0 billion and ¥38.0 billion ($0.3 billion), respectively. As most of the marketable equity securities held by the Company are classified as financial assets measured at FVTOCI based on the accounting policy described in Note 3, assuming that the share price rose or fell by 10%, its impact on net income would be immaterial. Please refer to Note 7 for the exposure of non-marketable equity securities at March 31, 2024 and 2025.

Credit risk management

The Company is exposed to credit risk arising from extending credit terms to its customers in various business transactions with them. In case of deterioration in the credit of or bankruptcy of customers, the risk exposure causes the Company to experience credit losses. To manage the credit risk, the Company maintains credit and transaction limits for each customer. According to the internal rules corresponding to the internal ratings and the amount of credit, the Company also requires collateral or a guarantee depending on the credit profile of the counterparty. In spite of the various engagements in various businesses and industries, the Company has assessed the nature and characteristics of the credit risk using a certain formula that refers to the financial position of the counterparties as an input, and has managed its credit risk without classification corresponding to the business types or the industries of the customers. The Company considers that the customers' financial position offers relevant and sufficient information for the assessment of the Company's credit risk because the Company estimates that its credit risk is relatively insignificant, compared to its market and foreign currency risks.

The Company is not exposed to credit risks that are over-concentrated in a single counterparty or a group to which the counterparty belongs.
The contract amount of guarantees and financing agreements and the amount of financial assets in Note 8 represent the maximum exposure of the Company's financial assets to credit risks, without taking into account the valuation of collateral held. Please refer to Note 40 for details of guarantees and financing agreements.

Liquidity risk management

The Company's basic policy concerning the procurement of funds to support business activities is to procure funds in a stable and cost-effective manner. For funding purposes, the Company selects and utilizes, as needed, both direct financing, such as commercial paper and corporate bonds, and indirect financing, including bank loans. The Company seeks to use the most advantageous means, based on market conditions at the time. The Company has a strong reputation in the capital markets and with regard to indirect financing, the Company maintains good relationships with a broad range of financial institutions in addition to Japanese mega-banks, including foreign-owned banks, life insurance companies and regional banks. This diversity allows the Company to procure funds on terms that are cost competitive. Regarding management of funds on a consolidated basis, the Company has a group financing policy in which funds are raised principally by the Parent, as well as domestic and overseas finance subsidiaries and overseas regional subsidiaries, and distributed to other subsidiaries.

The breakdown of financial liabilities (except for Lease Liabilities) by due date at March 31, 2024 and 2025 was as follows, excluding the effect of adjustments to fair value under fair value hedge accounting.
Please refer to Note 35 for Lease Liabilities by due date.
Financial guarantee contracts are not included in the breakdown since the Company’s payment timing can be changed due to condition of the guaranteed liabilities or situation of debtors. Please refer to Note 40 for the exposure related to financial guarantee contracts.

(March 31, 2024)

	Millions of Yen			
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years	Total
Bonds and borrowings	¥1,734,957	¥1,284,532	¥2,135,859	¥5,155,348
Trade and other payables	2,841,040	20,328	19,401	2,880,769
Other financial liabilities (derivatives)	254,441	69,280	39,202	362,923
Total	¥4,830,438	¥1,374,140	¥2,194,462	¥8,399,040

(March 31, 2025)

	Millions of Yen			
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years	Total
Bonds and borrowings	¥1,338,112	¥1,552,674	¥1,778,629	¥4,669,415
Trade and other payables	2,863,701	30,701	27,998	2,922,400
Other financial liabilities (derivatives)	260,231	59,453	48,123	367,807
Total	¥4,462,044	¥1,642,828	¥1,854,750	¥7,959,622

(March 31, 2025)

	Millions of U.S. Dollars			
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years	Total
Bonds and borrowings	$8,921	$10,351	$11,858	$31,129
Trade and other payables	19,091	205	187	19,483
Other financial liabilities (derivatives)	1,735	396	321	2,452
Total	$29,747	$10,952	$12,365	$53,064

The Company maintains lines of credit in both bilateral and syndicated structures arranged by various banks. The short-term and long-term portions of unused lines of credit totaled ¥484,938 million and ¥1,185,753 million, respectively, at March 31, 2024 and ¥412,562 million ($2,750 million) and ¥1,621,408 million ($10,809 million), respectively, at March 31, 2025. The Company is required to comply with certain financial covenants to maintain these facilities. These amounts do not include the amounts of overdraft contracts.
The unused lines of credit are maintained sufficiently mainly as a purpose of backup in case of fund shortage for redemption of the commercial paper program, which the Parent has issued to fund working capital and other general corporate requirements, resulting in a sufficient level of liquidity.

34. TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets that were not derecognized for the years ended March 31, 2024 and 2025 were as follows.

The Company has sold certain trade receivables at discounts in exchange for cash mainly by a note receivables securitization program. Such securitized receivables do not qualify for derecognition since the Company maintains the obligation to compensate the outstanding receivables balance in the event of default. The amounts of the transferred financial assets and the liabilities associated to the transferred financial assets were immaterial at March 31, 2024 and 2025.

The Company provides some debt securities for securities lending transactions and sale-and-repurchase transactions.
In respect of securities lending transactions, the Company lends securities and receives cash as collateral while the rights to receive interest income from the securities and the risks of price fluctuations are retained. In respect of sale-and-repurchase transactions, the Company sells securities with the promise to repurchase it at a fixed price on a future date and retains the risks of price fluctuations. The Company continues to recognize these securities because they do not qualify for derecognition.

The amounts of these securities were recorded ¥5,341 million and ¥731 million ($5 million) as "Short-term investments," and ¥5,324 million and ¥9,847 million ($66 million) as "Other investments" at March 31, 2024 and 2025, respectively. The liabilities associated with the cash received as collateral were included in "Bonds and borrowings" totaling ¥10,600 million and ¥10,466 million ($70 million) at March 31, 2024 and 2025, respectively. The liabilities will be settled at the time of returning back and repurchase. However, the Company does not have the ability to use these securities until the settlement.

The carrying amount of these securities and the associated liabilities approximate fair value.

35. LEASES

Lessee

Leases as lessee

The Company leases, as lessee, mainly assets related to pipeline gas transportation services, offices, distribution center, as well as equipment and fixtures for business operation etc., and vessels. Some of these leases contain options to terminate and/or extend the lease. The Company reflects these options upon initial recognition of "Right-of-use assets" and "Lease liabilities" by evaluating the enforceability of those options as well as the economic incentives such as past practical records of exercise and the importance of underlying assets in the corresponding business. The Company also subsequently remeasures the carrying amount of the above accounts when necessary based on the actual results of exercise.

At March 31, 2024 and 2025, the carrying amounts of "Right-of-use assets" were as follows:

Carrying amount	Millions of Yen		Millions of U.S. Dollars
	2024	2025	2025
Land	¥75,424	¥74,274	$495
Buildings and structures	175,601	428,265	2,855
Machinery and equipment	47,208	45,984	307
Vessels and vehicles	139,061	125,301	835
Other	19,112	15,143	101
Total	¥456,406	¥688,967	$4,593

"Real estate" at March 31, 2024 was reclassified as "Land" and "Buildings and structures" at March 31, 2025.

The additions to "Right-of-use assets," due to new contract and others, were ¥276,171 million and ¥348,333 million ($2,322 million) for the years ended March 31, 2024 and 2025, respectively.

