

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.

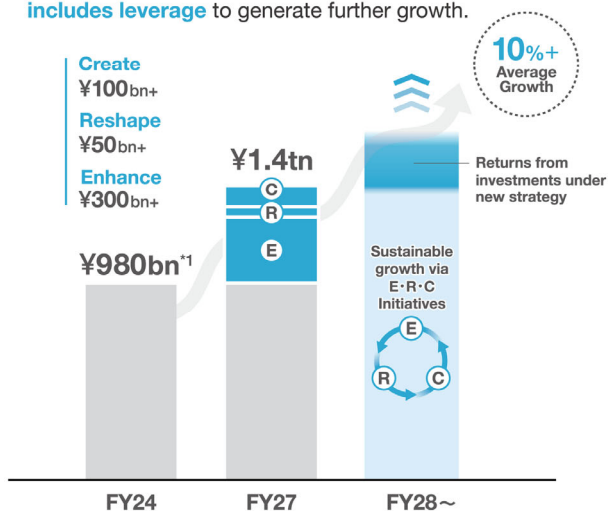
The Company's “integrated strength” is our ability to dynamically shift business strategies in anticipation of these changes by combining our extensive operational experience, broad industry expertise and deep insights, powered by a top-tier and diverse talent base, as a trusted partner in our new and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

Underlying Operating Cash Flow

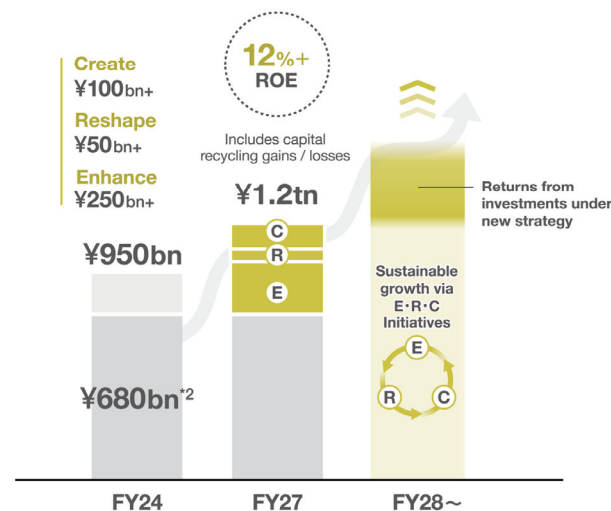
- Build a business portfolio that **consistently achieves average growth of 10% in underlying operating CF** through the E·R·C Initiatives.
- **Invest in high-quality projects with funding that also includes leverage** to generate further growth.



*1 Excludes cash flow from businesses divested in FY24. Also excludes the impact of business restructuring in FY24.

Consolidated Net Income & ROE

- Continued growth in consolidated net income in line with growth in underlying operating cash flow with **ROE expected to reach over 12% by FY27**.



*2 Excludes capital recycling profits / losses including gains / losses on asset turnover-type businesses such as certain real estate and power generation businesses.

■ Financial Soundness

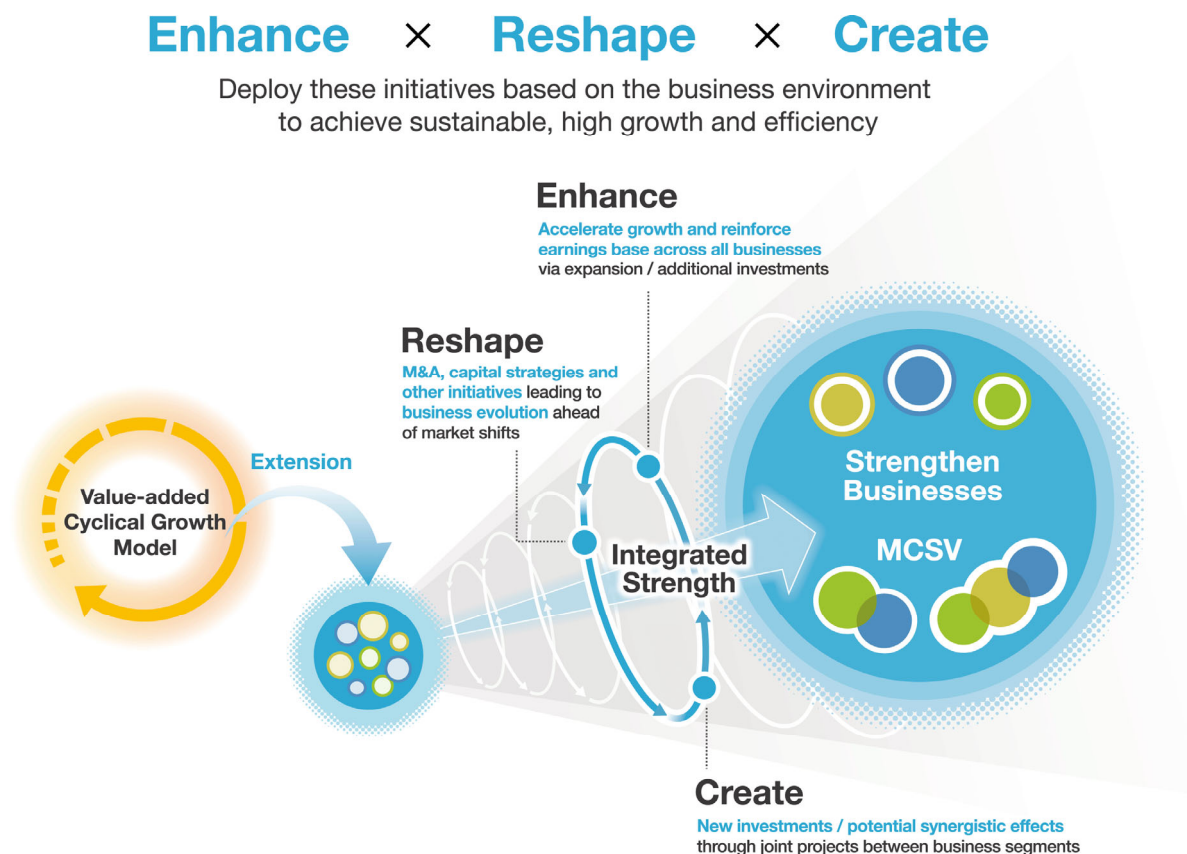
The Company's policy is to strategically consider use of leverage while maintaining financial soundness with a net debt-to-equity (D/E) ratio with an upper limit of approximately 0.6x.

■ 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

With respect to Sustaining CAPEX of more than approximately ¥1.0 trillion and New & Expansion Investments of more than approximately ¥3.0 trillion that had been planned for the three-year period through fiscal year 2027, the Company has increased the planned amounts to more than approximately ¥1.3 trillion for Sustaining CAPEX and more than approximately ¥3.3 trillion for New & Expansion Investments. This revision reflects a solid underlying operating CF trends, accelerated divestitures, and our investment pipeline (potential investment projects). In addition, if additional allocation capacity arises in the future depending on CF trends, the Company will consider allocating such capacity to investments or additional shareholder returns, taking into account the investment pipeline and other relevant factors.

2) Progress of the Value Creation Framework under Corporate Strategy 2027

In the year ended March 31, 2026, initiatives under Enhance, Reshape, and Create progressed steadily toward the simultaneous achievement of growth and efficiency. Although the uncertainty of the business environment surrounding the Company has increased further since the formulation and announcement of Corporate Strategy 2027, the Company will, in the year ended March 31, 2027, continue to execute new investment projects while maintaining investment discipline and strengthening its earnings base, thereby accelerating its Value Creation Framework.

3) Operating Environment in the Year Ended March 31, 2026 by Segment

(1) Environmental Energy Group

In 2025, global demand for LNG, a key commodity, rose to approximately 420 million tonnes. Regarding the LNG spot market in Asia (JKM), from April 2025 through February 2026, prices fluctuated within a range of US\$9 to US\$14 per million British thermal unit (Btu). In March 2026, LNG spot prices rose to over US\$20 per million Btu due to escalating tensions in the Middle East.

Brent crude oil prices, one of the international benchmark prices for crude oil transactions, followed a gradual downward trend from the

beginning of the fiscal year through February 2026, hovering between US\$60/BBL and US\$70/BBL amid global oversupply and slowing demand. Similar to JKM, however, Brent crude prices surged to over US\$110/BBL in March 2026 due to developments in the Middle East, with an annual average price of approximately US\$70/BBL.

(2) Materials Solution Group

Against the backdrop of ongoing global economic uncertainty, market conditions for various materials weakened due to the continuation of excess exports stemming from weak domestic demand in China, a major market for such materials. In the steel industry, supply-demand conditions eased against the backdrop of a slowdown in the Chinese economy and increased steel exports from China. In Japan, demand recovery remained limited, particularly in the construction sector, resulting in a weak business environment. In the chemicals industry, market weakness remained prolonged, and uncertainties arising from changes in regional conditions also had an impact on the business environment.

(3) Mineral Resources Group

In the steelmaking coal business, one of the group's core businesses, sluggish domestic steel demand in China led to continued strong exports of Chinese steel products from the previous fiscal year, contributing to depressed steel products and steelmaking coal market conditions during the first half of the fiscal year. In contrast, from the second half onward, steelmaking coal prices shifted to a recovery trend, supported by increased demand driven by higher blast furnace operating rates in India, together with supply constraints caused by production disruptions at certain mines and heavy rainfall in Australia. Regarding copper, another core business, prices remained firm from April 2025 onward, supported by concerns over supply due to the impact of U.S. tariff policies and successive production disruptions at major mines, as well as expectations of U.S. interest rate cuts. Copper prices reached an all-time high at the end of January 2026. After hitting an all-time high, prices exhibited highly volatile movements, mainly influenced by macroeconomic factors such as developments in the Middle East and U.S. monetary policy.

(4) Urban Development & Infrastructure Group

The business environment for real estate-related operations in the U.S. improved amid progress in the U.S. interest rate cuts, with transaction volumes turning upward. In the data center sector, markets expanded in both Japan and the U.S., driven by the spread of cloud services and growing demand for generative AI. In the industrial machinery sector, the business environment remained favorable, supported by steady capital investment demand and the impact of the weak yen.

(5) Mobility Group

The automobile market remained challenging amid high global interest rates, as well as softening real economic conditions and continued strict financing (car loan) screening in ASEAN, while competitors intensified discounting 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 AI and DX in our existing automotive value chain, including ASEAN, and building mobility service businesses in India, Japan, and Australia.

(6) Food Industry Group

In the grain business, market prices remained generally stable due to continued favorable harvests worldwide. In the marine products business, higher-than-usual seawater temperatures resulted in favorable growth of farmed salmon, leading to a significant increase in production across the industry and consequently low market prices. On the other hand, the medium- to long-term demand growth trend remained intact. Through the acquisition by Cermaq of three salmon farming businesses under Grieg Seafood ASA, the group advanced efforts to expand production scale and strengthen a stable supply structure. In the meat products business, domestic market prices remained at high levels, supported by steady demand for chicken meat.

(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, supported by revenue growth driven by marketing initiatives reflecting consumer needs, as well as optimization of product assortments and operational efficiency through AI-based procurement initiatives. In the financial business, the impact of interest rate and foreign exchange volatility remained limited, and the business was resilient.

(8) Power Solution Group

In the renewable energy business, one of the group's core businesses, policy approaches have increasingly diverged across regions, including partial changes to tax credit requirements under the Inflation Reduction Act in the U.S., the adoption of the Clean Industrial Deal State Aid Framework by the European Commission, and the introduction and implementation of policy support in multiple countries. Although such divergences in regional policy approaches became increasingly pronounced, the deployment of renewable energy continued steadily worldwide as a competitive power source. At the same time, growing electricity demand driven by data centers and

AI, progress in electrification, rising energy prices, and heightened geopolitical risks have made energy security and the maintenance and strengthening of industrial competitiveness critical issues. Under such circumstances, the value of gas-fired power generation, which enables a stable electricity supply with relatively low environmental impact, has been increasingly reappraised globally.

4) Outlook of Operating Environment for the Year Ending March 31, 2027 and Beyond by Segment

The Environmental Energy Group and the Power Solution Group were integrated to form the Energy & Power Solution Group, aiming to address diverse needs during the energy transition and deliver optimal solutions by consolidating products and capabilities across energy and power segments, as well as by building flexible, region-based value chains. Following this integration, the Company will reorganize its business group structure from eight groups as of March 31, 2026 to seven groups from the fiscal year ending March 31, 2027.

(1) Energy & Power Solution Group

While the transition toward a decarbonized society is an irreversible trend, measures aimed at strengthening energy security and industrial competitiveness are expected to accelerate across countries, against the backdrop of projected growth in global energy demand and increasing geopolitical risks. Under these business conditions, demand for natural gas and LNG is expected to continue growing over the medium to long term, particularly in Asia. In the next-generation energy sector, in addition to the above business environment, rising costs associated with ongoing inflation have further highlighted disparities in business progress by product and region. Specifically, from a cost competitiveness perspective, biofuel and credit-related businesses have been advancing primarily in Europe and the U.S., while the pace of social implementation for hydrogen and hydrogen derivatives has slowed relatively.

Furthermore, driven by increasing electricity demand and the need to address geopolitical risks, the introduction of power sources is expected to progress in line with regional characteristics and competitiveness—such as renewable energy in regions where it is already competitive and thermal power generation in oil- and gas-producing countries. Under these circumstances, shortages in transmission capacity and localized tightness in electricity supply and demand have become social challenges, and the importance of supply-demand adjustment functions utilizing gas-fired power generation and storage batteries is expected to increase further.

(2) Materials Solution Group

Amid continued uncertainty in global affairs, particularly in the Middle East, and the acceleration of material development driven by advances in AI, the business environment surrounding the materials industry is expected to continue evolving. Demand for materials used for housing and infrastructure for population growth, materials enabling weight reduction and electrification, and materials underpinning the development of the digital society is expected to remain steady. Although disparities in demand trends may be observed by region and application, a stable demand environment is anticipated for the materials sector as a whole.

(3) Mineral Resources Group

In the steelmaking coal business, the group is closely monitoring factors that may affect the seaborne trade market, including demand growth driven by emerging countries such as India, trends in Chinese steel demand and steel export volumes, and supply constraints faced by steelmaking coal producers due to weather and other factors. Regarding copper, tight supply-demand conditions are expected to persist due to continued strong demand and supply-side constraints. Over the medium to long term, demand for mineral resources is expected to remain firm, driven by global economic growth, particularly in emerging countries, and the spread of renewable energy and electric vehicles associated with decarbonization and electrification.

(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 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, a key region for the Group, is expected to continue to face uncertainty due to strict financial screening and fierce competition. Furthermore, global conditions may remain unstable and could impact the real economy, leading to a persistently uncertain business environment. Meanwhile, the automobile market in the region is expected to recover and expand further over the medium to long term, given its growth potential and relatively low automobile penetration. In addition, electrification and automation across the global market are expected to continue to advance irreversibly, despite variations in the pace of adoption, with growth anticipated in related markets and new business opportunities.

(6) Food Industry Group

Due to heightened geopolitical risks and associated changes in trade and economic security policies, a highly uncertain business environment is expected to continue. Meanwhile, demand for staple foods is expected to remain firm, supported by global population growth and expanding biofuel demand. Furthermore, driven by rising consumer interest in well-being and diversification of preferences, demand for qualitative improvements in food is also expected to continue expanding.

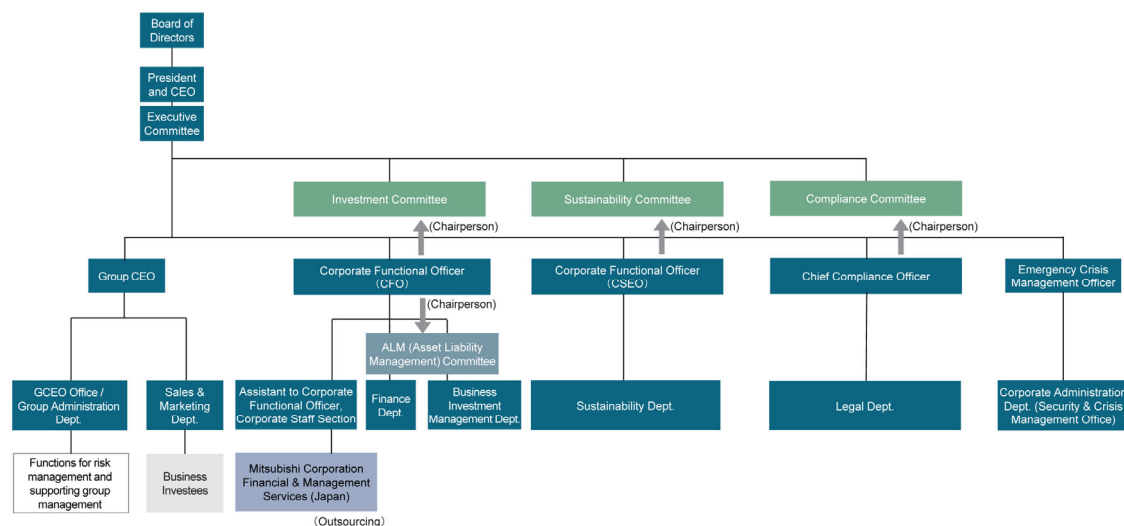
(7) Smart-Life Creation Group

Over the medium to long term, the consumer market in Japan is expected to shrink due to the declining and aging population. In the short term, persistently high raw material prices, rising interest rates, and potential disruptions to procurement and higher electricity costs due to developments in the Middle East are anticipated to have an impact. Nevertheless, stable consumer trends are expected to continue for the time being, supporting the resilience of the markets. Overseas, particularly in the U.S. and Southeast Asia, growth in the markets and new business opportunities are expected, driven by population growth and economic expansion.

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, 2026 through June 12, 2026.



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 have an impact on 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 2026, although the global economy slowed, partly due to the impact of the U.S. trade policies including tariffs, it maintained overall solid growth. The global economy is expected to maintain moderate growth for the time being. However, in addition to the U.S.-China conflict, the Russia-Ukraine situation, the situation in the Middle East, and other geopolitical risks, significant uncertainty remains regarding trends in the U.S. trade policies and monetary policies, as well as a weakening 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 2027, based on results for the year ended March 2026.)

(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 for 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 important investment projects, 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, crude oil and LNG prices could have a significant impact on our operating results.

In the year ended March 2026, the price of Brent crude oil generally fluctuated within a range of the low US\$60/BBL to the low US\$70/BBL, mainly due to the scaling back of coordinated production cuts by OPEC Plus (the phased lifting of voluntary production cuts). Recently, however, crude oil markets have shown high volatility influenced by the situation in the Middle East. For the time being, geopolitical factors, including developments in the U.S.-Iran relations and the Strait of Hormuz, as well as global economic trends, are expected to be the main drivers of price fluctuations.

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 a ¥2.4 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.

Regarding the LNG spot market, from April 2025 through February 2026, prices fluctuated within a range of US\$9 to US\$14 per million British thermal unit (Btu). In March 2026, LNG spot prices rose to over US\$20 per million Btu due to escalating tensions in the Middle East, specifically concerns over closure of the Strait of Hormuz and war-related damage to Qatar LNG facilities. Going forward, LNG spot prices are expected to remain highly volatile for the time being, influenced by geopolitical risks centered on the Middle East and the associated risk premium, similar to crude oil prices.

(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, the U.S. dollar and the Japanese 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 ¥2.6 billion effect on our profit for the year (a US\$10 price fluctuation per lb. of copper would have a ¥5.6 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 ¥5.0 billion effect on profit for the year.

In addition, because shareholders' equity can fluctuate 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, 2026, we owned ¥1,440.6 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 ¥348.6 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, 2026, we had gross interest-bearing liabilities (excluding lease liabilities) of ¥5,746.9 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, corresponding assets held generate trading income as well as other income streams such as dividends, which 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 and guarantees as part of our various operating transactions, and also make equity investments in customers. 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.

To assess the degree of risk concentration and to consider and implement necessary countermeasures, the ALM Committee, chaired by the Corporate Functional Officer (CFO), regularly monitors country-level portfolios and risk conditions. In addition, after assessing country-specific risk scenarios based on various risk factors, we take appropriate risk hedging measures for individual projects, such as taking out insurance, depending on the nature of each project. Risks related to Russia and Ukraine are managed in the same manner.

