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# Annual Financial Report 2025

For the year ended March 31, 2025

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## Key Financial Data

(Millions of Yen, unless stated otherwise)

Fiscal Year	IFRS				
	96th business term	97th business term	98th business term	99th business term	100th business term
Year end	March 2021	March 2022	March 2023	March 2024	March 2025
Revenue	1,272,140	1,421,451	1,604,036	1,953,625	1,954,218
Profit before income taxes	57,345	64,529	52,291	88,008	47,096
Profit attributable to owners of the parent	31,188	39,260	14,679	58,521	16,719
Comprehensive income	59,366	73,686	34,348	95,476	21,944
Total equity attributable to owners of the parent	334,935	386,162	400,741	449,597	447,420
Total assets	845,778	964,740	1,007,392	1,128,491	1,094,831
Equity per share attributable to owners of the parent (Yen)	1,792.56	2,066.53	2,144.33	2,518.57	2,504.56
Earnings per share attributable to owners of the parent – Basic (Yen)	166.93	210.15	78.57	315.17	93.65
Earnings per share attributable to owners of the parent – Diluted (Yen)	—	210.13	78.56	315.12	93.63
Ratio of equity attributable to owners of the parent (%)	39.6	40.0	39.8	39.8	40.9
Ratio of profit to equity attributable to owners of the parent (%)	10.0	10.9	3.7	13.8	3.7
Price earnings ratio (Times)	11.0	9.5	27.2	8.1	21.2
Cash flows from operating activities	74,483	122,933	89,428	174,898	121,834
Cash flows from investing activities	△51,392	△40,893	△36,461	△86,698	△60,955
Cash flows from financing activities	2,756	△48,664	△40,812	△91,595	△54,377
Cash and cash equivalents at end of period	195,180	237,952	248,195	244,191	249,721
Number of Employees [Average number of part-time employees, not included in number of employees above] (Persons)	44,154 [6,745]	44,264 [7,777]	44,581 [8,849]	46,972 [9,401]	45,004 [7,857]

(Notes) 1. Earnings per share attributable to owners of the parent - Diluted for the 96th business terms are not calculated because there are no dilutive shares.

2. Number of employees is the number of workers (excluding people dispatched from Toyota Boshoku Corporation and its consolidated subsidiaries (“the Group”) to outside the Group, but including people dispatched from outside the Group to the Group).

3. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

4. In the fiscal year ended March 31, 2025, the Company finalized the provisional accounting treatment for business combinations. The figures for the fiscal year ended March 31, 2024 were reflected the finalization of the provisional accounting.

## History

Date	Overview
January 1918	Founded Toyoda Boshoku Corporation
November 1923	Established Kariya Plant
September 1931	Merged with Kikui Boshoku Corporation
February 1942	Merged with four companies Utsumi Boshoku Co., Ltd., Chuo Boshoku Co., Ltd., Kyowa Boseki Co., Ltd., and Toyoda Oshikiri Boshoku Corporation to establish Chuo Spinning Company
November 1943	Merged with Toyota Motor Co., Ltd. (currently Toyota Motor Corporation)
May 1950	Established Minsei Spinning Co., Ltd. as a separate independent entity from Toyota Motor Co., Ltd. (currently Toyota Motor Corporation)
August 1950	Stock listed on the Nagoya Stock Exchange
September 1956	Established Oguchi Plant
August 1967	Company name changed to Toyoda Boshoku Corporation
March 1968	Merged with Gifu Boseki Co., Ltd. (currently Gifu Plant)
December 1972	Added “Production, processing and sales of auto parts” to its purpose of business
February 1973	Started production of ignition coils
September 1973	Started production of seat fabrics
April 1985	Started production of air filters
February 1990	Started production of fender liners
May 1990	Started production of molded headliners
April 1995	Started production of airbag base fabrics
December 1995	Started production of bumpers
January 1998	Started production of cabin air filters and revolving sensors
January 1999	Started production of silencer pads
June 1999	Started production of oil filters
March 2000	Stock listed on the Tokyo Stock Exchange, First Section
May 2000	Began production for the first time as an interior system supplier for Toyota Motor Corporation’s new RAV4
July 2000	Started production of intake manifolds
October 2000	Merged with Toyota Kakoh Co., Ltd. Through merger, succeeded to Kisogawa Plant and other three plants, and added floor carpets to the Company’s production lineup
October 2004	Merged with two companies Araco Corporation (car interior components business) and Takanichi Co., Ltd. to form Toyota Boshoku Corporation Through merger, succeeded to Sanage Plant, Takaoka Plant and other seven plants, and added seats and door trims to the Company’s production lineup
July 2005	TNAT (THAILAND) CO., LTD. was merged with TOYODABO ASIA CO., LTD., and the surviving company was renamed TOYOTA BOSHOKU ASIA CO., LTD. (currently a consolidated subsidiary) and was made the Asian regional management hub
July 2005	Two companies TOYODABO AMERICA, INC. and Takanichi-USA, Inc. were merged with ARACO AMERICA INC., and the surviving company was renamed TOYOTA BOSHOKU AMERICA, INC. (currently a consolidated subsidiary) and was made the North American regional management hub
July 2005	Established TOYOTA BOSHOKU EUROPE N.V. (currently a consolidated subsidiary) in Belgium as European regional management hub

Date	Overview
October 2007	Reorganized the businesses of six Japanese subsidiaries through a merger into four companies in order to optimize the production system and reform the operational processes
February 2008	Changed the operations of TOYOTA BOSHOKU (SHANGHAI) CO., LTD. from trading operations to investment operations and changed its name to TOYOTA BOSHOKU (CHINA) CO., LTD. (currently a consolidated subsidiary) to strengthen the business management and collaboration function in the China region
August 2008	Established Toyota Boshoku Technical Skills Academy for the purpose of developing human resources that will become core personnel of technical-related workplaces
September 2008	A subsidiary in the North American region acquired and reorganized five plants of Trim Masters, Inc. with the aim of establishing an efficient system for business operations in the Americas region
October 2008	Acquired Sieto Plant from FAURECIA S.A., a French automobile seat manufacturer, and established TOYOTA BOSHOKU SOMAIN S.A.S. (currently a consolidated subsidiary)
October 2008	Spun off the Research and Development Department as an independent organization to establish Toyota Boshoku Research Laboratories
August 2009	Established Fuji Susono Plant to streamline production and build an optimal supply system in domestic plants
May 2010	Established the No.2 building of Sanage Technical Center to consolidate and fortify development functions for automotive interior systems
July 2011	Acquired the interior business of POLYTEC Holding AG to strengthen interior technological capabilities and realize business with European car manufacturers
December 2012	Started production of motor core components for hybrid systems
July 2013	Started production of railway seats utilized in the Hokuriku Bullet Train “Gran Class” car
April 2015	Started production of aircraft seats for economy class on domestic flights, which were jointly developed with ALL NIPPON AIRWAYS CO., LTD.
November 2015	Acquired the business for automotive seat frame mechanism components such as recliners and slide rails for Toyota Motor Corporation and the Company that had been owned by Aisin Seiki Co., Ltd. (currently AISIN CORPORATION) and Shiroki Corporation (currently AISIN SHIROKI CORPORATION)
June 2016	Through reorganization of the Europe business, all the shares of Boshoku Automotive Europe GmbH, Boshoku Automotive Poland Sp. Z o.o., and Boshoku Automotive Czech s. r. o. and part of business operations of the Munich Branch of TOYOTA BOSHOKU EUROPE N.V. were transferred to Megatech Industries AG
January 2018	Marked the 100th anniversary of the Company’s founding
November 2019	Established MONOZUKURI Innovation Centre in order to build next-generation production lines that utilize AI technology and automation technology, and to promote the streamlining and enhancement of product manufacturing
August 2020	Established the New Main Building of the Global Mainstay Hub in Kariya Japan in order to consolidate the corporate functions and strengthen the global management base
April 2022	The Company’s stock that had been listed on the First Section of the Tokyo Stock Exchange was transferred to the Prime Market due to a restructuring of the market segments of the Tokyo Stock Exchange

**Information on subsidiaries and associates**

Company name	Location	Share capital	Principal business	Percentage of voting rights of the Company (%)	Relationship			
					Con-current service by officers, etc.	Loan of funds	Business transactions	Lease of facilities
(Consolidated subsidiaries)								
TOYOTA BOSHOKU TOHOKU CORPORATION (Note 3)	Kitakami-shi, Iwate	JPY million 1,667	Auto parts	100.0	None	None	Purchase of TOYOTA BOSHOKU TOHOKU CORPORATION's products	Yes
COWERK CO., LTD. (Note 3)	Kariya-shi, Aichi	JPY million 97	Auto parts	52.0	Yes	None	Purchase of COWERK CO., LTD.'s products	Yes
TOYOTA BOSHOKU KYUSHU CORPORATION (Note 3)	Kanzaki-shi, Saga	JPY million 480	Auto parts	100.0	Yes	None	Purchase of TOYOTA BOSHOKU KYUSHU CORPORATION's products	Yes
TOYOTA BOSHOKU SEIKO CORPORATION (Note 3)	Takahama-shi Aichi	JPY million 869	Auto parts	66.4	Yes	Yes	Purchase of TOYOTA BOSHOKU SEIKO CORPORATION's products	None
SEAT METAL PARTS CHINA CO.,LTD (Notes 2,3)	Zhejiang, China	CNY thousand 45,000	Auto parts	90.0 (90.0)	None	None	Sales of the Company's products	None
TB LOGISTICS CORPORATION	Toyota-shi, Aichi	JPY million 50	Transportation business	100.0	Yes	None	Transportation services for the Company's products	Yes
TOYOTA BOSHOKU AMERICA, INC. (Notes 3, 4)	Kentucky, U.S.A.	USD thousand 539,742	Auto parts	100.0	Yes	None	Contracting of design work	None
TBDN TENNESSEE COMPANY, LLC (Notes 2, 3)	Tennessee, U.S.A.	USD thousand 22,000	Auto parts	80.0 (80.0)	None	None	Sales of the Company's products	None
TOYOTA BOSHOKU TENNESSEE, LLC (Notes 2, 3)	Tennessee, U.S.A.	USD thousand 50,000	Auto parts	100.0 (100.0)	None	None	Sales of the Company's products	None
TOYOTA BOSHOKU KENTUCKY, LLC (Notes 2, 3)	Kentucky, U.S.A.	USD thousand 29,989	Auto parts	100.0 (100.0)	None	None	Sales of the Company's products	None
TOYOTA BOSHOKU ARGENTINA S.R.L. (Notes 2, 3)	Buenos Aires, Argentina	ARS thousand 519,149	Auto parts	95.0 (95.0)	None	None	Sales of the Company's products	None
TOYOTA BOSHOKU CANADA, INC. (Notes 2, 3)	Ontario, Canada	USD thousand 29,000	Auto parts	100.0 (100.0)	None	None	Sales of the Company's products	None