Changes in “Right-of-use assets” for the year ended March 31, 2025, include the impact of recording ¥242,050 million ($1,614 million) of assets related to the pipelines gas transportation services as a result of the agreement on November 18, 2024 that revised the agreement and set a start date for gas transportation services for the LNG Canada Project, a major liquefied natural gas (LNG) project in Kitimat, British Columbia, Canada, in which Diamond LNG Canada Partnership, a consolidated subsidiary of the Environmental Energy Segment, has a 15% interest. This impact is accounted for in “Buildings and structures.” “Right-of-use assets” also include lease payments made prior to the commencement date that were recorded as “Other non-current assets.”

The depreciation of "Right-of-use assets" for the years ended March 31, 2023, 2024 and 2025 were as follows:

Depreciation	Millions of Yen			Millions of U.S. Dollars
	2023	2024	2025	2025
Land	¥41,474	¥42,352	¥8,339	$56
Buildings and structures	149,406	150,993	48,392	323
Machinery and equipment	44,897	45,598	9,319	62
Vessels and vehicles	31,249	31,466	26,097	174
Other	7,867	7,861	6,541	44
Total	¥274,893	¥278,270	¥98,688	$658

"Real estate" at March 31, 2024 was reclassified as "Land" and "Buildings and structures" at March 31, 2025.

The following are the income (loss) related to leases as lessee for the years ended March 31, 2023, 2024 and 2025.

	Account in the consolidated statement of income	Millions of Yen			Millions of U.S. Dollars
		2023	2024	2025	2025
Interest expense on lease liabilities	Finance costs	¥(20,750)	¥(24,385)	¥(21,735)	$(145)
Expense related to short-term leases	Selling, general and administrative expenses	(33,109)	(48,661)	(58,566)	(390)
Expense related to variable lease payments not included in the measurement of lease liabilities	Selling, general and administrative expenses	(10,930)	(18,051)	(16,027)	(107)
Income from subleasing right-of-use assets	Revenues	54,863	56,558	54,781	365

Total cash outflow for leases as lessee for the years ended March 31, 2023, 2024 and 2025 were ¥362,844 million, ¥376,913 million and ¥290,355 million ($1,936 million), respectively. The cash outflow included in the measurement of "Lease liabilities" are included in Financing activities as "Repayments of lease liabilities," and the cash outflow not included in the measurement of "Lease liabilities" are included in Operating activities.

The breakdown of future lease payments included in the measurement of "Lease liabilities" at March 31, 2024 and 2025 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2025	2025
Not later than 1 year	¥117,549	¥125,851	$839
Later than 1 year and not later than 5 years	262,111	319,575	2,131
Later than 5 years	294,797	601,289	4,009
Sub-total	¥674,457	¥1,046,715	$6,978
Less amount representing interest	(115,818)	(324,435)	(2,163)
Lease liabilities	¥558,639	¥722,280	$4,815

Increase of "Lease liabilities" for the year ended March 31, 2025 includes the effect of a liability of ¥182,766 million ($1,218 million) recorded for pipeline gas transportation services in the LNG Canada project, similarly as the change in "Right-of-use assets."

The amount of future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities at March 31, 2024 and 2025 were ¥416,449 million and ¥255,157 million ($1,701 million), respectively.
The amount at March 31, 2024 includes contractual commitments of the LNG Canada Project as described above and contractual commitments of the newly concluded charter agreements in the LNG sales business.
The amount at March 31, 2025 includes contractual commitments of the concluded charter agreements in the LNG sales business, and variable lease payments for equipment usage at N.V. Eneco.

Lessor

Finance leases as lessor

The Company leases, as lessor, vehicles, vessels and other industrial machinery and equipment under finance leases.

Receivables under finance leases are included in "Trade and other receivables" in the consolidated statement of financial position. The breakdown of lease payments receivable by receipt period and the present value of lease payments receivable, and the components of the outstanding receivables under finance leases at March 31, 2024 and 2025 were as follows:

	Components of receivables under finance lease			Present value of future minimum lease payments to be received		
	Millions of Yen		Millions of U.S. Dollars	Millions of Yen		Millions of U.S. Dollars
	2024	2025	2025	2024	2025	2025
Lease payments receivable						
Not later than 1 year	¥202,639	¥194,975	$1,300	¥192,877	¥185,994	$1,240
Later than 1 year and not later than 2 years	167,232	156,417	1,043	152,106	142,769	952
Later than 2 years and not later than 3 years	131,806	117,913	786	115,059	103,204	688
Later than 3 years and not later than 4 years	95,477	81,441	543	79,892	68,275	455
Later than 4 years and not later than 5 years	65,291	49,018	327	52,073	39,253	262
Later than 5 years	97,572	75,762	505	65,566	50,630	338
Sub-total	¥760,017	¥675,526	$4,504	¥657,573	¥590,125	$3,934
Estimated unguaranteed residual value of leased assets	3,056	2,146	14			
Gross investment in the lease	¥763,073	¥677,672	$4,518			
Less unearned income	(102,446)	(85,395)	(569)			
Finance lease receivables	¥660,627	¥592,277	$3,949			
Less loss allowance	(12,099)	(11,194)	(75)			
Receivables under finance leases (net of loss allowance)	¥648,528	¥581,083	$3,874			

The following are the amounts of income related to finance leases as lessor for the years ended March 31, 2023, 2024 and 2025.

	Account in the consolidated statement of income	Millions of Yen			Millions of U.S. Dollars
		2023	2024	2025	2025
Finance income on the net investment in the lease	Revenues	¥31,457	¥34,556	¥33,703	$225

Operating leases as lessor

The Company leases, as lessor, vessels, real estates and other industrial machinery under operating leases.

The breakdown of lease payments receivable at March 31, 2023, 2024 and 2025 were as follows. Variable lease payments receivable that do not depend on an index or a rate are not included.

	Millions of Yen			Millions of U.S. Dollars
	2023	2024	2025	2025
Not later than 1 year	¥41,779	¥41,188	¥35,611	$237
Later than 1 year and not later than 2 years	23,598	24,883	20,902	139
Later than 2 years and not later than 3 years	18,500	17,217	13,721	91
Later than 3 years and not later than 4 years	12,628	10,652	9,386	63
Later than 4 years and not later than 5 years	8,159	6,708	4,870	32
Later than 5 years	17,362	19,862	20,198	135
Total	¥122,026	¥120,510	¥104,688	$698

The amount of lease income for the years ended March 31, 2023, 2024 and 2025 were ¥127,944 million, ¥125,526 million and ¥124,460 million ($830 million), respectively.

In addition, as for the variable lease income included in franchise commissions from franchised stores which is recognized in "Revenues" in the consolidated statement of income, please refer to Note 24.

As for "Property, plant and equipment" subject to operating leases as a lessor, please refer to Note 12.

36. SUPPLEMENTAL CASH FLOW INFORMATION

The following is supplemental information related to the consolidated statement of cash flows for the years ended March 31, 2023, 2024 and 2025.

	Millions of Yen			Millions of U.S. Dollars
	2023	2024	2025	2025
Acquisition of businesses:				
Consideration for acquisition				
Total amount of consideration for acquisition	¥25,832	¥18,255	¥21,118	$141
Payment of outstanding balance as of the end of the previous fiscal year	11,509	—	—	—
Cash acquired	98	5,540	5,775	39
Acquisitions of businesses - net of cash acquired	14,225	12,715	15,343	102

Notes:

1. For details of significant assets acquired and liabilities assumed in the acquisitions of businesses, please refer to Note 5.
2. "Acquisition of businesses - net of cash acquired" in consolidated statement of cash flows for the year ended March 31, 2023 includes "Payment of outstanding balance as of the end of the previous fiscal year."