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, 2026, the book value of MDP’s property, plant and equipment is ¥1,160.6 billion.

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 (Codelco), 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 210,000 tonnes in 2025.)

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.

In the year ended March 2026, we recorded ¥53.2 billion as a partial reversal of impairment losses recognized in prior years in “Share of profit (loss) of investments accounted for using the equity method,” and the book value of the investment as of the end of the fiscal year amounted to ¥216.5 billion. For details, please refer to “39. INTERESTS IN JOINT ARRANGEMENTS AND ASSOCIATES” under “Notes to Consolidated Financial Statements.”

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 7.3 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 2025.)

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 ¥523.5 billion as of March 31, 2026.

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, together with our partner Ovintiv Inc., we operate a shale gas development business through our wholly owned subsidiary CUTBANK DAWSON GAS RESOURCES LTD. (CDGR). Our investment stake is 40%, and the book value of CDGR's property, plant and equipment as of the end of the fiscal year is ¥284.0 billion. For details, please refer to "12. PROPERTY, PLANT AND EQUIPMENT" under "Notes to Consolidated Financial Statements."

Also, to export and sell part of the produced natural gas as LNG, we participate in the LNG Canada Project. 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, and production commenced in June 2025. We participate through Diamond LNG Canada Partnership under our subsidiary Diamond LNG Canada and advance efforts together with our partners Shell, Petronas, PetroChina and Korea Gas Corporation. As of March 31, 2026, the book value of property, plant and equipment and right-of-use assets of Diamond LNG Canada is ¥428.7 billion and ¥236.4 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 as of August 15, 2024. With the effectiveness of the shareholders' agreement, we lost sole control and classified Lawson as a joint venture. The investment book value is ¥502.6 billion as of March 31, 2026.

For details, please refer to "38. 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, 2026, Lawson's convenience store network comprised approximately 14,700 stores in Japan and 7,800 stores overseas for a total of approximately 22,500 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 (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, 2026 (before calculating the portion attributable to Mitsubishi Corporation) is ¥167.0 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, or a large-scale accident, acts of terrorism or riots, supply chain disruptions, legal violations, cyber incidents, 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 2026 vs. Year Ended March 2025

In the year ended March 2026, although the global economy slowed, partly due to the impact of the U.S. trade policies including tariffs, it maintained overall solid growth. As for Japan's economy, although personal consumption continued to grow moderately amid improvements in the employment and income environment, exports and capital investment were weighed down by a slowdown in overseas economies and increased uncertainty about future prospects, resulting in a somewhat weak economic performance.

Under such circumstances, operating results for the year ended March 31, 2026 were as follows. For details about the progress on the corporate strategy, key initiatives and the operating environment in the year ended March 31, 2026 and after, please refer to "1. Strategic Issues."

(Billions of Yen)	Year ended March 31, 2025	Year ended March 31, 2026	Change	Remarks
Revenues	18,617.6	18,916.0	+298.4	Increase due to higher market prices, partially offset by decrease following Lawson becoming an equity method affiliate
Gross profit	1,836.4	1,655.1	(181.3)	Decrease following Lawson becoming an equity method affiliate
Selling, general and administrative expenses	(1,465.3)	(1,236.5)	+228.8	Decrease following Lawson becoming an equity method affiliate
Gains (losses) on investments	305.6	41.8	(263.8)	Absence of previous year revaluation gain following Lawson becoming an equity method affiliate
Gains (losses) on disposal and sale of property, plant and equipment and others	134.6	(9.3)	(143.9)	Absence of previous year gain on the 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	(3.9)	(7.4)	(3.5)	Absence of previous year reversal of impairment losses on property, plant and equipment
Other income (expenses) -net	76.5	36.1	(40.4)	Absence of previous year reversal of provisions related to Chiyoda Corporation
Finance income	342.6	326.7	(15.9)	Decreased interest income due to a decline in loan receivables
Finance costs	(170.6)	(178.5)	(7.8)	Increase in interest expenses due to increase in borrowings
Share of profit (loss) of investments accounted for using the equity method	337.5	467.9	+130.5	Partial reversal of impairment losses previously recorded in the copper business and absence of previous year impairments and other losses in Japanese offshore wind power business
Profit (loss) before tax	1,393.4	1,096.1	(297.3)	—
Income taxes	(317.2)	(179.4)	+137.8	Absence of previous year tax effects related to the revaluation gain following Lawson becoming an equity method affiliate
Profit (loss) for the year	1,076.2	916.7	(159.5)	—
Profit (loss) for the year attributable to Owners of the Parent (ROE)	950.7 10.3%	800.5 8.5%	(150.2) (1.8)%	—

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

5. Year Ended March 2026 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, 2025	Year ended March 31, 2026	Change	Remarks
Environmental Energy	198.6	160.9	(37.7)	[+] Tax gains due to start of production in the North American LNG business. [–] Impact of increased costs associated with the start of production in the North American LNG / Equity LNG marketing business. Decrease in dividend income and market prices in the Asia-Pacific LNG business and decline in transactions in the petroleum products business due to lower production. Valuation loss in the next-generation energy business.
Materials Solution	68.3	26.3	(42.0)	[–] Impairments in SPDC and in the basic materials business. Decrease in market prices in the North American plastic building materials business. Impairment in the performance materials business. Decline in transactions in the essential materials business.
Mineral Resources	227.8	204.5	(23.3)	[+] Partial reversal of impairment losses recorded in prior years and increase in market prices in the copper business. [–] Absence of previous FY gain on sale of two steelmaking coal mines and decrease in market prices in the Australian steelmaking coal business.
Urban Development & Infrastructure	39.8	85.1	+45.3	[+] Absence of previous FY provisions for Chiyoda Corporation’s U.S. Golden Pass LNG project, together with profit improvement in the current FY resulting from amendment of contract terms and other factors. Absence of previous FY impairment and loss on sales in the North American real estate development business.
Mobility	112.4	57.6	(54.8)	[–] Impairment of equity-method investments in the automotive business. Absence of previous FY revaluation gain due to restructure of the Indian automobile business.
Food Industry	92.4	83.3	(9.1)	[+] Gain related to the acquisition of Grieg Seafood ASA operations and valuation gain due to change in fair value measurement methodology for biological assets in the salmon farming business. Gain on sale of TH Foods. Increase in market prices in the Japanese meat products business. [–] Absence of previous FY gain on sale of KFC Holdings Japan, Princes, and tax gain in the overseas food materials business.
Smart-Life Creation	185.0	91.0	(94.0)	[+] Reversal of deferred tax liabilities related to dividends from Lawson’s prior-year retained earnings. Increase in net income due to increased equity stake in Mitsubishi Shokuhin following completion of tender offer. [–] Absence of previous FY revaluation gain due to reclassification of Lawson as an equity method affiliate.
Power Solution	(15.6)	43.4	+59.0	[+] Absence of previous FY impairments and other losses in the Japanese offshore wind power business. Increase in trading profit in the Americas power business and the European integrated energy business. [–] Absence of previous FY gain on sale of the European power transmission business’ U.K. operation. Impairment of Japanese power generation assets in the Japanese 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, 2026, we raised funds in line with this policy.

The following is a result of these funding activities.

	Billions of Yen	
	2025	2026
Interest-bearing liabilities (Gross/excl, lease liabilities)	¥4,617.0	¥5,746.9
Interest-bearing liabilities (Net/excl, lease liabilities)	3,047.2	3,888.2
Long-term financing (Gross Interest-bearing liabilities (long-term))	3,534.4	4,515.3
Long-term financing Ratio (%)	77%	79%
Current Ratio (%)	149%	141%

Notes:

1. Hybrid finance accounted for ¥450.0 billion of interest-bearing liabilities (Gross) as of March 31, 2026. Rating agencies treat 50% of this balance, or ¥225.0 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, 2027, 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, 2026, 88% of consolidated gross interest-bearing liabilities were funded by the Parent and Finance offices.

The Parent and Finance offices had ¥736.1 billion in short-term marketable debt as of March 31, 2026, 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 ¥3,229.0 billion, we believe we have a sufficient level of liquidity to meet current obligations. The excess coverage amount was ¥2,492.9 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, 2026 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 at March 31, 2025 and 2026 were as follows:

(Billions of Yen)	March 31, 2025	March 31, 2026	Change	Remarks
Total assets	21,496.1	24,151.7	+2,655.6	—
Current assets	8,752.4	10,171.7	+1,419.3	Increase in other financial assets and other current assets
Non-current assets	12,743.7	13,980.0	+1,236.3	Increase in property, plant and equipment
Total liabilities	11,341.8	13,901.1	+2,559.3	—
Current liabilities	5,883.0	7,208.0	+1,325.0	Increase in other current liabilities, bonds and borrowings
Non-current liabilities	5,458.8	6,693.2	+1,234.4	Increase in bonds and borrowings
Total equity	10,154.3	10,250.6	+96.3	—
Equity attributable to owners of the Parent	9,368.7	9,440.6	+71.9	—
Non-controlling interests	785.6	810.0	+24.4	—
Net interest-bearing liabilities (excluding lease liabilities)	3,047.2	3,888.2	+841.0	—

The Company's segment information at March 31, 2025 and 2026 was as follows.

(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

(March 31, 2026) (Billions of Yen)

	Environmental Energy	Materials Solution	Mineral Resources	Urban Development &Infrastructure	Mobility
Investments accounted for using the equity method	705.1	326.0	903.0	652.8	535.3
Other investments	353.5	176.3	579.3	60.2	202.3
Property, plant and equipment and Investment property	771.9	132.2	1,161.0	189.3	54.1
Intangible assets and goodwill	5.3	19.8	3.1	100.3	29.5
Total assets	3,339.2	1,971.4	5,995.2	2,173.8	1,942.7

(March 31, 2026) (Billions of Yen)

	Food Industry	Smart-Life Creation	Power Solution	Others	Total
Investments accounted for using the equity method	307.6	1,187.5	594.3	1.3	5,213.0
Other investments	155.4	406.2	42.6	277.9	2,253.7
Property, plant and equipment and Investment property	393.4	63.4	708.3	92.9	3,566.5
Intangible assets and goodwill	331.4	39.4	363.1	21.6	913.4
Total assets	2,334.1	2,745.5	2,739.8	910.1	24,151.7

3) Cash Flows

Cash and cash equivalents at March 31, 2026 was ¥1,841.5 billion, an increase of ¥304.8 billion from March 31, 2025. The breakdown of cash flows were as follows:

(Billions of Yen)	Year ended March 31, 2025	Year ended March 31, 2026	Change	Remarks
Cash flows from operating activities	1,658.3	1,490.0	(168.3)	<u>Breakdown</u> Cash flows from operating transactions and dividend income, despite the payments of income taxes <u>Year-over-year changes</u> Increase in the payments of income taxes and decrease in cash flows from operating transactions
Cash flows from investing activities	(273.9)	(448.6)	(174.7)	<u>Breakdown</u> Additional capital expenditures, and acquisition of investments accounted for using the equity method <u>Year-over-year changes</u> Decrease due to absence of previous year cash flows from collections of loans and divestiture of two coal mines in the Australian steelmaking coal business, despite absence of previous year decrease of cash and cash equivalents following Lawson becoming an equity method affiliate
Free cash flows	1,384.4	1,041.4	(343.0)	—
Cash flows from financing activities	(1,530.7)	(804.7)	+726.0	<u>Breakdown</u> Acquisition of treasury stock, payments of dividends and additional acquisition of shares in subsidiaries, despite increase in bond and debt financing <u>Year-over-year changes</u> Increase in bond and debt financing, despite acquisition of treasury stock
Effect of exchange rate changes on cash and cash equivalents	22.6	68.1	+45.5	—
Net increase (decrease) in cash and cash equivalents included in assets classified as held for sale	408.8	—	(408.8)	Absence of previous year increase due to reclassification of cash and cash equivalents previously held by Lawson to held for sale
Net increase (decrease) in cash and cash equivalents	285.0	304.8	+19.8	—
Underlying operating cash flows	983.7	1,048.1	+64.4	<u>Breakdown</u> Cash flows from profit for the year and dividend income, despite the payment of lease liabilities <u>Year-over-year changes</u> Increase in profit for the year, excluding depreciation and amortization and gains (losses) on investments, property, plant and equipment, intangible assets, goodwill, and others

In addition to the aforementioned operating cash flows for financial accounting purposes, the Company defined "Underlying operating cash flows" as operating cash flows excluding changes in working capital, but including repayments of lease liabilities that are necessary in the ordinary course of business. This metric is used to assess the Company's sustainable earning power and growth potential.

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

New/Sustaining Investments	Sales and Collection
- Salmon farming business (Food Industry) - Natural Gas/LNG related business (Environmental Energy) - Americas power business (Power Solution) - European integrated energy business (Power Solution) - U.S. Copper business (Mineral Resources) - Australian steelmaking coal business (Mineral Resources) - Philippine digital financial business (Smart-Life Creation) - Singapore healthcare business (Smart-Life Creation)	- Americas power business (Power Solution) - Peruvian Copper business (Mineral Resources) - Australian steelmaking coal business (Mineral Resources) - North American real estate business (Urban Development & Infrastructure) - Overseas food business (Food Industry) - Natural Gas/LNG related business (Environmental Energy) - Vietnamese real estate business (Urban Development & Infrastructure) - Overseas water business (Urban Development & Infrastructure) - Japanese real estate business (Urban Development & Infrastructure)

Our basic policy on shareholder returns is to maintain a progressive dividend scheme under which dividends are increased in line with sustained profit growth, and to conduct share buybacks in a flexible manner. With regard to debt financing, the policy is to maintain debts at an appropriate level in light of liquidity and financial soundness.

7. Significant Contracts

On January 16, 2026, the Company agreed to acquire all equity interests, including shares and other equity interests, of Aethon III LLC, Aethon United LP, and their related companies (collectively, “Aethon”), which hold shale gas interests in the states of Texas and Louisiana in the United States and are engaged in the development, production, and sale of shale gas, from existing investors including Ontario Teachers’ Pension Plan, RedBird Capital Partners, and Aethon Energy Management, and entered into a share purchase agreement. Upon satisfaction of the conditions precedent stipulated in the agreement, such as approvals from relevant authorities, Aethon is expected to become a wholly owned subsidiary of the Company.

Aethon’s shale gas assets are primarily located in the Haynesville Shale formation, spanning Texas and Louisiana, and currently produce approximately 2.1 Bcf/d of natural gas (equivalent to about 15 million tonnes per year of LNG). This investment will not only strengthen the earnings base of the Company’s natural gas and LNG businesses, but also accelerate efforts to build an integrated value chain in the United States—from upstream gas development to power generation, data center development, chemicals production, and related businesses.

In addition, the Company has agreed of reacquisition of a portion of the upstream and midstream asset interests (up to a maximum of 25%) by Aethon Energy Management, though the details are to be discussed going forward.

Number of Shares Acquired, Acquisition Price, and Ownership before and after the Acquisition

(1) Number of shares owned before acquisition	0 units (Number of voting rights: 0) (Voting rights ownership ratio: 0%)
(2) Number of shares acquired	1,699,418 units (Number of voting rights: 1,699,418)
(3) Acquisition price	US\$5,200 million
(4) Number of shares owned after acquisition	1,699,418 units (Number of voting rights: 1,699,418) (Voting rights ownership ratio: 100%)

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.

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 statements of financial position as of March 31, 2026 and 2025, 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, 2026, 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, 2026 and 2025, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended March 31, 2026, 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, including the ethical requirements that are relevant to audits of the financial statements of public interest entities, 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 copper business in Chile and Peru. As for the Group's investments in copper business, financial assets measured at fair value through other comprehensive income ("FVTOCI") were JPY 533,905 million, and investments accounted for using the equity method were JPY 702,765 million in the consolidated statement of financial position as of March 31, 2026. As disclosed in Note 39, "Interests in Joint Arrangements and Associates," to the consolidated financial statements, the Group recorded JPY 53,193 million as a partial reversal of impairment losses recognized in prior years in "Share of profit (loss) of investments accounted for using the equity method." They 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 loss or reversal of impairment loss 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 indicators and measuring impairment loss and reversal of the 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 evaluation of impairment indicators and measurements of impairment loss and reversal of the 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 Natural Gas/LNG business and shale gas business in various countries, such as Australia, Russia, Malaysia, and Canada. As for the Group's investments in the above mentioned businesses, financial assets measured at FVTOCI were JPY 272,654 million, financial assets measured at fair value through profit or loss ("FVTPL") were JPY 34,918 million, investments accounted for using the equity method were JPY 603,885 million, property, plant and equipment were JPY 712,608 million (total of JPY 428,655 million in Natural Gas/LNG business and JPY 283,953 million in shale gas business), and right-of-use assets were JPY 274,610 million in the consolidated statement of financial position as of March 31, 2026. They 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 loss or reversal of impairment loss 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 indicators and measuring impairment loss and reversal of the 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 the current global conditions such as rising geopolitical risks in the Middle East and 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 evaluation of impairment indicators and measurements of impairment loss and reversal of the 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 which supporting the assumption to evaluate the reasonableness of the Group's medium- to long-term crude oil price assumption, considering the impacts caused by the current global conditions and 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, 2026, 2025 and 2024, which were charged by us and our network firms to Mitsubishi Corporation and its subsidiaries were JPY 6,885 million and JPY 540 million, 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

Keisuke Okubo
Designated Engagement Partner
Certified Public Accountant

June 12, 2026

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, 2026 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, 2026, we concluded that our internal control system over financial reporting as of March 31, 2026 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 Yoshihiro Shimazu, Executive Vice President and CFO, 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, 2026, 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)

Notes to the Readers of Independent Auditor's Report

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 12, 2026

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:

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, 2026, 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, 2025 to March 31, 2026, 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, 2026, 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, including the ethical requirements that are relevant to audits of the financial statements of public interest entities, 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 copper business in Chile and Peru. As for the Group's investments in copper business, financial assets measured at fair value through other comprehensive income ("FVTOCI") were JPY 533,905 million, and investments accounted for using the equity method were JPY 702,765 million in the consolidated statement of financial position as of March 31, 2026. As disclosed in Note 39, "Interests in Joint Arrangements and Associates," to the consolidated financial statements, the Group recorded JPY 53,193 million as a partial reversal of impairment losses recognized in prior years in "Share of profit (loss) of investments accounted for using the equity method." They 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 loss or reversal of impairment loss 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 indicators and measuring impairment loss and reversal of the 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 evaluation of impairment indicators and measurements of impairment loss and reversal of the 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 Natural Gas/LNG business and shale gas business in various countries, such as Australia, Russia, Malaysia, and Canada. As for the Group's investments in the above mentioned businesses, financial assets measured at FVTOCI were JPY 272,654 million, financial assets measured at fair value through profit or loss ("FVTPL") were JPY 34,918 million, investments accounted for using the equity method were JPY 603,885 million, property, plant and equipment were JPY 712,608 million (total of JPY 428,655 million in Natural Gas/LNG business and JPY 283,953 million in shale gas business), and right-of-use assets were JPY 274,610 million in the consolidated statement of financial position as of March 31, 2026. They 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 loss or reversal of impairment loss 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 indicators and measuring impairment loss and reversal of the 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 the current global conditions such as rising geopolitical risks in the Middle East and 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 evaluation of impairment indicators and measurements of impairment loss and reversal of the 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 which supporting the assumption to evaluate the reasonableness of the Group's medium- to long-term crude oil price assumption, considering the impacts caused by the current global conditions and 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, 2026.

