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Materiality formulation process and approach

From April 2019 to July 2020, we made a company-wide effort to identify important issues and formulated our materiality in six steps (see figure on the right for details).

The important issues identified were classified into those that “maximize the positive effects,” which enrich people and their lives, and those that “minimize the negative effects,” which avoid risk. They were then organized into “Issues Relating to Safety, Environment, and Comfort to Resolve through Our Business Operations,” and “Issues Relating to the People and Organizations that are Our Sources for Exercising Competitiveness.” The materiality of the Toyota Boshoku group was determined by adding the approach we adopt to resolve each issue.

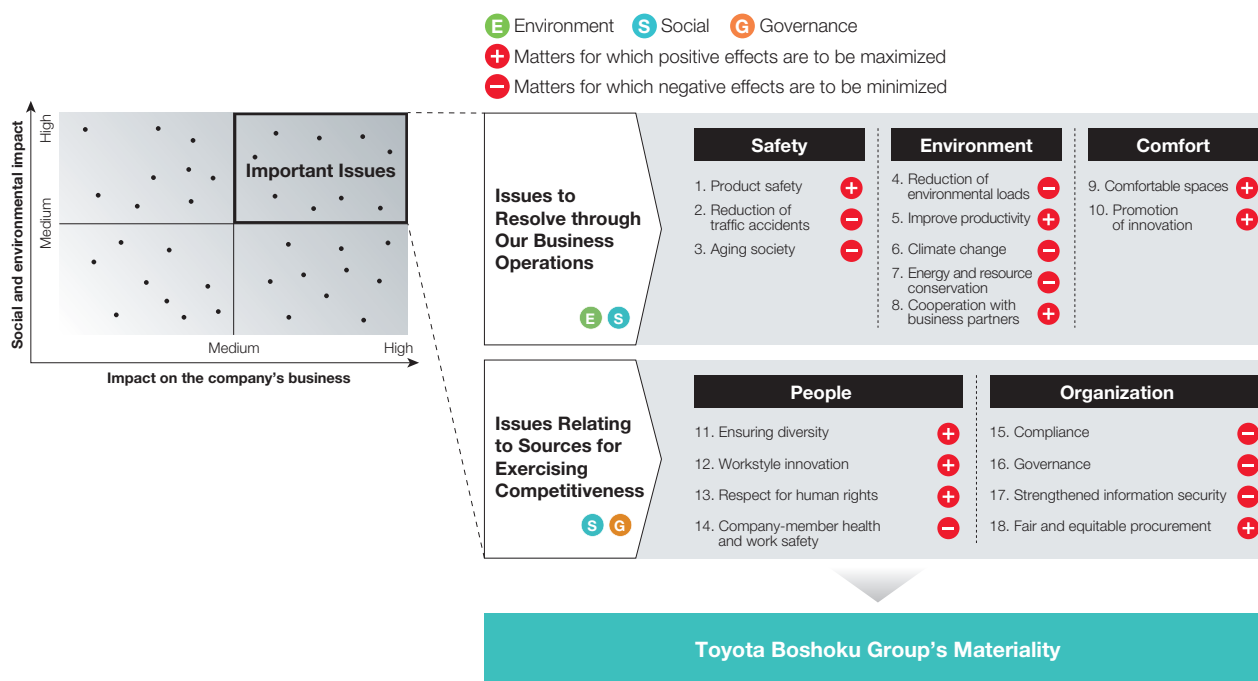
As part of a series of processes, the management team and next-generation leaders, together with the Global Management Strategy Division, the lead division, held a total of

27 consultations, after which the Board of Directors decided on the materiality.

The CSV Promotion Meeting (Chairperson: Corporate Planning & Innovation Segment Chief), which is held twice a year, reports and deliberates on issues and the direction to take in order to enhance corporate value based on the concept of CSV. In fiscal 2022, matters discussed included the penetration of CSV management and materiality internally as well as externally, and initiatives to enhance corporate value aimed at achieving the 2025 Mid-Term Business Plan. Going forward, we will also consider reviewing our materiality itself in response to changes in the environment.

Progress with the ESG KPIs (→ see page 36), which were drawn up in fiscal 2022, is also checked at the CSV Promotion Meeting, and the degree of achievement is followed up along with materiality.

Plotting of social issues and extraction of important issues



→ P. 31

Materiality formulation process

	Participants		
	Company Members	External Stakeholders	Directors/ Officers
STEP 0 Comprehensive activities for CSR, CSV, ESG, SDGs, etc. <ul style="list-style-type: none"> ● Lecture for officers and division general managers In addition to the regular members of the CSR Promotion Meeting (now the CSV Promotion Meeting), officers and relevant division general managers involved in the formulation of the 2025 Mid-Term Business Plan attended the meeting to deepen their understanding of CSV management. ● Lecture on SDGs for officers, entity top management, and next-generation leaders Held as part of the "Global Week" program, where officers, entity top management and next-generation leaders of the Toyota Boshoku group gathered to discuss the future of the group and how to realize it, deepening understanding of the SDGs. ● SDGs card game and discussions on social issues (41 next-generation leaders from 13 countries participated) A card game format was used to deepen understanding of the SDGs and social issues. Subsequently, discussions were held on social issues surrounding the Toyota Boshoku group as well as management issues, based on important concepts for the company included in our philosophy. 	✓		✓
STEP 1 Understanding social issues <ul style="list-style-type: none"> ● Clarification of SDGs and other social issues As well as the SDGs, identifying more than 100 social issues by focusing also on social issues in the countries and regions in which the Toyota Boshoku group operates. ● Verification of social issues where we are already making contributions Creating a life cycle value chain map of the Toyota Boshoku group's business, and organizing contributions to resolving social issues that have already been implemented from both positive (opportunities) and negative (risks) perspectives. 	✓		
STEP 2 Extraction of social issues <ul style="list-style-type: none"> ● Verification of social issues to be tackled as the company's philosophy Re-affirming and understanding the meaning embedded in our philosophy, and confirming whether resolution of the social issues identified is consistent with the philosophy. ● Verification of social issues that can be resolved by maximizing the company's strengths Confirming whether the issues can be solved by leveraging the Identity of the Toyota Boshoku group: R&D, MONOZUKURI, and HITOZUKURI. ● Discussions by the Materiality working group: 10 sessions (17 participants) 	✓		
STEP 3 Verification of stakeholder expectations <ul style="list-style-type: none"> ● Investor interviews: 3 times (7 participants from 3 companies) ● Survey of company members: 1 time (covering 260 people) ● Verification of management issues: Based on the results of the above interviews and questionnaires, confirm consistency with internal policy. 	✓	✓	✓
STEP 4 Plotting of social issues and extraction of important issues <ul style="list-style-type: none"> ● Organization of social issues and identification of important issues to prioritize Verification from the perspectives of "social and environmental impact" and "impact on the company's business," and identification of important issues to prioritize ● Formulation of five aspects of materiality in alignment with the company's Vision Identifying five materiality issues, organized into two categories: "Issues Relating to Safety, Environment, and Comfort to Resolve through Our Business Operations" and "Issues Relating to the People and Organizations that are Our Sources for Exercising Competitiveness." 	✓		
STEP 5 Verification of validity <ul style="list-style-type: none"> ● Discussion in a CSV Promotion Meeting In February 2020, an extraordinary CSR Promotion Meeting (now the CSV Promotion Meeting) was held to discuss the composition and wording of (expressions used in) our materiality. In order to deepen company members' understanding of our materiality, it was decided to compile the reasons for selecting this text as "Meaning and Concepts." ● Discussions with outside directors and outside Audit & Supervisory Board members Two briefings were held for outside officers (in April and July 2020). Based on the points raised, the positioning of materiality in management was clarified, and the management system was organized as "Management Concept." 	✓		✓
STEP 6 Decision on materiality <ul style="list-style-type: none"> ● Toyota Boshoku Group's Materiality was finalized at the Board of Directors meeting in July 2020. 			✓
STEP 7 Establishment of ESG KPIs <ul style="list-style-type: none"> ● We established ESG KPIs-one of several types of non-financial KPIs to measure social value. The goal is to achieve them with a view to realizing our materiality. 	✓		✓