	Millions of Yen			Millions of U.S. Dollars
	2023	2024	2025	2025
Disposals of businesses:				
Consideration for sales				
Total amount of consideration for sales	¥209,656	¥58,084	¥47,773	$318
Accounts receivable included in consideration for sales	—	36,102	—	—
Proceeds from receivable at the end of the previous fiscal year	—	—	(71,385)	(476)
Cash divested	36,294	37,834	462,380	3,083
Proceeds from disposal of businesses - net of cash divested	173,362	(15,852)	(343,222)	(2,288)
Assets sold (excluding cash and cash equivalents)				
Trade and other receivables	13,272	5,253	4,566	30
Inventories	21,566	88,858	553	4
Assets classified as held for sale	6,429	141,479	2,670,003	17,800
Property, plant and equipment and investment property	25,122	234,693	2,058	14
Intangible assets and goodwill	466	24,824	71	—
Right-of-use assets	4,547	23,543	114	1
Investments accounted for using the equity method	51,807	4,739	760	5
Other	11,427	9,442	1,012	7
Total sold assets	¥134,636	¥532,831	¥2,679,137	$17,861
Liabilities sold				
Bonds and borrowings	26,934	93,364	1,491	10
Trade and other payables	18,298	53,966	3,704	25
Liabilities directly associated with assets classified as held for sale	1,752	7,801	2,243,291	14,955
Other	5,067	15,573	364	2
Total sold liabilities	¥52,051	¥170,704	¥2,248,850	$14,992
Non-cash investing and financing activities:				
Assets recognized due to loss of control (net of liabilities)	39,586	423,387	553,468	3,690

Notes:

1. Assets recognized due to loss of control (net of liabilities) principally include Investments accounted for using the equity method and Loans receivable.
2. "Assets classified as held for sale" and "Liabilities directly associated with assets classified as held for sale" for the year ended March 31, 2025 includes the effect of the loss of sole control over Lawson, a consolidated subsidiary in the Smart-Life Creation segment. Please refer to Note 11 for details.

The following is supplemental information of changes in liabilities related to Financing activities for the years ended March 31, 2023, 2024 and 2025.

(Year ended March 31, 2023)

	Millions of Yen							
			Non-cash changes					
	Balance at April 1, 2022	Cash flows	Exchange translations	Fair value changes	Acquisitions and disposals of businesses	Additions through Lease contracts and other	Other	Balance at March 31, 2023
Bonds and borrowings	¥5,643,169	¥(967,302)	¥263,553	¥(27,136)	¥(23,496)	—	¥1,093	¥4,889,881
Lease liabilities	1,592,307	(308,946)	23,352	—	2,601	¥346,714	11,661	1,667,689

(Year ended March 31, 2024)

	Millions of Yen							
			Non-cash changes					
	Balance at April 1, 2023	Cash flows	Exchange translations	Fair value changes	Acquisitions and disposals of businesses	Additions through Lease contracts and other	Other	Balance at March 31, 2024
Bonds and borrowings	¥4,889,881	¥36,708	¥351,835	¥(13,331)	¥(88,221)	—	¥(48,920)	¥5,127,952
Lease liabilities	1,667,689	(300,086)	35,772	—	(25,474)	¥283,391	(1,102,653)	558,639

(Year ended March 31, 2025)

	Millions of Yen							
			Non-cash changes					
	Balance at April 1, 2024	Cash flows	Exchange translations	Fair value changes	Acquisitions and disposals of businesses	Additions through Lease contracts and other	Other	Balance at March 31, 2025
Bonds and borrowings	¥5,127,952	¥(518,450)	¥(728)	¥(24,971)	¥5,029	—	¥28,190	¥4,617,022
Lease liabilities	558,639	(204,878)	(893)	—	83,834	¥292,332	(6,754)	722,280

(Year ended March 31, 2025)

	Millions of U.S. Dollars							
			Non-cash changes					
	Balance at April 1, 2024	Cash flows	Exchange translations	Fair value changes	Acquisitions and disposals of businesses	Additions through Lease contracts and other	Other	Balance at March 31, 2025
Bonds and borrowings	$34,186	$(3,456)	$(5)	$(166)	$34	—	$187	$30,780
Lease liabilities	3,724	(1,366)	(6)	—	559	$1,949	(45)	4,815

Notes:

1. Cash flows related to "Bonds and borrowings" are included in "Net increase (decrease) in short-term debts," "Proceeds from long-term debts" and "Repayments of long-term debts" in the consolidated statement of cash flows.
2. Cash flows related to "Lease liabilities" are included in "Repayments of lease liabilities" in the consolidated statement of cash flows.
3. Decrease of "Other" in "Bonds and borrowings" and "Lease liabilities" for the year ended March 31, 2024 includes the effect of reclassification of liabilities held by Lawson, a consolidated subsidiary in the Smart-Life Creation segment, to held for sale. For details, please refer to Note 11.
4. Increase of "Additions through Lease contracts and other" in " Lease liabilities" for the year ended March 31, 2025 includes the effect of recording lease liabilities of ¥175,280 million ($1,169 million) related to gas transportation service on the pipeline by Diamond

LNG Canada Partnership, a consolidated subsidiary in the Environmental Energy segment. For details, please refer to Note 35.

37. CONSOLIDATED SUBSIDIARIES

The effects on the equity attributable to owners of the Parent of any changes in its ownership interest in consolidated subsidiaries that did not result in a loss of control

The effects on the equity attributable to owners of the Parent of any changes in its ownership interest in consolidated subsidiaries that did not result in a loss of control were immaterial for the years ended March 31, 2023 , 2024 and 2025.

The gains (losses) associated with the loss of control of subsidiaries

The net gain associated with the loss of control of subsidiaries (before tax) was ¥159,619 million and the portions of which attributable to the remeasurement of investment retained in the former subsidiary at its fair value at the date when control was lost (before tax) were ¥11,344 million for the year ended March 31, 2023.

The net gain associated with the loss of control of subsidiaries (before tax) was ¥154,938 million and the portions of which attributable to the remeasurement of investment retained in the former subsidiary at its fair value at the date when control was lost (before tax) were ¥103,155 million for the year ended March 31, 2024.

The net gain associated with the loss of control of subsidiaries (before tax) was ¥216,664 million ($1,444 million) and the portions of which attributable to the remeasurement of investment retained in the former subsidiary at its fair value at the date when control was lost (before tax) were ¥184,107 million ($1,227 million) for the year ended March 31, 2025.

These gains are included in “Gains (losses) on investments” in the consolidated statement of income.

(Mitsubishi Corp.-UBS Realty Inc.)
During the year ended March 31, 2023, the Company sold all the shares (51% of all outstanding stock) in Mitsubishi Corp.-UBS Realty Inc. (MC-UBSR), a consolidated subsidiary in the Urban Development & Infrastructure segment, to 76KK, an indirect subsidiary of KKR & CO. INC.
With this sale of shares, the Company has lost control of MC-UBSR. Therefore, the Company recorded ¥112,018 million in gains on sales following loss of control and ¥27,940 million in related income tax expenses under “Gains (losses) on investments” and “Income taxes” in the consolidated statement of income, respectively. In addition, the Company recorded ¥115,652 million in consideration received in cash as “Proceeds from disposal of businesses-net of cash divested” in the consolidated statement of cash flows.

(DGA SEG B.V.)
During the year ended March 31, 2023, the Company sold its 50% shares in DGA SEG B.V. (SEG B.V.), a wholly owned subsidiary in the Power Solution segment, with an investment in the geothermal investment company in Indonesia.
As a result, the Company has lost control of SEG B.V. and accounted for its investment in SEG B.V. using the equity method as a joint venture. The Company recorded gains on sales of ¥12,017 million and profit from remeasurement of the remaining shares at fair value by the loss of control of ¥7,618 million in “Gains (losses) on investments” in the consolidated statement of income.