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, 2026, 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, including the ethical requirements that are relevant to audits of the financial statements of public interest entities, 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, 2026, 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, 2025 and 2026

	Millions of Yen		Millions of U.S. Dollars (Note 2)
ASSETS	2025	2026	2026
Current assets			
Cash and cash equivalents (Notes 2 and 30)	¥1,536,624	¥1,841,464	\$11,509
Time deposits (Note 30)	33,227	17,267	108
Short-term investments (Notes 7 and 30)	75,337	—	—
Trade and other receivables (Notes 8, 16, 24, 30, 36 and 39)	4,167,850	4,186,359	26,165
Other financial assets (Notes 30, 31 and 32)	227,454	567,265	3,545
Inventories (Notes 9 and 30)	1,763,496	2,076,585	12,979
Biological assets (Note 10)	119,399	203,648	1,273
Advance payments to suppliers	135,662	150,131	938
Assets classified as held for sale (Note 11)	48,733	169,943	1,062
Other current assets (Note 30)	644,588	959,001	5,994
Total current assets	8,752,370	10,171,663	63,573
Non-current assets			
Investments accounted for using the equity method (Notes 2 and 39)	5,142,978	5,213,027	32,581
Other investments (Notes 2, 7, 16, 30 and 35)	1,984,157	2,253,659	14,085
Trade and other receivables (Notes 8, 16, 30, 35, 36 and 39)	866,267	787,507	4,922
Other financial assets (Notes 30, 31 and 32)	67,725	75,636	473
Property, plant and equipment (Notes 2, 12, 15 and 16)	2,873,011	3,499,226	21,870
Investment property (Notes 13 and 16)	34,391	67,231	420
Intangible assets and goodwill (Notes 5 and 14)	758,905	913,374	5,709
Right-of-use assets (Notes 2 and 36)	688,967	720,949	4,506
Deferred tax assets (Note 28)	39,117	74,727	467
Other non-current assets (Notes 10 and 19)	288,216	374,696	2,342
Total non-current assets	12,743,734	13,980,032	87,375
Total assets (Note 6)	¥21,496,104	¥24,151,695	\$150,948

See Notes to the consolidated financial statements.

LIABILITIES AND EQUITY	Millions of Yen		Millions of U.S. Dollars (Note 2)
	2025	2026	2026
Current liabilities			
Bonds and borrowings (Notes 17, 30, 32, 34, 35 and 37)	¥1,338,274	¥1,610,898	\$10,068
Trade and other payables (Notes 18, 30, 34 and 39)	2,879,696	3,078,682	19,242
Lease liabilities (Notes 36 and 37)	116,937	123,448	772
Other financial liabilities (Notes 30, 31, 32 and 34)	260,231	467,241	2,920
Advances from customers (Note 24)	350,316	334,986	2,094
Income tax payables	103,130	81,551	510
Provisions (Note 20)	116,994	105,780	661
Liabilities directly associated with assets classified as held for sale (Note 11)	—	152,919	956
Other current liabilities (Note 30)	717,442	1,252,465	7,828
Total current liabilities	5,883,020	7,207,970	45,050
Non-current liabilities			
Bonds and borrowings (Notes 17, 30, 32, 34, 35 and 37)	3,278,748	4,136,045	25,850
Trade and other payables (Notes 30, 34 and 39)	42,704	63,905	399
Lease liabilities (Notes 36 and 37)	605,343	637,460	3,984
Other financial liabilities (Notes 30, 31, 32 and 34)	107,576	181,197	1,132
Retirement benefit obligation (Note 19)	120,475	113,032	706
Provisions (Note 20)	333,997	386,795	2,417
Deferred tax liabilities (Note 28)	899,608	1,079,507	6,747
Other non-current liabilities	70,311	95,210	595
Total non-current liabilities	5,458,762	6,693,151	41,832
Total liabilities	11,341,782	13,901,121	86,882
Equity			
Common stock (Note 21)	204,447	213,825	1,336
Additional paid-in capital (Notes 21 and 38)	228,013	209,276	1,308
Treasury stock (Note 21)	(99,055)	(1,113,486)	(6,959)
Other components of equity			
Other investments designated as FVTOCI (Note 22)	457,688	720,517	4,503
Cash flow hedges (Notes 22 and 32)	70,240	70,167	439
Exchange differences on translating foreign operations (Notes 22 and 32)	1,869,853	2,386,228	14,914
Total other components of equity	2,397,781	3,176,912	19,856
Retained earnings (Notes 2, 7 and 21)	6,637,528	6,954,040	43,463
Equity attributable to owners of the Parent	9,368,714	9,440,567	59,004
Non-controlling interests (Notes 5 and 38)	785,608	810,007	5,063
Total equity	10,154,322	10,250,574	64,066
Total liabilities and equity	¥21,496,104	¥24,151,695	\$150,948

See Notes to the consolidated financial statements.

Consolidated Statement of Income

For the years ended March 31, 2024, 2025 and 2026

	Millions of Yen			Millions of U.S. Dollars (Note 2)
	2024	2025	2026	2026
Revenues (Notes 6, 24, 26, 30, 32 and 36)	¥19,567,601	¥18,617,601	¥18,915,995	\$118,225
Cost of revenues (Notes 9, 14, 26, 30, 32 and 33)	(17,207,892)	(16,781,207)	(17,260,921)	(107,881)
Gross profit (Notes 6, 34)	2,359,709	1,836,394	1,655,074	10,344
Selling, general and administrative expenses (Notes 14, 25,36 and 39)	(1,692,282)	(1,465,297)	(1,236,453)	(7,728)
Gains (losses) on investments (Notes 5, 26, 30, 38 and 39)	233,007	305,629	41,823	261
Gains (losses) on disposal and sale of property, plant and equipment and others	37,215	134,578	(9,321)	(58)
Impairment losses and reversals on property, plant and equipment, intangible assets, goodwill and others (Notes 12 and 14)	(29,556)	(3,876)	(7,372)	(46)
Other income (expense)-net (Notes 10, 14, 27 and 32)	(104,117)	76,538	36,140	226
Finance income (Notes 7 and 26)	305,374	342,596	326,716	2,042
Finance costs (Notes 26 and 36)	(191,141)	(170,619)	(178,454)	(1,115)
Share of profit (loss) of investments accounted for using the equity method (Notes 6 and 39)	444,385	337,482	467,941	2,925
Profit (loss) before tax	1,362,594	1,393,425	1,096,094	6,851
Income taxes (Notes 28, 38 and 39)	(337,736)	(317,179)	(179,368)	(1,121)
Profit (loss) for the year	¥1,024,858	¥1,076,246	¥916,726	\$5,730
Profit (loss) for the year attributable to:				
Owners of the Parent (Note 6)	¥964,034	¥950,709	¥800,460	\$5,003
Non-controlling interests	60,824	125,537	116,266	727
	¥1,024,858	¥1,076,246	¥916,726	\$5,730
Profit (loss) for the year attributable to Owners of the Parent per share (in Yen)				
Basic (Note 29)	¥230.10	¥236.97	¥210.92	\$1.32
Diluted (Note 29)	222.37	235.80	209.78	1.31

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 beginning of the fiscal year ended March 31, 2024.

Consolidated Statement of Comprehensive Income

For the years ended March 31, 2024, 2025 and 2026

	Millions of Yen			Millions of U.S. Dollars (Note 2)
	2024	2025	2026	2026
Profit (loss) for the year	¥1,024,858	¥1,076,246	¥916,726	\$5,730
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)	102,553	(1,486)	120,496	753
Remeasurement of defined benefit pension plans (Notes 19 and 22)	79,260	36,881	56,705	354
Share of other comprehensive income (loss) of investments accounted for using the equity method (Notes 22 and 39)	(5,336)	19,896	19,885	124
Total	176,477	55,291	197,086	1,232
Items that may be reclassified to profit or loss for the year:				
Cash flow hedges (Notes 22 and 32)	36,904	(23,292)	27,985	175
Exchange differences on translating foreign operations (Notes 22 and 32)	479,396	18,319	525,835	3,286
Share of other comprehensive income (loss) of investments accounted for using the equity method (Notes 22 and 39)	83,214	59,622	(254)	(2)
Total	599,514	54,649	553,566	3,460
Total other comprehensive income (loss) (Note 22)	775,991	109,940	750,652	4,692
Total comprehensive income (loss)	¥1,800,849	¥1,186,186	¥1,667,378	\$10,421
Comprehensive income (loss) attributable to:				
Owners of the Parent	¥1,714,019	¥1,061,129	¥1,506,384	\$9,415
Non-controlling interests	86,830	125,057	160,994	1,006
	¥1,800,849	¥1,186,186	¥1,667,378	\$10,421

See Notes to the consolidated financial statements.

Consolidated Statement of Changes in Equity

For the years ended March 31, 2024, 2025 and 2026

	Millions of Yen			Millions of U.S. Dollars (Note 2)
	2024	2025	2026	2026
Common stock:				
Balance at the beginning of the year (Note 21)	¥204,447	¥204,447	¥204,447	\$1,278
Issuance of new shares related to share-based payment (Note 21)	—	—	9,378	59
Balance at the end of the year (Note 21)	204,447	204,447	213,825	1,336
Additional paid-in capital: (Note 21)				
Balance at the beginning of the year	225,858	226,781	228,013	1,425
Compensation costs related to share-based payment (Note 23)	3,284	1,953	5,980	37
Sales of treasury stock upon exercise of share-based payment	(1,099)	(1,322)	(1,127)	(7)
Issuance of new shares related to share-based payment	—	—	9,378	59
Equity transactions with non-controlling interests and others (Note 38)	(1,262)	601	(32,968)	(206)
Balance at the end of the year	226,781	228,013	209,276	1,308
Treasury stock:				
Balance at the beginning of the year	(124,083)	(187,011)	(99,055)	(619)
Sales of treasury stock upon exercise of share-based payment	5,240	8,455	7,045	44
Purchases and sales - net (Note 21)	(445,026)	(395,004)	(1,021,476)	(6,384)
Cancellation (Note 21)	376,858	474,505	—	—
Balance at the end of the year	(187,011)	(99,055)	(1,113,486)	(6,959)
Other components of equity:				
Balance at the beginning of the year (Note 22)	1,715,540	2,347,595	2,397,781	14,986
Other comprehensive income (loss) attributable to owners of the Parent (Notes 22 and 32)	749,985	110,420	705,924	4,412
Transfer to retained earnings (Note 22)	(117,930)	(57,734)	73,207	458
Transfer to non-financial assets or non-financial liabilities (Note 22)	—	(2,500)	—	—
Balance at the end of the year (Note 22)	2,347,595	2,397,781	3,176,912	19,856
Retained earnings: (Note 21)				
Balance at the beginning of the year	6,043,878	6,452,055	6,637,528	41,485
Profit (loss) for the year attributable to owners of the Parent	964,034	950,709	800,460	5,003
Cash dividends paid to owners of the Parent (Note 21)	(293,433)	(342,247)	(405,973)	(2,537)
Sales of treasury stock upon exercise of share-based payment	(3,496)	(6,218)	(4,768)	(30)
Cancellation of treasury stock (Note 21)	(376,858)	(474,505)	—	—
Transfer from other components of equity (Note 22)	117,930	57,734	(73,207)	(458)
Balance at the end of the year	6,452,055	6,637,528	6,954,040	43,463
Equity attributable to owners of the Parent	9,043,867	9,368,714	9,440,567	59,004
Non-controlling interests:				
Balance at the beginning of the year	1,053,396	1,050,962	785,608	4,910
Cash dividends paid to non-controlling interests	(84,771)	(66,012)	(57,707)	(361)
Equity transactions with non-controlling interests and others	(4,493)	(324,314)	(78,888)	(493)
Profit (loss) for the year attributable to non-controlling interests	60,824	125,537	116,266	727
Other comprehensive income (loss) attributable to non-controlling interests (Notes 22 and 32)	26,006	(480)	44,728	280
Transfer to non-financial assets or non-financial liabilities (Note 22)	—	(85)	—	—
Balance at the end of the year	1,050,962	785,608	810,007	5,063
Total equity	¥10,094,829	¥10,154,322	¥10,250,574	\$64,066
Comprehensive income (loss) attributable to:				
Owners of the Parent	¥1,714,019	¥1,061,129	¥1,506,384	\$9,415
Non-controlling interests	86,830	125,057	160,994	1,006
Total comprehensive income (loss)	¥1,800,849	¥1,186,186	¥1,667,378	\$10,421

See Notes to the consolidated financial statements.

Consolidated Statement of Cash Flows

For the years ended March 31, 2024, 2025 and 2026

	Millions of Yen			Millions of U.S. Dollars (Note 2)
	2024	2025	2026	2026
Operating activities:				
Profit (loss) for the year	¥1,024,858	¥1,076,246	¥916,726	\$5,730
Adjustments to reconcile profit (loss) for the year to net cash provided by (used in) operating activities:				
Depreciation and amortization	599,330	470,768	397,777	2,486
(Gains) losses on investments	(233,007)	(305,629)	(41,823)	(261)
(Gains) losses on property, plant and equipment, intangible assets, goodwill and others	(7,659)	(130,702)	16,693	104
Finance (income) - net of finance costs	(114,264)	(171,977)	(148,262)	(927)
Share of (profit) loss of investments accounted for using the equity method	(444,385)	(337,482)	(467,941)	(2,925)
Income taxes	337,736	317,179	179,368	1,121
Changes in trade receivables	82,648	101,898	113,094	707
Changes in inventories	(71,555)	(37,933)	(66,076)	(413)
Changes in trade payables	(8,490)	(5,889)	(72,706)	(454)
Changes in derivative related assets and liabilities	39,779	67,045	258,508	1,616
Other - net (Note 19)	156,024	92,758	36,150	226
Dividends received	485,252	635,565	581,553	3,635
Interest received	187,571	200,179	181,002	1,131
Interest paid	(212,823)	(167,261)	(157,161)	(982)
Income taxes paid	(473,635)	(146,416)	(236,861)	(1,480)
Net cash provided by (used in) operating activities	1,347,380	1,658,349	1,490,041	9,313

	Millions of Yen			Millions of U.S. Dollars (Note 2)
	2024	2025	2026	2026
Investing activities:				
Payments for property, plant and equipment and others	(520,542)	(384,292)	(352,947)	(2,206)
Proceeds from disposal of property, plant and equipment and others	26,099	205,739	53,850	337
Payments for investment property	(1,296)	(1,285)	(5,240)	(33)
Proceeds from disposal of investments property	65,738	209	314	2
Purchases of investments accounted for using the equity method	(255,141)	(214,089)	(292,796)	(1,830)
Proceeds from disposal of investments accounted for using the equity method	349,160	254,754	188,657	1,179
Acquisitions of businesses - net of cash acquired (Notes 5 and 37)	(12,715)	(15,343)	(73,080)	(457)
Proceeds from disposal of businesses - net of cash divested (Notes 37 and 38)	(15,852)	(343,222)	17,133	107
Purchases of other investments	(66,483)	(325,148)	(226,122)	(1,413)
Proceeds from disposal of other investments	137,642	231,339	220,499	1,378
Increase in loans receivable (Note 5)	(112,375)	(101,949)	(171,151)	(1,070)
Collection of loans receivable	193,848	364,147	173,871	1,087
Net (increase) decrease in time deposits	6,156	55,195	18,428	115
Net cash provided by (used in) investing activities	(205,761)	(273,945)	(448,584)	(2,804)
Financing activities:				
Net increase (decrease) in short-term debts (Note 37)	220,413	(495,373)	13,345	83
Proceeds from long-term debts (Note 37)	430,656	456,045	1,386,789	8,667
Repayments of long-term debts (Note 37)	(614,361)	(479,122)	(490,155)	(3,063)
Repayments of lease liabilities (Notes 36 and 37)	(300,086)	(204,878)	(116,100)	(726)
Dividends paid to owners of the Parent (Note 21)	(293,433)	(342,247)	(405,973)	(2,537)
Dividends paid to non-controlling interests	(84,771)	(66,012)	(57,707)	(361)
Payments for acquisition of subsidiary's interests from the non-controlling interests (Note 38)	(21,925)	(17,557)	(147,243)	(920)
Proceeds from disposal of subsidiary's interests to the non-controlling interests	22,301	13,453	15,080	94
Net (increase) decrease in treasury stock (Note 21)	(445,027)	(395,012)	(1,002,720)	(6,267)
Net cash provided by (used in) financing activities	(1,086,233)	(1,530,703)	(804,684)	(5,029)
Effect of exchange rate changes on cash and cash equivalents	47,921	22,617	68,067	425
Net increase (decrease) in cash and cash equivalents included in assets classified as held for sale	(408,756)	408,756	—	—
Net increase (decrease) in cash and cash equivalents	(305,449)	285,074	304,840	1,905
Cash and cash equivalents at the beginning of the year	1,556,999	1,251,550	1,536,624	9,604
Cash and cash equivalents at the end of the year	¥1,251,550	¥1,536,624	¥1,841,464	\$11,509

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, 2026 is presented solely for the convenience of readers outside of Japan and has been made at the rate of ¥160=US\$1, the approximate rate of exchange at March 31, 2026. 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 new major standards and interpretations applied from the year ended March 31, 2026 are as follows;

Standards and interpretations	Outline
IFRS 7 Financial Instruments : Disclosures (Amended) IFRS 9 Financial Instruments (Amended)	Amendments to the application of the own-use exception and the hedge accounting requirements for contracts referencing nature-dependent electricity, along with the introduction of additional disclosure requirements.

IFRS 7 Financial Instruments: Disclosures (Amended), IFRS 9 Financial Instruments (Amended)

In the year ended March 31, 2026, the Company opted for the early application of the IFRS 7 Financial Instruments : Disclosures (Amended) and the IFRS 9 Financial Instruments (Amended). As the application of these amended standards introduced additional disclosure requirements for contracts referencing nature-dependent electricity, the Company newly added notes related to such information. For details, please refer to Note 33.

The adoption of the new standards and interpretations had no significant impact on the consolidated financial statements for the year ended March 31, 2026.

(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.

Impact of the Russia-Ukraine Situation

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, 2027. 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 ¥140,808 million and ¥155,237 million (\$970 million) as of March 31, 2025 and 2026, respectively (of which, the balance of cash and cash equivalents restricted on international remittances was ¥66,267 million and ¥84,616 million (\$529 million), respectively).

(Natural Gas/LNG business in Russia)

The Company holds a 10% ownership interest in Sakhalin Energy LLC. ("SELLC"), which has been engaged in Natural Gas/LNG 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 ¥55,010 million and ¥49,442 million (\$309 million) as of March 31, 2025 and 2026, respectively.

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 decarbonization scenarios developed by external institutions 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, policies 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 multiple decarbonization scenarios, including a scenario that limits the temperature increase to 1.5°C above pre-industrial levels 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. The Natural Gas/LNG business in the Environmental Energy segment and the 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 the Natural Gas/LNG business, although there is uncertainty in natural gas and LNG demand in the market-wide trends under the decarbonization 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 decarbonization 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 ¥994,579 million and ¥1,160,586 million (\$7,254 million) as of March 31, 2025 and 2026, respectively. Though there are uncertainties in the realization of the above decarbonization 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, 2026. The ARO, consisting primarily of costs associated with mine reclamation, landfills and dismantlement of facilities, is estimated based on the remaining operating life of the 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 is ¥197,221 million and ¥240,313 million (\$1,502 million) as of March 31, 2025 and 2026, respectively. For details of the ARO, refer to Note 20.

Regarding the carrying amount of investments in the Natural Gas/LNG business and the 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 Natural Gas/LNG business and shale gas business in the Environmental Energy segment. The carrying amount of these investments as of March 31, 2025, and March 31, 2026, are as follows.

	Millions of Yen		Millions of U.S. Dollars
	2025	2026	2026
(Copper business)			
Other investments (financial assets measured at FVTOCI)	¥439,966	¥533,905	\$3,337
Investments accounted for using the equity method	449,894	702,765	4,392
(Natural Gas/LNG business)			
Other investments (financial assets measured at FVTOCI)	¥182,419	¥272,654	\$1,704
Other investments (financial assets measured at FVTPL)	30,650	34,918	218
Investments accounted for using the equity method	596,431	603,885	3,774
Property, plant and equipment	423,604	428,655	2,679
Right-of-use assets	283,885	274,610	1,716
(Shale gas business)			
Investments accounted for using the equity method	¥268,344	—	—
Property, plant and equipment	—	¥283,953	\$1,775

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 Natural Gas/LNG 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 Malaysia LNG Dua and Sakhalin Energy LLC for Natural Gas/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 and the extension of interest in the Malaysia LNG business, refer to Note 30.

Additionally, investments accounted for using the equity method and property, plant and equipment related to the shale gas business include the effects of discontinuing the application of the equity method to the investment in Cutbank Ridge Partnership in the Montney Shale Gas Development Project during the year ended March 31, 2026. The Company recognizes its proportionate share of the assets, liabilities, revenues and expenses arising from jointly controlled operations. For details, refer to Note 12.