Past Mid-term Business Plans

2005 **Three-company merger “Period of creating a robust corporate constitution”**

2008 **Second founding “Solidifying our footing and establishing a foundation for growth”**

Concentrate the technological capacity and collective strengths of all three companies, and realize global manufacturing

Mid-Term Business Plan

Objectives of Merger

- Integrate seating systems and interior systems operations previously pursued independently by the three companies (Toyota Boshoku, Araco, and Takanichi), as well as develop and propose car interiors from a comprehensive perspective
- Make use of the expertise and resources of all three companies to further accelerate overseas expansion

[Vision] Aim to be a world-class interior system supplier and filter manufacturer

- (1) Offer comfortable and pleasant interior spaces
- (2) Offer world-class automotive filters
- (3) Build a global supply system

Elements of our strategy

- Proactively implement policies to strengthen our capabilities, in terms of both “initiatives to solidify our footing” and “priority initiatives for future corporate growth”, as well as aim to become a truly global company that can operate and flourish in regions around the world
- Strengthen our technological capacity (development, production, manufacturing), product capacity, systems for sharing, and profitability on a global scale

Main Achievements & Remaining Issues

■ Achievements

- Introduction of the One Hub per Region structure
- Development of new technology and beginning of production as an automotive interior system supplier
- Strengthening of our filter and powertrain components development and evaluation systems, thanks to completion of construction of the Kariya Development Center
- Re-evaluation and reorganization of our Japanese production systems
- Building of a production system to follow Toyota Motor Corporation’s overseas expansion

■ Issues

- Systematically engendering a sense of unity throughout the entire company
- Strengthening our business capacity as an interior system supplier (solidifying our business footing, implementing advanced measures focused on corporate growth, etc.)

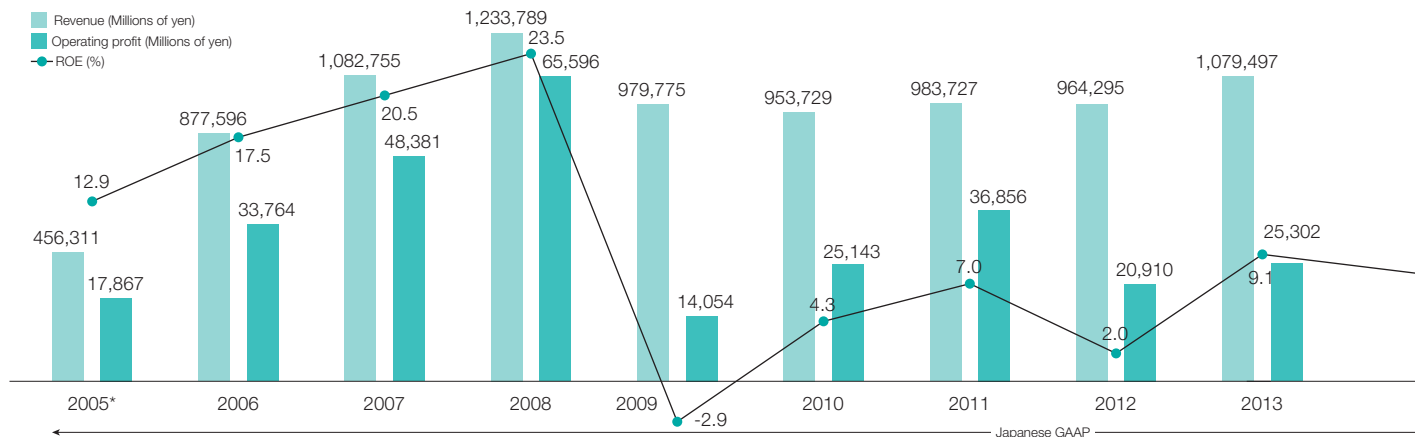
■ Achievements

- Establishment of a global management system
- Creation of a development system that is consistent and integrated, from fundamental research all the way to cutting-edge technology, thanks to the establishment of the Research Laboratories (now called the New Value Creation Center), as well as completion of construction of the No.2 Building of the Sanage Technical Center
- Development of lightweight seating frames that enable CO₂ emissions reduction and products made using plant-derived materials
- Establishment of the Global Learning Center, and opening of the Toyota Boshoku Technical Skills Academy, in order to help our company members develop their skills, and train them to be able to flourish on a global scale
- Continuously bringing new production sites into operation at various location around the world

■ Issues

- Reduction of profit as a result of shrinking operations after the 2008 global financial crisis
- Response to changes in the automotive market (shifting trends from larger to smaller-size vehicles, etc.)

Revenue / Operating Profit / Change in ROE



* values for the first half of fiscal 2005 (April 1 to September 30, 2004) from pre-merger Toyota Boshoku. Values for the second half of the year (October 1, 2004 to March 31, 2005) from post-merger Toyota Boshoku.