(Diamond Generating Europe Investments Limited)
During the year ended March 31, 2023, the Company sold all the shares in Diamond Generating Europe Investments Limited (DGI), a wholly owned subsidiary in the Power Solution segment, which owned 16.7% interest in the offshore wind farm operating off the coast of Scotland in the United Kingdom. With this sale of the shares, the Company has lost control of DGI and recorded gains on sales following loss of control of ¥23,255 million in “Gains (losses) on investments” in the consolidated statement of income.

(DIAMOND GAS MALAYSIA B.V.)
During the year ended March 31, 2024, the Company lost control of DIAMOND GAS MALAYSIA B.V. (DGM), a wholly owned subsidiary in the Environmental Energy segment, due to the liquidation of DGM. The Company recorded mainly gains from cumulative exchange differences on translating foreign operations of ¥16,331 million as “Gains (losses) on investments” in the consolidated statement of income due to the loss of control.

(MC AUTOMOBILE (EUROPE) N.V.)
During the year ended March 31, 2024, the Company lost control of MC AUTOMOBILE (EUROPE) N.V. (MCAE) a wholly owned subsidiary in the Mobility segment, due to the liquidation of MCAE. The Company recorded mainly gains from cumulative exchange differences on translating foreign operations of ¥18,655 million as “Gains (losses) on investments” in the consolidated statement of income due to the loss of control.

(Nexamp, Inc.)

During the year ended March 31, 2024, Nexamp, Inc. (Nexamp), a consolidated subsidiary in the Power Solution segment, executed a third-party capital increase and shareholder allotment with Manulife Investment Management and an existing shareholder, Generate Capital, as the allottees. Nexamp also purchased a portion of the shares previously held by the Company. In addition, the Company has entered into a shareholders' agreement with Manulife Investment Management and Generate Capital pertaining to Nexamp.

As a result, the Company lost sole control over Nexamp, which became a joint venture of the Company. Furthermore, the Company lost control of entities jointly controlled by the Company and Nexamp due to the loss of sole control over Nexamp and those entities were reclassified to joint ventures of the Company.

The Company recorded gains on sales of the investment of ¥9,224 million and the gains of ¥100,557 million attributable to the remeasurement of the investment retained at fair value due to the loss of control in "Gains (losses) on investments" and the related income tax expenses of ¥24,403 million in "Income taxes" in the consolidated statement of income.

(Lawson Inc.)

During the year ended March 31, 2025, the Company and KDDI Corporation (KDDI) adjusted their ownership ratios of Lawson Inc. (Lawson), a consolidated subsidiary in the Smart-Life Creation segment, to 50% through a tender offer for shares of Lawson by KDDI and a squeeze-out procedure by means of a reverse stock split of Lawson shares on August 15, 2024. Upon completion of all of the above transactions, the shareholders' agreement became effective and the Company lost sole control over Lawson, which is classified as a joint venture.

As a result, the Company recorded gains on sales of ¥473 million ($3 million), and the gains associated with the remeasurement of investment retained in the former subsidiary at its fair value by the loss of control of ¥182,070 million ($1,214 million) in "Gains (losses) on investments" and the related income tax expenses of ¥60,074 million ($400 million) in "Income taxes" in the consolidated statement of income.

In addition, the effect of decrease in cash and deposits held by Lawson by the loss of control of ¥457,961 million ($3,053 million) is included in "Proceeds from disposal of businesses-net of cash divested" in the consolidated statement of cash flows.

Subsidiaries with material non-controlling interests

Company Name	Voting Rights held by non-controlling interests
Metal One Corporation (Japan)	40.00%
Diamond Chubu Europe B.V. (Netherlands)	20.00%
Mitsubishi Shokuhin Co., Ltd. (Japan)	49.66%

Entity of which the Company has control regardless of the possession of less than half of the voting rights

(Chiyoda Corporation)

The Company has purchased class A preferred shares issued via third-party allotment by Chiyoda Corporation, an integrated engineering operating company. The Company holds 33.46% of the voting rights to Chiyoda Corporation and if it were to exercise the conversion request rights attached to the class A preferred shares, it would hold 81.99% of the voting rights to Chiyoda Corporation. Regarding these as effective potential voting rights, the Company accounts for Chiyoda Corporation as a consolidated subsidiary.

38. INTERESTS IN JOINT ARRANGEMENTS AND ASSOCIATES

(1) Entities of which the Company does not have control regardless of the possession of more than half of the voting rights

MI Berau B.V. (MI Berau)

The Company holds a 56% ownership interest in MI Berau, a Netherlands corporation. MI Berau is a joint venture, participating in the Tangguh LNG Project in Indonesia, which was established with INPEX CORPORATION (INPEX), which holds a 44% ownership interest. Under the shareholder's agreement with INPEX, significant decisions regarding MI Berau's operations require unanimous consent by the Company and INPEX. The rights given to INPEX in the shareholder's agreement are considered substantive participating rights, and control over the operations or assets of MI Berau does not rest with the Company. Accordingly, the Company accounts for its investment in MI Berau using the equity method as a joint venture.

Sulawesi LNG Development Ltd. (Sulawesi LNG Development)

The Company holds a 75% ownership interest in Sulawesi LNG Development, a UK corporation. Sulawesi LNG Development is a holding company with an investment in the Donggi Senoro LNG Project in Indonesia, which was established with Korea Gas Corporation (KOGAS) holding a 25% ownership interest. Under the shareholder's agreement with KOGAS, significant decisions regarding Sulawesi LNG Development's operations require unanimous consent by the Company and KOGAS. The rights given to KOGAS in the shareholder's agreement are considered substantive participating rights, and control over the operations or assets of Sulawesi LNG Development does not rest with the Company. Accordingly, the Company accounts for its investment in Sulawesi LNG Development using the equity method as a joint venture.

DIAMOND REALTY INVESTMENT GRAND PARK 2 CO., Ltd. (DRI-GP2 Co., Ltd.)

The Company holds 51% of the voting rights in DRI-GP2 Co., Ltd. (a Japanese company), which invests in an urban development project known as Grand Park Phase 3 in the suburbs of Ho Chi Minh City, Vietnam. Nomura Real Estate Development Co., Ltd. holds the remaining 49% ownership interest. Under the shareholder’s agreement with Nomura Real Estate Development Co., Ltd., significant decisions regarding DRI-GP2 Co., Ltd.’s operations require unanimous consent by the Company and Nomura Real Estate Development Co., Ltd. The rights given to Nomura Real Estate Development Co., Ltd. in the shareholder’s agreement are considered substantive participating rights, and control over the operations or assets of DRI-GP2 Co., Ltd. does not rest with the Company. Accordingly, the Company accounts for its investment in DRI-GP2 Co., Ltd. using the equity method as a joint venture.

Nexamp, Inc. (Nexamp)

The Company holds 53.78% ownership interests in Nexamp, which is engaged in the distributed solar power generation business in the United States of America. The shareholders’ agreement of Nexamp stipulates that significant decisions regarding Nexamp’s operations require consent of Manulife Investment Management and Generate Capital, in addition to the Company. Manulife Investment Management and Generate Capital have substantive participation rights in Nexamp, and control over the operations or assets of Nexamp does not rest with the Company. Accordingly, the Company accounts for its investments in Nexamp using the equity method as a joint venture.

(2) Entities in which the Company has significant influence regardless of the possession of less than 20% of the voting rights

Olam Group Limited (Olam)

The Company holds a 14.63% ownership interest in Olam, an agricultural products company located in Singapore. For the year ended March 31, 2018, the warrants attached to bonds which Olam (at the time Olam International Limited) issued were exercised and the Company’s voting rights have been diluted to less than 20%. However, since the Company has a significant influence over Olam's operating and financial policies through directors dispatched by the Parent, the Company accounts for its investment in Olam using the equity method.