Company name	Location	Share capital	Principal business	Percentage of voting rights of the Company (%)	Relationship			
					Con-current service by officers, etc.	Loan of funds	Business transactions	Lease of facilities
TOYOTA BOSHOKU MISSISSIPPI, LLC (Notes 2, 3)	Mississippi, U.S.A.	USD thousand 49,000	Auto parts	100.0 (100.0)	None	None	Sales of the Company's products	None
TOYOTA BOSHOKU DO BRASIL LTDA. (Notes 2, 3)	Sao Paulo, Brazil	BRL thousand 245,318	Auto parts	100.0 (0.1)	None	None	Sales of the Company's products	None
TOYOTA BOSHOKU INDIANA, LLC (Notes 2, 3)	Indiana, U.S.A.	USD thousand 115,000	Auto parts	100.0 (100.0)	None	None	Sales of the Company's products	None
TOYOTA BOSHOKU ILLINOIS, LLC (Notes 2, 3)	Illinois, U.S.A.	USD thousand 57,400	Auto parts	100.0 (100.0)	None	None	Sales of the Company's products	None
TOYOTA BOSHOKU WESTERN KENTUCKY, LLC.(Notes 2, 3)	Kentucky, U.S.A.	USD thousand 134,800	Auto parts	100.0 (100.0)	None	None	None	None
TOYOTA BOSHOKU (CHINA) CO., LTD. (Note 3)	Shanghai, China	USD thousand 133,498	Auto parts	100.0	Yes	None	Contracting of design work	None
CHENGDU TOYOTA BOSHOKU AUTOMOTIVE PARTS CO., LTD. (Notes 2, 3)	Chengdu, Sichuan Province, China	USD thousand 15,560	Auto parts	53.0 (53.0)	None	None	Sales of the Company's products	None
NINGBO TOYOTA BOSHOKU AUTOMOTIVE PARTS CO., LTD. (Notes 2, 3)	Ningbo, Zhejiang Province, China	USD thousand 8,200	Auto parts	80.0 (40.0)	Yes	None	Purchase of NINGBO TOYOTA BOSHOKU AUTOMOTIVE PARTS CO., LTD.'s products	None
TIANJIN INTEX AUTO PARTS CO., LTD. (Notes 2, 3)	Tianjin, China	USD thousand 24,500	Auto parts	75.0 (75.0)	Yes	None	Sales of the Company's products	None
TIANJIN TOYOTA BOSHOKU AUTOMOTIVE PARTS CO., LTD. (Note 3)	Tianjin, China	USD thousand 11,800	Auto parts	80.0	Yes	None	Sales of the Company's products	None
GUANGZHOU INTEX AUTO PARTS CO., LTD. (Notes 2, 3)	Guangzhou, Guangdong Province, China	USD thousand 22,500	Auto parts	75.0 (75.0)	Yes	None	Sales of the Company's products	None
TOYOTA BOSHOKU (GUANGZHOU) AUTOMOTIVE PARTS CO., LTD. (Notes 2, 3)	Guangzhou, Guangdong Province, China	USD thousand 20,000	Auto parts	100.0 (100.0)	Yes	None	Sales of the Company's products	None

Company name	Location	Share capital	Principal business	Percentage of voting rights of the Company (%)	Relationship			
					Con-current service by officers, etc.	Loan of funds	Business transactions	Lease of facilities
TOYOTA BOSHOKU FOSHAN CO., LTD. (Note 3)	Foshan, Guangdong Province, China	USD thousand 9,600	Auto parts	80.0	Yes	None	Sales of the Company's products Purchase of TOYOTA BOSHOKU FOSHAN CO., LTD.'s products	None
TOYOTA BOSHOKU (TIANJIN) AUTOMOTIVE PARTS CO., LTD. (Notes 2, 3)	Tianjin, China	USD thousand 16,500	Auto parts	100.0 (100.0)	Yes	None	Sales of the Company's products	None
SHENYANG TOYOTA BOSHOKU AUTOMOTIVE PARTS CO., LTD. (Notes 2, 3)	Shenyang, Liaoning Province, China	CNY thousand 510,000	Auto parts	100.0 (100.0)	Yes	None	Sales of the Company's products	None
TOYOTA BOSHOKU ASIA CO., LTD. (Note 3)	Bangkok, Thailand	THB thousand 728,080	Auto parts	100.0	None	None	Contracting of design work	None
SHIN SAN SHING CO., LTD. (Notes 2, 3)	Hsinchu, Taiwan	TWD thousand 330,000	Auto parts	47.0 [3.8]	None	None	Sales of the Company's products	None
PT. TOYOTA BOSHOKU INDONESIA (Note 3)	Jawa Barat, Indonesia	USD thousand 13,750	Auto parts	81.8	None	None	Sales of the Company's products Purchase of PT. TOYOTA BOSHOKU INDONESIA's products	None
TOYOTA BOSHOKU PHILIPPINES CORPORATION (Note 3)	Laguna, the Philippines	PHP thousand 377,000	Auto parts	95.0	None	None	Sales of the Company's products	None
TOYOTA BOSHOKU GATEWAY (THAILAND) CO., LTD. (Notes 2, 3)	Chachoeng-sao, Thailand	THB thousand 250,000	Auto parts	80.0 (30.0)	None	None	Sales of the Company's products	None
TOYOTA BOSHOKU AUTOMOTIVE INDIA PRIVATE LIMITED (Notes 2, 3)	Karnataka, India	INR thousand 795,285	Auto parts	95.0 (25.0)	None	None	Sales of the Company's products	None
TOYOTA BOSHOKU FILTRATION SYSTEM (THAILAND) CO., LTD. (Notes 2, 3)	Rayong, Thailand	THB thousand 300,000	Auto parts	80.0 (80.0)	None	None	Sales of the Company's products	None

Company name	Location	Share capital	Principal business	Percentage of voting rights of the Company (%)	Relationship			
					Con-current service by officers, etc.	Loan of funds	Business transactions	Lease of facilities
TOYOTA BOSHOKU SIAM METAL CO., LTD. (Notes 2, 3)	Chonburi, Thailand	THB thousand 350,000	Auto parts	87.1 (87.1)	None	None	Sales of the Company's products	None
TOYOTA BOSHOKU HAIPHONG CO., LTD. (Note 3)	Haiphong, Vietnam	USD thousand 9,100	Auto parts	100.0	None	None	Sales of the Company's products	None
PT. TOYOTA BOSHOKU DEVICE INDONESIA (Notes 2,3)	Jawa Barat, Indonesia	USD thousand 29,900	Auto parts	80.0 (80.0)	None	None	None	None
BOSHOKU AUTOMOTIVE (THAILAND) CO., LTD. (Notes 2, 3)	Rayong, Thailand	THB thousand 331,000	Auto parts	90.0 (90.0)	None	None	None	None
TOYOTA BOSHOKU DEVICE INDIA PRIVATE LIMITED (Note 2)	Haryana India	INR thousand 293	Auto parts	100.0 (100.0)	None	None	None	None
TOYOTA BOSHOKU EUROPE N.V. (Note 3)	Zaventem, Belgium	EUR thousand 436,134	Auto parts	100.0	None	None	Contracting of design work	None
TOYOTA BOSHOKU TURKIYE OTOMOTIV SANAYI VE TICARET A.S. (Notes 2, 3)	Adapazari, Turkey	TRY thousand 25,696	Auto parts	90.0 (90.0)	None	None	Sales of the Company's products	None
TOYOTA BOSHOKU SOUTH AFRICA (PTY) LTD. (Notes 2, 3)	Kwazulu-Natal, South Africa	ZAR thousand 225,750	Auto parts	85.0 (85.0)	None	None	Sales of the Company's products	None
TOYOTA BOSHOKU SOMAIN S.A.S. (Notes 2)	Zone Industrielle de la Renaissance, France	EUR thousand 2,698	Auto parts	100.0 (100.0)	None	None	Sales of the Company's products	None
TOYOTA BOSHOKU POLAND SP. Z O.O. (Notes 2, 3)	Lower Silesian Voivodeship, Poland	PLN thousand 56,263	Auto parts	100.0 (100.0)	None	None	Sales of the Company's products	None
25 other companies								