2012 “Period of structural reform for a quantum leap forward”

2017 “Aiming for sustainable growth”

2021

2015 Mid-Term Management Plan

2020 Business Plan

- Pursue cutting-edge technology, in order to expand business fields
- Accelerate global business expansion centered on emerging countries
- Expand our business with a wide range of customers through business reforms and organizational restructuring
- Thoroughly implement lean, highly-efficient, and high-value added business in Japan

- Perform action to achieve corporate growth while fulfilling our responsibility in harmony with society, strengthen management foundation, strengthen competitiveness, offer multi-dimensional value, and expand business fields
- Establish a corporate structure capable of securing an operating profit ratio of 5% or higher
- Focus on the development of new products and technology that anticipate the mobility environment of 2030
- Pay particular attention to environmental actions

■ Achievements

- Making use of precise high-speed press technology to introduce HEV and FCV-focused products onto the market
- Expansion of business into emerging nations
- Creation and maintaining of foundation for new customer business
- Expansion into new fields, such as specialized racing car seats, railroad carriages, and aircraft

■ Issues

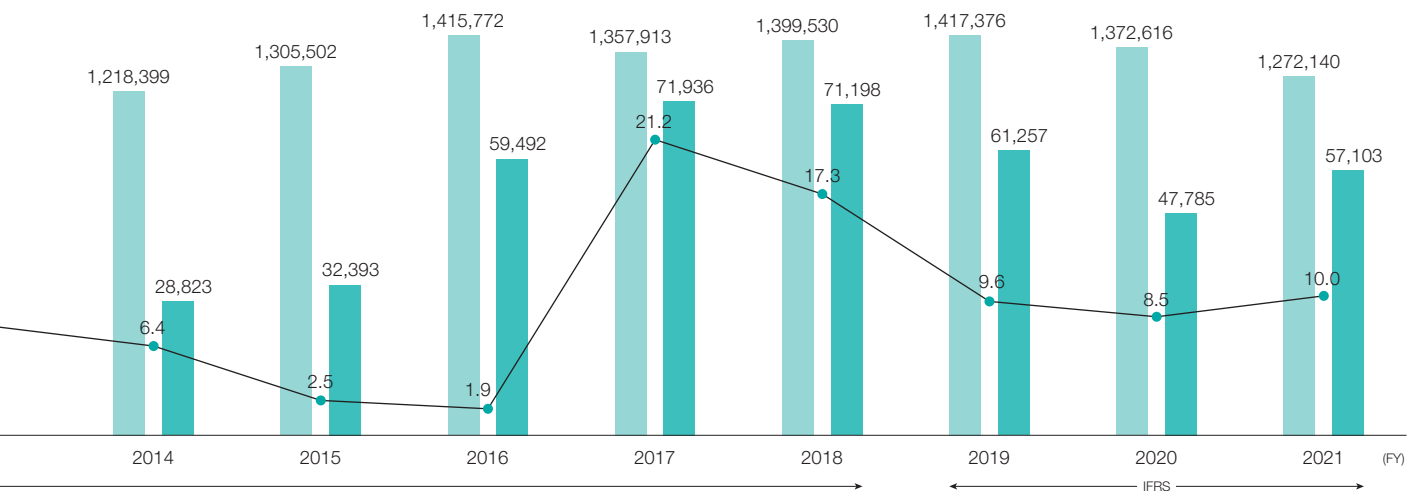
- Creating operations that can respond to sudden expansion of our business
- Worsening of profits due to disorganization resulting from new product being launched by our pre-existing business

■ Achievements

- Strengthening competitiveness and management foundation, and steadily strengthening earning power
- Creation of the Business Management Structure, and maintaining a target management structure that is consistent and integrated, from individual sites all the way up to the management level
- Creation of a stable, resilient BCP that can appropriately respond to unforeseen circumstances
- Acceleration of cooperation and coordination between various divisions in relation to design, production engineering, and quality, thanks to completion of construction of the MONOZUKURI Innovation Center. Optimization of production and manufacturing preparations, thanks to use of digital technology.
- Strengthening advanced development to envision and prepare for 2030, including cooperation with the Toyota Group (MX191)

■ Issues

- Maintaining our management information infrastructure
- Further promoting vibrant work style innovation



10-Year Summary

FY Years ended March 31	Japanese GAAP		
	2013	2014	2015
Revenue	1,079,497	1,218,399	1,305,502
Operating profit	25,302	28,823	32,393
Profit attributable to owners of the parent	15,792	12,610	5,204
Total assets	583,955	659,008	719,680
Capital stock	8,400	8,400	8,400
Total equity	220,740	249,082	264,038
Capital expenditures	36,805	51,116	50,190
Depreciation	32,744	36,302	40,121
R&D expenses	36,321	40,189	38,821
Per Share Data (Yen)			
Basic earnings	85.23	68.05	28.08
Diluted earnings*	—	—	—
Cash dividends	18.00	18.00	18.00
Dividend payout ratio (consolidated) (%)	21.1	26.5	64.1
Equity attributable to owners of the parent	1,010.49	1,115.69	1,164.36
Cash Flow (Millions of yen)			
Net cash provided by operating activities	44,474	49,590	65,536
Net cash provided by (used in) investing activities	5,826	(51,867)	(51,615)
Net cash provided by (used in) financing activities	(41,942)	(5,636)	516
Cash and cash equivalents	129,323	126,648	143,493
Financial Indicators (%)			
Ratio of operating profit to revenue	2.3	2.4	2.5
ROE: Ratio of profit to equity attributable to owners of the parent	9.1	6.4	2.5
Ratio of equity attributable to owners of the parent	32.1	31.4	30.0
Price earnings ratio (PER)	15.5	15.3	53.6
Shareholders' Equity (at fiscal year-end)			
Number of shares issued (Thousands)	187,665	187,665	187,665
Number of shareholders	21,239	22,191	16,746
Stock price (yen)	1,320	1,043	1,504
Number of employees (excluding temporary employees)	32,986	38,198	41,509
CO ₂ emissions (t-CO ₂)	296,594	312,348	311,975
Amount of waste (t)	22,203	22,661	21,990
Water consumption (thousand m ³)	4,438	4,303	4,352
Percentage of local employees holding executives (officer, manager) positions at overseas business sites	—	—	—
Number of women at management positions (Toyota Boshoku)	—	—	—
Number of female group manager level (Toyota Boshoku)	—	—	—
Number of patents held (Japan)	—	—	—
Number of patents held (outside Japan)	—	—	—

* With regard to diluted earnings per share [diluted net income per share of common stock] in fiscal 2013, 2014, 2015, 2018, 2019, 2020, and 2021, there were no latent shares with dilutive effects.

			IFRS				Millions of yen
2016	2017	2018	2019	2020	2021	2022	
1,415,772	1,357,913	1,399,530	1,417,376	1,372,616	1,272,140	1,421,451	
59,492	71,936	71,198	61,257	47,785	57,103	60,290	
3,900	45,359	42,762	27,457	24,786	31,188	39,260	
725,895	691,921	744,558	793,599	780,714	845,778	964,740	
8,400	8,400	8,400	8,400	8,400	8,400	8,400	
243,146	276,274	308,620	329,329	321,701	369,650	423,835	
36,898	35,500	52,095	61,341	58,715	46,731	38,326	
41,012	36,228	34,755	35,153	37,575	38,194	40,386	
38,450	37,884	47,393	46,965	45,902	41,831	44,845	
21.02	244.28	230.27	147.85	132.88	166.93	210.15	
21.02	244.27	–	–	–	–	210.13	
30.00	50.00	54.00	56.00	54.00	45.00	64.00	
142.7	20.5	23.5	37.9	40.6	27.0	30.5	
1,065.72	1,240.77	1,414.91	1,573.44	1,557.93	1,792.56	2,066.53	
78,912	95,389	86,117	60,720	79,673	74,483	122,933	
(48,086)	(48,927)	(51,707)	(58,915)	(54,175)	(51,392)	(40,893)	
(8,739)	(61,347)	(3,528)	(19,526)	(13,964)	2,756	(48,664)	
160,904	144,889	178,372	158,192	163,377	195,180	237,952	
4.2	5.3	5.1	4.3	3.5	4.5	4.2	
1.9	21.2	17.3	9.6	8.5	10.0	10.9	
27.3	33.3	35.3	36.8	37.3	39.6	40.0	
87.3	10.6	9.5	11.3	9.7	11.0	9.5	
187,665	187,665	187,665	187,665	187,665	187,665	187,665	
14,517	12,226	13,287	14,066	14,715	16,177	15,959	
1,834	2,583	2,184	1,675	1,287	1,830	2,002	
41,624	41,428	41,409	43,103	44,375	44,154	44,264	
310,465	324,528	330,235	322,977	318,431	304,455	307,218	
23,464	23,727	24,018	24,925	25,458	23,087	23,217	
4,271	4,143	4,321	3,994	3,731	3,590	3,266	
–	–	14	19	23	25	21	
–	–	17	20	23	24	29	
–	–	53	51	55	57	65	
–	1,941	2,112	2,174	2,195	1,924	1,760	
–	1,207	1,371	1,546	1,753	1,589	1,476	