Mitsubishi HC Capital Inc.

The Company holds 18.40% of the shares of Mitsubishi HC Capital Inc. Although the Company holds less than 20% of the voting rights to Mitsubishi HC Capital Inc., said company's shareholder composition, excluding Mitsubishi UFJ Financial Group and the Company, is widely distributed, and the Company's voting rights have a relatively high significance. Furthermore, the Company has significant influence (power to participate in financial and operating policy decisions) over Mitsubishi HC Capital Inc. through directors and senior vice presidents of asset finance and other important business domains dispatched by the Company. As such, the Company accounts for its investment in Mitsubishi HC Capital Inc. using the equity method.

(3) Material joint arrangements

BMA steelmaking coal business

Through a wholly owned subsidiary Mitsubishi Development Pty Ltd (MDP), the Company engages in the development of steelmaking coal which is used for steel manufacturing. The Company holds through MDP a 50% interest in BMA steelmaking coal business in Queensland, Australia, as a joint operation with a partner, BHP Group Limited, headquartered in Melbourne, Australia. BMA has grown into one of the world's largest steelmaking coal businesses. As of March 31, 2025, the book value of MDP's property, plant and equipment is ¥994,579 million ($6,631 million).

(4) Share of profit for the year and other comprehensive income of joint ventures and associates

	Millions of Yen			Millions of U.S. Dollars
	2023	2024	2025	2025
Profit for the year				
Joint ventures	¥260,500	¥134,174	¥75,455	$503
Associates	239,680	310,211	262,027	1,747
Sub-total	500,180	444,385	337,482	2,250
Other comprehensive income	187,141	77,878	79,518	530
Comprehensive income	¥687,321	¥522,263	¥417,000	$2,780

Impairment losses on investments accounted for using the equity method

During the year ended March 31, 2023, the Company recorded impairment losses of ¥37,095 million in "Share of profit (loss) of investments accounted for using the equity method" on its investment in Anglo American Sur S.A. ("AAS," Headquarter: Santiago, Chile), a Chilean copper resource company, in which the Company holds 20.4% interest; mainly due to delays in development schedule on the mine according to the revised business plan. These losses are included in the consolidated net income of the Mineral Resources segment. As a result, the book value of the Company's investment in AAS at March 31, 2023, was ¥144,863 million.

Copper is an essential resource for transitioning to decarbonized society in the future, and demand is expected to grow. However, supply constraints are likely to increase mainly due to the declining production volumes and the degradation of ore at existing mines and the increasing difficulty to develop new mines. The Company has forecasted that the copper market would be tightened medium- to long-term. Although the Company has assumed that the potential for future copper resource in the mines remains high, AAS has been closely examining the impact on its business plans following the rejection in May 2022 of its application for an environmental permission required for its development. As a result of this process, since it became clear that there would be delays in the development schedule on the producing and the undeveloped mine site, and that development became more difficult than previously assumed with regards to economic aspect due to environmental countermeasure, the Company revised assumptions for valuation of the mine and recorded impairment losses accordingly.

AAS reapplied to the Environmental Assessment Service of Chile (SEA) for the required environmental permit in June 2022 and received notification that the permit was approved in April 2023. The Company used the business plan based on this reapplication to measure impairment losses.

During the year ended March 31, 2023, the Company identified indications of impairment on the joint venture investments which operate power plants in Japan, due to the suspension of operations in connection with the plant's equipment failure remediation work. The impairment test was performed based on the latest business plan, which incorporated the downtime from the remediation work aimed at stabilizing the power plants' operations. As a result, the Company recorded impairment losses of ¥12,531 million in "Share of profit (loss) of investments accounted for using the equity method" and ¥8,338 million in "Gains (losses) on investments – net," respectively, mainly due to the decrease in revenue from power sales contracts during the downtime period. These losses are included in the consolidated net income of the Power Solution segment. The recoverable amount for the impairment test was estimated based on value in use, which was estimated using the discounted present value of the future cash flows. The differences between the book values and the recoverable amounts of individual assets and investments are recorded as losses.

During the year ended March 31, 2024, the Company identified indications of impairment on a joint venture which operates a power plant in Japan, based on a decline in power generation due to technical factors and the associated increase in costs. As a result of impairment test based on the latest business plan, the Company recorded impairment losses of ¥8,140 million in “Share of profit (loss) of investments accounted for using the equity method” due to decreased revenues from an electricity sales contract and increased costs. In addition, the Company recorded losses of ¥2,535 million associated with the provision for loans to the joint venture in “Selling, general and administrative expenses” and a corresponding tax effect of ¥592 million (gain) in “Income taxes.” These losses are included in the consolidated net income of the Power Solution segment.

During the year ended March 31, 2025, the Company recorded losses of ¥51,255 million ($342 million) and ¥1,183 million ($8 million) respectively in “Share of profit (loss) of investments accounted for using the equity method” and “Gains (losses) on investments” in the consolidated statement of income on all joint venture investments in Japanese offshore wind power business and within the scope of related legal or constructive obligations. These losses are a result of the significant and prolonged deterioration in the business environment for offshore wind power due to factors such as inflation, the depreciation of the yen, tight supply chains, and rising interest rates. These losses are included in consolidated net loss for the Power Solution segment.

Sales of investments accounted for using the equity method

During the year ended March 31, 2023, the Company classified all shares in an affiliated company of the Food Industry segment as assets held for sale. During the year ended March 31, 2024, the Company recorded a gain on the sale of shares of ¥39,660 million in “Gains (losses) on investments,” dividends of ¥11,849 million in “Finance income,” and related income taxes of ¥12,078 million in “Income taxes,” respectively, upon receiving dividends and the sale of these shares. These profits are included in consolidated net income for the Food Industry segment.

During the year ended March 31, 2023, the Company sold all shares of the aluminum smelting operating company, Mozal SA, in which MCA Metals Holdings GmbH, the Company’s wholly owned subsidiary, held 25% shares by October 31, 2022. As a result, the Company recorded profit of ¥12,258 million for the sale as “Gains (losses) on investments.” These profits are included in consolidated net income for the Mineral Resources segment.

During the year ended March 31, 2023, the Company sold its 1% equity interest of the Electricity and gas retailer company in the United Kingdom, which was an affiliated company accounted for using the equity method with 20.54% equity interest. As a result of this sale, the Company lost significant influence over this company and discontinued to apply the equity method due to less than 20% of proportion of the voting rights held. The Company classified the remaining 19.54% equity interest as financial assets measured at FVTPL (Level 3). As a result, the Company recorded ¥22,212 million (gain) in “Gains (losses) on investments” as a total of gains from the sale of 1% interest and the difference between the book value of the remaining interests and the fair value measured using the present value of future cash flows based on the latest business plan as of the date of the discontinuation of the equity method.
In addition, the Electricity and gas retailer company in the United Kingdom measures a portion of its power and gas procurement contracts at fair value based on the market value in the U.K. power and gas market as contracts to buy or sell non-financial items under IFRS 9 Financial Instruments. During the year ended March 31, 2023, until the discontinuation of the equity method, due to a decline in transaction prices traded in the market, the Company recorded losses of ¥21,117 million as “Share of profit (loss) of investments accounted for using the equity method” based on the fair value measurement of these contracts.
These gains and losses are included in the consolidated net income for the Power Solution segment.