Company name	Location	Share capital	Principal business	Percentage of voting rights of the Company (%)	Relationship			
					Con-current service by officers, etc.	Loan of funds	Business transactions	Lease of facilities
(Associates accounted for using equity method) TOKAI CHEMICAL INDUSTRIES, LTD.	Mitake-cho, Kani-gun, Gifu	JPY million 100	Auto parts	20.0	None	None	Purchase of TOKAI CHEMICAL INDUSTRIES, LTD.'s products	None
AUNDE Boshoku Co., LTD.	Aisho-cho, Echi-gun, Shiga	JPY million 490	Auto parts	20.0	None	Yes	Purchase of AUNDE Boshoku Co., LTD.'s products	Yes
TOYOTA BOSHOKU AKI USA, LLC (Note 2)	Alabama, U.S.A.	USD thousand 60,000	Auto parts	50.0 (50.0)	Yes	None	None	None
QINGDAO INJELIC MOULD CO., LTD. (Note 2)	Shandong Province Qingdao China	CNY thousand 87,500	Auto parts	20.0 (20.0)	Yes	None	None	None
16 other companies								

- (Notes)
1. The name of business division is shown in the “Principal business” field.
  2. In the “Percentage of voting rights of the Company” field, the figures shown in parentheses, included in the figures directly above, represent the indirect ownership ratio, and the figures shown in square brackets, not included in the figures directly above, represent the ownership ratio of close persons, etc.
  3. Companies indicated are specified subsidiaries.
  4. Revenue of TOYOTA BOSHOKU AMERICA, INC. accounts for more than 10% of consolidated revenue (excluding inter-segment revenue between consolidated companies).
- Key Financial Data
- |     |                          |                     |
|-----|--------------------------|---------------------|
| (1) | Revenue                  | 456,550 million yen |
| (2) | Loss before income taxes | 726 million yen     |
| (3) | Loss for the period      | 1,601 million yen   |
| (4) | Total equity             | 56,197 million yen  |
| (5) | Total assets             | 303,642 million yen |
5. As Toyota Motor Corporation is treated as an “other affiliated company” and its information is stated under “Related party transactions,” its information is not stated here. In addition, Toyota Motor Corporation files an annual securities report.

## Employees

### (1) Consolidated group companies

As of March 31, 2025

Segment name	Number of employees	
Japan	14,192	[1,692]
North, Central and South America	12,900	[607]
China	6,426	[1,208]
Asia	7,130	[3,798]
Europe and Africa	4,356	[552]
Total	45,004	[7,857]

- (Notes) 1. The number of employees represents the number of the actual workforce (i.e., excludes staff seconded to non-Group companies from Group companies and includes staff seconded to Group companies from non-Group companies) and denotes full-time employees. The number of temporary employees is expressed as the average annual number of such employees and stated in square brackets, and it is not included in the figure on the left.
2. Temporary employees include fixed-term contract employees, part-timers and employees under non-regular contract, but exclude temporary staff (staff employed by the staffing agency).

## Management policy, management environment and issues to be addressed

This section contains forward-looking statements, which are based on the group's judgments as of the end of the current fiscal year.

### (1) Management policy

The Group sets the following management policies as "Basic Principles".

- |                      |  |
|----------------------|--|
| 1. Society           | The Company will promote corporate growth while fulfilling the following responsibilities as a good corporate citizen: <ul style="list-style-type: none"><li>1) Maintain ethical values, ensuring that our corporate activities are fair and transparent;</li><li>2) Supply safe products that do not harm the environment; Promote corporate activities that help protect the global environment;</li><li>3) Create a better society as a member of our local communities</li></ul> |
| 2. Customers         | The Company will develop innovative technologies and products to deliver quality that satisfies our customers.   |
| 3. Shareholders      | The Company will promote innovative management policies that ensure future corporate growth and the trust of our shareholders.   |
| 4. Employees         | The Company will build and maintain positive labor-management relations, respect the individuality of its employees and create safe and comfortable workplaces.  |
| 5. Business partners | The Company will promote open and mutually beneficial relationships with its business partners in pursuit of long-term growth and prosperity.  |

### (2) Management environment and issues to be addressed

In order to continue our sustainable growth, we will promote the following initiatives.

- (i) We will work to improve our planning and proposal capabilities, and R&D capabilities in order to become an Interior Space Creator:
  - 1) Plan and materialize key projects and make proposals to customers in order to realize comprehensive mobility spaces that exceeds customer expectations;
  - 2) Define the scope of in-house capabilities for each product domain;
  - 3) Achieve overwhelming competitiveness by developing optimal and advanced products to secure project orders;
  - 4) Strengthen technological development capabilities by improving development efficiency and establishing a new framework for cost planning
- (ii) We aim to secure MONOZUKURI competitiveness that wins us customer trust and patronage throughout our supply chain:
  - 1) Undertake fundamental reforms to build a revenue structure that is resilient to fluctuations in customer production levels;
  - 2) Promote automation of production processes with a strong focus on profitability;
  - 3) Establish traceability mechanisms as part of rebuilding a global quality management system
- (iii) In order to win the patronage of various customers around the world, we aim to enhance our sales capacity:
  - 1) Clarify target projects for achieving the 2030 revenue target;
  - 2) Enhance our proposal capabilities to gain customer patronage;
  - 3) Secure firm orders for targeted projects;
  - 4) Strengthen the sales foundation by establishing a new sales structure for prospective customers

- (iv) We will work to strengthen management foundation that supports the implementation of i) through iii) above across the board:
- 1) Secure the human resources necessary for business strategy and create a work environment where each individual can stay highly motivated and perform efficiently;
  - 2) Promote operational efficiency through the use of AI;
  - 3) Promote the adoption and utilization of the Management Tree<sup>1</sup> to enhance corporate value through company-wide participation;
  - 4) Implement environmental management based on the environmental action plan (global warming prevention, resource circulation, and co-existence with nature);
  - 5) Establish processes for fair transactions and strengthen the supply chain through enhanced MONOZUKURI capabilities;
  - 6) Establish mechanisms to create competitive advantage and generate new businesses by promoting company-wide innovation

We aim to become a company that continues to be needed by society by realizing comfortable mobility spaces as an Interior Space Creator, contributing to the resolution of social issues while expanding our product range and customer base, and simultaneously enhancing both economic and social value through CSV management<sup>2</sup>.

1 Management Tree: A tool that systematically visualizes how employees' daily tasks contribute to enhancing corporate value.

2 CSV (Creating Shared Value) management: A management approach that addresses social issues through core business activities, aiming to achieve both economic and social value.

## **Approach to Sustainability and our initiatives**

The group's sustainability approaches and initiatives are as follows.

This section contains forward-looking statements, which are based on the group's judgments as of the end of the current fiscal year.

### **(1) Sustainability**

#### **[Strategy]**

Based on the Principles of Toyoda, which bring together the ideas of our founder Sakichi Toyoda, the Toyota Boshoku group has established its Corporate Philosophy and is steadily implementing this in our business activities in order to continue to earn the trust of all stakeholders.

We are striving to enhance our economic value through the pursuit of sustainable growth and to return the results to our stakeholders. We are also striving to enhance our corporate value over the medium and long term by investing in sustainable growth, thereby meeting the expectations of our stakeholders and contributing to the development of the international and local communities.

We are already actively involved in CSR activities and have contributed to the achievement of the SDGs. In line with changes in society, since March 2019 we have been accelerating the shift from CSR to CSV management. In July 2020, we defined as our materiality the identification of important issues to be addressed through our group's operations from among a variety of social issues and the approach we adopt to resolve them.

Furthermore, in order to clarify the concept of CSV management, we reviewed the concept of CSR and, formulated the Toyota Boshoku Group Sustainability Policy with the approval of the Board of Directors in November 2021.

We have also formulated and shared the TB Way and the Toyota Boshoku Group Code of Conduct as common values and patterns of behavior on a global scale in order to put our Corporate Philosophy into practice.

## Toyota Boshoku Group Sustainability Policy

The Toyota Boshoku group's Sustainability Policy is composed of the "Management Concept," "Materiality," and "The management structure we aim to become."

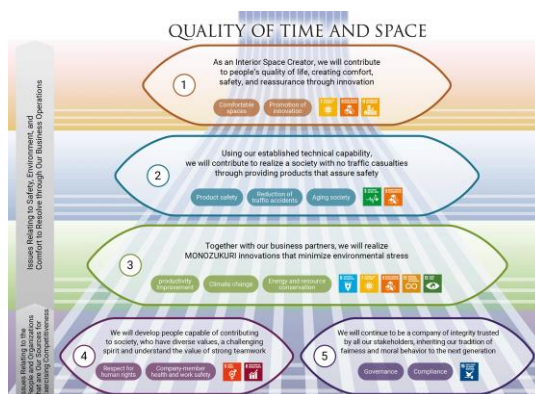
### 1. Management Concept

The Toyota Boshoku Group has established Materiality based on the Principles of Toyoda\* and contributes to society through its core business activities.

\*Toyota Boshoku's company belief, which stipulates the founding spirit of Sakichi Toyoda, "for the world and for people," as our daily motto

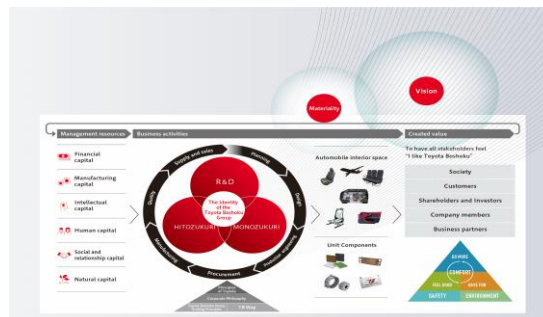
### 2. Materiality

As an Interior Space Creator, we will create comfort, safety, and reassurance and contribute to people's quality of life and a society with no traffic casualties. We will also take on the challenge of using renewable energy and realizing carbon neutrality in the circular economy.



### 3. The management structure we aim to become

We will contribute to social value as a good corporate citizen and improve economic value through efforts to strengthen our competitiveness and management foundation. Through these, we will strive to increase the corporate value by meeting expectations of our stakeholders and pursuing sustainable growth.