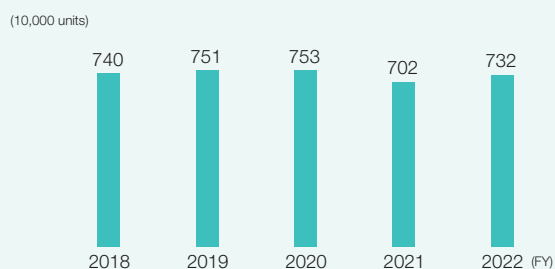
The business environment

After a brief upturn, the global economy is experiencing a sharp slowdown against a backdrop of the continued spread of coronavirus infections caused by the emergence of new variants, and is seeing persistent inflation, including higher prices resulting from supply chain disruptions. The automotive industry is also expected to face increasingly difficult conditions, having been significantly affected by a decline in production volumes caused by shortages of components such as semiconductors due to coronavirus and other factors, as well as soaring raw material and logistics costs. There are also growing calls for companies to seek solutions to social issues, including addressing climate change at a global level, respecting human rights, and ensuring diversity.

Overview of fiscal 2022

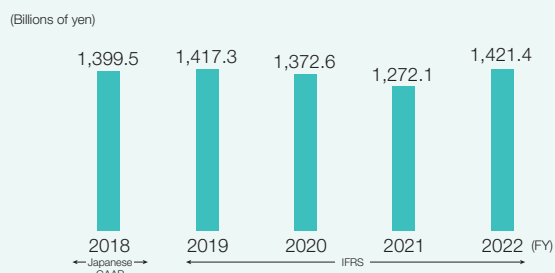
Seat production volume

The Toyota Boshoku group's total seat production volume on a consolidated basis increased 300,000 units from fiscal 2021 to 7.32 million units. By geographic region, seat production volume in Japan decreased 160,000 units to 2.73 million units. In The Americas, total seat production volume increased 130,000 units to 1.22 million units. In China, seat production fell 30,000 units to 1.49 million units. In Asia & Oceania, seat production increased 300,000 units to 1.09 million units. In Europe & Africa, seat production increased 70,000 units to 780,000 units.



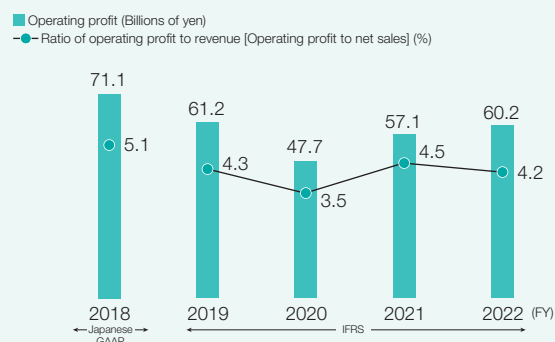
Revenue

Consolidated revenue increased by 149.3 billion yen compared with fiscal 2021 to 1,421.4 billion yen (11.7%), due to factors including a post-COVID-19 recovery in demand globally.



Profit

Consolidated operating profit increased by 3.1 billion yen (5.6%) to 60.2 billion yen, and profit before income taxes increased by 7.1 billion yen (12.5%) to 64.5 billion yen compared with fiscal 2021 due mainly to a boost from new products, despite soaring raw material costs. Profit attributable to owners of the parent increased by 8 billion yen (25.9%) to 39.2 billion yen compared to fiscal 2021.



Revenue and operating profit by geographic region

Effective from the fiscal 2022 consolidated accounting period, the China region, which was previously included within Asia & Oceania, is now listed separately as China due to a review of performance management categories in the Group. As a result, the four reporting segments of Japan, The Americas, Asia & Oceania, and Europe & Africa have been changed to the five segments of Japan, The Americas, China, Asia & Oceania, and Europe & Africa.

-Japan

Despite production cutbacks resulting from component supply issues and other factors, revenue increased by 1.0 billion yen (0.1%) from fiscal 2021 to 700.6 billion yen, due to a boost from new products associated with model changes. Operating profit decreased by 4.4 billion yen (-31.7%) from fiscal 2021 to 9.6 billion yen due to the impact of production cutbacks and increased overhead costs.

-The Americas

Revenue increased by 71.7 billion yen (29.2%) from fiscal 2021 to 317.7 billion yen, mainly due to an increase in production volumes resulting from a recovery in demand. Operating profit increased by 1.5 billion yen (105.0%) from fiscal 2021 to 2.9 billion yen, mainly due to the effects of increased production associated with model changes.

-China

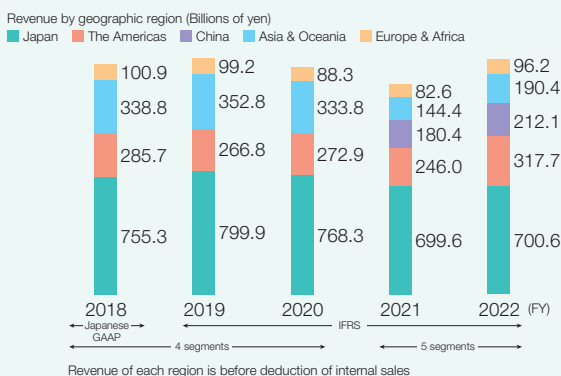
Revenue increased by 31.7 billion yen (17.6%) from fiscal 2021 to 212.1 billion yen due to foreign exchange effects, despite the impact of production cutbacks. Operating profit decreased by 2.6 billion yen (-14.5%) from fiscal 2021 to 15.7 billion yen due to factors including the impact of production cutbacks and increased overhead costs.

-Asia & Oceania

Revenue increased by 45.9 billion yen (31.8%) from fiscal 2021 to 190.4 billion yen, mainly due to an increase in production volumes resulting from a recovery in demand. Operating profit increased by 9.5 billion yen (55.9%) from fiscal 2021 to 26.7 billion yen, mainly due to the effects of increased production.

