

# President & CEO's Message

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# CEO Message

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President & CEO\*  
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We at Toyota Tsusho are committed to refining unique businesses, to unveiling new possibilities for customers and partners through our “Be the Right ONE” vision, and to making the world a happier place.

## Gratifying Progress through Asserting Internal Strengths

The Toyota Tsusho Group's profit for the year attributable to owners of the parent (“profit for the year”) increased 16.6% in the fiscal year ended March 31, 2024, to 331.4 billion yen. That was our third consecutive year of record-high earnings. And profit for the year exceeded by far the 180.0 billion yen in our Mid-term Business Plan announced during the fiscal year ended March 31, 2022.

Our strong earnings performance in the fiscal year ended March 31, 2023, had benefited greatly from external factors; notably, the weakening of the yen, upward price movement in product markets, and business recovery in the automotive industry supply chain. We resolved to fortify our earnings momentum in the latest fiscal year by making the most of our internal strengths. And we marked gratifying progress in in building momentum in our priority domains.

Especially notable was our progress in expanding business in connection with automobile manufacturing. We increased our investment, for example, in our automotive battery factory in the United States. In another priority domain, we completed the construction of a wind power generation facility in

Hokkaido. That facility is one of the largest of its kind in Japan, and the project has included building power transmission and storage capacity.

Our market capitalization grew some 30-fold from March 31, 2001, to March 31, 2024. That was about 10 times the rise in the Nikkei Stock Average during the same period. It is a tribute to targeting management resources on growth sectors.

Toyota Tsusho operated until the first decade of this century as a support player, as a helpful follower. We worked primarily behind the scenes in support of Toyota Group companies and other partners.

Our organization became in the 2010s more of an equal partner with customers. We became more active in conceiving and carrying out projects with customers in the manner of an escort runner. That included expanding our business scale through domestic and international mergers and acquisitions. We acquired CFAO, which is France's largest trading company and has an extensive business network in Africa, and Eurus Energy Holdings Corporation, which is a global leader in renewable energies.

The number of Toyota Tsusho subsidiaries and affiliates has increased from 140 in 2000 to more than 1,000 today. Mergers and acquisitions have benefited us hugely by bringing capable individuals into our organization as well as by broadening our

	Fiscal year ended March 31, 2001 (FY2000)	Fiscal year ended March 31, 2020 (FY2019)	Fiscal year ended March 31, 2024 (FY2023)	FY2000→ FY2023	FY2019→ FY2023
Market capitalization	¥117.9 billion	¥895.7 billion	¥3,611.9 billion	30.6x	4.0x
Profit for the year	¥8.2 billion	¥135.5 billion	¥331.4 billion	40.4x	2.4x
Subsidiaries & Affiliates	140	1,012	1,022	7.3x	1.0x
Employees	9,493	66,067	69,517	7.3x	1.1x
Nikkei Stock Average	¥12,999	¥18,917	¥40,369	3.1x	2.1x



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business scope. The capabilities and imagination of those individuals have contributed immensely to our growth momentum.

The COVID-19 pandemic wrought profound change in global supply chains over its approximately three-year span. And it was an occasion in the Toyota Tsusho Group for forging stronger relationships with suppliers, customers, and partners. We helped ensure business continuity sharing information on supply and demand and market conditions and otherwise increased transparency in our approach to business transactions.

Our pandemic-strengthened relationships have become a foundation for helping resolve issues faced by customers. That has included bringing the collective capabilities of our divisions to bear in devising solutions that evince distinctly Toyota Tsusho strengths. It has spawned business opportunities for several units by engendering new customer interfacing. We have identified new avenues, meanwhile, for deploying products and services to the benefit of customers.

We in the Toyota Tsusho Group, working hand in hand with customers and partners, are eyeing possibilities beyond the horizon and blazing new trails as a pioneer. I envision an

increasingly proactive stance for the group in fulfilling its immense potential in a leadership manner. We will exert greater initiative on behalf of customers even as we remain supportive in behind-the-scenes capacities.

## Revisiting Essential Questions and Redefining Our Mission

The seven priority domains\* that we delineated in 2023 comprised businesses familiar to our customers and new and promising lines of business. We have since reappraised the value that we provide to customers. That reappraisal has been with an eye to accelerating progress in the growth strategy centered on our seven priority domains. Organization follows strategy, and we realigned and renamed our sales divisions in April 2024.