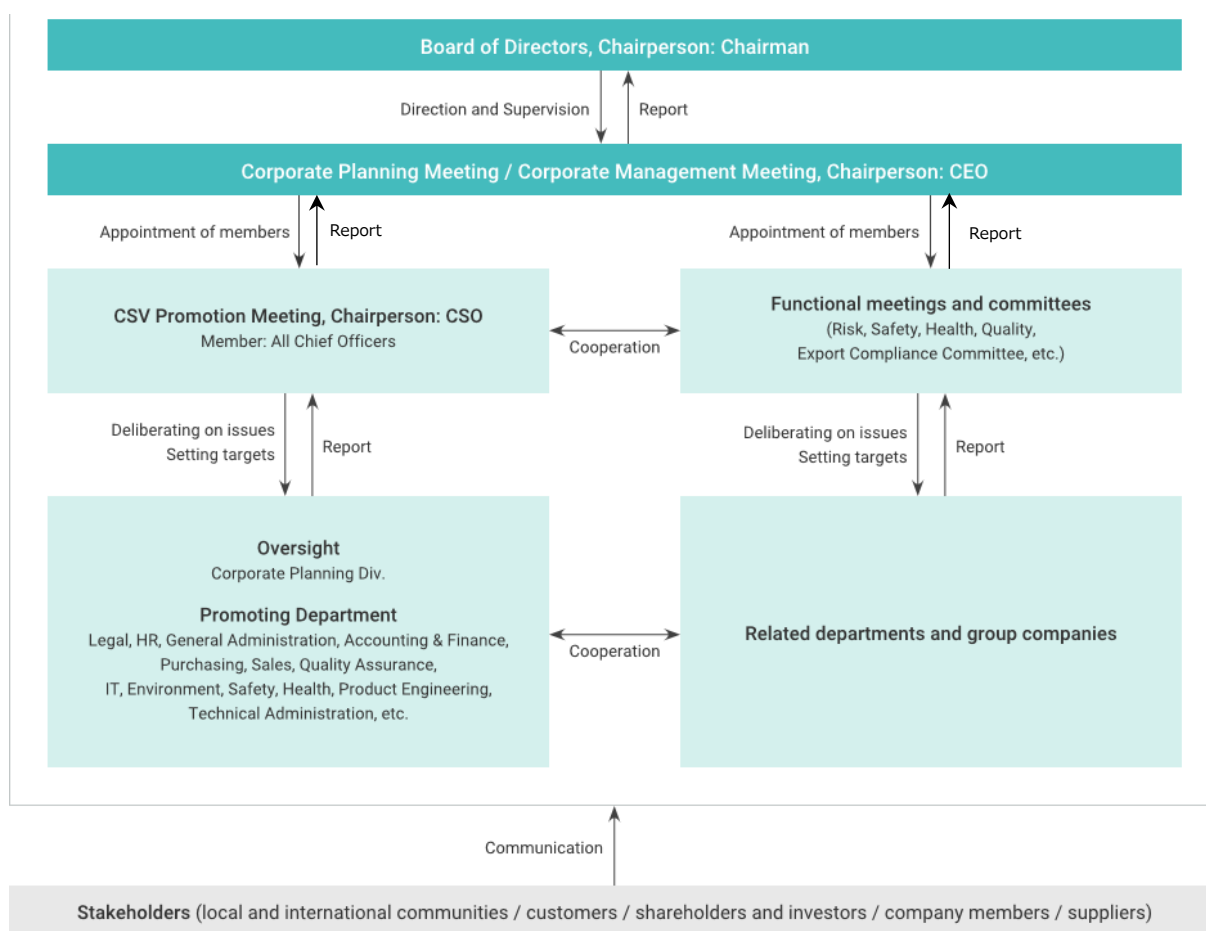
## [Governance]

The CSV Promotion Meeting (chaired by the Chief Strategy Officer (CSO)) reports and deliberates on issues and the direction to take in order to enhance corporate value, establishes goals and monitors progress in implementing them.

All chief officers responsible for ESG KPIs, which are organized from an ESG perspective and measure progress on materiality, attend the CSV Promotion Meeting to monitor ESG KPIs. Through these activities, we accurately assess the degree to which materiality has been achieved, and we implement the PDCA cycle, as necessary, to get back on track. In addition, the details reported and deliberated on at the CSV Promotion Meeting are reported to the Board of Directors.

Cooperating with each function and related divisions, we promote initiatives to contribute to social value of the Toyota Boshoku group as a whole through daily activities.

### Structural Chart

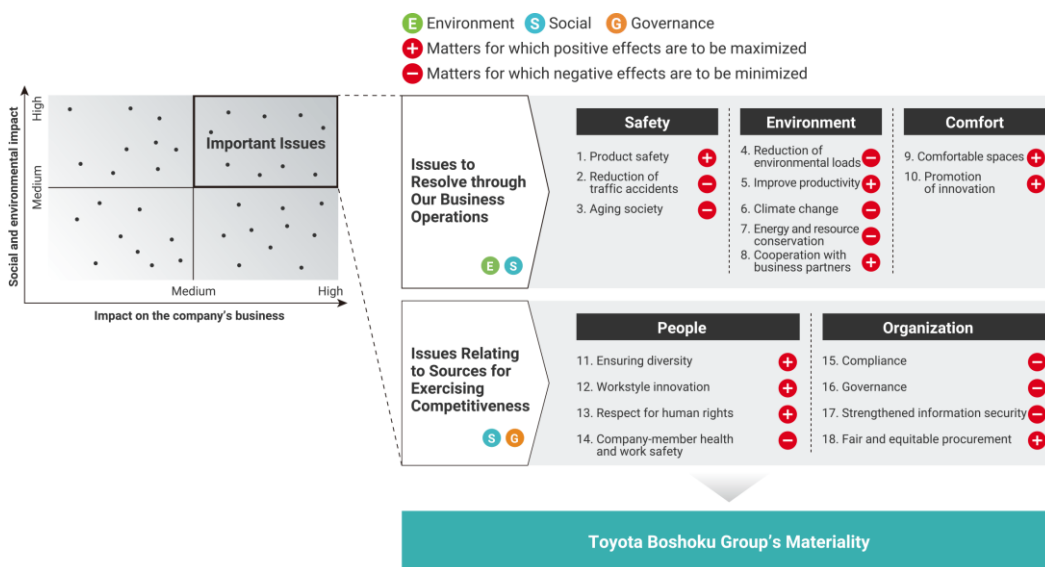


## [Risk management]

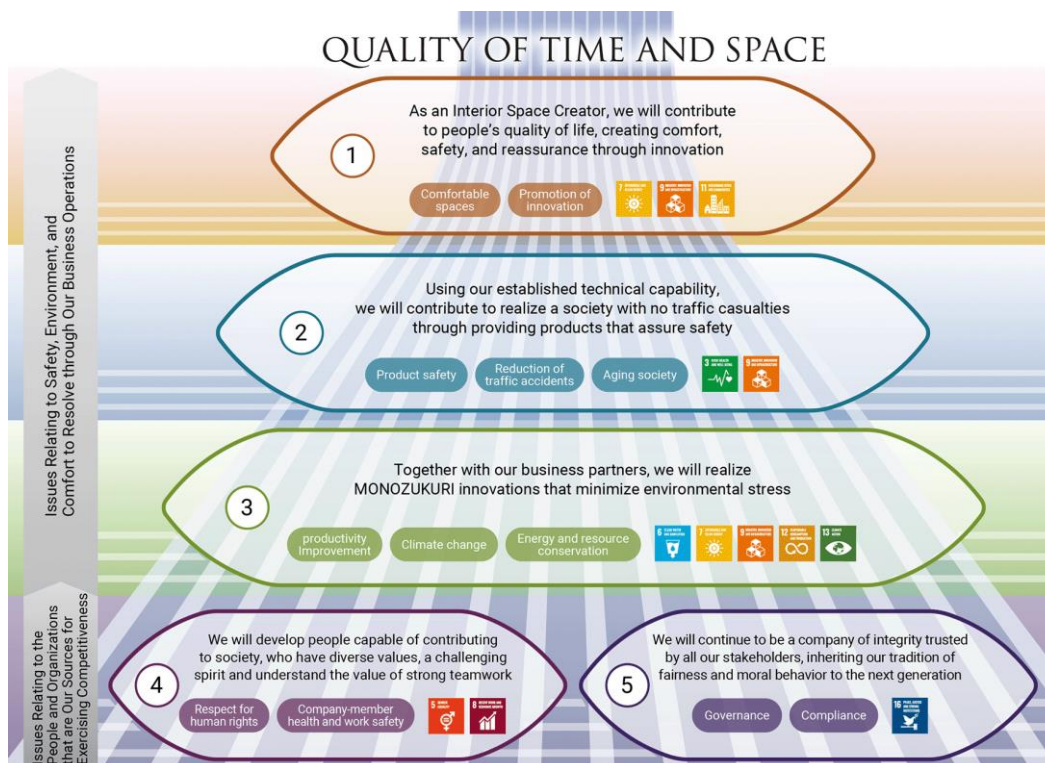
From April 2019 to July 2020, we made a company-wide effort to identify important issues and formulated our materiality.

The important issues identified were classified into those that “Matters for which positive effects are to be maximized,” which enrich people and their lives, and those that “Matters for which negative effects are to be minimized,” 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.

### Plotting of social issues and extraction of important issues



### The materiality of the Toyota Boshoku group





[Indicators and targets]

In December 2021, we established ESG KPIs, non-financial KPIs to measure social value. In October 2023, we reviewed these ESG KPIs in conjunction with the formulation of our 2030 Mid-term Business Plan.