Other gains (losses) on investments accounted for using the equity method

During the year ended March 31, 2023, the Company recorded losses of ¥18,555 million in “Share of profit (loss) of investments accounted for using the equity method” on its investment in GAC MITSUBISHI MOTORS Co., LTD. ("GMMC"), an automobile manufacturing and sales operating company, in which the Company held 20% equity interest, mainly due to the fact that GMMC’s profitability was expected to decline as its performance continued to fall short of sales plans amid intensifying competition in the Chinese market. This impairment loss included the Company’s share of the related losses at Mitsubishi Motors Corporation, which held 30% of shares in GMMC. In addition, the Company recorded losses on provisions related to loans to GMMC and unused loan commitments to said company of ¥7,674 million in “Selling, general and administrative expenses” as well as a corresponding tax effect of ¥1,919 million (gain) in “Income taxes,” respectively. These losses are included in the consolidated net income for the Mobility segment.

(5) Sale of goods / rendering of service to and goods purchased / service received from joint ventures and associates

	Millions of Yen			Millions of U.S. Dollars
	2023	2024	2025	2025
Sale of goods / rendering of service	¥720,311	¥707,498	¥1,120,090	$7,467
Goods purchased / service received	1,457,054	1,385,488	1,247,762	8,318

(6) Assets and liabilities of the Company to joint ventures and associates

	Millions of Yen		Millions of U.S. Dollars
	2024	2025	2025
(Assets)			
Trade receivables	¥167,904	¥247,650	$1,651
Loans and other	584,118	513,235	3,422
(Liabilities)			
Trade payables	250,594	272,463	1,816
Borrowings and other	117,202	99,180	661

In addition to the above, at March 31, 2024 and 2025, the Company provided ¥274,593 million and ¥224,668 million ($1,498 million), respectively, of credit guarantees for certain joint ventures and associates.
The Company has entered into substantial sales commitments with joint ventures and associates at March 31, 2024 and 2025. The outstanding sales commitments amounted to ¥295,842 million and ¥268,433 million ($1,790 million), respectively.
Furthermore, the Company has also entered into substantial purchase commitments with joint ventures and associates at March 31, 2024 and 2025. The outstanding purchase commitments amounted to ¥1,598,939 million and ¥2,017,658 million ($13,451 million), respectively. The amounts of the outstanding purchase commitments at March 31, 2024 and 2025 include mainly the long-term purchase agreement of copper concentrate produced from Quellaveco copper mine (Peru), which MITSUBISHI CORPORATION RTM INTERNATIONAL PTE. LTD. contracted with Anglo American Quellaveco S.A.

Cameron LNG Project

With regards to its investment in Cameron LNG, a natural gas liquefaction project which will be operated by Cameron LNG, LLC (CLNG) at its Louisiana Terminal in the U.S., the Company secured 4 million tonnes per annum of LNG tolling capacity for 20 years following the inception of production of LNG from August 2020, for which the Company will pay a tolling service fee, under a natural gas tolling liquefaction agreement with CLNG.
In relation to most of the LNG the Company plans to purchase, the Company also entered into long-term LNG sales contracts with customers mainly in Japan.

39. STRUCTURED ENTITIES (SEs)

The Company evaluates its involvement with SEs to determine whether the Company has control over SEs. If the Company has the power to direct the activities of the SE that most significantly affect the economic performance and the obligation to absorb losses of or the right to receive benefits from the SE that could potentially be significant to the SE, the Company is considered to have control over the SE and consolidates the SE as a subsidiary.

Non-consolidated SEs

The SEs that the Company does not consolidate as subsidiaries due to lack of control are involved in various businesses. Most of the SEs are entities established to conduct project financing in infrastructure and real-estate-related businesses. These SEs are financed mainly by borrowings and the Company is involved in the form of equity investments, guarantees and loans, which exposes the Company to investment risks and credit risks.

The following table summarizes the carrying amounts of assets in the Company's consolidated statement of financial position that relate to the SEs at March 31, 2024 and 2025.

	Millions of Yen		Millions of U.S. Dollars
	2024	2025	2025
Carrying amounts of assets in the Company's consolidated statement of financial position that relate to the SEs	¥113,531	¥123,568	$824

Carrying amounts of assets in the Company's consolidated statement of financial position that relate to the SEs consist primarily of "Investments accounted for using the equity method" and "Other investments." The carrying amounts of liabilities in the Company's consolidated statement of financial position that relate to the SEs are immaterial at March 31, 2024 and 2025.

40. CONTINGENT LIABILITIES AND OTHER COMMITMENTS

(1) Commitments

The Company has financing agreements (i.e., loan commitments) and outstanding commitments at March 31, 2024 and 2025 amounting to ¥224,935 million and ¥164,256 million ($1,095 million), respectively.

N.V. Eneco has energy purchase commitments at March 31, 2024 and 2025 amounting to ¥1,582,961 million and ¥1,417,037 million ($9,447 million), respectively under long-term energy purchase contracts. The decrease in the year ended March 31, 2025 is mainly due to termination of certain purchase contracts and changes in gas and electricity prices.

(2) Guarantees

The Company is a party to various agreements under which it has undertaken obligations resulting from the issuance of certain guarantees. The guarantees have been issued for companies that are accounted for using the equity method, as well as for customers and suppliers of the Company.

Credit guarantees

The Company provided credit guarantees for certain customers, suppliers, and the companies accounted for using the equity method in the form of financial and performance guarantees.

The outstanding amount and the maximum potential amount of future payments under these credit guarantees as of March 31, 2024 and 2025 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2025	2025
Financial guarantees			
Outstanding amount	¥453,773	¥382,345	$2,549
Maximum potential amount of future payments	704,864	546,109	3,641
Performance guarantees			
Outstanding amount	274,428	243,072	1,620
Maximum potential amount of future payments	274,428	243,072	1,620

These credit guarantees enable the Company's customers, suppliers and the companies accounted for using the equity method to execute transactions or obtain desired financing arrangements with third parties. Most of these guarantees outstanding at March 31, 2025 will expire within 10 years, with other credit guarantees expiring by the end of 2055. Should the customers, suppliers and the companies accounted for using the equity method fail to perform obligations under the terms of the transaction or financing arrangement, the Company would be required to perform obligations on their behalf.

The Company has set internal ratings based on various information, such as the guaranteed party's financial statements, and manages risks of credit guarantees by establishing limits on guarantees for each guaranteed party based on these internal ratings and requires collateral or reassurance, as necessary.

At March 31, 2024 and 2025, the amounts of possible recoveries under recourse provisions from third parties or from collateral on pledged financial guarantees were ¥6,915 million and ¥5,779 million ($39 million), respectively.
At March 31, 2024 and 2025, financial guarantees include ¥47,804 million and ¥45,940 million ($306 million) of letters of credit issued for bills discounted.
For a part of performance guarantees, the Company mitigates the risk through arrangements entered into between partners of a consortium in construction contracts whereby a party attributable to the cause of indemnification shall bear the cost, and/or such as recourse provisions from bank, parent company guarantee.

As of March 31, 2025, there were no credit guarantees with a high probability of a significant loss due to enforcement of the guarantee.

LNG project in Australia

An associate of the Parent acquired a participating interest in a project to develop LNG in Australia (the "Project"). The associate has obtained a US$1,927 million line-of-credit from a bank to secure funding for the acquisition of the participating interest and for the future development of the Project. The Parent, along with another participant in the Project, provides a credit guarantee to the bank on the line of credit. The maximum potential amount of future payments of the Parent resulting from a default on the line of credit at March 31, 2024 and 2025 amounted to US$844 million and US$690 million, respectively, and are included in "Financial guarantees – Maximum potential amount of future payments" in the table above. At March 31, 2024 and 2025, the portion of the associate's draw-down against the line-of-credit that the Parent is responsible for amounted to US$844 million and US$690 million, respectively. The amount is included in "Financial guarantees – Outstanding amount" in the table.