Japan's general trading companies typically name their sales divisions for the products and services handled by those

divisions. The essence of the products and services provided to customers, however, is the value generated by the providing of those products and services.

We have sought in renaming our sales divisions to redefine our mission and to articulate the distinctively Toyota Tsusho value that we impart to customers and to society. That has entailed revisiting the essential questions as to why and for whom the Toyota Tsusho Group exists, what we are here to do, how we can do that in ways that make the world a happier place, and what issues in society we should be striving to help resolve.

The value that we impart as a company, as sales divisions, and as individuals unfolds in the manner of concentric circles. We gain a sense of maximal satisfaction and achieve maximal performance when the social benefits of our work emanate through the company directly into the community. That means grasping our work in terms of the value that we impart to customers rather than simply in terms of importing and exporting commodities and selling goods and services. I want every employee to approach their work in the spirit of fulfilling their mission to enrich society.

\* Next Mobility, Renewable Energy & Energy Management, Africa, Circular Economy, Batteries, Hydrogen & Alternative Fuels, and Economy of Life  
For more information, see "New Organizational Structure and Mission" on page 41 ➡

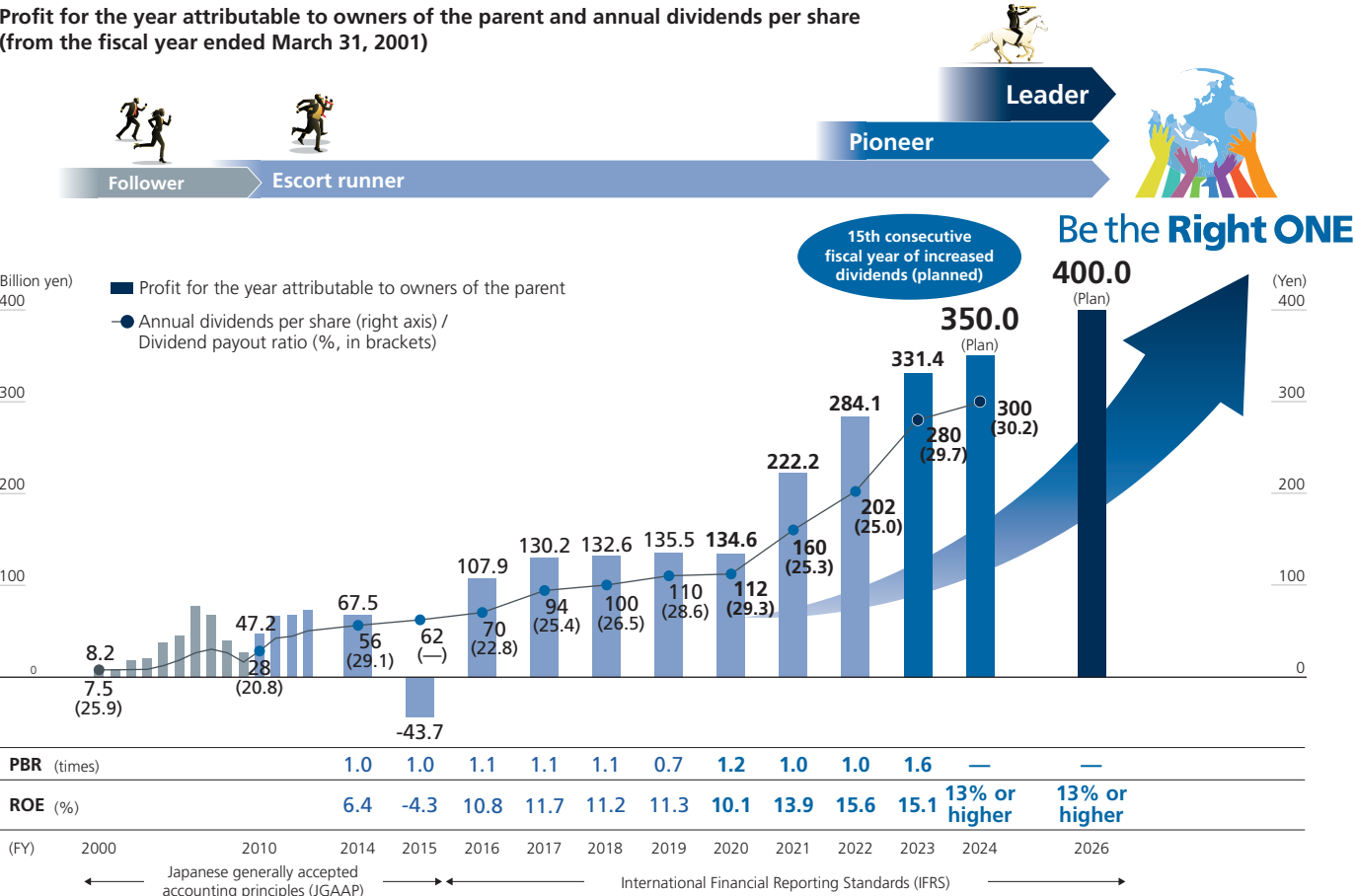
## Nurturing People Who Nurture Change

My mission as the CEO includes nurturing people who nurture change. I have seen a lot of companies wither on account of fearing change. Lasting vitality for any company depends on the ability to respond agilely to change and to cultivate new demand on a continuing basis.

The Toyota Group's *kaizen* culture of continuous improvement is integral to our values and to our approach to work. We foster a mindset in every workplace oriented toward refusing to settle for the status quo and striving for ever better results. Essential to *kaizen* is belief in people's infinite potential and unlimited capacity to summon ever greater effort.

All work begins, meanwhile, with ample precautions for ensuring absolute safety. Our attention to safety is a reflection, meanwhile, of the uncompromising value that we place on human life. All of us in management in the Toyota Tsusho Group abide rigorously by the Genchi, Genbutsu, Genjitsu commitment to on site, hands on, in touch. That includes participating in safety inspections at production workplaces at Toyota Tsusho Group companies and at suppliers. We monitor adherence to safety guidelines and ask people in the workplaces about any safety-related concerns that they have. Thoroughness in safety assurance underlies the trust and credibility that we seek to earn in human capital management.

Profit for the year attributable to owners of the parent and annual dividends per share (from the fiscal year ended March 31, 2001)