By advancing initiatives to realize our materiality while measuring progress using the ESG KPIs, we aim to enhance corporate value and meet the expectations of our stakeholders.

The ESG KPIs are monitored by the CSV Promotion Meeting, chaired by the Chief Strategy Officer (CSO).

Approach to formulation of ESG KPIs

1. Organize from an ESG standpoint
2. In line with the Toyota Boshoku Group Sustainability Policy
3. Progress toward materiality can be measured
4. In line with the Corporate Governance Code
5. Responds to the demands of society

No. (*)	Materiality	KPI evaluation items	FY2025 target (Year ended March 31, 2025)	FY2025 results (Year ended March 31, 2025)	Target	
					FY2026 (Year ended March 31, 2026)	FY2031 (Year ended March 31, 2031)
1	(iii)	Plant GHG emissions reduction ratio (compared to FY2020)	Reduction of 20%	Reduction of 40%	Reduction of 25%	Reduction of 50%
2	(iii)	SCOPE3 Emission reduction rate (Total Amount)(compared to FY2020)	Reduction of 15%	Under calculation	Reduction of 18%	Reduction of 30%
3	(iii)	Renewable energy introduction ratio	33%	39%	35%	50%
4	(iii)	Plant Waste emissions reduction ratio (compared to FY2012)	Reduction of 13%	Reduction of 19%	Reduction of 14%	Reduction of 20%
5	(iii)	Reduction ratio of water use (compared to FY2014)	Reduction of 5.5%	Reduction of 42%	Reduction of 6%	Reduction of 8%
6	(i) (iii)	Percentage of recycled materials applied to products	Development of recycled resins	Development of recycled resins	Development of recycled resins Completed	≥25%
7	(iii)	Symbiosis with nature (number of trees planted)	Cumulative 610K	Cumulative 760K	Cumulative 640k	Cumulative 770k
8	(iii) (iv)	The number of implementations of automation items that are 'people-friendly' 1) Implementation rate of the mass production 2) Achieve rate for Reduction of Process Costs	1)100% 2)100%	1)71% 2)56%	1)100% 2)100%	1)100% 2)100%
9	(v)	Conduct Suppliers Satisfaction surveys	Deployment rate 100%	Deployment rate 100%	Deployment rate 100%	Deployment rate 100%
10	(v)	Number of participants in social contribution activities (annual)	Total 3,000	Total 3,085	Total 3,100	Total 3,500
11	(iv)	Ratio of female managers	3.5%	3.0%	4.0%	>5.0%
12	(iv)	Male childcare leave acquisition rate	80% (candidate100%)	69% (candidate99%)	90% (candidate100%)	90% (candidate100%)
13	(iv)	Number of non-Japanese nationality employees	120	153	135	180

No. (*)	Materiality	KPI evaluation items	FY2025 target (Year ended March 31, 2025)	FY2025 results (Year ended March 31, 2025)	Target	
					FY2026 (Year ended March 31, 2026)	FY2031 (Year ended March 31, 2031)
14	(i)	Rate of new product development leading to Interior Space Creator (ISC)	—	15%	15%	30%
15	(i) (ii)	Number of patent applications	305/year	371/year	320/year	500/year
16	(i) (ii)	Number of external presentations and papers	82/year	93/year	90/year	120/year
17	(iv)	Rate of exercise routine (over 40 years old)	23%	21%	24%	30%
18	(iv)	Rate of taking detailed examination after regular health checkup	100%	99%	100%	100%
19	(iv)	Number of serious accidents involving company members	0	0	0	0
20	(iii) (v)	Number of serious accidents involving outside contractors and visitors	0	0	0	0
21	(v)	Sustainable tax payments to local or national authorities	tax payment in all countries	tax payment in all countries	tax payment in all countries	tax payment in all countries
22	(v)	Degree of implementation of the Toyota Boshoku Group Guiding Principles	90%	89%	90%	90%
23	(iii) (v)	Number of environmental abnormalities and complaints	0	0	0	0
24	(v)	Number of serious cyber security incidents	0	0	0	0

(\*) Of the above KPI results and targets, No. 1, 2, 4, 5, 6, 7, 19, 20, 21, 22, 23, and 24 apply to the global Toyota Boshoku group and No. 3, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, and 18 apply to the non-consolidated Toyota Boshoku Corporation.

## (2) Human Capital

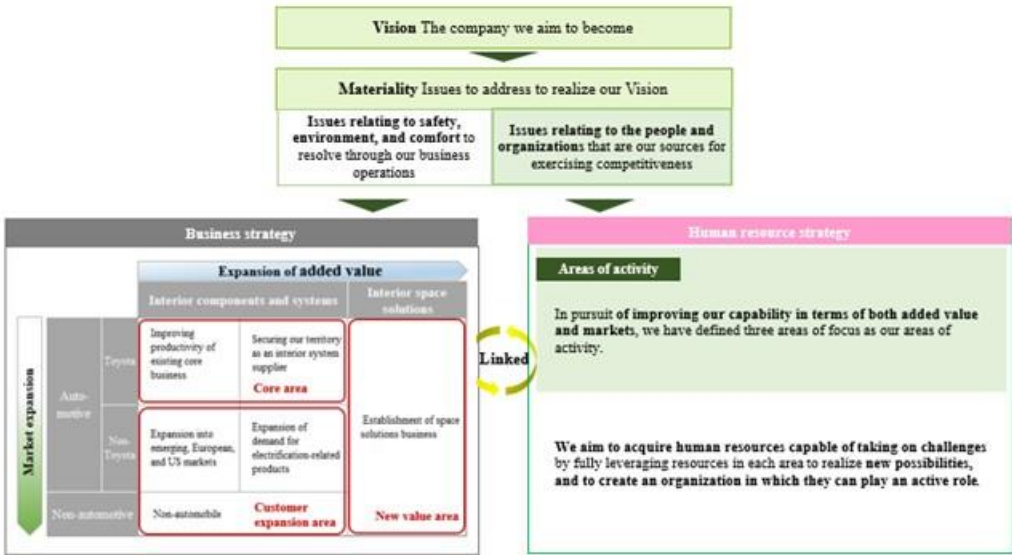
### 1. Human Capital management initiatives

The 2030 target of the Toyota Boshoku group is to “become a company, as an Interior Space Creator, which realizes comfortable mobility spaces and contributes to solving social issues while expanding our product range and customer base.” Moving forward, in response to changes in the automotive market, as well as the diversification of customer needs, besides honing our MONOZUKURI competitiveness, we will need to enhance the value we provide to customers and grow into an Interior Space Creator that can plan and propose the entire automobile interior space.

To achieve this, we need to create an environment in which people with diverse identities are attracted to the Toyota Boshoku group and come together, freely sharing their opinions and respecting each other, so that new values and ideas can continue to be born.

To this end, we need to formulate human resource strategies that are consistent with our business strategy. In 2023, we established seven key human resource strategies as a framework for human capital management, and set KPIs to monitor the progress of each. Since 2024, we have implemented these strategies and used KPI-based evaluations to drive the PDCA cycle, thereby systematically developing the human resources needed to achieve our 2030 vision.

By establishing and leveling up a cycle of human capital management to achieve our target, we hope to realize the well-being of our company members, their families, and our customers.



### Overview of human resource strategy



## 2. Human resource strategy to implement

Human resource strategy to implement	Priority initiatives
① Clarification of required human resources	(1) Formulation of a human resources portfolio (2) Promote localization of overseas entities and resource shift to new areas (3) Promote globalization of Japan head office
② Securing of talented human resources	(1) Expansion of new graduate recruitment for administrative and engineering positions (Internships, Host recruitment events, Improve retention of new company members) (2) Expansion of mid-career recruitment for administrative and engineering positions (Proactive recruitment of foreign nationals and persons with disabilities, Referral recruitment Alumni recruitment)
③ Support for growth	(1) Promote development of human resources (Next 100 Selection, Implementation of global executive training programs, Developing executives and future managers, Implementation of 360-degree feedback) (2) Developing people capable of contributing to society (use of TB Share Pro) (3) Support of career autonomy (Implementation of Re:act, We:ave, Promotion of in-house, application system, Trial introduction of an in-house side-job system) (4) Strengthening and developing skills (Establishment of DX Lab, Implementation of short-term training outside of Japan (Toyota Boshoku technical Skills Academy))
④ Penetration of Diversity & Inclusion	(1) Promote diversity and inclusion activities (promotion of Employee Network Resource Group activities, Staging of a D&I Week event, Implementation of D&I education for managers) (2) Enhancing measures to support work-life balance (Enhancement of the short-time working system, F care Leave and Life Support Leave, Encouraging men to take child care leave) (3) Promoting active roles for diverse human resources (Career support for women, Drawing on the expertise of seniors)
⑤ Pursuit of ease of working	(1) Promoting well-being (2) Fostering an open workplace culture (Workplace meeting with the CEO, Holding workplace conversations, Implementation of Omoiyari Communications training) (3) Promoting flexible work styles (Revision of teleworking guidelines, Introduction of extended remote work)
⑥ Promotion of health & safety	(1) Promotion of health management (Initiative to reduce the smoking rate, Implementation of , TB Food Education Project, Collaboration with Health Activities Promotion Leaders) (2) Safe HITOZUKURI and promoting a safe workplace environment (Implementation of fire and safety inspections by production managers, Implementation of fire safety and fire prevention cross-check, Establishment of Safety, Health, Environment fruitful Think and Act Center)
⑦ Adherence to compliance and ethics	(1) Create an ethical workplace with an emphasis on compliance (Strengthen harassment prevention activities, Ensure proper time management) (2) Risk and information management (Promotion of risk management activities, Strengthening of confidentiality management and information security)