-Europe & Africa

Revenue increased by 13.6 billion yen (16.5%) from fiscal 2021 to 96.2 billion yen, mainly due to an increase in production volumes resulting from a recovery in demand. Operating profit decreased by 0.7 billion yen (-12.0%) from fiscal 2021 to 5.3 billion yen due to higher overhead costs, despite the effects of increased production.



Summary of financial position

Assets at the end of fiscal 2022 totaled 964.7 billion yen, an increase of 118.9 billion yen compared to the end of fiscal 2021, mainly due to an increase in cash and cash equivalents and trade receivables.

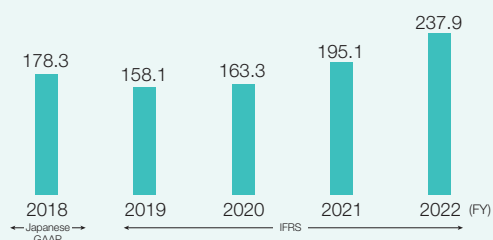
Meanwhile, liabilities increased by 64.7 billion yen compared to the end of fiscal 2021, to 540.9 billion yen. This was mainly due to an increase in trade payables.

Equity increased by 54.1 billion yen compared to the end of fiscal 2021, to 423.8 billion yen. This was mainly due to the recording of net profit attributable to owners of the parent.

Cash flow

Cash and cash equivalents at the end of fiscal 2022 on a consolidated basis increased 42.7 billion yen (21.9%) from the end of fiscal 2021 to 237.9 billion yen.

Cash and cash equivalents at end of period (Billions of yen)



-Net cash provided by operating activities

Net cash provided by operating activities amounted to 122.9 billion yen. This was mainly due to such cash-increasing factors as profit before income taxes of 64.5 billion yen and depreciation and amortization of 42.5 billion yen.

-Net cash used in investing activities

Net cash used in investing activities amounted to 40.8 billion yen. This was mainly due to such cash-decreasing factors as expenditures of 34.2 billion yen for the purchase of property, plant and equipment.

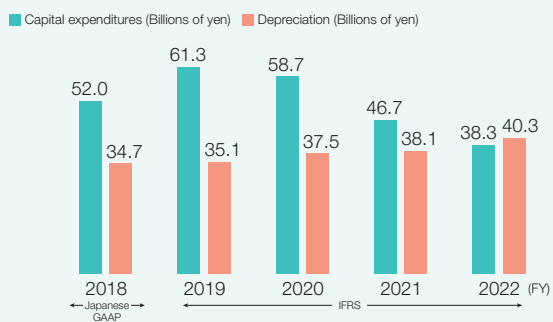
-Net cash used in financing activities

Net cash used in financing activities amounted to 48.6 billion yen. This was mainly due to such cash-decreasing factors as repayment of lease liabilities totaling 24.1 billion yen and dividends paid of 12.5 billion yen.

Overview of capital expenditures

In fiscal 2022, total capital expenditures amounted to 38.3 billion yen. These investments were concentrated on measures for new products as well as rationalizing and upgrading production facilities. These consisted mainly of capital expenditures in Japan and China.

Capital expenditures in Japan amounted to 19.2 billion yen, and were mainly for measures for new products, rationalizing and upgrading production facilities, and establishing new information systems. Capital expenditures in The Americas amounted to 3.6 billion yen, and were mainly for measures for new products, and rationalizing and upgrading production facilities. Capital expenditures in China amounted to 7.3 billion yen, mainly for measures for new products, and rationalizing and upgrading production facilities. Capital expenditures in Asia & Oceania amounted to 5.5 billion yen, and were mainly for measures for new products, and rationalizing and upgrading production facilities. Capital expenditures in Europe & Africa amounted to 2.4 billion yen, and were mainly for measures for new products, and rationalizing and upgrading production facilities.



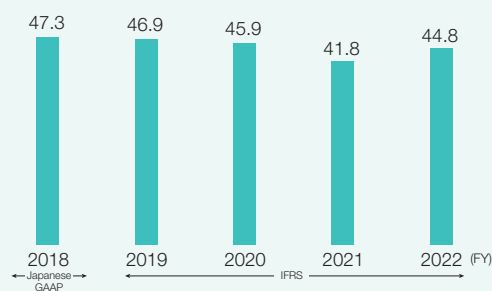
Basic policy of R&D activities

The Toyota Boshoku group works to develop appealing, high-quality products that meet the expectations of all customers throughout the world by leveraging the Company's own unique technologies and structures in accordance with the basic concept of "developing products that earn the trust of and satisfy customers."

The Toyota Boshoku group anticipates the ongoing sophistication and diversification of customer needs, and strives to develop appealing technologies and products unrivaled by our competitors while further enhancing our core technologies. Additionally, we are building an optimal development system across the entire group that is focused on global markets through Regional Management & Collaboration Hubs (RM&CH) that carry out product development based on the needs of each respective region. Furthermore, we will continue to strengthen our competitiveness by carrying out thoroughgoing activities to realize high-quality products at reasonable prices to ensure we can respond to the rapid expansion of emerging country markets.

In fiscal 2022, R&D expenses, including development expenses recorded under intangible assets, amounted to 44.8 billion yen.

R&D expenses (Billions of yen)



Outlook for fiscal 2023

The outlook for the global economy in fiscal 2023 is expected to remain uncertain due to factors including the spread of COVID-19 infections, global inflation, and instability in world affairs, including in Europe. In terms of the Company's business environment, while demand is expected to recover on a global basis, the situation is likely to remain unpredictable due to concerns surrounding the risk of production cutbacks resulting from component shortages, and soaring raw material and transportation costs.

Under these circumstances, we forecast growth in consolidated revenue to 1.57 trillion yen in fiscal 2023 (up 10.5% from fiscal 2022), mainly due to a recovery in global demand, despite the risk of production cutbacks resulting from the prolonged spread of COVID-19 and component supply issues.

We expect operating profit to increase to 61.0 billion yen (up 1.2% from fiscal 2022) due to the effects of increased production and a boost from new products as a result of cost planning activities, despite investment for future growth as well as high raw material and transportation costs, which are factors that reduced profit. Net profit attributable to owners of the parent is expected to be 40.0 billion yen (up 1.9% from fiscal 2022).