Indemnification

In the context of certain sales or divestitures of business, the Company occasionally commits to indemnify contingent losses, such as environmental losses, or the imposition of additional taxes. Due to the nature of the indemnifications, the Company's maximum exposure under these arrangements cannot be estimated. No provisions have been recorded for such indemnifications as the Company's obligations under them are not probable and estimable, except for certain cases for which losses already have been claimed.

(3) Litigation

The Company is subject to litigation arising in the ordinary course of business. In the opinion of management, obligations arising from such litigious matters will not have a materially adverse effect on the consolidated operating results or consolidated financial position of the Company.

41. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through June 18, 2025.

Dividends

Please refer to Note 21 for the cash dividend planned to be resolved at the ordinary general shareholders' meeting to be held on June 20, 2025.

Repurchase and cancellation of shares

The Company has resolved at a meeting of the Board of Directors held on April 3, 2025 the repurchase of shares of its common stock pursuant to Article 156 of the Companies Act of Japan, as applied pursuant to Paragraph 3, Article 165 of the Companies Act, and has resolved to cancel treasury stock pursuant to Article 178 of the Companies Act, as described below.

1.Details of the Share Repurchase;

Class of shares to be repurchased	:	Common stock
No. of shares to be repurchased	:	Up to 689 million shares (Represents up to approximately 17% of the common shares outstanding (excluding treasury stock))
Total value of stock to be repurchased	:	Up to ¥1 trillion (Total number of shares to be repurchased through the Tender Offer and purchase on the market based on the closing price on April 2, 2025 represents approximately 10% of the common shares outstanding (excluding treasury stock))
Period of repurchase	:	April 4, 2025 to March 31, 2026 (planned)
Method of repurchase	:	Of the aggregate repurchase amount, approximately ¥213.3 billion is acquired through the Tender Offer. The remaining amount of approximately ¥786.7 billion (maximum), which was not acquired through the Tender Offer, will be acquired through the purchase on the market at the Tokyo Stock Exchange.

2. Details of the Cancellation of Treasury Stock;

Class of shares to be cancelled	:	Common Stock
No. of shares to be cancelled	:	The entire number of shares repurchased mentioned above
Date of cancellation (planned)	:	April 30, 2026

Commencement of tender offer for shares in Mitsubishi Shokuhin Co., Ltd.

The Company decided to acquire the additional common shares of Mitsubishi Shokuhin Co., Ltd. (Mitsubishi Shokuhin), a consolidated subsidiary of Smart-Life Creation, through a tender offer under the Financial Instruments and Exchange Act.

1. Purpose of the Tender Offer

The Parent holds 50.11% shares of Mitsubishi Shokuhin at the end of the year ended March 31, 2025. The purpose of the Tender Offer is to acquire all of the issued shares of Mitsubishi Shokuhin (excluding the shares owned by the Parent and the treasury shares owned by Mitsubishi Shokuhin itself) and make Mitsubishi Shokuhin a wholly-owned subsidiary of the Parent.

2. Outline of Mitsubishi Shokuhin

(1) Name	:	Mitsubishi Shokuhin Co., Ltd.
(2) Address	:	1-1, Koishikawa 1-chome, Bunkyo-ku, Tokyo
(3) Title and Name of Representative	:	Yutaka Kyoya, President and Representative Director
(4) Description of Business	:	Wholesale of processed foods, frozen and chilled foods, alcoholic beverages and confectioneries, as well as other business activities, including distribution and other services
(5) Capital	:	¥10,630 million (as of March 31, 2025)
(6) Date of Establishment	:	March 13, 1925

3. Outline of the Tender Offer

(1) Offering Period	:	From May 9, 2025 (Friday) to July 8, 2025 (Tuesday) (43 business days)
(2) Price of Tender Offer	:	¥6,340 per share of common stock
(3) Number of shares to be purchased		
Number of shares to be purchased	:	21,718,995 shares
Minimum number of shares to be purchased	:	7,100,000 shares
Maximum number of shares to be purchased	:	－shares

(If the total number of tendered shares are less than the minimum number of shares to be purchased, the Parent will not purchase any tendered shares. If the total number of tendered shares are equal to or greater than the minimum number of shares to be purchased, the Parent will purchase all tendered shares.)

(4) Purchase Price	:	¥137,698 million

(Purchase price is the amount multiplying the number of shares to be purchased (21,718,995 shares) by Price of Tender Offer (¥6,340).)

(5) Funding Method	:	Borrowings from financial institutions
(6) Commencement Date of Settlement	:	July 15, 2025 (Tuesday)

Extension of Interest in Malaysia LNG Project

In the Malaysia LNG business of the Environmental Energy Segment, based on an agreement with Petroliam Nasional Berhad (PETRONAS), the Company executed the extension of its interest in the Dua project as of June 5, 2025. On the date, the Company sold its shares, held by consolidated subsidiary Diamond Gas Holdings Sdn. Berhad, in Malaysia LNG Dua to PETRONAS, and reacquired the shares. The acquisition price for the shares is US$713 million, and the equity interest will remain 10%, as before the transaction.

As of March 31, 2025, such existing shares sold in this transaction were reclassified to "Assets classified as held for sale" the carrying amount of which was immaterial. Upon the sale of the shares, the accumulated changes in fair value (losses) related to the shares, which were recorded in "Other investments designated as FVTOCI" under other components of equity, amounting to approximately ¥159.0 billion, are expected to be reclassified into "Retained earnings."

The reacquired investment is expected to be recorded as "Other investments" in the consolidated statement of financial position. The investment will continue to be measured at fair value (Level 3) and is expected to be classified as an equity instrument with changes in fair value recognized in other comprehensive income (FVTOCI). The cash consideration for the acquisition is expected to be recorded as "Purchases of other investments" in the consolidated statement of cash flows.

42. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Parent's Board of Directors on June 18, 2025.

Appendix

1. List of subsidiaries

The Parent's subsidiaries as of March 31, 2025 are as follows:

Company name	Total voting rights (%)	The indirect ownership out of the total voting rights(%)
<Environmental Energy Group>		
DGS Japan Co., Ltd. (Japan)	100.00	
Mitsubishi Corporation Energy Co., Ltd. (Japan)	100.00	
Cutbank Dawson Gas Resources Ltd. (Canada)	100.00	(100.00)
Diamond Gas Holdings Sdn. Bhd. (Malaysia)	100.00	
Diamond LNG Canada Partnership (Canada)	96.70	(96.70)
Others (37 Companies)		
<Materials Solution Group>		
Isuzu Corporation (Japan)	56.60	(56.60)
M.O. Tec Corporation (Japan)	100.00	(100.00)
Metal One Corporation (Japan)	60.00	
Metal One Specialty Steel Corporation (Japan)	100.00	(100.00)
Mitsubishi Corporation Plastics Ltd. (Japan)	100.00	
Mitsubishi Shoji Chemical Corporation (Japan)	100.00	
SUS-TECH Corporation (Japan)	75.00	(75.00)
Cape Flattery Silica Mines Pty., Ltd. (Australia)	100.00	
COILPLUS, INC. (U.S.A.)	100.00	(100.00)
MC Metal Service Asia (Thailand) Co., Ltd. (Thailand)	100.00	(100.00)
Metal One America, Inc. (U.S.A.)	100.00	(100.00)
Metal One Holdings America, Inc. (U.S.A.)	92.00	(92.00)
METAL ONE STEEL SERVICE DE MEXICO, S.A. DE C.V. (Mexico)	100.00	(100.00)
Others (85 Companies)		
<Mineral Resources Group>		
JECO Corporation (Japan)	70.00	
Mitsubishi Corporation RtM Japan Ltd. (Japan)	100.00	
MC Copper Holdings B.V. (The Netherlands)	100.00	
Mitsubishi Corporation RtM International Pte. Ltd. (Singapore)	100.00	
Mitsubishi Development Pty Ltd (Australia)	100.00	
Ryowa Development Pty., Ltd. (Australia)	100.00	
Ryowa Development II Pty., Ltd. (Australia)	100.00	
Triland Metals Ltd. (U.K.)	100.00	
Others (9 Companies)		
<Urban Development & Infrastructure Group>		
CHIYODA CORPORATION (Japan)	33.46	
CHIYODA X-ONE ENGINEERING CORPORATION (Japan)	100.00	(100.00)
Diamond Realty Management Inc. (Japan)	100.00	
MC Shipping Ltd. (Japan)	100.00	
Marunouchi Infrastructure Inc. (Japan)	100.00	(100.00)
Mitsubishi Corporation Machinery, Inc. (Japan)	100.00	
Mitsubishi Corporation Technos (Japan)	100.00	