\* For further details on our human capital initiatives and KPIs, please refer to the Human Capital Report.  
[https://www.toyota-boshoku.com/assets/dl/company/library/human\\_capital\\_2024\\_en.pdf](https://www.toyota-boshoku.com/assets/dl/company/library/human_capital_2024_en.pdf)

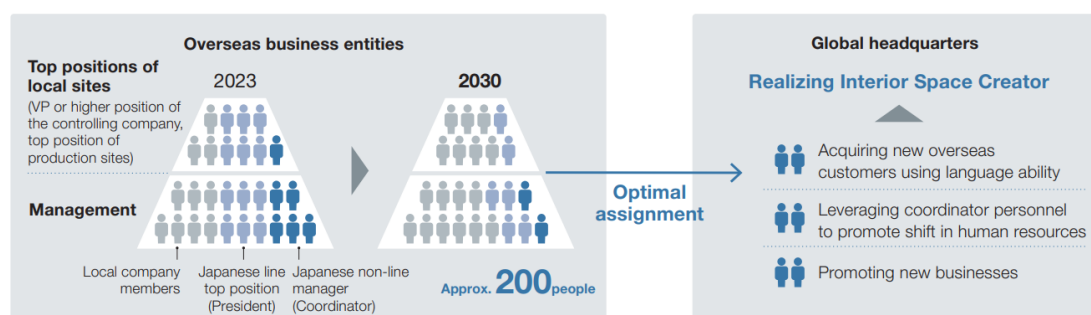
### 1) Clarification of required human resources

We aim to secure the required human resources in the three areas of activity in a timely and efficient manner by establishing systems for recruiting and developing human resources based on the human resource portfolio, and for monitoring human resource activities. We surveyed the specialized skills of all company members, to understand the current number of skilled personnel and to identify the number of people required for each of the specialized skills needed by 2030. As a result, we discovered a potential future lack of human resources with certain skills, for example, persons with DX-related skills. We are proposing and promoting initiatives aimed at securing such personnel. Moving forward, we intend to visualize our personnel composition through aptitude tests, etc., providing feedback to each organization, after which each organization will formulate

action plans and link these to human resource development to achieve the required numbers for each skill and each human resource.

Area	Definition	Required human resources
Core area	An area in which we create high-quality products and leverage our advanced technological capabilities to expand the types and functions of our products	<ul style="list-style-type: none"> <li>● Human resources capable of strengthening the fields of electronic control and information technology</li> <li>● Human resources who can fundamentally reform the way business is conducted by utilizing DX</li> <li>● Maintenance personnel with expertise in both hardware and software</li> <li>● Human resources with outstanding sewing skills</li> </ul>
Customer expansion area	An area in which we increase product sales to growth markets and build efficient supply chains to promote expansion worldwide, including non-automotive fields (expansion to other brand, geographic regions and sectors)	<ul style="list-style-type: none"> <li>● Local executive human resources on a global basis</li> <li>● Human resources with global planning and negotiation skills</li> <li>● Human resources from different industries, who can re-examine business strategy</li> <li>● Marketing personnel responsible for developing new markets and expanding our customer base</li> </ul>
New value area	An area in which we develop projects to address new types of mobility and future mobility spaces, make pioneering proposals for the CASE <sup>+</sup> and MaaS markets, and conduct R&D for new business creation	<ul style="list-style-type: none"> <li>● Human resources capable of creating new value through integration of advanced technologies and their insight into trends</li> <li>● Human resources who can design spaces based on specialized fields such as Kansei engineering and ergonomics</li> <li>● Human resources with the ability to think and act with an eye on the future</li> <li>● Human resources who can solve social issues and help to create an enriched society</li> </ul>

Furthermore, we promote the appointment of local personnel as the presidents of business sites in countries outside Japan and in senior positions at Regional Management & Collaboration Hubs so as to optimize a large number of Japanese coordinators (non-line managers) to overseas business entities to ensure smooth coordination with the head office in Japan, and enable them to flourish in new areas.



	Unit	2023	2024	2025	2031
Percentage of local company members in positions such as presidents of sites outside Japan	%	21.7	29.2	29.5	80.0

## 2) Securing of talented human resources

In order to become an Interior Space Creator and expand globally, we will realize our business strategy by clearly setting out the skills and experience needed for the three areas of activity, and by proactively bringing in talented people who match these requirements.

After joining the Company, each of our new company members receives on-the-job training from assigned senior personnel. Specifically, we support the growth of new company members through regular interviews and presentations. Additionally, we conduct monthly surveys to check their mental state and the appraisal of their supervisor, whereby we are able to provide appropriate support where needed. In addition, we engage in proactive recruitment of foreign nationals and persons with disabilities, with a view to enhancing our diversity. We offered internships and other opportunities in both categories, including a 2.5-month work experience program for foreign nationals and a one-day event for persons with disabilities. Through these programs that offer real workplace experience, we strive to deepen mutual understanding between potential recruits and our workplaces, ensuring that hiring decisions are made with the full agreement of both parties. We will continue to strengthen our recruitment efforts going forward.

	Unit	2023	2024	2025	2031
Number of foreign employees <sup>1</sup>	persons	67	97	151	180
Number of employees with disabilities	persons	165	166	168	-
Employment ratio of persons with disabilities	%	2.53	2.54	2.46	2.8

1. Number of full-time employees and ICT (Intra Company Transferee)

### 3) Support for growth

With a focus on nurturing human resources who can play an active role in each of the three areas of activity, we are developing executive and management-level personnel, while providing training and career opportunities beyond individuals' own areas of expertise, and developing digital human resources. We are enhancing systems that empower each employee to proactively shape their careers and encourage them to take on challenges, thereby promoting support for their growth. We have selected 100 talented company members, Next 100, who are expected to lead the future of the Toyota Boshoku Group, focusing on young employees, women, and foreign nationals. These individuals attend lectures of the global executive training program. At the same time, we hold discussions that go beyond group companies and departments regarding training and optimal placement of human resources through GSC and RSC<sup>2</sup>. Through these efforts, we are systematically developing future leaders.

Since fiscal 2024, we have launched "TB Share Pro activities"<sup>3</sup> with the aim of encouraging cross-border studies and promoting challenges that lead to business innovation. In fiscal 2025, eight participants were divided into three teams and collaborated with three companies with whom they did not have day-to-day dealings. Each team planned initiatives such as sales of individual-focused products and events, to help the companies realize their ideal states. Through these activities, participants gained new insights and felt a strong sense of personal growth, and they continue to proactively pursue their own development beyond the program. In addition, we have implemented the "Re:act" and "We:ave" programs aimed at expanding our business domains and creating new businesses. As part of these programs, we held a workshop to develop ideas. To encourage employees to take on challenges beyond their areas of expertise, we expanded the scope of our in-house application system to include younger employees, resulting in 30 internal transfers in fiscal 2025. We also began a trial run of an in-house side job system, limited to certain divisions, to broaden employees' career experiences through cross-divisional work. Through these initiatives, we are supporting the growth and career development of our employees.

2. GSC : Global Succession Committee    RSC : Regional Succession Committee

3. A practical human resource training program based on cross-border studies, where members tackle business promotion and management reform in local small- or medium-sized companies or other organizations for a limited period.

### 4) Penetration of Diversity and inclusion

In 2022, the Employee Network Resource Group (ENRG) was established to ascertain the real views of company members and convey them to management for problem solving. The Group consists of five subgroups: "women," "young people," "non-Japanese company members," "seniors," and "people with disabilities," each pursuing their specific activities, with a total of 100 members across all groups.

Starting in 2023, ENRG has been taking the lead in organizing "Diversity & Inclusion (D&I) Week" once a year. During the Week, a series of events was conducted to provide simulations of pregnancy and wheelchair use, sign language experience, introduction of multinational cuisine, stories from individuals who took childcare leave (male and female), introductions of senior and disabled groups, and a panel discussion on D&I with participants from leading companies.

For career support for female employees, priority trainees are registered and receive training at each workplace following the formulation of individual development plans. In order to promote the further development of female employees, we hold seminars for supervisors, female employees, and spouses in anticipation of returning to work after childcare leave, career seminars for female managers, and unconsciousness bias training.

	Unit	2023	2024	2025	2031
Number of women in management positions	persons	33	35	40	65
Ratio of women in management positions	%	2.7	2.7	3.0	5.0

We have also reviewed a range of systems to support company members, regardless of gender, facing various life events, such as childcare and nursing care, to balance their careers by giving them a variety of options.

In April 2024, we also established a new system called “Life Support Leave,” which can be used for family care, such as childcare, nursing care, or supporting a pregnant spouse, as well as for fertility treatment. As this leave can be taken by the hour, even members in skills-based workplaces where flextime is not available can adopt a flexible work style tailored to their family needs. Furthermore, taking into consideration the various circumstances of members, we have combined and re-named menstrual leave and morning sickness leave, which some members were uncomfortable to request due to the naming, as “F Care Leave.” The short-time working system for childcare can be combined with flexible working hours and teleworking. Additionally, this system offers expanded working hour options and is available until children reach the age of 18. We believe that creating an environment that allows employees to balance work and family life will lead to higher employee motivation and a review of work procedures, and we are promoting greater awareness and workplace understanding of men taking childcare leave. From 2023 onward, we have also initiated a financial support system to supplement the reduced income following the receipt of childcare leave benefits, providing financial assistance during childcare leave and encouraging employees to utilize this system.

	Unit	2023	2024	2025	2026
Number of men taking childcare leave	persons	70	145	146	-
Ratio of men taking childcare leave	%	28 (-)	67 (96)	69 (99)	90 (100)

#### 5) Pursuit of ease of working

In April 2024, we amalgamated the HR Strategy Division with related functions of the General Administration Division to create the specialized Well-Being Promotion Department. The Well-Being Promotion Department aims to pursue well-being through social contribution activities, promotion of corporate sport, and company events. It has prepared a medium-to long-term roadmap and is striving to ensure these activities are ongoing.