Fiscal 2023 consolidated earnings forecast

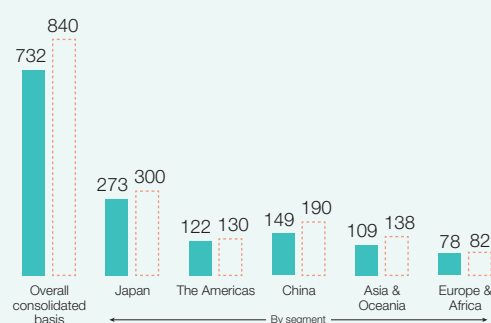
	FY2022 results	FY2023 forecast
Revenue	1,421.4 billion yen	1,570 billion yen
Operating profit	60.2 billion yen	61 billion yen
Profit attributable to owners of the parent	39.2 billion yen	40 billion yen
Seat production volume	7.32 million units	8.4 million units
Basic earnings per share	210.15 yen	214.09 yen
Cash dividends per share	64.00 yen	70.00 yen
Exchange rates	US dollar	112 yen
	Euro	131 yen
		140 yen

* Announced on July 29, 2022

Seat production volume

On an overall consolidated basis, we forecast that seat production volume will increase by 1.08 million units from fiscal 2022 to 8.40 million units. By geographic region, in Japan, we forecast that seat production volume will increase 270,000 units from fiscal 2022 to 3.0 million units. In The Americas, production is expected to increase 80,000 units from fiscal 2022 to 1.30 million units. In China, production is expected to increase 410,000 units from fiscal 2022 to 1.90 million units. In Asia & Oceania, we forecast that seat production volume will

(10,000 units) ■ Fiscal 2022 results □ Fiscal 2023 forecast

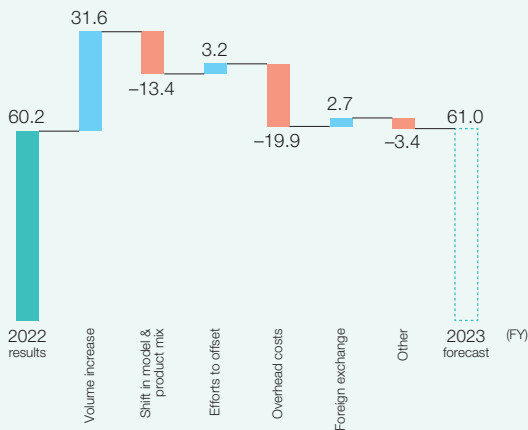


increase 290,000 units from fiscal 2022 to 1.38 million units. In Europe & Africa, we forecast that production will increase 40,000 units from fiscal 2022 to 820,000 units.

Factors underlying changes in operating profit

We expect operating profit to increase by 0.7 billion yen from fiscal 2022 to 61.0 billion yen due to factors including the effects of increased production and a boost from new products as a result of cost planning activities, despite the impact of high raw material and transportation costs, and increased overhead costs, etc., which are factors that reduce profit.

Fiscal 2022 earnings forecast: Factors underlying changes in operating profit (Billions of yen)



Forecast of results by geographic region

-Japan

Revenue is expected to be 700.0 billion yen, a decrease of 0.6 billion yen from fiscal 2022. Operating profit is forecast to be 5.0 billion yen, a decrease of 4.6 billion yen from fiscal 2022, due to the negative impact of soaring raw material prices, changes in the model mix, and increased overhead costs, etc., despite the positive effect of factors including increased production and a boost from new products.

-The Americas

Revenue is expected to be 370.0 billion yen, an increase of 52.2 billion yen from fiscal 2022. Operating profit is forecast to be 1.0 billion yen, a decrease of 1.9 billion yen from fiscal 2022, due to the negative impact of soaring raw material and transportation costs, and increased overhead costs, etc., despite the positive effect of factors including increased production.

-China

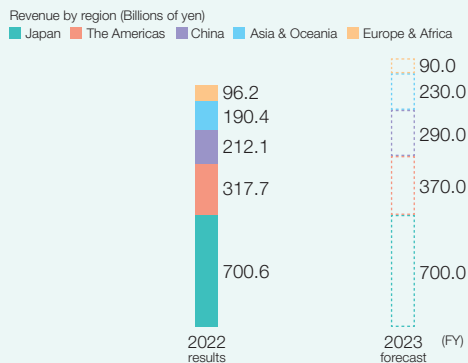
Revenue is expected to be 290.0 billion yen, an increase of 77.8 billion yen from fiscal 2022. Operating profit is forecast to be 27.0 billion yen, an increase of 11.2 billion yen from fiscal 2022, due to the effects of increased production resulting from the launch of new vehicles, etc., despite the negative impact of increased overhead costs.

-Asia & Oceania

Revenue is expected to be 230.0 billion yen, an increase of 39.5 billion yen from fiscal 2022. Operating profit is forecast to be 27.0 billion yen, in line with fiscal 2022, due to the negative impact of factors including changes in the model mix and increased overhead costs, despite the positive effect of increased production, etc..

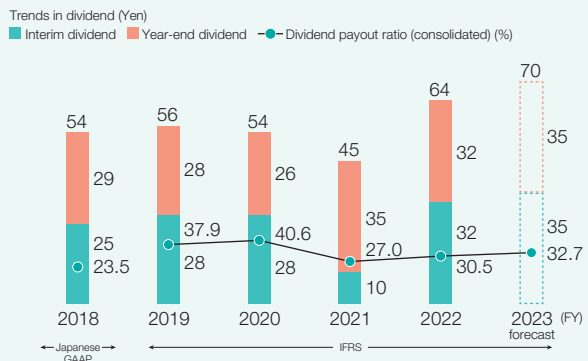
-Europe & Africa

Revenue is expected to be 90.0 billion yen, a decrease of 6.2 billion yen from fiscal 2022. Operating profit is forecast to decrease by 4.3 billion yen from fiscal 2022 to 1.0 billion yen due to the negative impact of factors including the suspension of operations stemming from the situation in Europe and increased overhead costs, despite the positive effect of increased production, etc..



Cash dividends

For fiscal 2023, we plan to pay an annual dividend of 70 yen per share, an increase of 6 yen from fiscal 2022.



Consolidated Statement of Financial Position

FY	Millions of yen	
	2021 (As of March 31, 2021)	2022 (As of March 31, 2022)
Assets		
Current assets		
Cash and cash equivalents	195,180	237,952
Trade and other receivables	222,827	261,814
Inventories	61,848	79,345
Other financial assets	14,416	19,990
Income taxes receivable	3,710	3,279
Other current assets	8,868	11,933
Total current assets	506,851	614,317
Non-current assets		
Property, plant and equipment	263,841	270,477
Goodwill	4,881	4,889
Intangible assets	13,177	13,060
Investments accounted for using the equity method	13,447	13,377
Other financial assets	26,219	27,563
Deferred tax assets	15,725	19,355
Other non-current assets	1,632	1,698
Total non-current assets	338,926	350,422
Total assets	845,778	964,740
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	175,133	218,979
Bonds and borrowings	22,151	28,381
Other financial liabilities	4,076	4,622
Income taxes payable	7,498	9,359
Provisions	5,937	6,358
Other current liabilities	71,213	92,256
Total current liabilities	286,010	359,958
Non-current liabilities		
Bonds and borrowings	119,623	111,358
Other financial liabilities	6,490	7,901
Retirement benefit liability	55,376	56,107
Provisions	224	288
Deferred tax liabilities	6,552	3,352
Other non-current liabilities	1,848	1,937
Total non-current liabilities	190,116	180,946
Total liabilities	476,127	540,904
Equity		
Share capital	8,400	8,400
Capital surplus	3,092	3,097
Retained earnings	316,931	345,680
Treasury shares	(1,620)	(1,583)
Other components of equity	8,131	30,567
Total equity attributable to owners of the parent	334,935	386,162
Non-controlling interests	34,715	37,672
Total equity	369,650	423,835
Total liabilities and equity	845,778	964,740