Observing safety adherence at Toyotsu Smelting Technology Corporation's Kanda Plant

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### The Present Fiscal Year as a Time for Implementing Strategies

This is a time for implementing strategies to unleash the competitive potential of our newly realigned and renamed sales divisions. Our target for profit for the year in the fiscal period to March 31, 2025, is 350.0 billion yen—an approximately 20.0 billion yen increase over the past fiscal year. Our focus on capital efficiency remains strong, meanwhile, and we aim to keep our return on equity above 13%.

We also aim to accelerate progress in fulfilling our growth strategies in our seven priority domains. That will be in conjunction with striving to fulfill our “Be the Right ONE” vision; with striving, that is, to be a one-and-only, essential presence for customers and for society. That means offering distinctively Toyota Tsusho solutions that bring us to mind when people think of carbon neutrality, the circular economy, Africa, and other domains that we serve. Our commitment to asserting a unique presence means, conversely, a readiness to cede the initiative when competitors offer higher-value alternatives. It behooves us to identify lines of business where we can assert characteristic strengths and thereby achieve sustainable growth, as well as addressing issues of global concern. Our sights are on attaining continued progress as a company that will earn the lasting confidence of stakeholders and will remain the company of choice for customers and partners.

Numerous companies today, including Toyota Tsusho, are expressing a commitment to contributing to resolving issues of global concern. Accompanying the Toyota Tsusho commitment to addressing issues of global concern, however, is a broader commitment to enriching society. We are genuinely and powerfully determined to make the world a happier place.

### More Important than Ever: Individuality

Fostering a culture of free, open, and vibrant dialogue that transcends organizational boundaries will be crucial to fulfilling our vision for the Toyota Tsusho Group. I therefore want equip our organization with diagonal lines of communication, as well as vertical and horizontal channels. We enjoy the benefit of low barriers between our organizational units, which facilitates

cross-divisional initiatives.

As we deploy our collective capabilities through teamwork, we need to do better at asserting another facet of competence: individuality. Our traditional, teamwork-focused approach serves us perfectly well in familiar sectors where we assert a compelling competitive edge. But our growth strategies are carrying us into new terrain, such as carbon neutrality and the circular economy. Our activity there entails interaction with sophisticated counterparts around the world. And we need our employees to bring individuality and world-class competence to that interaction.