The medium- to long-term copper price assumptions are determined based on forecasts of future global demand and supply for copper, production volume and cost assumptions. Following the Company's examination of the consistency between the Company's price assumption and the information published by several external institutions, the management 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, in addition to infrastructure demand associated with population growth and economic growth, more progress on renewable power generation, including wind and solar power, and the wide spread of electric vehicles (EVs) are expected by accelerating the countermeasure of decarbonized society, as well as the expected increase in demand for data centers due to the development of generative AI. 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 2031, which is reviewed every year, is similar to price forecasts disclosed by third parties (approximately US\$4.8/lb., the mean of the price forecasts as of March 2026 disclosed by analysts in financial institutions excluding inflationary effects). In addition, the Company's estimate at the close of the year ended March 31, 2025, for the medium- to long-term price assumption for copper after 2030 was 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).

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 management responsible for determining the price assumption authorizes this estimate. Currently, crude oil price has become more volatile amid emerging geopolitical risks in the Middle East and tightening supply-demand conditions. From the long-term perspective, the Company continues to forecast 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 for the year ending March 31, 2031, excluding inflationary effects, as of March 31, 2026. At the close of the year ended March 31, 2025, the Company similarly estimated that the medium- to long-term price assumptions of crude oil would reach about US\$75/BBL for the year ending March 31, 2030, excluding inflationary effects. Accordingly, the Company has made no significant changes in price assumptions.

Other

Information about assumption and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending March 31, 2027 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 35
- Interests in joint arrangements and associates: Note 39

Significant changes in accounting judgement, estimates and assumptions in the consolidated financial statements for the year ended March 31, 2026 are included in the following Notes, except for the above:

- Segment information: Note 6
- Provisions: Note 20
- Income taxes: Note 28
- Interests in joint arrangements and associates: Note 39

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 60 years
Machinery and equipment	2 to 50 years

Vessels and vehicles	2 to 25 years
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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 4 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 Power Solution segment and Urban Development & Infrastructure segment))

The Company primarily engages in the supply of electricity, etc. under power and town gas supply 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 power and town gas supply contracts is recognized by applying the output method (based on the electricity, etc. delivered to date), in an amount for which the Company has the right to invoice customers for the electricity, etc. supplied. 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 (Organization for Economic Co-operation and Development).

(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, 2026 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 measures (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 measures, etc.

5. BUSINESS COMBINATIONS AND ACQUISITION OF JOINT OPERATIONS

Year Ended March 31, 2025

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

Year Ended March 31, 2026

Significant business combinations and acquisitions of joint operations for the year ended March 31, 2026 were as follows.

Acquisition of Three Salmon Farming Businesses by Cermaq Group AS

On December 29, 2025, the Company acquired the three salmon farming businesses (Northern Norway operations / West Coast Canada operations / East Coast Canada operations) from Grieg Seafood ASA through Cermaq Group AS, a wholly owned subsidiary of the Company. As a result, on the same date, the Company acquired 100% of the shares of the companies related to the three salmon farming businesses for cash consideration, and Cermaq Finnmark AS, Cermaq Newfoundland AS and Cermaq Canada AS became consolidated subsidiaries. Through the acquisition, the Company intends to leverage accumulated expertise and technologies in aquaculture to create synergies with the acquired businesses. At the same time, the Company will accelerate the Company's global expansion by utilizing established business foundation in the food sector, aiming to build a safe, secure, and sustainable food supply system.

Regarding the consideration paid for acquisition of the three businesses is included in "Acquisitions of businesses-net of cash acquired" in the consolidated statement of cash flows.

The following table summarizes the fair values of consideration paid, as well as assets acquired, liabilities assumed and bargain purchase as of the acquisition date.

	Millions of Yen	Millions of U.S. Dollars
	2026	2026
Fair value of consideration paid	¥62,166	\$389
Recognized amounts of identifiable assets acquired and liabilities assumed		
Trade and other receivables (current)	¥7,477	\$47
Biological assets	62,744	392
Property, plant and equipment	47,308	296
Intangible assets	66,127	413
Right-of-use assets	10,662	67
Other assets	13,589	85
Bonds and borrowings (current) *	(84,816)	(530)
Trade and other payables (current)	(6,758)	(42)
Lease liabilities (non-current)	(11,865)	(74)
Deferred tax liabilities	(17,566)	(110)
Other liabilities	(12,221)	(76)
Total identifiable net assets	¥74,681	\$467
Bargain purchase	(12,515)	(78)
Total	¥62,166	\$389

*Although the acquirees had borrowings from Grieg Seafood ASA, such borrowings were settled by the acquirees prior to the business acquisition through loans provided by the Company. This amount is included in "Increase in loans receivable" in the consolidated statement of cash flows.

The amounts of revenue and profit or loss since the acquisition date and pro forma results of operations for the above business combination are not presented because the effects are immaterial to the consolidated financial statement.

PT MITSUBISHI MOTORS KRAMA YUDHA SALES INDONESIA

On March 26, 2026, the Company acquired an additional 11% equity interest in PT Mitsubishi Motors Krama Yudha Sales Indonesia ("MMKSI"), which operates the automobile sales business of Mitsubishi Motors in Indonesia, for cash consideration. As a result, the Company's voting rights in MMKSI increased to 51%, when combined with its previously held interest, and the Company obtained control over MMKSI. Accordingly, MMKSI became a consolidated subsidiary of the Company as of the same date. The Company

intends to enhance the overall profitability of its automotive-related businesses in Indonesia by further strengthening MMKSI's sales capabilities and deepening synergies with its existing operations, including its sales finance business.

The following table summarizes the fair values of the consideration paid and the previously held equity interest, as well as the assets acquired, liabilities assumed, non-controlling interests and goodwill recognized as of the acquisition date.

As the acquisition date was close to the fiscal year-end, the initial measurement of the assets acquired and liabilities assumed has not been completed as of the date of issuance of annual financial report. Accordingly, the amounts presented are provisional.

The goodwill arises primarily from reasonable estimates of expected future excess earnings. This amount is a provisional calculation as of the date annual financial report is issued and, as such, has not been allocated to cash-generating units.

	Millions of Yen	Millions of U.S. Dollars
	2026	2026
Fair value of consideration paid	¥5,044	\$32
Fair value of the previously held equity interest	18,342	115
Total	¥23,386	\$146
Recognized amounts of identifiable assets acquired and liabilities assumed		
Cash and cash equivalents	¥8,755	\$55
Trade and other receivables (current)	13,191	82
Inventories	22,687	142
Other current assets	2,522	16
Intangible assets	12,299	77
Other assets	6,546	41
Trade and other payables (current)	(16,233)	(101)
Advances from customers	(2,288)	(14)
Income tax payable	(1,870)	(12)
Other current liabilities	(2,351)	(15)
Provisions (non-current)	(1,774)	(11)
Other non-current liabilities	(6,355)	(40)
Other liabilities	(2,002)	(13)
Total identifiable net assets	¥33,127	\$207
Non-controlling interests	¥(22,469)	\$(140)
Amount of goodwill recognized	12,728	80
Total	¥23,386	\$146

The Company had applied the equity method to its previously held equity interest in MMKSI. However, due to the above business combination, the previously held equity interest was remeasured at fair value. As a result, a profit of ¥10,827 million (\$68 million) after taxes, including a "Gains on investments" of ¥10,342 million (\$65 million), was recorded in the Mobility segment.

The amounts of revenue and profit or loss since the acquisition date and pro forma results of operations for the above business combination are not presented because the effects are immaterial to the consolidated financial statement.

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 essential materials, steel products, performance materials, petrochemicals and basic chemicals.
Mineral Resources	The Mineral Resources Group engages in investing in and developing mineral resources, such as copper, steelmaking coal, iron ore, aluminum, lithium and nickel, while strengthening supply systems for steel raw materials and non-ferrous resources and products by leveraging high-quality services and functions through a global network.
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, ships, aerospace-related equipment, industrial machinery, and energy infrastructure businesses.
Mobility	The Mobility Group engages in value chain businesses including production, sales, financing, and after-sales service of automobiles, and mobility-related businesses, including mobility services that fulfill needs related to mobility and those 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 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.

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, 2024, 2025 and 2026 was as follows:

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

Millions of Yen						
2024	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	27,39					

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	38		27			

Millions of Yen						
2025	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	27				39	

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	38	39				

Millions of Yen						
2026	Environmental Energy	Materials Solution	Mineral Resources	Urban Development & Infrastructure	Mobility	Food Industry
Gross profit	¥112,211	¥214,527	¥175,226	¥236,457	¥170,999	¥297,344
Share of profit of investments accounted for using the equity method	103,670	(1,188)	122,995	59,678	45,485	22,685
Profit (loss) for the year attributable to owners of the Parent	160,862	26,348	204,523	85,124	57,609	83,257
Total assets	3,339,191	1,971,360	5,995,234	2,173,800	1,942,720	2,334,066
Note	28		39		39	

Millions of Yen						
	Smart-Life Creation	Power Solution	Total	Other	Adjustments and Eliminations	Consolidated
Gross profit	¥233,460	¥207,273	¥1,647,497	¥8,469	¥(892)	¥1,655,074
Share of profit of investments accounted for using the equity method	98,551	16,003	467,879	34	28	467,941
Profit (loss) for the year attributable to owners of the Parent	91,007	43,408	752,138	51,776	(3,454)	800,460
Total assets	2,745,464	2,739,770	23,241,605	3,234,624	(2,324,534)	24,151,695
Note						

Millions of U.S. Dollars						
2026	Environmental Energy	Materials Solution	Mineral Resources	Urban Development & Infrastructure	Mobility	Food Industry
Gross profit	\$701	\$1,341	\$1,095	\$1,478	\$1,069	\$1,858
Share of profit of investments accounted for using the equity method	648	(7)	769	373	284	142
Profit (loss) for the year attributable to owners of the Parent	1,005	165	1,278	532	360	520
Total assets	20,870	12,321	37,470	13,586	12,142	14,588
Note	28		39		39	

Millions of U.S. Dollars						
	Smart-Life Creation	Power Solution	Total	Other	Adjustments and Eliminations	Consolidated
Gross profit	\$1,459	\$1,295	\$10,297	\$53	\$(6)	\$10,344
Share of profit of investments accounted for using the equity method	616	100	2,924	0	0	2,925
Profit (loss) for the year attributable to owners of the Parent	569	271	4,701	324	(22)	5,003
Total assets	17,159	17,124	145,260	20,216	(14,528)	150,948
Note						

Notes:

"Other" represents the corporate departments which primarily provide services and operational support to the Company and affiliated companies. "Other" 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.

The Company recorded provision for loss related to the estimated construction costs required to complete Chiyoda Corporation's Golden Pass LNG project as "Gross profit" under "Urban Development & Infrastructure" for the year ended March 31, 2025. As a result, "Profit (loss) for the year attributable to owners of the Parent" under "Other" for the same period includes the reversal of the provision that had been recorded under "Other" for the fiscal year ended March 31, 2024. With respect to the Chiyoda Corporation's project as mentioned above, the Company recorded, under "Gross profit" of "Urban Development & Infrastructure," the effects of the revision of the profitability associated with the amendment to EPC contract that was executed on November 13, 2025, for the year ended March 31, 2026. These effects (including the reversal of the provision related to the aforementioned construction losses) contributed to an increase of "Gross profit" compared with the same period of the previous fiscal year.

The Company 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, 2024, was reclassified.

"Adjustments and Eliminations" includes certain income and expense items that are not allocated to reportable operating segments and intersegment eliminations.

[Geographic Information]

Revenues and non-current assets at and for the years ended March 31, 2024, 2025 and 2026 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2024	2025	2026	2026
Revenues:				
Japan	¥9,497,940	¥9,134,688	¥8,939,316	\$55,871
U.S.A	2,907,301	3,007,521	3,475,425	21,721
Singapore	1,452,786	1,735,868	1,953,592	12,210
Australia	1,257,433	821,561	805,608	5,035
Netherlands	860,303	735,358	728,806	4,555
Other	3,591,838	3,182,605	3,013,248	18,833
Total	¥19,567,601	¥18,617,601	¥18,915,995	\$118,225
Non-current assets (excluding financial assets, deferred tax assets and post-employment benefit assets)				
Australia	¥1,005,662	¥1,034,247	¥1,206,418	\$7,540
Canada	416,934	685,263	986,344	6,165
Japan	869,825	899,941	920,373	5,752
Netherlands	785,519	788,580	903,080	5,644
Other	959,934	1,002,738	1,248,177	7,801
Total	¥4,037,874	¥4,410,769	¥5,264,392	\$32,902

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

No single customer, group of customers, or government entity accounted for more than 10% of the Company's revenues for the years ended March 31, 2024, 2025 and 2026.

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, 2025 and 2026.

	Millions of Yen			
	FVTPL	FVTOCI	Amortized cost	Total
(March 31, 2025)				
Short-term investments	¥106	—	¥75,231	¥75,337
Other investments	274,131	¥1,488,355	221,671	1,984,157
(March 31, 2026)				
Short-term investments	—	—	—	—
Other investments	295,952	1,790,954	166,753	2,253,659

	Millions of U.S. Dollars			
	FVTPL	FVTOCI	Amortized cost	Total
(March 31, 2026)	\$	\$	\$	\$
Short-term investments	—	—	—	—
Other investments	1,850	11,193	1,042	14,085

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, 2025 and 2026.

Please refer to Note 30 for the fair values of marketable and non-marketable securities within “Other Investments” measured at FVTOCI at March 31, 2025 and 2026.

The amount of dividend income from financial assets measured at FVTOCI held at March 31, 2024 was ¥173,473 million. The breakdown of dividend income from financial assets measured at FVTOCI for the years ended March 31, 2025 and 2026 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	2026	2026
Dividend income from marketable securities	¥13,809	¥13,873	\$87
Dividend income from non-marketable securities	186,690	194,384	1,215
Total	¥200,499	¥208,257	\$1,302

The amount of dividend income from derecognized financial assets measured at FVTOCI were immaterial for the years ended March 31, 2024, 2025 and 2026.

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, 2024, 2025 and 2026 were as follows.

	Millions of Yen			Millions of U.S. Dollars
	2024	2025	2026	2026
Fair value at the time of derecognition	¥61,524	¥61,543	¥30,954	\$193
Accumulated gain or loss on disposal (before tax)	38,701	38,143	(130,821)	(818)

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, 2024, 2025 and 2026. 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, 2025 and 2026. 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		Millions of U.S. Dollars
	2025	2026	2026
Current trade and other receivables			
Notes receivable-trade	¥278,218	¥229,459	\$1,434
Accounts receivable-trade and other and lease receivables	3,403,417	3,440,846	21,505
Other receivables	547,873	579,443	3,622
Loss allowance	(61,658)	(63,389)	(396)
Total current trade and other receivables	¥4,167,850	¥4,186,359	\$26,165
Non-current trade and other receivables			
Trade and lease receivables	¥512,917	¥494,395	\$3,090
Loans receivable	362,479	299,889	1,874
Other receivables	25,348	26,125	163
Loss allowance	(34,477)	(32,902)	(206)
Total non-current trade and other receivables	¥866,267	¥787,507	\$4,922

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, 2025 and 2026.

(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

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.

(March 31, 2026)

	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	¥3,845,256	¥500,158	¥407,942	¥36,623	¥3,078	¥827
Lifetime expected credit losses						
Receivables for which there have been significant increases in credit risk	9,769	34,433	3,061	944	4,363	90
Credit-impaired receivables	53,280	8,814	6,614	40,853	3,374	6,139
Total	¥3,908,305	¥543,405	¥417,617	¥78,420	¥10,815	¥7,056

	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	\$24,033	\$3,126	\$2,550	\$229	\$19	\$5
Lifetime expected credit losses						
Receivables for which there have been significant increases in credit risk	61	215	19	6	27	1
Credit-impaired receivables	333	55	41	255	21	38
Total	\$24,427	\$3,396	\$2,610	\$490	\$68	\$44

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, 2026 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, 2026.

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 ¥62,660 million and ¥81,402 million (\$509 million) at March 31, 2025 and 2026, 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, 2025 and 2026 were as follows.

(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

(Year ended March 31, 2026)

	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	¥34,170	¥7,087	¥54,878	¥96,135
Provision for expected credit losses	10,272	(2,196)	15,458	23,534
Charge-offs	(7,655)	—	(23,501)	(31,156)
Other	3,741	506	3,531	7,778
Balance at the end of the year	¥40,528	¥5,397	¥50,366	¥96,291

	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	\$214	\$44	\$343	\$601
Provision for expected credit losses	64	(14)	97	147
Charge-offs	(48)	—	(147)	(195)
Other	23	3	22	49
Balance at the end of the year	\$253	\$34	\$315	\$602

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 was immaterial during the years ended March 31, 2025 and 2026. 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, 2026.

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 34.

9. INVENTORIES

The breakdown of "Inventories" at March 31, 2025 and 2026 was as follows:

	Millions of Yen		Millions of U.S. Dollars
	2025	2026	2026
Merchandise and finished goods	¥1,420,679	¥1,700,828	\$10,630
Raw materials, work in progress and supplies	281,938	291,603	1,823
Real estate held for development and resale	60,879	84,154	526
Total	¥1,763,496	¥2,076,585	\$12,979
Carrying amount of inventories carried at fair value less costs to sell included above (refer to Note 30)	¥633,550	¥944,902	\$5,906

The amount of real estate held for development and resale includes ¥39,583 million and ¥42,332 million (\$265 million) that were expected to be sold after more than 12 months at March 31, 2025 and 2026, 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, 2024, 2025 and 2026.

Amounts related to write-down of inventories recognized as expenses were immaterial for the years ended March 31, 2024, 2025 and 2026.

10. BIOLOGICAL ASSETS

The following is a breakdown of carrying amounts of biological assets at March 31, 2025 and 2026.

	Millions of Yen		Millions of U.S. Dollars
	2025	2026	2026
Salmon Farming	¥101,259	¥182,865	\$1,143
Other	18,648	21,306	133
Carrying amounts	¥119,907	¥204,171	\$1,276

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, 2025 and 2026.

	Millions of Yen		Millions of U.S. Dollars
	2025	2026	2026
Cost of biological assets	¥93,345	¥154,536	\$966
Fair value adjustments	7,914	28,329	177
Carrying amounts	¥101,259	¥182,865	\$1,143

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, 2025 and 2026.

	Millions of Yen		Millions of U.S. Dollars
	2025	2026	2026
Balance at the beginning of year	¥105,406	¥101,259	\$633
Increase due to production	176,158	187,042	1,169
Decrease due to sales / harvest / mortality	(174,155)	(195,454)	(1,222)
Fair value adjustments	(6,491)	13,826	86
Increase due to business combination	—	60,395	377
Exchange translations and others	341	15,797	99
Balance at the end of year	¥101,259	¥182,865	\$1,143

Notes:

"Increase due to business combination" for the year ended March 31, 2026 includes the effect of the acquisition of the three salmon farming businesses by Cermaq Group AS, a consolidated subsidiary in the Food Industry segment. For details, please refer to Note 5.

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 ¥2,370 million for the year ended March 31, 2024.

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, 2025 and 2026.

	Tonnes	
	2025	2026
Balance at the beginning of year	117,318	112,706
Increase due to production	247,603	271,092
Decrease due to sales/harvest/mortality	(252,215)	(272,806)
Increase due to business combination	—	54,429
Balance at the end of year	112,706	165,421

Notes:

“Increase due to business combination” for the year ended March 31, 2026 includes the effect of the acquisition of the three salmon farming businesses by Cermaq Group AS, a consolidated subsidiary in the Food Industry segment. For details, please refer to Note 5.

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

The following disposal groups were classified as held for sale as of March 31, 2026 since the sale is highly probable and the sale and delivery is expected to be completed within 1 year. Amounts related to both non-current assets and disposal groups held for sale were immaterial for the year ended March 31, 2025, and non-current assets held for sale were immaterial for the year ended March 31, 2026.

Disposal groups classified as held for sale

As of March 31, 2026, the assets and liabilities held by a consolidated subsidiary in the Smart-Life Creation segment, which were classified as a disposal group held for sale and the disposal group was measured at its carrying amount. This classification was due to the fact that, as a result of negotiations for the sale of shares and the control over the assets and liabilities related to the business is expected to be lost within 1 year.

The following is a breakdown of the assets and liabilities classified as a disposal group held for sale at March 31, 2026.