Consolidated Statement of Income

Millions of yen

FY	2021	2022
	(Fiscal year ended March 31, 2021)	(Fiscal year ended March 31, 2022)
Revenue	1,272,140	1,421,451
Cost of sales	1,138,717	1,270,778
Gross profit	133,423	150,673
Selling, general and administrative expenses	77,774	89,523
Other income	6,243	4,730
Other expenses	4,789	5,589
Operating profit	57,103	60,290
Finance income	2,102	6,432
Finance expenses	1,437	2,058
Share of profit (loss) of investments accounted for using the equity method	(423)	(134)
Profit before income taxes	57,345	64,529
Income tax expense	19,748	18,563
Profit for the period	37,597	45,966
Profit attributable to		
Owners of the parent	31,188	39,260
Non-controlling interests	6,408	6,705
Profit per share attributable to owners of the parent		
Basic (Yen)	166.93	210.15
Diluted (Yen)	—	210.13

Consolidated Statement of Comprehensive Income

FY	Millions of yen	
	2021 (Fiscal year ended March 31, 2021)	2022 (Fiscal year ended March 31, 2022)
Profit for the period	37,597	45,966
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	2,552	1,900
Net change in fair value of equity instruments measured at fair value through other comprehensive income	4,663	899
Share of other comprehensive income of investments accounted for using the equity method	23	63
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	14,455	24,605
Net change in fair value of debt instruments measured at fair value through other comprehensive income	(8)	9
Share of other comprehensive income of investments accounted for using the equity method	82	241
Total other comprehensive income	21,769	27,719
Comprehensive income	59,366	73,686
Comprehensive income attributable to		
Owners of the parent	50,506	63,705
Non-controlling interests	8,859	9,980

Consolidated Statement of Cash Flows

Millions of yen

FY	2021 (Fiscal year ended March 31, 2021)	2022 (Fiscal year ended March 31, 2022)
Cash flows from operating activities		
Profit before income taxes	57,345	64,529
Depreciation and amortization	39,947	42,566
Interest and dividend income	(1,465)	(2,606)
Decrease (increase) in trade receivables	(17,965)	(24,490)
Decrease (increase) in inventories	8,004	(11,525)
Increase (decrease) in trade payables	(96)	11,150
Increase (decrease) in retirement benefit liability	(1,216)	2,525
Increase (decrease) in other current liabilities	(2,085)	12,987
Other	5,933	47,702
Subtotal	88,401	142,840
Interest received	1,303	2,389
Dividends received	1,460	896
Interest paid	(1,232)	(891)
Income taxes paid	(15,449)	(22,301)
Net cash provided by (used in) operating activities	74,483	122,933
Cash flows from investing activities		
Purchase of property, plant and equipment	(48,922)	(34,202)
Proceeds from sales of property, plant and equipment	1,818	2,562
Purchase of intangible assets	(5,494)	(3,581)
Payments into time deposits	(8,382)	(14,194)
Proceeds from withdrawal of time deposits	11,033	9,436
Other	(1,445)	(913)
Net cash provided by (used in) investing activities	(51,392)	(40,893)
Cash flows from financing activities		
Proceeds from short-term borrowings	791	10,092
Repayments of short-term borrowings	(12,816)	(14,067)
Proceeds from long-term borrowings	45,909	—
Repayments of long-term borrowings	(17,923)	(1,234)
Dividends paid	(6,728)	(12,516)
Dividends paid to non-controlling interests	(4,856)	(6,785)
Repayments of lease liabilities	(1,786)	(24,151)
Other	169	(0)
Net cash provided by (used in) financing activities	2,756	(48,664)
Effect of exchange rate changes on cash and cash equivalents	5,955	9,396
Net increase (decrease) in cash and cash equivalents	31,802	42,772
Cash and cash equivalents at beginning of period	163,377	195,180
Cash and cash equivalents at end of period	195,180	237,952

Our three business domains provide the ultimate mobility life for customers around the world

In the three domains of seat, interior & exterior and unit components, the Toyota Boshoku group has delivered a variety of products that realize enriched and higher-quality time and space to people in mobility interior spaces in order to generate excellent quality and new value.

Seat Business



The Toyota Boshoku group develops seats that elicit the maximum potential of each car, which make the vehicle easier to drive and ensure the ultimate in comfort and pleasure.

We aim to develop seats that provide comfort and safety for everyone in mobility in any setting around the world.

Automobile Seats



Seats

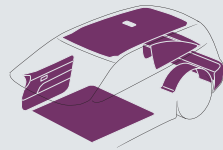


Sports seats
(For automobile racing)



Seat frames

Interior & Exterior Business



We strive to deliver automobile interior spaces in which people from every country and region of the world can create unforgettable moments with family, friends and other loved ones that will last a lifetime.

Staying one step ahead of the times, we develop interiors that enrich users' mobility life and ensure uncompromising comfort through total coordination of the automobile interior.

Interior Components

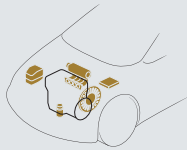


Interior system



Door trims

Unit Components Business



In order to develop cars that ensure smooth and stable driving under any tough conditions, we manufacture products that maximize engine performance while contributing to realizing a clean and comfortable vehicle interior space by developing next-generation filtration technology.

Filter Products

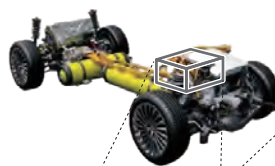


Air filters



Oil filters

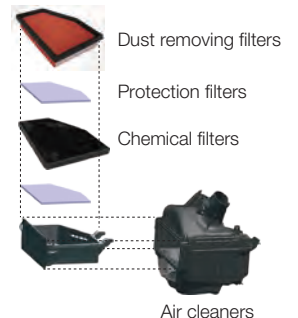
For
FCEV
(Fuel Cell Electric Vehicle)
HEV
(Hybrid Electric Vehicle)
BEV
(Battery Electric Vehicle)



Fuel cell stack



FC separators

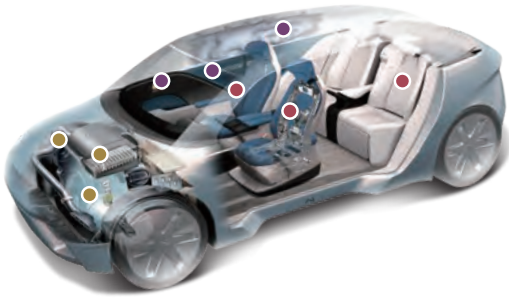


Dust removing filters

Protection filters

Chemical filters

Air cleaners



- Seat
- Interior & Exterior
- Unit Components

Non-automobile Seats



Executive lounge seats



Lexus LS seats



Railway seats (Photo provided by East Japan Railway Company)



Aircraft seats



Headliners



Illuminations

Exterior Components



Bumpers



Fender liners

Others (Textile Components)