Company name	Total voting rights (%)	The indirect ownership out of the total voting rights(%)
Mitsubishi Corporation Urban Development, Inc. (Japan)	100.00	
MSK FARM MACHINERY CORPORATION (Japan)	100.00	
Nikken Corporation (Japan)	100.00	
TANGERANG REALTY INVESTMENT INC. (Japan)	53.67	
CHIYODA INTERNATIONAL CORPORATION (U.S.A.)	100.00	(100.00)
Diamond Realty Investments, Inc. (U.S.A.)	100.00	(100.00)
JAPAN AIRPORT MANAGEMENT LLC (Mongolia)	70.00	
JAPAN HIGHWAYS INTERNATIONAL B.V (The Netherlands)	69.20	
MC ALABANG, INC. (Philippines)	100.00	
MC DEVELOPMENT ASIA PTE LTD (Singapore)	100.00	
MC DIAMOND REALTY INVESTMENT PHILIPPINES, INC. (Philippines)	100.00	
MC Machinery Systems, Inc. (U.S.A.)	100.00	(20.00)
MC UK Investment Ltd. (U.K.)	100.00	
MC URBAN DEVELOPMENT VIETNAM COMPANY LIMITED (Vietnam)	100.00	
P.T. CHIYODA INTERNATIONAL INDONESIA (Indonesia)	100.00	(100.00)
PT. MC URBAN DEVELOPMENT INDONESIA (Indonesia)	100.00	(0.01)
Others (147 Companies)		
<Mobility Group>		
Isuzu UTE Australia Pty Ltd. (Australia)	100.00	
JSC MC Bank Rus (Russia)	100.00	(100.00)
P.T. Dipo Star Finance (Indonesia)	95.00	(95.00)
Tri Petch Isuzu Leasing Co., Ltd. (Thailand)	93.50	(50.00)
Tri Petch Isuzu Sales Co., Ltd. (Thailand)	88.73	(41.66)
Others (23 Companies)		
<Food Industry Group>		
Foodlink Corporation (Japan)	99.42	(99.42)
JAPAN FARM HOLDINGS (Japan)	92.66	
MC Agri Alliance Ltd. (Japan)	70.00	
Mitsubishi Corporation Life Sciences Limited (Japan)	100.00	(100.00)
Nihon Shokuhin Kako Co., Ltd. (Japan)	60.00	
Nitto Fuji Flour Milling Co., Ltd. (Japan)	64.70	
Nosan Corporation (Japan)	100.00	
Seto Futo Co., Ltd. (Japan)	86.63	
Toyo Reizo Co., Ltd. (Japan)	95.08	
AGREX ASIA PTE. LTD. (Singapore)	100.00	
AGREX DO BRASIL LTDA. (Brazil)	100.00	
AGREX, Inc. (U.S.A.)	100.00	(100.00)
ASIA MODIFIED STARCH CO., LTD (Thailand)	100.00	(100.00)
Cermaq Group AS (Norway)	100.00	(100.00)
Indiana Packers Corporation (U.S.A.)	80.00	(10.00)
MITSUBISHI INTERNATIONAL FOOD INGREDIENTS, INC. (U.S.A.)	100.00	(100.00)
Riverina (Australia) Pty Ltd (Australia)	100.00	
Others (76 Companies)		

Company name	Total voting rights (%)	The indirect ownership out of the total voting rights(%)
<Smart-Life Creation Group>		
MC DATA PLUS (Japan)	100.00	
MC Healthcare Holdings (Japan)	80.00	
Mitsubishi Corporation LT, Inc. (Japan)	100.00	
Mitsubishi Shoji Packaging Corporation (Japan)	100.00	
Mitsubishi Shokuhin Co., Ltd. (Japan)	50.34	
MC EMERGING CAPITAL PARTNERS B.V. (The Netherlands)	100.00	
MC ISQ-UK Ltd. (U.K.)	100.00	
MC JIIP Holdings Inc. (Cayman Islands, British overseas territory)	100.00	
Others (39 Companies)		
<Power Solution Group>		
Mitsubishi Corporation Clean Energy Ltd. (Japan)	100.00	(100.00)
Mitsubishi Corporation Energy Solutions Ltd. (Japan)	100.00	
Mitsubishi Corporation Offshore Wind Ltd. (Japan)	100.00	(100.00)
DGA Ho Ping B.V. (The Netherlands)	100.00	
Diamond Generating Asia, Limited (China)	100.00	
Diamond Generating Corporation (U.S.A.)	100.00	(100.00)
N.V. Eneco (The Netherlands)	100.00	(100.00)
Others (297 Companies)		
<Others>		
Mitsubishi Corporation Financial & Management Services (Japan) Ltd. (Japan)	100.00	
MC Finance & Consulting Asia Pte. Ltd. (Singapore)	100.00	
Mitsubishi Corporation Finance PLC (U.K.)	100.00	
Others (4 Companies)		
<Main Regional Subsidiaries>		
Mitsubishi Australia Ltd. (Australia)	100.00	
Mitsubishi Corp. do Brasil S.A. (Brazil)	100.00	(12.57)
Mitsubishi Corporation (Americas) (U.S.A.)	100.00	
Mitsubishi Corporation (Hong Kong) Ltd. (China)	100.00	
Mitsubishi Corporation (Korea) Ltd. (Korea)	100.00	
Mitsubishi Corporation (Shanghai) Ltd. (China)	100.00	(100.00)
Mitsubishi Corporation (Taiwan) Ltd. (Taiwan)	100.00	
Mitsubishi Corporation International (Europe) Plc. (U.K.)	100.00	
Mitsubishi International Corporation (U.S.A.)	100.00	(100.00)
Mitsubishi International GmbH. (Germany)	100.00	(100.00)
Thai-MC Company Ltd. (Thailand)	71.40	(47.40)
Others (26 Companies)		

June 18, 2025

Responsibility Statement

The following responsibility statement is made solely to comply with the requirements of DTR 4.1.12 of the United Kingdom Financial Conduct Authority's Disclosure Rules and Transparency Rules, in relation to Mitsubishi Corporation as an issuer whose financial instruments are admitted to trading on the London Stock Exchange.

Yuzo Nouchi, Representative Director, Executive Vice President, Chief Financial Officer, confirms that:

- to the best of his knowledge, the financial statements, prepared in accordance with International Financial Reporting Standards (IFRSs), give a true and fair view of the assets, liabilities, financial position and profit or loss of Mitsubishi Corporation and the undertakings included in the consolidation taken as a whole; and

- to the best of his knowledge, the management report includes a fair review of the development and performance of the business and the position of Mitsubishi Corporation and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.