	Millions of Yen	Millions of U.S. Dollars
	2026	2026
Trade and other receivables (Current)	¥81,423	\$509
Inventories	18,317	114
Other	16,676	104
Total assets	¥116,416	\$728
Trade and other payables (Current)	¥111,305	\$696
Other	10,255	64
Total liabilities	¥121,560	\$760

Trade and other receivables (Current) and Trade and other payables (Current) are measured at amortized cost.

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, 2025 and 2026.

	Millions of Yen						
	Land	Buildings and structures	Machinery and equipment	Vessels and vehicles	Mineral resources -related property	Construction in progress	Total
(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
(March 31, 2026)							
Gross carrying amount	¥230,720	¥1,095,817	¥1,804,004	¥246,093	¥2,768,702	¥154,893	¥6,300,229
Accumulated depreciation and accumulated impairment losses	10,441	417,505	938,605	138,841	1,294,381	1,230	2,801,003
Carrying amount	¥220,279	¥678,312	¥865,399	¥107,252	¥1,474,321	¥153,663	¥3,499,226
	Millions of U.S. Dollars						
	Land	Buildings and structures	Machinery and equipment	Vessels and vehicles	Mineral resources -related property	Construction in progress	Total
(March 31, 2026)							
Gross carrying amount	\$1,442	\$6,849	\$11,275	\$1,538	\$17,304	\$968	\$39,376
Accumulated depreciation and accumulated impairment losses	65	2,609	5,866	868	8,090	8	17,506
Carrying amount	\$1,377	\$4,239	\$5,409	\$670	\$9,215	\$960	\$21,870

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, 2025 and 2026.

Carrying amount	Millions of Yen						
	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	¥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
Additions	2,094	40,601	41,366	17,924	68,985	140,282	311,252
Additions through business combination	2,392	23,947	19,629	2,204	—	661	48,833
Disposal or reclassification to assets held for sale	(1,071)	(2,141)	(8,695)	(9,915)	(1,592)	(3,384)	(26,798)
Depreciation	—	(29,345)	(103,043)	(19,464)	(68,634)	—	(220,486)
Impairment losses	(2,676)	(3,363)	(2,294)	(107)	—	(436)	(8,876)
Exchange translations	3,803	6,217	79,482	3,346	184,173	12,622	289,643
Other	1,154	384,799	73,712	3,943	269,618	(500,579)	232,647
End of year ended March 31, 2026	¥220,279	¥678,312	¥865,399	¥107,252	¥1,474,321	¥153,663	¥3,499,226

Millions of U.S. Dollars

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, 2026	\$1,341	\$1,610	\$4,783	\$683	\$6,386	\$3,153	\$17,956
Additions	13	254	259	112	431	877	1,945
Additions through business combination	15	150	123	14	—	4	305
Disposal or reclassification to assets held for sale	(7)	(13)	(54)	(62)	(10)	(21)	(167)
Depreciation	—	(183)	(644)	(122)	(429)	—	(1,378)
Impairment losses	(17)	(21)	(14)	(1)	—	(3)	(55)
Exchange translations	24	39	497	21	1,151	79	1,810
Other	7	2,405	461	25	1,685	(3,129)	1,454
End of year ended March 31, 2026	\$1,377	\$4,239	\$5,409	\$670	\$9,215	\$960	\$21,870

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. "Other" of construction in progress for the year ended March 31, 2026 includes ¥373,734 million (\$2,336 million), representing the impact of the reclassification from construction in progress mainly to buildings and structures as a result of the completion of construction and the commencement of production of LNG liquefaction facilities at Diamond LNG Canada, a consolidated subsidiary in the Environmental Energy segment.
2. "Other" of mineral resources-related property for the year ended March 31, 2026 includes the impact of CUTBANK DAWSON GAS RESOURCES LTD., a consolidated subsidiary in the Environmental Energy segment. The Company operates a shale gas development business jointly with Oviniv Inc. As of October 1, 2025, the Company amended agreement with Oviniv Inc. and transferred the business-related assets and liabilities to a newly established company. As a result, the Company discontinued applying the equity method to its investment in a newly established company and recognizes its share of assets, liabilities, revenues and expenses arising from jointly controlled operations. Following this change, investments accounted for using the equity method decreased, while property, plant and equipment increased mainly.

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, 2024, 2025 and 2026.

The amount of contractual commitments for the acquisition of property, plant and equipment was ¥166,204 million and ¥147,933 million (\$925 million) at March 31, 2025 and 2026, respectively. The amount at March 31, 2025 and 2026 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, 2024, 2025 and 2026.

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, 2025 and 2026.

	Millions of Yen		Millions of U.S. Dollars
	2025	2026	2026
Gross carrying amount	¥72,012	¥110,745	\$692
Accumulated depreciation and accumulated impairment losses	37,621	43,514	272
Carrying amount	¥34,391	¥67,231	\$420

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 for the years ended March 31, 2025 and 2026.

The fair value of investment property is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2025	2026	2026
Fair value	¥45,282	¥79,875	\$499

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, 2024, 2025 and 2026.

The amount of acquisitions of investment property for which a contract had been concluded but not executed was immaterial at March 31, 2025 and 2026.

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, 2025 and 2026.

	Millions of Yen						
	Trademarks and trade names	Software	Customer relationships	Fish farming license and surface rights	Sustainable energy subsidy	Other	Total
(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
(March 31, 2026)							
Gross carrying amount	¥58,150	¥352,929	¥226,958	¥246,867	¥105,160	¥73,610	¥1,063,674
Accumulated amortization and accumulated impairment losses	20,855	228,913	136,523	3,485	47,710	50,221	487,707
Carrying amount	¥37,295	¥124,016	¥90,435	¥243,382	¥57,450	¥23,389	¥575,967

	Millions of U.S. Dollars						
	Trademarks and trade names	Software	Customer relationships	Fish farming license and surface rights	Sustainable energy subsidy	Other	Total
(March 31, 2026)							
Gross carrying amount	\$363	\$2,206	\$1,418	\$1,543	\$657	\$460	\$6,648
Accumulated amortization and accumulated impairment losses	130	1,431	853	22	298	314	3,048
Carrying amount	\$233	\$775	\$565	\$1,521	\$359	\$146	\$3,600

The following is a breakdown of the changes in the carrying amount of intangible assets for the years ended March 31, 2025 and 2026.

Millions of Yen							
Carrying amount	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	¥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
Additions	52	41,776	—	240	—	12,206	54,274
Additions through business combinations	116	92	16,213	63,772	—	2,829	83,022
Disposal or reclassification to assets held for sale	(3)	(6,024)	—	(1)	—	(2,238)	(8,266)
Amortization	(2,418)	(32,140)	(14,807)	(65)	(8,324)	(13,454)	(71,208)
Impairment losses	—	(1,147)	—	—	—	(3)	(1,150)
Exchange translations	4,259	4,372	8,136	25,356	7,287	6,266	55,676
Other	(63)	883	1,490	87	—	70	2,467
End of year ended March 31, 2026	¥37,295	¥124,016	¥90,435	¥243,382	¥57,450	¥23,389	¥575,967

Millions of U.S. Dollars							
Carrying amount	Trademarks and trade names	Software	Customer relationships	Fish farming license and surface rights	Sustainable energy subsidy	Other	Total
Beginning of year ended March 31, 2026	\$221	\$726	\$496	\$962	\$366	\$111	\$2,882
Additions	0	261	0	2	0	76	339
Additions through business combinations	1	1	101	399	0	18	519
Disposal or reclassification to assets held for sale	0	(38)	0	0	0	(14)	(52)
Amortization	(15)	(201)	(93)	0	(52)	(84)	(445)
Impairment losses	0	(7)	0	0	0	0	(7)
Exchange translations	27	27	51	158	46	39	348
Other	0	6	9	1	0	0	15
End of year ended March 31, 2026	\$233	\$775	\$565	\$1,521	\$359	\$146	\$3,600

“Additions through business combinations” of “Fish farming license and surface rights” for the year ended March 31, 2026 includes the effect of the acquisition of the three salmon farming businesses by Cermaq Group AS, a consolidated subsidiary in the Food Industry segment. For details, please refer to Note 5.

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, 2025 and 2026, the carrying amounts of intangible assets with indefinite useful lives were as follows:

Carrying amount	Millions of Yen		Millions of U.S. Dollars
	2025	2026	2026
Fish farming license and surface rights	¥152,664	¥241,803	\$1,511
Other	4,592	4,995	31
Total	¥157,256	¥246,798	\$1,542

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 ¥67,269 million and ¥56,026 million (\$350 million) at March 31, 2025 and 2026, respectively.

The amount of contractual commitments for the acquisition of intangible assets was immaterial at March 31, 2025 and 2026.

Research and development costs recognized in net income were immaterial at March 31, 2024, 2025 and 2026.

Goodwill

The following is a breakdown of the gross carrying amount, accumulated impairment losses, and carrying amount of goodwill at March 31, 2025 and 2026.

	Millions of Yen		Millions of U.S. Dollars
	2025	2026	2026
Gross carrying amount	¥317,481	¥355,625	\$2,223
Accumulated impairment losses	(19,728)	(18,218)	(114)
Carrying amount	¥297,753	¥337,407	\$2,109

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

Carrying amount	Millions of Yen		Millions of U.S. Dollars
	2025	2026	2026
Balance at the beginning of the year	¥296,473	¥297,753	\$1,861
Additions	4,474	18,291	114
Disposal	—	(2,714)	(17)
Exchange translations	(1,769)	25,008	156
Other	(1,425)	(931)	(6)
Balance at the end of the year	¥297,753	¥337,407	\$2,109

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, 2025 was ¥26,199 million and ¥151,772 million, respectively. The amount of goodwill and intangible assets with indefinite useful lives as of March 31, 2026 was ¥29,658 million (\$185 million) and ¥240,909 million (\$1,506 million), respectively. The amount of intangible assets at March 31, 2026 includes the effect of

the acquisition of the three salmon farming businesses by Cermaq Group AS, a consolidated subsidiary in the Food Industry segment. For details, please refer to Note 5. 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, 2026, 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, 2025 and 2026 was ¥69,196 million and ¥69,162 million (\$432 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, 2026, the Company mainly used the growth rate of 1.5%. 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, 2025 and 2026 was ¥144,877 million and ¥166,971 million (\$1,044 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.

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, 2026, 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 ¥122,560 million and ¥140,161 million (\$876 million) as of March 31, 2025 and 2026, 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, 2025 and 2026 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, 2024, 2025 and 2026 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, 2025 and 2026.

	Millions of Yen		Millions of U.S. Dollars
	2025	2026	2026
Trade and other receivables (current and non-current)	¥151,192	¥245,999	\$1,538
Other investments (current and non-current)	264,204	248,582	1,554
Property, plant and equipment (net of accumulated depreciation and accumulated impairment losses)	77,290	78,786	492
Investment property (net of accumulated depreciation and accumulated impairment losses)	—	32,108	201
Other	9,415	8,948	56
Total	¥502,101	¥614,423	\$3,840

“Other investments” include shares pledged by the Company as collateral in connection with project financing in which associates or investees are the obligors.

The assets pledged as collateral described above mainly consist of assets pledged by the Parent and subsidiaries, at the request of financial institutions, in respect of borrowings made by the Parent, subsidiaries, associates, or investees.

Under the terms and conditions of such borrowings, in the event that repayment of principal and interest due is not made and a default occurs, or in the event of a breach of representations and warranties or financial covenants, financial institutions are contractually entitled to dispose of such collateral and apply the proceeds to, or set them off against, the outstanding amounts of borrowings.

As a method of import financing, the Company generally provides trust receipts to banks, thereby granting such banks security interests in imported goods or the proceeds from the sale thereof. Given the substantial volume of import transactions, 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. Accordingly, it is practically difficult to determine the total amount of assets subject to such trust receipts, and therefore such assets are not included in the amounts above.

In addition to the assets pledged as collateral described above, banking agreements underlying most long-term and short-term bank borrowings customarily in Japan contain provisions that allow banks, under certain conditions, to require borrowers to provide collateral (or additional collateral) or guarantors. Furthermore, even where collateral is pledged in respect of specific obligations of a borrower, such agreements include provisions allowing banks to treat such collateral as being provided for all obligations of the borrower.

Transfers that do not result in derecognition of non-financial assets or financial assets may be regarded, in substance, as pledges of collateral. However, as such transactions have characteristics different from ordinary pledges of collateral where legal ownership is retained, they are not included above.

Meanwhile, the Company sold ¥114,188 million and ¥231,876 million (\$1,449 million) of non-financial assets in Precious Metals under repurchase agreements which were not derecognized at March 31, 2025 and 2026, respectively. As for similar transactions regarding the financial assets, please refer to Note 35.

Assets accepted as collateral

The fair value of assets received as collateral was immaterial at March 31, 2025 and 2026.

17. BONDS AND BORROWINGS

Bonds and borrowings (current liabilities) as of March 31, 2025 and 2026 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2025	2026	2026
Bank loans			
—2.6% as of March 31, 2026	¥475,182	¥574,664	\$3,592
Commercial paper			
—3.3% as of March 31, 2026	607,411	656,946	4,106
Bonds and borrowings (non-current liabilities) with current maturities	255,681	379,288	2,371
Total	¥1,338,274	¥1,610,898	\$10,068

The interest rates represent weighted-average rates on outstanding balances as of March 31, 2026.

Bonds and borrowings (non-current liabilities) as of March 31, 2025 and 2026 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2025	2026	2026
Non-current liabilities with collateral maturing through 2041			
—principally 1.5% to 7.1% as of March 31, 2026	¥72,272	¥74,300	\$464
Non-current liabilities without collateral:			
Banks and other financial institutions, maturing through 2083			
—principally 0.1% to 1.9% as of March 31, 2026	1,869,855	2,207,543	13,797
Banks and other financial institutions, maturing through 2038 (payable in foreign currencies)			
—principally 1.6% to 4.6% as of March 31, 2026	1,016,301	1,159,602	7,248
Japanese yen bonds (including commercial paper)			
(floating rate 1.1%, due 2030 as of March 31, 2026)	—	30,000	188
(fixed rate 0.5% to 1.5%, due 2027-2081 as of March 31, 2026)	320,000	360,000	2,250
U.S. dollar bonds			
(floating rate 4.2% to 4.4%, due 2027-2028 as of March 31, 2026)	4,485	84,730	530
(fixed rate 1.1% to 5.1%, due 2026-2035 as of March 31, 2026)	298,146	518,159	3,238
Hong Kong dollar bonds			
(fixed rate 2.9% to 4.1%, due 2028-2029 as of March 31, 2026)	5,763	7,583	47
Euro bonds			
(fixed rate 2.8% to 3.4%, due 2030-2034 as of March 31, 2026)	—	182,702	1,142
Other and adjustments	(52,393)	(109,286)	(683)
Sub-total	¥3,534,429	¥4,515,333	\$28,221
Less current maturities	(255,681)	(379,288)	(2,371)
Total	¥3,278,748	¥4,136,045	\$25,850

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 34.

Non-current liabilities from banks and other financial institutions without collateral include a subordinated loan (Hybrid Loan, maturing through 2060-2083) of ¥290,000 million (\$1,813 million). These loans are callable after the fifth year from their execution dates (2021-2025) at the discretion of the Company.

Japanese yen bonds without collateral include subordinated and callable deferred interest bonds (Hybrid Bonds, maturing through 2076-2081) of ¥160,000 million (\$1,000 million). These bonds are callable after the fifth or tenth year from their issuance dates (2016-2021) at the discretion of the Company.

The amount of fixed-rate debts and bonds procured by the Parent were ¥1,831,646 million and ¥2,703,403 million (\$16,896 million) as of March 31, 2025 and 2026, 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 34 for details about fair value hedges.

18. TRADE AND OTHER PAYABLES

The carrying amounts of "Trade and other payables" (current liabilities) at March 31, 2025 and 2026 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, 2025 and 2026:

	Millions of Yen		Millions of U.S. Dollars
	2025	2026	2026
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	¥487,473	¥464,263	\$2,902
Service cost	12,639	11,617	73
Interest cost	7,695	10,157	63
Actuarial (gain) loss	(13,070)	(31,770)	(199)
Benefits paid	(26,139)	(25,328)	(158)
Acquisitions/divestitures-net	(715)	1,345	8
Others	(3,620)	(5,046)	(32)
Present value of obligations under defined benefit pension plans at the end of the year	464,263	425,238	2,658
Change in plan assets:			
Fair value of plan assets at the beginning of the year	556,870	587,478	3,672
Interest income	9,414	13,695	86
Income from plan assets other than interest	43,594	100,359	627
Employer contributions	3,568	3,416	21
Benefits paid	(21,836)	(20,392)	(127)
Acquisitions/divestitures-net	(316)	856	5
Others	(3,816)	(472)	(3)
Fair value of plan assets at the end of the year	587,478	684,940	4,281
Effect of the asset ceiling	—	50,610	316
Net amount of (assets) liabilities recorded in Consolidated statement of financial position	¥(123,215)	¥(209,092)	\$(1,307)

Notes:

1. "Actuarial (gain) loss" arises from changes in demographic assumptions and financial assumptions.
2. "Effect of the asset ceiling" represents the effect arising from limiting the net amount of defined benefit assets at the Parent to the asset ceiling. The asset ceiling is the present value of the economic benefits available in the form of refunds from the plan and reductions in future contributions to the plan, and is determined as a combination of both.

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, 2025 and 2026:

	Millions of Yen		Millions of U.S. Dollars
	2025	2026	2026
Plan assets that have a quoted market price in an active market			
Equity instruments	¥202,741	¥324,273	\$2,027
Debt instruments	6,243	17,993	112
Cash and cash equivalents	30,264	27,069	169
Total	239,248	369,335	2,308
Plan assets that do not have a quoted market price in an active market			
Equity instruments	63,903	20,593	129
Debt instruments	145,943	127,510	797
Life insurance company accounts	56,693	57,610	360
Other assets	81,691	109,892	687
Total	348,230	315,605	1,973
Total plan assets	¥587,478	¥684,940	\$4,281

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, 2025 and 2026 were as follows:

	2025	2026
Discount rate	2.3%	3.1%
Rate of increase in future compensation levels	3.2	3.1

The assumption of average longevity at pension age of the Parent was 21.0 years and 21.1 years for current pensioners, and 23.1 years and 23.3 years for employees at March 31, 2025 and 2026 respectively.

Sensitivity Analysis of Significant Actuarial Assumptions

As of the end of the current fiscal year, if the discount rate applied by the Parent, which accounts for the majority of the defined benefit obligation of the consolidated companies, were to decrease by 0.5%, the defined benefit obligation is assumed to increase by ¥19,590 million (\$122 million). Conversely, if the discount rate were to increase by 0.5%, the defined benefit obligation is assumed to decrease by ¥17,582 million (\$110 million).

This analysis assumes that all other variables remain constant; however, in practice, it is unlikely that only the discount rate would 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 ¥3,513 million (\$22 million) to its defined benefit pension plans during the year ending March 31,

2027.

Estimated future benefit payments

Estimated future benefit payments are as follows:

	Millions of Yen	Millions of U.S. Dollars
Years ending March 31:		
2027	¥28,556	\$178
2028	31,871	199
2029	32,298	202
2030	30,382	190
2031	29,023	181
2032 through 2036	132,294	827

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, 2024, 2025 and 2026 were ¥12,766 million, ¥12,610 million and ¥13,481 million (\$84 million), respectively.

(2) Employee benefits expense

The amount of employee benefits expense included in the consolidated statement of income was ¥825,473 million, ¥786,871 million and ¥763,061 million (\$4,769 million) for the years ended March 31, 2024, 2025 and 2026, respectively.

20. PROVISIONS

The changes in provisions for the year ended March 31, 2026 was as follows:

(Year ended March 31, 2026)

	Millions of Yen					Balance at the end of the year
	Balance at the beginning of the year	Provisions made	Provisions used	Accretion expense	Other*	
Provision for decommissioning and restoration	¥286,739	¥9,585	¥(8,136)	¥13,234	¥44,952	¥346,374
Provision relating to onerous contracts	76,579	11,045	(32,132)	839	(3,277)	53,054
Other	67,780	23,288	(18,728)	118	2,282	74,740

(Year ended March 31, 2026)

	Millions of U.S. Dollars					Balance at the end of the year
	Balance at the beginning of the year	Provisions made	Provisions used	Accretion expense	Other*	
Provision for decommissioning and restoration	\$1,792	\$60	\$(51)	\$83	\$281	\$2,165
Provision relating to onerous contracts	479	69	(201)	5	(20)	332
Other	424	146	(117)	1	14	467

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 60 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.