Seat fabrics

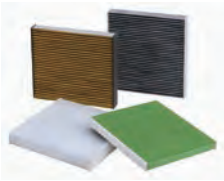


Seatbelt webbings



Curtain-shield airbags

Plastic Parts for Internal Combustion Engine (ICE)



Cabin air filters



MIRO



Air induction systems



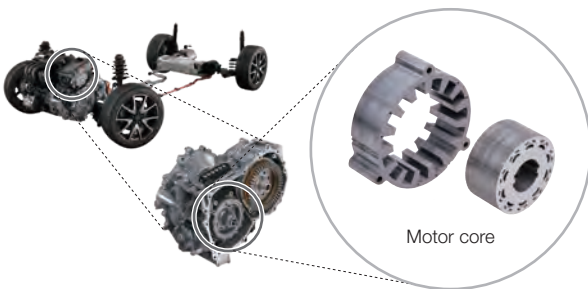
Air cleaners



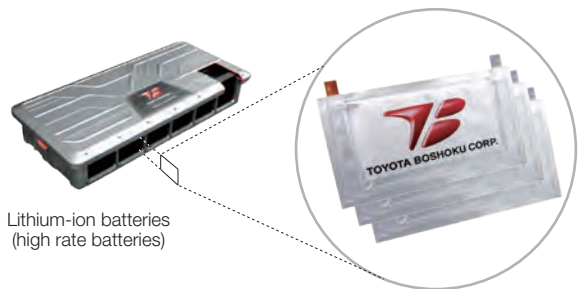
Intake manifolds (For horizontally opposed engine)



Oil mist separators



Motor core



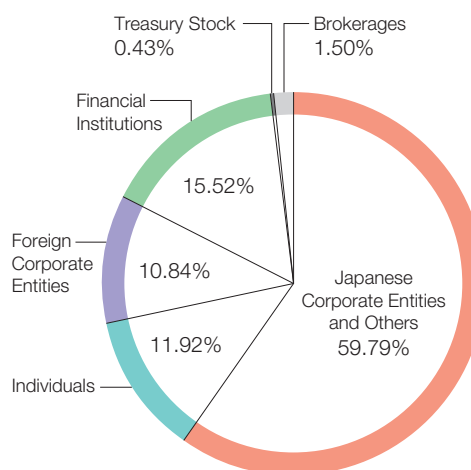
Lithium-ion batteries (high rate batteries)

Stock and corporate information

Stock information

Number of shareholders	15,959 (as of March 31, 2022)
Number of shares authorized to be issued	500,000,000
Number of shares outstanding	186,865,753 (as of March 31, 2022) (excluding treasury stock of 799,985)
Business year	April 1 to the following March 31
Ordinary General Meeting of Shareholders	Every June (The event is held to avoid dates on which many such shareholders' meetings are usually held)
Stock exchange listings	Tokyo Stock Exchange Prime Market, Nagoya Stock Exchange Premier Market
Securities code	3116
Payment of dividends	March 31 (Interim dividends, when paid, are paid as of September 30.)
Custodian of the shareholders' register	Mitsubishi UFJ Trust and Banking Corporation

Breakdown of shareholders



Inclusion in indexes (socially responsible investment)



FTSE Blossom Japan Sector Relative Index

The index was designed by FTSE Russell to measure the relative ESG-responsive performance of Japanese companies in each sector. To facilitate the transition to a low-carbon economy, companies are selected using their climate governance and climate change initiatives in the rating.

FTSE Russell confirms that Toyota Boshoku Corporation has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Sector Relative Index. The FTSE Blossom Japan Sector Relative Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.
<https://www.ftserussell.com/products/indices/blossom-japan>



JPX-NIKKEI 400

This stock index is jointly developed and operated by Japan Exchange Group, Inc., Tokyo Stock Exchange, Inc. and Nikkei Inc. The index is composed of “companies that are highly appealing as investments from the standpoint of investors.”

2022



Sompo Sustainability Index

This stock index was established independently by Sompo Asset Management Co., Ltd. Constituent companies are selected based on evaluations of their corporate ESG (environmental, social and governance) initiatives.



The Development Bank of Japan Inc. (DBJ) assigns scores to businesses for environmentally responsible management, selecting and ranking superior companies while setting conditions for financing according to those scores. Toyota Boshoku has received the bank's highest rating, and is recognized as “particularly innovative in its environmental efforts.”

Evaluations

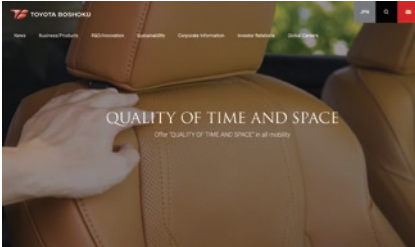


This NGO requires disclosure of strategies to address climate change and information on greenhouse gas emissions, and publishes an evaluation score worldwide. Toyota Boshoku received an A- rating in the Water Security category and the Supplier Engagement Rating.



Toyota Boshoku was certified as an Excellent Enterprise of Health and Productivity Management 2022 (White 500) jointly selected by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi.

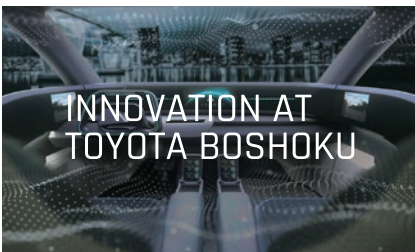
Website links



Corporate website

<https://www.toyota-boshoku.com/global/>

Here we provide comprehensive information on the Toyota Boshoku group. Visitors to the site can learn more about Toyota Boshoku, including our business activities, R&D, sustainability initiatives, IR information, and employment opportunities.



Innovation at Toyota Boshoku

<https://tech.toyota-boshoku.com/global/>

Here we introduce the Toyota Boshoku group's initiatives related to R&D. Visitors to the site can learn about Toyota Boshoku's advanced technological capabilities—from our R&D strategy based on the future outlook, to design and the latest concept cars—as well as the targets we're aiming for with these capabilities.



Team Breakthrough

Creating the future through challenge and innovation

<https://www.toyota-boshoku.com/global/teambreakthrough/>

Team Breakthrough is a media site which introduces the Toyota Boshoku group's future-oriented thinking and most recent initiatives, organized around the four themes of R&D, sustainability, people, and MONOZUKURI.



YouTube



Instagram



Thank you for taking the time to read through the Toyota Boshoku Report 2022. This year's report has been compiled with a focus on the 2025 Mid-Term Business Plan under the theme of "Roadmap to enhancing corporate value and realizing materiality through the implementation of CSV management." More of the group's company members than ever before were involved in the production of this report, and we feel that awareness of the report as a tool for constructive dialogue with our stakeholders is also spreading within the group. We hope that it helps you to understand our approach to and initiatives for enhancing corporate value, and that through dialogue, it deepens mutual understanding.

October 2022

Global Management Strategy Division, Toyota Boshoku Corporation



Global Management Strategy Division
Toyota Boshoku Report 2022 Production Team