### Reflecting Stakeholder Input in Management

We resumed our overseas investor relations roadshows in 2023. The pandemic had forced the suspension of the roadshows, and resuming them has been instrumental in promoting dialog with institutional investors and securities analysts. We hear increasingly from investors that they recognize Toyota Tsusho as a distinctive identity among Japan's trading companies. Highlighting our competitive edge in such sectors as the automotive industry supply chain, renewable energy, and Africa has won high regard in the investment community.

Our dialogue with members of the investment community yields valuable input, and we reflect that input in management policy in the spirit of fulfilling our responsibility to the capital markets. Witness the target for operating cash flow in our updated Mid-term Business Plan, announced in April 2024. That target calls for generating aggregate cash flow of 1.3 trillion yen during the three years to March 31, 2027. We plan to allocate 1 trillion yen of that amount to investments in growth projects and to return at least 300.0 billion yen to shareholders, which compares with aggregate dividend payout of 226.0 billion yen in the previous three years. We are alert to our responsibility, meanwhile, to disclose quantitatively how we plan to maximize return on the cash generated.

For more information, see “Financial Strategy” on page 59➡

Capable and motivated human resources are an indispensable condition for achieving the targets in our Mid-term Business Plan and fulfilling our vision and corporate philosophy. Companies are responsible for nurturing individuals who can contribute to enriching society and for providing those individuals with opportunities to give full reign to their capabilities.

Our approach to human resources management is twofold:

One, secure the quality and quantity of human resources required for our business strategies through training programs. And two, shape a workplace environment that encourages and enables individuals to hone and exercise their capabilities fully. Skills and knowledge acquired through hands-on experience are the stuff of personal development, and providing employees with useful experience is the core emphasis in cultivating human resources in the Toyota Tsusho Group.

I engage in reverse mentoring with young employees where I hear directly from them about their work and aspirations. “You will earn a meaningful return,” I assure each of them, “on all-out effort that you pour into your work. Make yourself indispensable in whatever work you are assigned, and you are certain to advance to a higher stage in your professional development.”

Corporate value is the sum of the love that employees have for their company, the passion and pride that they bring to their work, their attainment in giving full play to their capabilities, and their effectiveness in translating their effort into benefits for the community. Thus do I regard stepped-up engagement with employees as a priority in my work as CEO.

For more information, see “Human Capital Strategy” on page 69➡

Sustainability management is another emphasis for us in steering the Toyota Tsusho Group. Environmental stewardship and social responsibility have become more than ancillary considerations in corporate activity. Those themes have become substantive factors in corporate activity, and addressing them has become a business prerequisite.

We assess through stakeholder dialogue the potential environmental impact and prospective social benefits of every project that we consider undertaking. “Passing on a better global environment to the children of the future.” With that

slogan did we articulate our stance in formulating the Toyota Tsusho Group Environmental Policy, which we issued in 2022. It expresses the future vectoring that animates all phases of our management.

Shaping our operations to engender happiness for future generations and to earn their gratitude is our responsibility. A future-oriented orientation is a continuous emphasis in management decisions at our company.

For more information, see “Sustainability Management” on page 77➡

### Positioning the Group as a Sound Organization

Three challenges confront us as we move to assert a leadership stance in unveiling new possibilities for customers and partners: partnering, cultivating and deploying individuals of world-class competence, and practicing sound corporate governance.

Partnering commands attention because nearly all the work we perform as a trading company includes working with manufacturers and other collaborators. Lasting vitality and continued growth for the Toyota Tsusho Group depend on reinforcing ties with established partners and cultivating relationships with new partners. We need to position ourselves as an appealing partner in the eyes of counterparts and shape win-win business arrangements.

Cultivating and deploying individuals of world-class competence are ever more important as we build a broadening business portfolio around the world. That competence is essential as we adopt the perspective of consolidated accounting ever



Reverse mentoring—a source of valuable feedback for the CEO



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more rigorously in management and as we absorb a growing diversity of human resources.

Deploying competence effectively will need to start with illuminating the key posts at subsidiaries and project operations outside Japan. The next step will be to define the role of each of those posts and the skills that it requires. We will then need to identify candidate successors to the individuals who presently fill the posts and equip them with the required skills. That will need to include, as we strive to earn and maintain a trusted identity in each market, promoting local individuals. The competence we are seeking to deploy optimally needs to include the intimate familiarity with local characteristics, culture, and business practices that those individuals bring.