The Company's consolidated subsidiaries in the Mineral Resources segment recognize provision for asset retirement obligations based on costs they expect to incur to restore mining sites to the original state in the future. The amount of asset retirement obligations is ¥240,313 million (\$1,502 million) as of March 31, 2026.

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, 2026, provisions for losses on construction contracts of Chiyoda Corporation amounting to ¥19,419 million (\$121 million) (decrease) was recorded as "Provisions used," 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. In the year ended March 31, 2026, the effects of changes in estimates of construction losses resulting from the execution of the amended EPC contract dated November 13, 2025, as well as the progress of construction projects, were mainly recorded as "Provision used."

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, 2024, 2025 and 2026 was as follows:

	2024 (Number of shares)	2025 (Number of shares)	2026 (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, 2024, 2025 and 2026 was as follows:

	2024 (Number of shares)	2025 (Number of shares)	2026 (Number of shares)
Balance, beginning of the year	4,374,907,053	4,179,018,153	4,022,391,153
Change during the year	(195,888,900)	(156,627,000)	6,535,200
Balance, end of the year	4,179,018,153	4,022,391,153	4,028,926,353

The Parent resolved at the Board of Directors' meeting held on July 18, 2025 to issue new shares of ordinary stock to the BIP Trust for executive remuneration established by the Parent, in connection with the introduction of a stock-based remuneration plan linked to share performance. Based on this resolution, the Parent has issued 6,535,200 shares of ordinary stock. As transactions in which the BIP Trust for executive remuneration acquires shares of ordinary stock are treated as repurchase of treasury stock, treasury stock increased by an amount equivalent to the increase in common stock and additional paid-in capital arising from the issuance of such new shares.

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 81,159,032 shares, 44,547,170 shares and 367,427,682 shares at March 31, 2024, 2025 and 2026, respectively. The increase for the year ended March 31, 2026 was mainly due to share repurchase.

The number of shares of the Parent held in the trust account for the ESOP Trust and the BIP Trust, which were included in the number of treasury stock and treasury stock held by subsidiaries and associates, were 20,529,960 shares, 19,781,904 shares and 26,345,780 shares at March 31, 2024, 2025 and 2026, respectively.

Shares repurchased and cancelled during the year ended March 31, 2026 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 April 3, 2025	Ordinary shares	318,397,611	—	(April 30, 2026)	—

Dividends

Under the Companies Act, the total amount of dividends and repurchase 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 ¥2,737,203 million (\$17,108 million) as of March 31, 2026. 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, 2026 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, 2024, 2025 and 2026 were as follows:

Resolution	Class of shares	Millions of Yen	Yen	Record date	Effective date	Millions of U.S. Dollars	U.S. Dollars
		Amount of dividends	Dividends per share			Amount of dividends	Dividends per share
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		
Board of Directors' meeting held on November 1, 2024	Ordinary shares	199,825	50.00	September 30, 2024	December 2, 2024		
Ordinary general meeting of shareholders held on June 20, 2025	Ordinary shares	199,883	50.00	March 31, 2025	June 23, 2025	\$1,249	\$0.31
Board of Directors' meeting held on November 4, 2025	Ordinary shares	208,545	55.00	September 30, 2025	December 1, 2025	1,303	0.34

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

Resolution	Class of shares	Millions of Yen	Source of dividends	Yen	Record date	Effective date	Millions of U.S. Dollars	U.S. Dollars
		Amount of dividends		Dividends per share			Amount of dividends	Dividends per share
Ordinary general meeting of shareholders held on June 19, 2026 (expected)	Ordinary shares	¥202,834	Retained earnings	¥55.00	March 31, 2026	June 22, 2026	\$1,268	\$0.34

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, 2024.

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, 2024, 2025 and 2026.

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, 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
(Year ended March 31, 2026)					
Other investments designated as FVTOCI	¥457,688	¥129,095	¥133,734	—	¥720,517
Remeasurement of defined benefit pension plans	—	60,527	(60,527)	—	—
Cash flow hedges	70,240	(73)	—	—	70,167
Exchange differences on translating foreign operations	1,869,853	516,375	—	—	2,386,228
Total	¥2,397,781	¥705,924	¥73,207	—	¥3,176,912

Millions of U.S. Dollars					
	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, 2026)					
Other investments designated as FVTOCI	\$2,861	\$807	\$836	—	\$4,503
Remeasurement of defined benefit pension plans	—	378	(378)	—	—
Cash flow hedges	439	—	—	—	439
Exchange differences on translating foreign operations	11,687	3,227	—	—	14,914
Total	\$14,986	\$4,412	\$458	—	\$19,856

The amount of "Transfer to retained earnings" from "Other investments designated as FVTOCI" for the year ended March 31, 2026 includes ¥143,626 million (\$898 million), representing the accumulated changes in fair value (losses) related to the Malaysia LNG Dua shares, which were transferred to retained earnings upon the sale of such shares. Please refer to Note 30 for the details of the extension of the interest in the Malaysia LNG Dua project.

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 years ended March 31, 2025 and 2026.

	Millions of Yen	
	Other comprehensive income (loss) attributable to owners of the Parent	Transfer to retained earnings
(Year ended March 31, 2025)		
(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)
(Year ended March 31, 2026)		
(Derecognized securities)		
Marketable securities	¥6,418	¥(11,734)
Non-marketable securities	1,349	145,468
(Securities held at March 31, 2026)		
Marketable securities	62,009	—
Non-marketable securities	59,319	—
Total	¥129,095	¥133,734

	Millions of U.S. Dollars	
	Other comprehensive income (loss) attributable to owners of the Parent	Transfer to retained earnings
(Year ended March 31, 2026)		
(Derecognized securities)		
Marketable securities	\$40	\$(73)
Non-marketable securities	8	909
(Securities held at March 31, 2026)		
Marketable securities	388	—
Non-marketable securities	371	—
Total	\$807	\$836

The amount transferred to retained earnings related to securities held at March 31, 2025 and 2026 were 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, 2024, 2025 and 2026.

	Millions of Yen			Millions of U.S. Dollars
	2024	2025	2026	2026
Gains (losses) on other investments designated as FVTOCI	¥(7,663)	¥10,689	¥6,791	\$42
Remeasurement of defined benefit pension plans	494	327	673	4
Cash flow hedges	3,075	(5,562)	1,830	11
Exchange differences on translating foreign operations	30,100	(5,934)	35,434	221
Total	¥26,006	¥(480)	¥44,728	\$280

The following is a breakdown of "Other comprehensive income (loss)" (including those attributable to non-controlling interests) for the years ended March 31, 2024, 2025 and 2026.

	Millions of Yen								
	2024			2025			2026		
	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	¥133,833	¥(31,280)	¥102,553	¥17,202	¥(18,688)	¥(1,486)	¥192,832	¥(72,336)	¥120,496
Remeasurement of defined benefit pension plans	111,234	(31,974)	79,260	56,664	(19,783)	36,881	81,519	(24,814)	56,705
Share of other comprehensive income (loss) of investments accounted for using the equity method	(4,181)	(1,155)	(5,336)	20,620	(724)	19,896	19,330	555	19,885
Items that may be reclassified to profit or loss for the year									
Cash flow hedges	45,473	(8,569)	36,904	(32,073)	8,781	(23,292)	36,940	(8,955)	27,985
Exchange differences on translating foreign operations	495,487	(16,091)	479,396	18,536	(217)	18,319	528,301	(2,466)	525,835
Share of other comprehensive income (loss) of investments accounted for using the equity method	104,435	(21,221)	83,214	74,881	(15,259)	59,622	7,250	(7,504)	(254)
Total	¥886,281	¥(110,290)	¥775,991	¥155,830	¥(45,890)	¥109,940	¥866,172	¥(115,520)	¥750,652

	Millions of U.S. Dollars		
	2026		
	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	\$1,205	\$(452)	\$753
Remeasurement of defined benefit pension plans	509	(155)	354
Share of other comprehensive income (loss) of investments accounted for using the equity method	121	3	124
Items that may be reclassified to profit or loss for the year			
Cash flow hedges	231	(56)	175
Exchange differences on translating foreign operations	3,302	(15)	3,286
Share of other comprehensive income (loss) of investments accounted for using the equity method	45	(47)	(2)
Total	\$5,414	\$(722)	\$4,692

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, 2024, 2025 and 2026.

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, 2024, 2025 and 2026, 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, 2024, 2025 and 2026.

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, 2024, 2025 and 2026.

	Millions of Yen					
	Environmental Energy	Materials Solution	Mineral Resources	Urban Development & Infrastructure	Mobility	Food Industry
2024						
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

	Millions of Yen					
	Environmental Energy	Materials Solution	Mineral Resources	Urban Development & Infrastructure	Mobility	Food Industry
2025						
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

	Millions of Yen					
2026	Environmental Energy	Materials Solution	Mineral Resources	Urban Development & Infrastructure	Mobility	Food Industry
Revenues recognized from contracts with customers	¥1,851,642	¥3,603,708	¥1,243,344	¥821,299	¥769,129	¥1,874,005
Revenues from other sources of revenue	1,415,653	27,489	2,839,985	109,339	68,246	450,530
Total	¥3,267,295	¥3,631,197	¥4,083,329	¥930,638	¥837,375	¥2,324,535

	Millions of Yen					
	Smart-Life Creation	Power Solution	Total	Other	Adjustments and Eliminations	Consolidated
Revenues recognized from contracts with customers	¥2,513,397	¥1,263,068	¥13,939,592	¥8,539	¥(40)	¥13,948,091
Revenues from other sources of revenue	746	55,916	4,967,904	—	—	4,967,904
Total	¥2,514,143	¥1,318,984	¥18,907,496	¥8,539	¥(40)	¥18,915,995

	Millions of U.S. Dollars					
2026	Environmental Energy	Materials Solution	Mineral Resources	Urban Development & Infrastructure	Mobility	Food Industry
Revenues recognized from contracts with customers	\$11,573	\$22,523	\$7,771	\$5,133	\$4,807	\$11,713
Revenues from other sources of revenue	8,848	172	17,750	683	427	2,816
Total	\$20,421	\$22,695	\$25,521	\$5,816	\$5,234	\$14,528

	Millions of U.S. Dollars					
	Smart-Life Creation	Power Solution	Total	Other	Adjustments and Eliminations	Consolidated
Revenues recognized from contracts with customers	\$15,709	\$7,894	\$87,122	\$53	\$(0)	\$87,176
Revenues from other sources of revenue	5	349	31,049	—	—	31,049
Total	\$15,713	\$8,244	\$118,172	\$53	\$(0)	\$118,225

The Company reorganized its operating segments into 8 groups from the beginning of the year ended March 31, 2025, and the Company's segment information for the year ended March 31, 2024 was 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 (primarily the supply of electricity, etc. under power and town gas supply contracts, plant constructions based on construction contracts, providing services based on franchise contracts, etc.).

For the years ended March 31, 2024, 2025 and 2026, most of the revenues recognized from contracts with customers in the Power Solution segment represent revenues recognized over time, including the supply of electricity, etc. under power and town gas supply contracts.

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 ¥528,210 million, ¥430,600 million and ¥489,229 million (\$3,058 million) for the years ended March 31, 2024, 2025 and 2026, respectively.

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 ¥277,563 million and ¥148,731 million for the years ended March 31, 2024 and 2025, respectively. The commission includes lease income attributable to property and store equipment leases. The decreases in revenues for the years ended March 31, 2025 and 2026 are mainly due to Lawson becoming an equity method affiliate.

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, 2025 and 2026. 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	
	2025		2026		2026	
	Contract assets	Contract liabilities	Contract assets	Contract liabilities	Contract assets	Contract liabilities
Balance at the beginning of the year	¥45,849	¥356,490	¥71,132	¥385,999	\$445	\$2,412
Changes during the year	25,283	29,509	32,970	(17,978)	206	(112)
Balance at the end of the year	¥71,132	¥385,999	¥104,102	¥368,021	\$651	\$2,300

Revenues recognized for the years ended March 31, 2024, 2025 and 2026 that were included in the contract liabilities balance at the beginning of the year were ¥220,454 million, ¥173,035 million and ¥244,217 million (\$1,526 million), respectively. Revenues for the years ended March 31, 2024, 2025 and 2026 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, 2024, 2025 and 2026 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, 2024, 2025 and 2026 was derived to a large extent from a long-term LNG sales contract with customers mainly in Japan through participating in Cameron LNG, LLC 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. In addition, contracts for which the Company has a right to consideration from customers in an amount that corresponds directly with the value to the customer of the Company's performance completed to date are not included in the table below, in accordance with the practical expedient applied, since the beginning of the year ended March 31, 2026. This practical expedient has also been applied retrospectively to the years ended March 31, 2024 and 2025.

	Millions of Yen			Millions of U.S. Dollars
	2024	2025	2026	2026
Not later than 1 year	¥1,120,334	¥1,094,503	¥1,187,240	\$7,420
Later than 1 year and not later than 5 years	2,947,551	2,897,630	3,093,934	19,337
Later than 5 years and not later than 10 years	2,392,700	2,441,088	2,656,824	16,605
Later than 10 years	2,780,712	2,451,305	2,330,981	14,569
Total	¥9,241,297	¥8,884,526	¥9,268,979	\$57,931

25. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

The following is a breakdown of "Selling, general and administrative expenses" for the years ended March 31, 2024, 2025 and 2026.

	Millions of Yen			Millions of U.S. Dollars
	2024	2025	2026	2026
Employee benefit expenses	¥622,078	¥584,699	¥551,262	\$3,445
Transportation and warehousing expenses	139,473	131,736	136,251	852
Equipment expenses	351,683	240,836	130,177	814
Outsourcing expenses	143,205	135,219	116,645	729
Office expenses	87,144	79,622	72,481	453
Advertising and sales promotion expenses	80,462	59,190	39,442	247
Others	268,237	233,995	190,195	1,189
Total	¥1,692,282	¥1,465,297	¥1,236,453	\$7,728

Remuneration for the Parent's directors for the years ended March 31, 2024, 2025 and 2026 that were included in "Employee benefit expenses" were ¥1,979 million, ¥2,288 million, and ¥2,905 million (\$18 million), respectively. From the year ended March 31, 2026, the amounts include remuneration for directors who are members of the Audit & Supervisory Committee, and the figure for the year ended March 31, 2025 has been revised accordingly.

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, 2024, 2025 and 2026.

Classification	Millions of Yen			Millions of U.S. Dollars
	2024	2025	2026	2026
Gains (losses) on investments				
Financial assets measured at FVTPL	¥3,658	¥21,915	¥22,702	\$142
Subsidiaries, investments accounted for using the equity method and other	229,349	283,714	19,121	120
Total gains (losses) on investments	¥233,007	¥305,629	¥41,823	\$261
Finance income				
Interest income	113,043	129,644	111,933	700
Dividend income	192,331	212,952	214,783	1,342
Total finance income	¥305,374	¥342,596	¥326,716	\$2,042
Finance costs				
Interest expenses	(191,141)	(170,619)	(178,454)	(1,115)
Total finance costs	¥(191,141)	¥(170,619)	¥(178,454)	\$(1,115)

"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 36 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, 2024, 2025 and 2026.

Derivatives not being designated as hedging instruments

Please refer to Note 34 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, 2024, 2025 and 2026.

27. OTHER INCOME (EXPENSE)-NET

The following is a breakdown of "Other income (expense)-net" for the years ended March 31, 2024, 2025 and 2026.

	Millions of Yen			Millions of U.S. Dollars
	2024	2025	2026	2026
Foreign exchange gains (losses)	¥(27,763)	¥7,252	¥14,120	\$88
Gains (losses) from derivatives	25,086	(12,443)	2,637	16
Gains (losses) from valuation of biological assets	(5,098)	(10,041)	5,891	37
Other	(96,342)	91,770	13,492	84
Other income (expense)-net	¥(104,117)	¥76,538	¥36,140	\$226

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 34, 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, 2024, 2025 and 2026.

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.

Further, 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.

In addition, other includes the effect of the acquisition of three salmon farming businesses by Cermaq Group AS, a consolidated subsidiary in the Food Industry Segment, for the year ended March 31, 2026. For details, please refer to Note 5.

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%. Foreign subsidiaries are subject to income taxes of the countries in which they operate.

In addition, the current tax for the years ended March 31, 2025 and 2026 resulting from Pillar Two Model published by OECD was immaterial.

Income taxes for the years ended March 31, 2024, 2025 and 2026 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2024	2025	2026	2026
Current tax	¥292,140	¥238,679	¥203,244	\$1,270
Deferred tax	45,596	78,500	(23,876)	(149)
Income taxes	337,736	317,179	179,368	1,121
Income taxes recognized in other comprehensive income	110,290	45,890	115,520	722
Total	¥448,026	¥363,069	¥294,888	\$1,843

Deferred taxes for the year ended March 31, 2026, include the impact of recognizing ¥26,151 million (\$163 million) in deferred tax assets, following an assessment of the recoverability of tax loss carryforwards and the subsequent determination that stable taxable income is expected to be generated in Diamond LNG Canada in the Environmental Energy segment.

A reconciliation of the combined statutory income tax rates for the years ended March 31, 2024, 2025 and 2026 to the effective income tax rates on income before income taxes reflected in the consolidated statement of income is as follows:

	2024	2025	2026
Combined statutory income tax rate (Note 1)	30.6%	30.6%	30.6%
Effect of income from investments accounted for using the equity method	(7.9)	(6.5)	(10.5)
Effect of the recoverability of deferred tax assets	1.4	(1.6)	(1.2)
Difference of tax rates for foreign subsidiaries	(2.0)	(2.0)	(2.5)
Other-net	2.7	2.1	(0.1)
Effective income tax rate on income before income taxes in the consolidated statement of income	24.8%	22.8%	16.4%
Less effect of income from investments accounted for using the equity method	7.9	6.5	10.5
Effective income tax rate on income before income taxes of the Parent and subsidiaries (Note 2)	32.7%	29.3%	26.9%

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, 2025 and 2026 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2025	2026	2026
Assets:			
Loss allowance	¥12,050	¥10,707	\$67
Accrued pension and retirement benefits	12,450	10,504	66
Property, plant and equipment, Investment property and Intangible assets	15,151	62,402	390
Short-term investments and Other investments	32,638	23,545	147
Net operating loss carry forwards	46,199	98,333	615
Provisions and other	103,982	126,852	793
Derivatives	58,935	77,691	486
Leases	134,983	155,606	973
Other	90,998	108,486	678
Gross deferred tax assets	507,386	674,126	4,213
Liabilities:			
Accrued pension and retirement benefits	36,327	60,776	380
Short-term investments and Other investments	411,015	478,422	2,990
Property, plant and equipment, Investment property and Intangible assets	299,714	423,610	2,648
Investments accounted for using the equity method	347,791	364,560	2,279
Derivatives	27,659	52,659	329
Leases	152,789	166,301	1,039
Other	92,582	132,578	829
Gross deferred tax liabilities	1,367,877	1,678,906	10,493
Net deferred tax liabilities	¥(860,491)	¥(1,004,780)	\$(6,280)

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, 2025 and 2026, 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 ¥2,937,783 million and ¥3,568,442 million (\$22,303 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, 2025 and 2026 will expire as follows:

	Millions of Yen		Millions of U.S. Dollars
	2025	2026	2026
Not later than 5 years	¥79,499	¥287,777	\$1,799
Later than 5 years and not later than 10 years	304,700	186,776	1,167
Later than 10 years	1,175,752	1,388,735	8,680
Total	¥1,559,951	¥1,863,288	\$11,646

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, 2025 and 2026 were ¥241,156 million and ¥161,133 million (\$1,007 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, 2025 and 2026, were ¥607,751 million and ¥798,707 million (\$4,992 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
	2024	2025	2026	2026
Profit for the year attributable to owners of the Parent per share				
Basic	¥230.10	¥236.97	¥210.92	\$1.32
Diluted	222.37	235.80	209.78	1.31
				Millions of U.S. Dollars
	2024	2025	2026	2026
Numerator (Millions of Yen):				
Profit for the year attributable to owners of the Parent	¥964,034	¥950,709	¥800,460	\$5,003
Reconciliation of profit for the year	(28,057)	—	—	—
Diluted profit for the year attributable to owners of the Parent	¥935,977	¥950,709	¥800,460	\$5,003
Denominator (Thousands of shares):				
Basic weighted average common shares outstanding	4,189,638	4,011,862	3,795,021	
Effect of dilutive securities:				
Share-based remuneration	19,503	19,954	20,756	
Diluted outstanding shares	4,209,141	4,031,816	3,815,777	

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, 2024.