In order to quantitatively evaluate the extent to which company members feel vibrant and fulfilled, we have introduced the KPI on vibrant work environment as a company-wide metric, and we have been working to improve the system and environment in order to further enhance this since then.

In our approach to vibrant work style innovation, we are developing a flexible, efficient, and creative work environment. This includes expanding teleworking systems (introduction of long-term remote work in remote areas), promoting reduced working hours through a proposal system aimed at improving operational efficiency (with incentives), reviewing meeting bodies, and establishing no-meeting days. At the same time, to foster an open workplace culture where everyone can openly and freely express their ideas, we have implemented several initiative; workplace meeting with the CEO, holding workplace conversations, implementation of OC(Omoiyari Communications)training and Vibrant communication activity (with communication expenses covered by the Company). In fiscal 2025, we revamped our employee survey and introduced the Toyota Boshoku EX (Employee Experience) Survey, which enables analysis at the workplace level and benchmarking with other companies. We have positioned the favorable response rate for employee engagement as a key performance indicator (KPI). By effectively linking employee feedback to our HR strategies, initiatives, and workplace improvements, we are promoting the creation of a workplace environment where employees with diverse values and perspectives can collaborate and grow together, thereby enhancing employee engagement, defined as the willingness to voluntarily contribute to organizational and performance goals.

	Unit	2023	2024	2025	2031
Employee Engagement	%	-	-	51	60

#### 6) Promotion of health & safety

Founded on our Basic Safety and Health Policy, we promote health management and safety & health management to establish a corporate culture in which the priority is placed on safety and health at work. In health management, we regard enhancement of the health of our company members as a management task, and based on the Toyota Boshoku Health Declaration, we are promoting the creation of a company in which every company member can maximize his or her potential by working in good health and with vitality, both mentally and physically. We have established a promotion system in cooperation with related divisions, with

the CEO serving as the person with ultimate responsibility. Based on the strategic map we have created, we are implementing initiatives. In recognition of our activities in fiscal 2025, we were certified as an “Excellent Enterprise of Health and Productivity Management 2025 (White 500)” for the fourth consecutive year. In terms of health and safety, we are conducting activities globally in line with the Occupational Safety and Health Management System (OSHMS) to ensure that safe workplace environments are maintained across all sites, regardless of region or type of work. These efforts include safety and fire prevention inspections by production managers, as well as cross-checks for safety and fire prevention.

#### 7) Adherence to compliance and ethics

The Toyota Boshoku group states in its Corporate Philosophy that the company will promote corporate growth while fulfilling our responsibilities in harmony with society as a good corporate citizen. At the same time, the company clarifies its overall promotion system, scope of activities and goals for compliance on a global basis, and conducts activities under strong leadership from top management, while personnel in charge of legal affairs in each region share knowledge of issues as well as improve and strengthen compliance activities. As part of our efforts to create an ethical workplace with an emphasis on compliance, we have strengthened our initiatives to prevent harassment. In fiscal 2024, we conducted follow-up training for all line managers. In fiscal 2025, we developed new video training materials using animation, which are now being rolled out to all members. In addition, in order to respond promptly to risks related to management and risks arising from the external environment, we are actively working to strengthen risk management and reduce risks.

### (3) Response to the TCFD

Based on its Corporate Philosophy of “Promote corporate activities that help protect the global environment”, the Toyota Boshoku group makes collective efforts to contribute to preserving the global environment in order to realize a sustainable society.

We formulated the 2050 Environmental Vision in 2016 and identified our Materiality (important issue to be resolved through our business operations) of “Together with our business partners, we will realize MONOZUKURI innovations that minimize environmental stress” in 2020 in order to promote environmental initiatives. And we revised a part of the 2050 Environmental Vision in 2023 based on social trends.

In April 2020, we endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). By extensively analyzing the impact of climate change on our business and the risks and opportunities that result from it based on scenarios, we are reviewing the applicable costs and reflecting them in our management strategy. Based on the results of scenario analysis, we will continue to strengthen our response to risks and opportunities and work on further information disclosure.

#### [Governance]

Concrete measures related to climate change and other environmental issues are decided upon by the Board of Directors, and reported by such bodies as the Corporate Strategy Meeting, the Corporate Planning Meeting, and the Corporate Management Meeting.

Policies and plans to respond to environmental issues identified by the Board of Directors, the Corporate Strategy Meeting, and the Corporate Planning Meeting are shared at the Environmental Promotion Meeting, which is held three times annually, and is connected with implementation planning and progress management for environmental issues affecting the Toyota Boshoku group. Additionally, KPI are created based on implementation planning, and these are reported and subjected to management review at monthly Corporate Management Meetings.

Matters deliberated upon at the Environmental Promotion Meeting are reported to the Board of Directors, whose directions and supervision allow such matters to be incorporated into group strategy.



## [Strategy]

### Scenario analysis of climate-related risks and opportunities

#### (i) Scenario analysis results

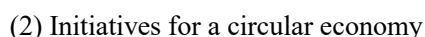
We have identified short-term, medium-term, and long-term risks and opportunities based on the 1.5 to 2°C scenario<sup>1</sup> developed by the International Energy Agency (IEA), in which the impact of transition risks surfaces, and the 4°C scenario<sup>2</sup> developed by the Intergovernmental Panel on Climate Change (IPCC), in which the impact of physical risks surfaces. The table below lists the risks and opportunities that are assessed as particularly high.

- 1 1.5°C scenario: NZE (IEA World Energy Outlook 2021); under 2°C scenario: SDS (IEA World Energy Outlook 2021)
- 2 4°C scenario: RCP 8.5 (IPCC 5th Assessment Report)

	Causes	Risks/Opportunities	Assessment	Actions	Response cost (FY2025)
Transition risks and opportunities (1.5 to 2° C)	Enhancement of climate change policies, including carbon pricing	• Increase in procurement costs by introducing carbon prices, etc.	Risk ➡	• Survey of suppliers (CO2 emissions, efforts to reduce CO2 emissions, etc.) Promotion of activities for setting CO2 emission reduction targets • Support for suppliers (Sharing of energy saving cases, joint development of new materials and new methods, joint purchase of renewable energy, etc.)	—
		• Increase in operating costs due to the direct impact of the introduction of carbon prices or its indirect impact on energy prices	Risk ➡	• Introduction of highly efficient equipment to promote further energy saving and promotion of the development of new methods • Promotion of the introduction of renewable energy • Optimization of logistics (Reduction of CO2 emissions associated with transportation through the promotion of local production for local consumption)	2.2 billion yen
		• Increase in cost due to investment in energy saving and renewable energy for decarbonization	Risk ➡	• Optimization of investment by introducing ICP (Internal Carbon Pricing)	
	Enhancement of efforts to promote vehicle electrification	• Expansion of business in new fields through collaboration between Toyota group companies	Opportunity ➡	• Expansion of new business domains and diversification of provided value	1.0 billion yen
		• Increase in demand for electrified products	Opportunity ➡	• Further planning and development of electrified products	2.7 billion yen
	Change in evaluation by customers and the consumer value standard (raised environmental awareness, etc.)	• Decrease in sales due to lower demand for products with insufficient low-carbon technology	Risk ➡	• Planning and development of products to further reduce carbon emissions • Planning and development of plant-derived products and lightweight products • Improvement of recyclability and promotion of simple disassembly design	1.7 billion yen
		• Increase in sales by developing low-carbon products • Expansion of demand for plant-derived products and lightweight products • Enhancement of competitiveness by developing technology to improve recyclability	Opportunity ➡		
Physical risks and opportunities (4° C)	Worsening of extreme weather, including heavy rain and subsequent flooding	• Decrease in sales due to the impact of supply chain disruption on production	Risk ➡	• Risk management using a system to manage the range of supplier impact • Selection of logistics routes that minimize the impact of disaster	—
		• Decrease in sales due to factory shutdown	Risk ➡	• Enhancement of the BCP system (Creation of manuals and establishment of an information collection/sharing system)	0.3 billion yen

## Challenge to Carbon Neutrality through a Circular Economy for Product Materials

(1) Measures to reduce GHG emissions from product materials



- [Risk management]**

Climate-related risks are deliberated upon at the Risk Management Promotion Meeting, with participation from both the Chairman and the President, and with the Chief Human Resources Officer(CHRO), head of the Human Resources & General Administration Segment acting as chairperson.

The Risk Management Promotion Meeting receives reports from various departments, and discusses climate change-influenced risks of all kinds, such as typhoons and flooding. Judgments are made concerning the relative severity of risks, with consideration made to the relationship between various risks. Finally, climate-related risks which affect the entire company are identified.

Identified risks are reported to the Board of Directors, under the management of the Chief Risk Officer (CRO).

### [Indicators and targets]

Medium- and long-term targets

- 2050 Environmental Vision
- Product life cycle GHG net zero
- Plant GHG net zero

#### GHG emissions

##### Targets

##### Scope 1, 2

- 2035 targets
- 100% reduction in GHG emissions versus FY2020
- 2030 targets
- 50% reduction in GHG emissions versus FY2020
- Environmental Action Plan for 2025
- 25% reduction in CO<sub>2</sub> emissions versus FY2020

##### Scope 3

- 2030 targets
- 30% reduction in GHG emissions versus FY2020

##### Results

Items	FY2025 Results (estimated) <sup>1</sup> (Year ended March 31, 2025)	FY2020 Results (Year ended March 31, 2020)	Reduction rate compared to FY2020
GHG (scope 1)	59,018 t-CO <sub>2</sub> e	76,444 t-CO <sub>2</sub> e	37% reduction
GHG (scope 2)	153,600 t-CO <sub>2</sub> e	260,470 t-CO <sub>2</sub> e	
GHG (scope 3)	Calculating <sup>2</sup>		

1. A third-party guarantee will be obtained from KPMG AZSA Sustainability Co., Ltd.

2. Calculations are ongoing due to changes in the calculation method for scope 3.

## Business and other risks

In relation to the matters described in the annual securities report concerning the overview of business or financial information, the management recognizes the following key risks that may have a material impact to the consolidated financial position, financial performance and cash flows of the Group. Forward-looking statements in this report represent the judgment of the Group as of the filing date of Japanese annual securities report (June 10, 2025).