Practicing sound corporate governance includes, of course, strategic, operational, and accounting coordination among our more than 1,000 group companies. But it also includes rigorous adherence to our SQDC order of priorities: safety assurance, quality assurance, reliable delivery, and cost minimization.

Our emphasis on keeping supply chains moving through the COVID-19 pandemic was extremely stressful for our people and our organization. I now perceive that emphasis to have been somewhat excessive. It enabled us, to be sure, to achieve almost uninterrupted delivery in supply chain activity under our responsibility. But it occasionally disrupted our SQDC priority sequence.

The experience with supply chain management in the COVID-19 pandemic has prompted a redoubling of efforts to ensure SQDC adherence. We are propagating employee awareness of the importance of the SQDC priorities with a renewed sense of urgency. And we are streamlining communication to ensure anyone who is uncertain about how to address an SQDC issue can seek guidance easily from

colleagues or supervisors.

We are reinforcing, meanwhile, our Toyota Production System mechanisms for calling attention to problems. Those mechanisms enable anyone who encounters a problem that they cannot resolve on their own to summon assistance. Knowing that help is readily available if needed is extremely effective in alleviating stress for employees.

Adherence to the SQDC priorities ensures that all our activity begins with ensuring safety for our customers and employees and with ensuring compliance with laws and regulations. We will continue to propagate that adherence throughout our operations in the spirit of reinforcing our reputation as a sound organization.

### Weaving Our Precious Mindset and Behavior from the past to the Present and the Future

We launched the Toyota Tsusho DNA Inheritance and Evolution Project in September 2023. That project is an initiative for reaffirming our roots and passing on our values globally to the next generation.

The idea for the Toyota Tsusho DNA Inheritance and Evolution Project arose through my activity in reverse mentoring. Most of the employees with whom I interacted in reverse mentoring were familiar with the teamwork and on site, hands on, in touch principles that we articulate in the Toyota Tsusho Group Way as Team Power and Genchi, Genbutsu, Genjitsu. Several employees told me, however, that they were unfamiliar with



the passion for business principle that we articulate in the Group Way as Shokon.

My reverse mentoring experience highlighted the need for updating occasionally the Toyota Tsusho Group Way and other articulations of our values. We launched the Toyota Tsusho DNA Inheritance and Evolution Project to identify bedrock principles that we should pass on unchanged to future generations, to identify values that should evolve across generations, and to work out phrasing for conveying our determinations to group employees of different ethnicities, nationalities, and ages.

The project team comprised 22 midlevel employees: 14 Japanese and 8 non-Japanese, 15 men and 7 women. Members of senior management also took part in project team deliberations. The team members reviewed our corporate history all the way back to our founding and tackled their work from three perspectives: precious mindset to be the base of our behavior, important behaviors we accumulated throughout our history and keep inheriting, and aspirations to nurture for our future.

A milestone in the project work was the January 2024 unveiling of the Toyota Group Vision by 17 Toyota Group companies, including Toyota Tsusho. They titled the vision "Inventing Our Path Forward, Together." The Toyota Tsusho DNA Inheritance and Evolution Project team members took a cue from the values evoked in the Toyota Group Vision and brought a fresh approach to elucidating our corporate DNA. Their deliberations led them to the concept of weaving our precious mindset and behavior from the past to the present

and the future.

We can hardly expect the individuals of diverse backgrounds and values who constitute our workforce to understand our corporate DNA. Thus do we need to propagate that understanding and impart a sense of belonging to all our employees. We will tackle that task through diverse initiatives in the months and years ahead.

We in the Toyota Tsusho Group will always be grateful for having had the opportunity to grow together with our customers and partners. In that spirit, we will continue striving to fulfill our customers' and partners' highest expectations of our organization. We will help each employee maximize their individual capabilities and will bring the collective strengths of the Toyota Tsusho Group to bear on serving customer needs.

All of us will take part in honing distinctively Toyota Tsusho strengths and functions in sustainable operations. We will do that in keeping with our "Be the Right ONE" vision and with an eye to being the company of choice for customers, partners, investors, neighbors, employees, and other stakeholders worldwide. Our work will include redressing the negatives of global concern. It will also include maximizing positives as we do our part to make the world a happier place.

**Ichiro Kashitani**

President & CEO



Observing operations at a joint-venture lithium mine