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, 2025 and 2026, respectively.

(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

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

(March 31, 2026)

	Millions of Yen				
	Level 1	Level 2	Level 3	Netting	Total
Assets					
Cash and cash equivalents	¥846,731	—	—	—	¥846,731
Short-term investments and other investments					
Financial assets measured at FVTPL	34,798	¥445	¥260,709	—	295,952
Financial assets measured at FVTOCI					
Marketable securities	616,422	—	—	—	616,422
Non-marketable securities	—	17,147	1,157,385	—	1,174,532
Trade and other receivables					
Financial assets measured at FVTPL	—	171,580	29,250	—	200,830
Other financial assets (Derivatives)					
Interest rate contracts	—	25,245	—	¥(341)	24,904
Foreign exchange contracts	—	87,102	—	(7,604)	79,498
Commodity contracts and others	821,400	1,163,696	41,944	(1,488,541)	538,499
Inventories	13,465	931,437	—	—	944,902
Other current assets and other non-current assets					
Assets related to commodity loan transactions	—	705,715	—	—	705,715
Total assets	¥2,332,816	¥3,102,367	¥1,489,288	¥(1,496,486)	¥5,427,985
Liabilities					
Other financial liabilities (Derivatives)					
Interest rate contracts	—	104,283	—	(340)	103,943
Foreign exchange contracts	—	41,360	—	(7,602)	33,758
Commodity contracts and others	790,749	1,156,868	53,409	(1,490,289)	510,737
Other current liabilities and other non-current liabilities					
Liabilities related to commodity loan transactions	—	893,955	—	—	893,955
Total liabilities	¥790,749	¥2,196,466	¥53,409	¥(1,498,231)	¥1,542,393

(March 31, 2026)

	Millions of U.S. Dollars				
	Level 1	Level 2	Level 3	Netting	Total
Assets					
Cash and cash equivalents	\$5,292	—	—	—	\$5,292
Short-term investments and other investments					
Financial assets measured at FVTPL	217	\$3	\$1,629	—	1,850
Financial assets measured at FVTOCI					
Marketable securities	3,853	—	—	—	3,853
Non-marketable securities	—	107	7,234	—	7,341
Trade and other receivables					
Financial assets measured at FVTPL		1,072	183		1,255
Other financial assets (Derivatives)					
Interest rate contracts	—	158	—	\$(2)	156
Foreign exchange contracts	—	544	—	(48)	497
Commodity contracts and others	5,134	7,273	262	(9,303)	3,366
Inventories	84	5,821	—	—	5,906
Other current assets and other non-current assets					
Assets related to commodity loan transactions	—	4,411	—	—	4,411
Total assets	\$14,580	\$19,390	\$9,308	\$(9,353)	\$33,925
Liabilities					
Other financial liabilities (Derivatives)					
Interest rate contracts	—	652	—	(2)	650
Foreign exchange contracts	—	259	—	(48)	211
Commodity contracts and others	4,942	7,230	334	(9,314)	3,192
Other current liabilities and other non-current liabilities					
Liabilities related to commodity loan transactions	—	5,587	—	—	5,587
Total liabilities	\$4,942	\$13,728	\$334	\$(9,364)	\$9,640

Note: There were no material transfers between different levels during the year ended March 31, 2026.

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, 2025 and 2026, respectively.

(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	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

Notes:

- "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.
- There are no material transfers between different levels during the year ended March 31, 2025.
- In the Malaysia LNG business of the Environmental Energy Segment, the Company entered into an agreement with Petroliam Nasional Berhad("PETRONAS") to reinvest in Malaysia LNG Tiga("TIGA") in September 2024. 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 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 each included respectively in "Increases due to purchases and other."

(Year ended March 31, 2026)

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	¥252,552	¥10,507	¥11,822	¥17,005	¥(20,129)	¥(11,048)	¥260,709	¥11,892
Financial assets measured at FVTOCI	944,418	—	112,630	111,432	(9,838)	(1,257)	1,157,385	—
Other financial assets (Derivatives)								
Commodity contracts and others	30,553	75,022	4,007	7,694	—	(75,332)	41,944	10,174
Other financial liabilities (Derivatives)								
Commodity contracts and others	37,339	14,852	11,269	2,346	—	(12,397)	53,409	7,408

(Year ended March 31, 2026)

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	\$1,578	\$66	\$74	\$106	\$(126)	\$(69)	\$1,629	\$74
Financial assets measured at FVTOCI	5,903	—	704	696	(61)	(8)	7,234	—
Other financial assets (Derivatives)								
Commodity contracts and others	191	469	25	48	—	(471)	262	64
Other financial liabilities (Derivatives)								
Commodity contracts and others	233	93	70	15	—	(77)	334	46

Notes:

- "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.
- There are no material transfers between different levels during the year ended March 31, 2026.
- In the Malaysia LNG business of the Environmental Energy Segment, based on an agreement with PETRONAS, the Company executed the extension of its interest in the Dua project as of June 5, 2025. On the same date, the Company sold its shares, held by its 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\$717 million, and the equity interest will remain 10%, unchanged from prior to the transaction. As a result of the decision to designate the interests acquired as equity instruments for which changes in fair value are recognized in other comprehensive income (FVTOCI), the interests were classified as "Financial assets measured at FVTOCI," with ¥110,346 million (\$690 million) included 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.

During the year ended March 31, 2025, the amount recognized as "Other comprehensive income (loss)" included an increase of ¥147,946 million in the fair value of investments in the copper business, mainly due to a revision in the medium to long-term business plan, and a decrease of ¥24,589 million in the fair value of the 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.

The amount recorded in other comprehensive income (loss) for the year ended March 31, 2026 includes an increase in the fair value of investments in the copper business of ¥93,989 million (\$587 million), mainly due to a revision in the medium to long-term business plan.

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 precious metals and 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 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 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 not measured at fair value on a recurring basis

Assets and liabilities that are not measured at fair value on a 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, 2025 and 2026, respectively.

(March 31, 2025)

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

(March 31, 2026)

Classification	Valuation method	Unobservable input	Weighted average
Non-marketable equity securities	Discounted cash flow	Discount rate	11.3%

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 ¥757,572 million and ¥1,012,000 million (\$6,325 million) at March 31, 2025 and 2026, 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 ¥296,902 million and ¥166,753 million (\$1,042 million) at March 31, 2025 and 2026, 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 ¥4,196,522 million and ¥4,135,510 million (\$25,847 million) at March 31, 2025 and 2026, 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 ¥4,617,022 million and ¥5,746,943 million (\$35,918 million) at March 31, 2025 and 2026, 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 34 for risk management policy.

Trade and other payables

The carrying amounts of trade and other payables were ¥2,919,280 million and ¥3,135,643 million (\$19,598 million) at March 31, 2025 and 2026, 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, 2025 and 2026 were as follows.

(March 31, 2025)

	Millions of Yen		
	Financial assets		Financial liabilities
	Derivatives	Loans receivable	Derivatives
Gross amount (before offsetting)	¥925,311	¥45,000	¥997,971
Offset amount	(630,132)	—	(630,164)
Amount presented in the consolidated statement of financial position	295,179	45,000	367,807
Amount not offset in the consolidated statement of financial position	(140,757)	(45,000)	(161,757)
Net	¥154,422	—	¥206,050

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

(March 31, 2026)

	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)	¥2,139,387	¥65,000	¥2,146,669	\$13,371	\$406	\$13,417
Offset amount	(1,496,486)	—	(1,498,231)	(9,353)	—	(9,364)
Amount presented in the consolidated statement of financial position	642,901	65,000	648,438	4,018	406	4,053
Amount not offset in the consolidated statement of financial position	(307,824)	(65,000)	(240,090)	(1,924)	(406)	(1,501)
Net	¥335,077	—	¥408,348	\$2,094	—	\$2,552

"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 35 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 34 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, 2025 and 2026.

	Millions of Yen				Millions of U.S. Dollars	
	2025		2026		2026	
Types of hedges	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Fair value hedges	¥27,919	¥71,137	¥87,508	¥129,012	\$547	\$806
Cash flow hedges	14,674	46,694	40,077	41,054	250	257
Hedge of the net investment in foreign operations	2,954	12,343	137	10,436	1	65
Total	¥45,547	¥130,174	¥127,722	¥180,502	\$798	\$1,128

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 and Commodity 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, 2025 and 2026. 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, 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
		Floating receive / fixed pay interest rate swap	806,599 Thousand U.S. Dollars
Foreign currency risk	Cash flow hedges	Floating receive / fixed pay interest rate swap	235,192 Thousand Euros
	Fair value hedges	U.S. Dollars buy / Japanese Yen sell currency swap	850,000 Thousand U.S. Dollars
		Canadian Dollars buy / U.S. Dollars sell foreign exchange contract	2,178,000 Thousand Canadian Dollars
	Cash flow hedges	U.S. Dollars sell / Australian Dollars buy foreign exchange contract	1,793,800 Thousand U.S. Dollars
		U.S. Dollars sell / Japanese Yen buy foreign exchange contract	1,093,291 Thousand U.S. Dollars
		U.S. Dollars buy / Indonesia Rupiah sell currency and interest rate swap	441,250 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

(March 31, 2026)

Risk category	Type of hedge	Hedging instrument	Nominal amount
Interest rate risk	Fair value hedges	Fixed receive / floating pay interest rate swap	2,010,500 Million yen
		Fixed receive / floating pay interest rate swap	3,200,000 Thousand U.S. Dollars
		Floating receive / fixed pay interest rate swap	782,954 Thousand U.S. Dollars
	Cash flow hedges	Floating receive / fixed pay interest rate swap	206,623 Thousand Euros
Foreign currency risk	Fair value hedges	Japanese Yen buy / U.S. Dollars sell currency swap	600,000 Thousand U.S. Dollars
		U.S. Dollars buy / Euros sell currency swap	1,000,000 Thousand Euros
	Cash flow hedges	Canadian Dollars buy / U.S. Dollars sell foreign exchange contract	2,060,248 Thousand Canadian Dollars
		U.S. Dollars sell / Australian Dollars buy foreign exchange contract	1,770,600 Thousand U.S. Dollars
	Hedge of the net investment in foreign operations	U.S. Dollars sell / Japanese Yen buy foreign exchange contract	774,340 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	390,000 Thousand U.S. Dollars
Commodity price risk	Fair value hedges	Silver commodity derivative	23,490,000 TOZ
		Platinum commodity derivative	249,000 TOZ
	Cash flow hedges	Natural Gas commodity derivative	234,363,732 MMBTU
		Gas / Power commodity derivative	10,242,739 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, 2025 and 2026.

(March 31, 2025)

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

(March 31, 2026)

Risk category	Account in the consolidated statement of financial position	Millions of Yen	
		Carrying amount	Accumulated amount of fair value hedge adjustments
Interest rate risk	Bonds and borrowings	¥2,349,349	¥(96,918)
Commodity price risk	Inventories	359,918	200,290

(March 31, 2026)

Risk category	Account in the consolidated statement of financial position	Millions of U.S. Dollars	
		Carrying amount	Accumulated amount of fair value hedge adjustments
Interest rate risk	Bonds and borrowings	\$14,683	\$(606)
Commodity price risk	Inventories	2,249	1,252

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, 2025 and 2026.

(3) Cash flow hedges

The following are the amounts of other components of equity recognized by continuing cash flow hedges at March 31, 2024, 2025 and 2026.

Risk category	Millions of Yen			Millions of U.S. Dollars
	2024	2025	2026	2026
Interest rate risk	¥62,161	¥48,028	¥33,945	\$212
Foreign currency risk	18,027	1,446	4,449	28
Commodity price risk	6,816	7,462	25,269	158

The amounts recorded as other components of equity recognized by hedging relationships for which hedge accounting is no longer applied were immaterial at March 31, 2024, 2025 and 2026.

The following are the gains or losses related to hedging activities for the years ended March 31, 2024, 2025 and 2026.

(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 (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 (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.

(Year ended March 31, 2026)

During the year ended March 31, 2026, 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 ¥28,494 million (\$178 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) was immaterial for the year ended March 31, 2026.

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, 2026.

(4) Net investment hedges

The following are the amounts of other components of equity recognized by net investment hedges at March 31, 2024, 2025 and 2026.

		Millions of Yen			Millions of U.S. Dollars
Risk category		2024	2025	2026	2026
	Other components of equity recognized by continuing hedges	¥(21,512)	¥(28,847)	¥(29,587)	\$(185)
Foreign currency risk	Other components of equity recognized by hedging relationships for which hedge accounting is no longer applied	(122,175)	(119,304)	(116,408)	(728)

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, 2024, 2025 and 2026.

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

33. CONTRACTS REFERENCING NATURE-DEPENDENT ELECTRICITY

The Company has contracts that expose it to variability in the underlying amount of electricity because the source of electricity generation depends on uncontrollable natural conditions (“contracts referencing nature-dependent electricity”). These contracts include purchase and sale contracts of renewable energy generated by wind power and solar power, as well as financial contracts that do not involve the delivery of electricity and settled on a net basis for the difference between fixed price cash flows and variable price cash flows referencing nature-dependent electricity.

The Company that has contracts referencing nature-dependent electricity, mainly operates under an integrated energy business structure in which the volumes of electricity procured and sold are centrally managed by combining renewable energy power sources owned by the Company with other various power sources and transactions in electricity markets. Within this framework, the Company is able to optimize generation of nature-dependent electricity, implement output curtailment, and manage offtake. Accordingly, the Company considers that both the risks of variability in electricity volumes and the risks of oversupply associated with contracts referencing nature-dependent electricity are limited. Under this business structure, the Company considers that the electricity procured under contracts referencing nature-dependent electricity is not unused.

The costs arising from the purchase of electricity under contracts referencing nature-dependent electricity are mainly included in “Cost of revenues,” and amounted to ¥169,661 million (\$1,060 million) for the year ended March 31, 2026.

The Company has unrecognized commitments arising from contracts referencing nature-dependent electricity at March 31, 2026. The estimated future cash flows under contracts referencing nature-dependent electricity are as follows.

In addition, the assessment of onerous contracts is performed using assumptions such as estimates of future cash flows that include the related assets and operations.

	Millions of Yen	Millions of U.S. Dollars
	2026	2026
Not later than 1 year	¥218,144	\$1,363
Later than 1 year and not later than 5 years	542,977	3,394
Later than 5 years	647,766	4,049
Total	¥1,408,887	\$8,806

The costs arising from purchase of electricity and the unrecognized commitments under contracts referencing nature-dependent electricity mainly arise from N.V. Eneco, an integrated energy company.

In addition, the Company designates some contracts referencing nature-dependent electricity as hedging instruments for forecast transactions exposed to the same variability in the amount of nature-dependent electricity. Please refer to Note 32 for details of contracts referencing nature-dependent electricity designated as hedging instruments.

34. 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, 2025 and 2026, the Company had gross interest-bearing liabilities (excluding lease liabilities) of ¥4,617.0 billion and ¥5,746.9 billion (\$35.9 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, 2024, 2025 and 2026, 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, 2024, 2025 and 2026 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 ¥(27,763) million, ¥7,252 million and ¥14,120 million (\$88.3 million) for the years ended March 31, 2024, 2025 and 2026, 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	2024 (Billions of Yen)	2025 (Billions of Yen)	2026 (Billions of Yen)	2026 (Million U.S. Dollars)
U.S. Dollar	¥21.2	¥21.4	¥23.6	\$148
Australian Dollar	11.7	11.4	10.8	68
Euro	5.1	4.8	4.8	30

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 profit") were ¥91.0 billion, ¥122.5 billion and ¥156.9 billion (\$1.0 billion) for the years ended March 31, 2024, 2025 and 2026, 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, 2025 and 2026, the Company owned ¥564.9 billion and ¥651.2 billion (\$4.1 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, 2025 and 2026, the increase or decrease in total equity would amount to approximately ¥38.0 billion and ¥44.0 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, 2025 and 2026.

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 41 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, 2025 and 2026 was as follows, excluding the effect of adjustments to fair value under fair value hedge accounting.

Please refer to Note 36 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 41 for the exposure related to financial guarantee contracts.

(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, 2026)

	Millions of Yen			
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years	Total
Bonds and borrowings	¥1,611,803	¥2,197,373	¥2,047,053	¥5,856,229
Trade and other payables	3,065,926	47,485	29,176	3,142,587
Other financial liabilities (derivatives)	467,241	91,627	89,570	648,438
Total	¥5,144,970	¥2,336,485	¥2,165,799	¥9,647,254

(March 31, 2026)

	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	\$10,074	\$13,734	\$12,794	\$36,601
Trade and other payables	19,162	297	182	19,641
Other financial liabilities (derivatives)	2,920	573	560	4,053
Total	\$32,156	\$14,603	\$13,536	\$60,295

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 ¥412,562 million and ¥1,621,408 million, respectively, at March 31, 2025 and ¥603,784 million (\$3,774 million) and ¥1,550,758 million (\$9,692 million), respectively, at March 31, 2026. 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.

35. TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets that were not derecognized for the years ended March 31, 2025 and 2026 were as follows.

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 ¥9,847 million and ¥11,270 million (\$70 million) as "Other investments" at March 31, 2025 and 2026, respectively. The liabilities associated with the cash received as collateral were included in "Bonds and borrowings" totaling ¥10,466 million and ¥16,035 million (\$100 million) at March 31, 2025 and 2026, 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.

36. 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, 2025 and 2026, the carrying amounts of "Right-of-use assets" were as follows:

Carrying amount	Millions of Yen		Millions of U.S. Dollars
	2025	2026	2026
Land	¥74,274	¥85,233	\$533
Buildings and structures	428,265	439,861	2,749
Machinery and equipment	45,984	46,584	291
Vessels and vehicles	125,301	130,809	818
Other	15,143	18,462	115
Total	¥688,967	¥720,949	\$4,506

The additions to "Right-of-use assets," due to new contract and others, were ¥348,333 million and ¥115,312 million (\$721 million) for the years ended March 31, 2025 and 2026, respectively.

Changes in "Right-of-use assets" for the year ended March 31, 2025, include the impact of recording ¥242,050 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, 2024, 2025 and 2026 were as follows:

Depreciation	Millions of Yen			Millions of U.S. Dollars
	2024	2025	2026	2026
Land	¥42,352	¥8,339	¥9,745	\$61
Buildings and structures	150,993	48,392	53,381	334
Machinery and equipment	45,598	9,319	9,407	59
Vessels and vehicles	31,466	26,097	24,637	154
Other	7,861	6,541	7,091	44
Total	¥278,270	¥98,688	¥104,261	\$652

"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, 2024, 2025 and 2026.

	Account in the consolidated statement of income	Millions of Yen			Millions of U.S. Dollars
		2024	2025	2026	2026
Interest expense on lease liabilities	Finance costs	¥(24,385)	¥(21,735)	¥(27,671)	\$(173)
Expense related to short-term leases	Selling, general and administrative expenses	(48,661)	(58,566)	(52,673)	(329)
Expense related to variable lease payments not included in the measurement of lease liabilities	Selling, general and administrative expenses	(18,051)	(16,027)	(22,355)	(140)
Income from subleasing right-of-use assets	Revenues	56,558	54,781	47,857	299

Total cash outflow for leases as lessee for the years ended March 31, 2024, 2025 and 2026 were ¥376,913 million, ¥290,355 million and ¥202,043 million (\$1,263 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, 2025 and 2026 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2025	2026	2026
Not later than 1 year	¥125,851	¥130,680	\$817
Later than 1 year and not later than 5 years	319,575	339,137	2,120
Later than 5 years	601,289	616,457	3,853
Sub-total	¥1,046,715	¥1,086,274	\$6,789
Less amount representing interest	(324,435)	(325,366)	(2,034)
Lease liabilities	¥722,280	¥760,908	\$4,756

Increase of "Lease liabilities" for the year ended March 31, 2025 includes the effect of a liability of ¥182,766 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, 2025 and 2026 were ¥255,157 million and ¥328,053 million (\$2,050 million), respectively.

The amount at March 31, 2025 and 2026 include 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, 2025 and 2026 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
	2025	2026	2026	2025	2026	2026
Lease payments receivable						
Not later than 1 year	¥194,975	¥185,434	\$1,159	¥185,994	¥176,951	\$1,106
Later than 1 year and not later than 2 years	156,417	145,073	907	142,769	132,387	827
Later than 2 years and not later than 3 years	117,913	107,641	673	103,204	94,284	589
Later than 3 years and not later than 4 years	81,441	69,532	435	68,275	58,446	365
Later than 4 years and not later than 5 years	49,018	39,288	246	39,253	31,373	196
Later than 5 years	75,762	70,607	441	50,630	47,828	299
Sub-total	¥675,526	¥617,575	\$3,860	¥590,125	¥541,269	\$3,383
Estimated unguaranteed residual value of leased assets	2,146	2,134	13			
Gross investment in the lease	¥677,672	¥619,709	\$3,873			
Less unearned income	(85,395)	(76,304)	(477)			
Finance lease receivables	¥592,277	¥543,405	\$3,396			
Less loss allowance	(11,194)	(10,815)	(68)			
Receivables under finance leases (net of loss allowance)	¥581,083	¥532,590	\$3,329			

The following are the amounts of income related to finance leases as lessor for the years ended March 31, 2024, 2025 and 2026.

	Account in the consolidated statement of income	Millions of Yen			Millions of U.S. Dollars
		2024	2025	2026	2026
Finance income on the net investment in the lease	Revenues	¥34,556	¥33,703	¥30,032	\$188

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, 2024, 2025 and 2026 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
	2024	2025	2026	2026
Not later than 1 year	¥41,188	¥35,611	¥30,980	\$194
Later than 1 year and not later than 2 years	24,883	20,902	19,742	123
Later than 2 years and not later than 3 years	17,217	13,721	13,849	87
Later than 3 years and not later than 4 years	10,652	9,386	8,821	55
Later than 4 years and not later than 5 years	6,708	4,870	5,209	33
Later than 5 years	19,862	20,198	22,232	139
Total	¥120,510	¥104,688	¥100,833	\$630

The amount of lease income for the years ended March 31, 2024, 2025 and 2026 were ¥125,526 million, ¥124,460 million and ¥120,766 million (\$755 million), respectively. As for "Property, plant and equipment" subject to operating leases as a lessor, please refer to Note 12.

As for the variable lease income included in franchise commissions from franchised stores which is recognized in "Revenues" in the consolidated statement of income for the year ended March 31, 2024 and 2025, please refer to Note 24.

37. SUPPLEMENTAL CASH FLOW INFORMATION

The following is supplemental information related to the consolidated statement of cash flows for the years ended March 31, 2024, 2025 and 2026.

	Millions of Yen			Millions of U.S. Dollars
	2024	2025	2026	2026
Acquisition of businesses:				
Consideration for acquisition				
Total amount of consideration for acquisition	¥18,255	¥21,118	¥88,382	\$552
Amount payable included in consideration for acquisition	—	—	32	0
Cash acquired	5,540	5,775	15,269	95
Acquisitions of businesses - net of cash acquired	12,715	15,343	73,080	457

Note:

For details of significant assets acquired and liabilities assumed in the acquisitions of businesses, please refer to Note 5.

	Millions of Yen			Millions of U.S. Dollars
	2024	2025	2026	2026
Disposals of businesses:				
Consideration for sales				
Total amount of consideration for sales	¥58,084	¥47,773	¥21,067	\$132
Accounts receivable included in consideration for sales	36,102	—	—	—
Proceeds from receivable at the end of the previous fiscal year	—	(71,385)	—	—
Cash divested	37,834	462,380	3,934	25
Proceeds from disposal of businesses - net of cash divested	(15,852)	(343,222)	17,133	107
Assets sold (excluding cash and cash equivalents)				
Trade and other receivables	5,253	4,566	2,435	15
Inventories	88,858	553	756	5
Assets classified as held for sale	141,479	2,670,003	—	—
Property, plant and equipment and investment property	234,693	2,058	7,494	47
Intangible assets and goodwill	24,824	71	1	0
Right-of-use assets	23,543	114	—	—
Investments accounted for using the equity method	4,739	760	—	—
Other	9,442	1,012	7,341	46
Total sold assets	¥532,831	¥2,679,137	¥18,027	\$113
Liabilities sold				
Bonds and borrowings	93,364	1,491	—	—
Trade and other payables	53,966	3,704	2,162	14
Liabilities directly associated with assets classified as held for sale	7,801	2,243,291	—	—
Other	15,573	364	2,701	17
Total sold liabilities	¥170,704	¥2,248,850	¥4,863	\$30
Non-cash investing and financing activities:				
Assets recognized due to loss of control (net of liabilities)	423,387	553,468	3,126	20

Notes:

1. Assets recognized due to loss of control (net of liabilities) principally include Investments accounted for using the equity method.
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.
3. For the year ended March 31, 2026, CUTBANK DAWSON GAS RESOURCES LTD., a consolidated subsidiary in the Environmental Energy segment, amended its agreements with Ovintiv Inc. and transferred assets and liabilities to a newly established company. As a result, "Investments accounted for using the equity method" decreased without cash flows, while "Property, plant and equipment" increased primarily. For details, please refer to Note 12.

The following is supplemental information of changes in liabilities related to Financing activities for the years ended March 31, 2024, 2025 and 2026.

(Year ended March 31, 2024)

	Millions of Yen							
	Balance at April 1, 2023	Cash flows	Non-cash changes				Other	Balance at March 31, 2024
			Exchange translations	Fair value changes	Acquisitions and disposals of businesses	Additions through Lease contracts and other		
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							
	Balance at April 1, 2024	Cash flows	Non-cash changes				Other	Balance at March 31, 2025
			Exchange translations	Fair value changes	Acquisitions and disposals of businesses	Additions through Lease contracts and other		
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, 2026)

	Millions of Yen							
	Balance at April 1, 2025	Cash flows	Non-cash changes				Other	Balance at March 31, 2026
			Exchange translations	Fair value changes	Acquisitions and disposals of businesses	Additions through Lease contracts and other		
Bonds and borrowings	¥4,617,022	¥909,979	¥233,778	¥(53,882)	¥3,225	—	¥36,821	¥5,746,943
Lease liabilities	722,280	(116,100)	31,883	—	14,587	¥112,471	(4,213)	760,908

(Year ended March 31, 2026)

	Millions of U.S. Dollars							Balance at March 31, 2026
	Balance at April 1, 2025	Cash flows	Non-cash changes				Other	
			Exchange translations	Fair value changes	Acquisitions and disposals of businesses	Additions through Lease contracts and other		
Bonds and borrowings	\$28,856	\$5,687	\$1,461	\$(337)	\$20	—	\$230	\$35,918
Lease liabilities	4,514	(726)	199	—	91	\$703	(26)	4,756

Notes:

- 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.
- Cash flows related to "Lease liabilities" are included in "Repayments of lease liabilities" in the consolidated statement of cash flows.
- "Other" in "Lease liabilities" for the years ended 31 March, 2024 includes changes due to cancellation of lease contracts and remeasurement of lease liabilities.
- 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.
- 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 related to pipeline gas transportation services by Diamond LNG Canada Partnership, a consolidated subsidiary in the Environmental Energy segment. For details, please refer to Note 36.

38. 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, 2024 and 2025. The effects for the year ended March 31, 2026 were as follows.

	Changes in additional paid-in capital	
	Millions of Yen	Millions of U.S. Dollars
	2026	2026
Changes from equity transactions with non-controlling shareholders	¥(32,968)	\$(206)

(Mitsubishi Shokuhin Co., Ltd.)

During the year ended March 31, 2026, the Company additionally acquired common shares of Mitsubishi Shokuhin Co., Ltd., a consolidated subsidiary of Smart-Life Creation segment, through a tender offer under the Financial Instruments and Exchange Act.

As a result of squeeze-out procedures and other transactions implemented thereafter, the Company's ownership ratio increased to 100% as of March 31, 2026. Consequently, "Non-controlling interests" in the consolidated statement of financial position decreased by ¥114,769 million (\$717 million), and "Capital surplus" decreased by ¥34,442 million (\$215 million). In addition, the total amount of ¥137,327 million (\$858 million), representing the settlement amount with shareholders who tendered their shares in the tender offer and the amount settled through the squeeze-out procedures, is included in "Payments for acquisition of subsidiary's interests from the non-controlling interests" in the consolidated statement of cash flows.

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 ¥154,938 million and the portions 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 and the portions 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 for the year ended March 31, 2025.

The net gain associated with the loss of control of subsidiaries (before tax) was ¥16,626 million (\$104 million) and the portions of gains or losses (before tax) attributable to the remeasurement of investment retained in the former subsidiary at its fair value at the date when control was lost were immaterial for the year ended March 31, 2026.

These gains are included 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, 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 in “Gains (losses) on investments” and the related income tax expenses of ¥60,074 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 was 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%

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 33.47% 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.

On January 28, 2026, the Company resolved to make the conversion request rights non-exercisable until the end of June 2029, subject to the approval of a partial amendment to Chiyoda Corporation's Articles of Incorporation at its 98th Annual General Meeting of shareholders scheduled to be held on June 24, 2026. Accordingly, if the proposed amendment is approved at the meeting, the Company will lose control over Chiyoda Corporation as the potential voting rights will no longer be effective, and from the date of such approval, the Company will account for its investment in Chiyoda Corporation using the equity method.

39. 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.

(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 14.71% 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, 2026, the book value of MDP's property, plant and equipment is ¥1,160,586 million (\$7,254 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
	2024	2025	2026	2026
Profit for the year				
Joint ventures	¥134,174	¥75,455	¥139,671	\$873
Associates	310,211	262,027	328,270	2,052
Sub-total	¥444,385	¥337,482	¥467,941	\$2,925
Other comprehensive income	77,878	79,518	19,631	123
Comprehensive income	¥522,263	¥417,000	¥487,572	\$3,047

Impairment losses on investments accounted for using the equity method

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 and ¥1,183 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.

During the year ended March 31, 2026, the Company identified indications of impairment with respect to its investment in Mitsubishi Motors Corporation, in which it holds a 22.27% equity interest, as the carrying amount of the equity method investment recognized by the Company had continuously exceeded its market value based on quoted share prices. Accordingly, the Company measured the impairment loss by treating the entire investment as a single independent cash-generating unit. The recoverable amount was estimated based on value in use, determined by discounting future cash flows. As a result, the Company recorded a loss of ¥35,741 million (\$223 million) in “Gains (losses) on investments,” reflecting changes in the external environment surrounding Mitsubishi Motors Corporation, including developments in fiscal and monetary policies, political and economic conditions and competitive dynamics in the U.S., ASEAN countries, and other regions. The impairment loss is included in consolidated net income for the Mobility segment.

Reversal of Impairment Losses on Investments Accounted for Using the Equity Method

For the year ended March 31, 2026, with respect to the investment in Anglo American Sur S.A. (AAS), which holds Chilean copper resource interests and in which the Company holds a 20.4% interest, the Company determined, in light of changes in the business environment, that a partial reversal of impairment losses recognized in prior years was required. Accordingly, the Company recorded a reversal of impairment losses of ¥53,193 million (\$332 million) in “Share of profit (loss) of investments accounted for using the equity method.” This gain is included in net income attributable to the Mineral Resources segment. As a result, the book value of the investment in AAS as of the end of the fiscal year amounted to ¥216,544 million (\$1,353 million).

Copper demand is expected to increase, driven by infrastructure needs linked with population growth and economic expansion, as well as progress toward decarbonized societies and electrification. At the same time, supply constraints are intensifying structurally due to declining grades at existing mines and increasing development challenges, and medium- to long-term supply-demand conditions are expected to remain tight. In the year ended March 31, 2026, copper prices trended upward against this backdrop, and upward revisions to medium- to long-term price forecasts by external institutions were also confirmed. In light of these changes in the business environment, the Company determined that there were indications of a reversal of impairment losses as of the end of the fiscal year, and remeasured the value in use.

In addition, the impact of the joint mine plan with Codelco announced in September 2025 (definitive agreement to implement a joint mine plan between Los Bronces and Andina copper mines) is not reflected in the calculation of this reversal, given that key details, including those of the business plan, remain undecided. Refer to “2. Basis of preparation (5) Significant accounting judgments, estimates and assumptions Medium- to long-term price assumption for copper and crude oil” for the estimates and the underlying significant

assumption.

Sales of investments accounted for using the equity method

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 shares in an affiliated company of the Food Industry segment. These profits are included in consolidated net income for the Food Industry segment.

During the year ended March 31, 2025, the Company sold all shares of KFC Holdings Japan Co., Ltd. (“KFC Holdings Japan”), an affiliated company, that it held by tendering such shares in response to the acquisition of treasury shares conducted by KFC Holdings Japan. As a result, the Company recorded a gain on sale of shares of ¥21,861 million in “Gains (losses) on investments” and related corporate income taxes of ¥1,469 million (income) in “Income taxes” in the consolidated statement of profit or loss. These gains are included in consolidated net income of the Food Industry 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
	2024	2025	2026	2026
Sale of goods / rendering of service	¥707,498	¥1,120,090	¥869,311	\$5,433
Goods purchased / service received	1,385,488	1,247,762	1,158,390	7,240

(6) Assets and liabilities of the Company to joint ventures and associates

	Millions of Yen		Millions of U.S. Dollars
	2025	2026	2026
(Assets)			
Trade receivables	¥247,650	¥255,810	\$1,599
Loans and other	513,235	368,286	2,302
(Liabilities)			
Trade payables	272,463	306,645	1,917
Borrowings and other	99,180	96,386	602

In addition to the above, at March 31, 2025 and 2026, the Company provided ¥224,668 million and ¥198,829 million (\$1,243 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, 2025 and 2026. The outstanding sales commitments amounted to ¥268,433 million and ¥247,681 million (\$1,548 million), respectively.

Furthermore, the Company has also entered into substantial purchase commitments with joint ventures and associates at March 31, 2025 and 2026. The outstanding purchase commitments amounted to ¥2,017,658 million and ¥2,330,790 million (\$14,567 million), respectively. The amounts of the outstanding purchase commitments at March 31, 2025 and 2026 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.

40. 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 fund investments and real-estate-related businesses. These SEs are financed mainly by equity and 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, 2025 and 2026.

	<u>Millions of Yen</u>		<u>Millions of U.S. Dollars</u>
	2025	2026	2026
Carrying amounts of assets in the Company's consolidated statement of financial position that relate to the SEs	¥123,568	¥169,647	\$1,060

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, 2025 and 2026.

41. CONTINGENT LIABILITIES AND OTHER COMMITMENTS

(1) Commitments

The Company has financing agreements (i.e., loan commitments) and outstanding commitments at March 31, 2025 and 2026 amounting to ¥164,256 million and ¥86,241 million (\$539 million), respectively.

(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, 2025 and 2026 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2025	2026	2026
Financial guarantees			
Outstanding amount	¥382,345	¥315,917	\$1,974
Maximum potential amount of future payments	546,109	401,309	2,508
Performance guarantees			
Outstanding amount	243,072	151,786	949
Maximum potential amount of future payments	243,072	151,786	949

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, 2026 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 reinsurance, as necessary.

At March 31, 2025 and 2026, the amounts of possible recoveries under recourse provisions from third parties or from collateral on pledged financial guarantees were ¥5,779 million and ¥5,978 million (\$37 million), respectively.

At March 31, 2025 and 2026, financial guarantees include ¥45,940 million and ¥56,817 million (\$355 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, 2026, 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, 2025 and 2026 amounted to US\$690 million and US\$538 million, respectively, and are included in "Financial guarantees – Maximum potential amount of future payments" in the table above. At March 31, 2025 and 2026, the portion of the associate's draw-down against the line-of-credit that the Parent is responsible for amounted to US\$690 million and US\$538 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.

42. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through June 12, 2026.

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 19, 2026.

43. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Parent's Board of Directors on June 12, 2026.

Appendix

1. List of subsidiaries

The Parent's subsidiaries as of March 31, 2026 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 Ltd.(Canada)	100.00	
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 (86 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	
Triland Metals Ltd. (U.K.)	100.00	
Others (11 Companies)		
<Urban Development & Infrastructure Group>		
CHIYODA CORPORATION (Japan)	33.47	
CHIYODA X-ONE ENGINEERING CORPORATION (Japan)	100.00	(100.00)
DIAMOND REALTY INVESTMENT LA PURA CO., LTD. (Japan)	70.01	
Diamond Realty Management Inc. (Japan)	100.00	
MC Shipping Ltd. (Japan)	100.00	
Mitsubishi Corporation Machinery, Inc. (Japan)	100.00	
Mitsubishi Corporation Technos (Japan)	100.00	
Mitsubishi Corporation Urban Development, Inc. (Japan)	100.00	
MSK FARM MACHINERY CORPORATION (Japan)	100.00	

Company name	Total voting rights (%)	The indirect ownership out of the total voting rights(%)
Nikken Corporation (Japan)	100.00	
CHIYODA INTERNATIONAL CORPORATION (U.S.A.)	100.00	(100.00)
Diamond Realty Investments, Inc. (U.S.A.)	100.00	(100.00)
KIRMIZI ELMAS ENERJI VE ALTYAPI YATIRIMLARI ANONIM SIRKETI (Turkey)	100.00	
MAC FUNDING CORPORATION (U.S.A)	100.00	
MC Machinery Systems, Inc. (U.S.A.)	100.00	(20.00)
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 (129 Companies)		
<Mobility Group>		
Isuzu UTE Australia Pty Ltd. (Australia)	100.00	
JSC MC Bank Rus (Russia)	100.00	(100.00)
P.T. Mitsubishi Motors Krama Yudha Sales Indonesia (Indonesia)	51.00	
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 (24 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)	60.68	
Nitto Fuji Flour Milling Co., Ltd. (Japan)	67.20	
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 (81 Companies)		
<Smart-Life Creation Group>		
MCD3 Inc. (Japan)	100.00	
MC Healthcare Holdings, Inc.(Japan)	80.00	
Mitsubishi Corporation LT, Inc. (Japan)	100.00	
Mitsubishi Corporation Packaging Ltd. (Japan)	100.00	
Mitsubishi Shokuhin Co., Ltd. (Japan)	100.00	

Company name	Total voting rights (%)	The indirect ownership out of the total voting rights(%)
MC EMERGING CAPITAL PARTNERS B.V. (The Netherlands) Others (43 Companies)	100.00	
<Power Solution Group> Mitsubishi Corporation Clean Energy Ltd. (Japan) Mitsubishi Corporation Energy Solutions Ltd. (Japan) Mitsubishi Corporation Offshore Wind Ltd. (Japan) DGA Ho Ping B.V. (The Netherlands) Diamond Generating Asia, Limited (China) Diamond Generating Corporation (U.S.A.) N.V. Eneco (The Netherlands) Others (299 Companies)	100.00 100.00 100.00 100.00 100.00 100.00 100.00	(100.00) (100.00) (100.00)
<Others> MC Finance & Consulting Asia Pte. Ltd. (Singapore) Mitsubishi Corporation Finance PLC (U.K.) Others (7 Companies)	100.00 100.00	
<Main Regional Subsidiaries> Mitsubishi Australia Ltd. (Australia) Mitsubishi Corp. do Brasil S.A. (Brazil) Mitsubishi Corporation (Americas) (U.S.A.) Mitsubishi Corporation (Hong Kong) Ltd. (China) Mitsubishi Corporation (Korea) Ltd. (Korea) Mitsubishi Corporation (Shanghai) Ltd. (China) Mitsubishi Corporation (Taiwan) Ltd. (Taiwan) Mitsubishi Corporation International (Europe) Plc. (U.K.) Mitsubishi International Corporation (U.S.A.) Mitsubishi International GmbH. (Germany) Thai-MC Company Ltd. (Thailand) Others (25 Companies)	100.00 100.00 100.00 100.00 100.00 100.00 100.00 100.00 100.00 100.00 71.40	 (12.57) (100.00) (100.00) (100.00) (47.40)

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.

Katsuya Nakanishi, Representative Director, President and Chief Executive Officer, and Yoshihiro Shimazu, Executive Vice President, Corporate Functional Officer (CFO), confirm 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.