### (1) Economic conditions

The Group's businesses encompass the production and sales of products and the provision of services worldwide. Demand for automobile-related products, which make up an important part of that, is vulnerable to the effects of the economic conditions of the countries or regions in which we provide our products and services. Accordingly, an economic recession or a shrinkage in demand for automobiles in the Group's major markets, including Japan, North, Central and South America, China, Asia, and Europe may have an adverse impact on the Group's financial performance and financial position.

Moreover, the Group's businesses may be indirectly affected by the economic conditions of regions in which competitors conduct their production. For example, if a competitor has employed a labor force in the place of production at lower personnel costs and provides the same type of products as the Group provides but at lower prices, then that may have an adverse impact on the sales of the Group. Furthermore, if there is a fall in the local currency of a region where components or raw materials are produced, the cost of production may drop not only for the Group but for other manufacturers as well. If such a trend arises, competition for exports and prices would intensify, which may have an adverse impact on the Group's financial performance and financial position.

### (2) Reliance on certain customers

The Group mainly sells various auto parts, notably auto interior parts to Toyota Motor Corporation ("TMC"). For the current fiscal year, the sales to TMC accounted for 23.0% of the Company's revenue. Therefore, the performance of TMC's vehicle sales may have an adverse impact on the Group's financial performance and financial position.

As of March 31, 2025, the ratio of the Company's voting rights held by TMC was 32.5%, which indicates the direct ownership ratio.

### (3) Potential risks associated with international activities and overseas operations

The production and sales activities of the Group are conducted in a wide range of markets, including Japan, North, Central and South America, China, Asia, and Europe. Therefore, the deployment of business operations in these regional markets involves various risks such as those listed below due to differences in the various circumstances of the countries.

- 1) Unforeseen changes to laws and regulations and disadvantageous changes to the tax system
- 2) Immaturities in public infrastructure that affect business activities
- 3) Occurrence of disadvantageous circumstances from political or economic causes
- 4) Risks associated with hiring or securing personnel and labor problems
- 5) Social turmoil caused by terrorism, war, infectious disease or other factors

### (4) Exchange rate fluctuations

The Group's businesses encompass the production and sales of products and the provision of services worldwide. Items denominated in foreign currency including sales, expenses, assets and liabilities in each region are converted into yen to prepare consolidated financial statements. Even if values of these items do not change in the local currency, the exchange rate when converting these items could have an impact on the values of these items after conversion into yen. Generally, the strengthening of the yen against other currencies may have an adverse impact on the Group's financial performance and financial position.

### (5) Price competition

The Group faces extremely intensified price competition in the automobile industry.

The Group considers itself as a corporate enterprise that supplies products of superior technology, quality and price to all markets globally, and which is capable of meeting its customers' demands, but the Group has no assurances that it can effectively compete like this in the future as well. That is because a new competitor in a specific product market or regional market in which the Group operates could form a business alliance with existing competitors and rapidly expand their market share. Loss of customers due to price pressure or being unable to effectively compete may have an adverse impact on the Group's financial performance and financial position.

(6) Reliance on suppliers of raw materials and components

The Group's products rely on various raw materials and components from suppliers outside the Group. The Group has concluded basic business contracts with suppliers outside the Group and such stable transactions for raw materials and components are a base for the Group's stable production. However, the Group has no assurances against future securement of raw materials and components, which may arise from a global shortage due to tight supply, an unforeseen accident involving a supplier, or large earthquake, typhoon or flooding caused by abnormal weather, or infectious disease outbreak involving a supplier. Such shortages could have a delay on the Group's production and cause an increase in costs. In addition, a significant increase in the price of electricity, gas and other energy used in the production of raw materials and parts may also increase costs.

(7) Environmental regulations

Guided by its corporate philosophy, the Group considers that part of its fundamental activities and promotion of corporate activities with an emphasis on protection of the global environment, and takes thorough efforts to reduce environmental burdens and to comply with laws and regulations. Specifically, the Group strives to develop products that meet the environmental regulations; to develop processes and technologies that reduce the occurrence of environmentally harmful materials; and to reduce environmentally harmful materials at the production stage.

However, various environmental laws and regulations could also be revised and strengthened in the future. Accordingly, any delays by the Group in responding to such changes could result in restrictions or reductions in product development and product manufacturing, and may have an adverse impact on the Group's financial performance and financial position.

Moreover, if the Group is delayed in its response to various laws and regulations relating to the environment, it could lose trust from countries, municipalities, local residents, and customers, which may have an adverse impact on the Company's reputation and credibility.

(8) Capability to develop new products

The Group makes efforts to develop new products that anticipate the sophisticated and diversifying market needs and earn customer satisfaction in line with one of its corporate philosophies: to develop innovative technologies and products to deliver quality products that satisfy our customers. Going forward, the Group believes it will be able to continue to develop and sell new products. However, the process required to achieve this is complicated and uncertain and involves various risks, including the risks below.

- 1) The Group has no assurances of adequacy regarding the necessary funds and resources for investment in new products and new technologies going forward.
- 2) The Group has no assurances that long-term investments and usage of a large amount of resources will lead to successful development of new products or new technologies.
- 3) The value of the Group's products may sharply drop due to rapid progress in technology or changes in market needs.
- 4) The Group may be unable to respond to the demands of the market and miss out on earning opportunities due to delays in the commercialization of new technologies currently under development.

(9) Intellectual property rights

The Group accumulates technology and know-how to differentiate its products from those made by other companies and directs efforts toward the protection of that technology and know-how. However, in certain regions it is difficult to completely protect intellectual property or the Group is currently in a situation where there is only limited protection of intellectual property. Therefore, the Group may be unable to prevent a third party from producing a product that is similar to the Group's product by using the Group's intellectual property. In addition, a third party may develop technology that is similar or superior to that of the Group, and the Group may be unable to prevent a third party from emulating or analyzing and studying the Group's patents and corporate secrets. Moreover, the Group conducts development of products and technologies while being

conscientious of the intellectual property rights of third parties. However, in the future, circumstances may arise where the Group is judged to have violated a third party's intellectual property rights.

(10) Product defects

The Group is engaged in initiatives aimed at harnessing its total capabilities to improve quality in line with one of its corporate philosophies: to supply safe products that do not harm the environment and promote corporate activities that help protect the global environment. However, the Group cannot guarantee all its products will be defect-free and that product recalls or product liability indemnities will not occur in the future.

Moreover, the Group takes out an insurance policy against product liability indemnities. However, the Group has no assurances that the insurance will cover all amounts of indemnities that the Group may ultimately have to bear. Product defects that could lead to large-scale recalls and product liability indemnities could result in large cost burdens and have a significant negative impact on the reputation of the Group. It could also have an adverse impact on the Group's financial performance and financial position due to a decrease in sales and profit.

(11) Large-scale disasters

The Group carries out various measures to minimize the impact on business activities from large-scale disasters, such as by promoting the development of systems for business continuity, creating a safety confirmation system, and carrying out regular training and regular checks and inspections of its production facilities.

However, there is no assurance the Group can completely prevent or lessen the impact of human related or natural disasters and power blackouts occurring at the Group's and its suppliers' production facilities. Specifically, a number of the Group's domestic production facilities and its business partners are located in the Tokai region, and if a large-scale earthquake, a typhoon, flooding from local torrential downpour in this region, such an event may cause delays or stoppages of production or shipment activities. If such delays or stoppages and the turmoil are prolonged, it could have an adverse impact on the Group's financial performance and financial position.

(12) Information security

With regard to cyberattacks, which are becoming increasingly sophisticated and precise, the Group recognizes that illegal intrusions and access to systems by third parties, infections of computer viruses, leakage of confidential information or other cyber security breaches are serious risks, and promotes security measures. The Group believes it is important to also strengthen the operational aspects through awareness campaigns, education and trainings targeting employees, and in addition to strengthening measures to protect systems, efforts are carried out to maintain and enhance trust in the Group by systematically and continuously raising the security awareness of employees. We are working together with our suppliers to strengthen security.

However, cyberattacks or intentional fraudulent acts or negligence could cause information system failure or confidential information leakage to the third parties. Such occurrences could have a stalling effect on the Group's business activities or lower society's trust in the Group, which may have an adverse impact on the Group's financial performance and financial position.

To address the aforementioned and other risks, the Group comprehensively identifies and manages risks through the Risk Management Promotion Meeting and conducts activities to prevent and mitigate potential losses from those risks.

## Management's analysis of financial performance, operating results, and cash flows

### (1) Summary of business results

The following is a summary of the group's financial position, financial performance, and cash flows (hereinafter "business results") for the fiscal year ended March 31, 2025.

#### 1) Financial position and financial performance

##### ■ Business environment

During the fiscal year ended March 31, 2025, the global economy maintained solid growth despite heightened risks. While global trade is on a recovery trend, policy uncertainty continues to be high due to changes in leaders and governments in each country. Our company has promoted local procurement and will continue to closely monitor policy developments that affect its business activities and take appropriate measures.

In the automotive industry, although raw materials and logistics costs remain high, production volumes remained steady and the overall sales volume of the market remained at almost the same level as in the previous fiscal year, which was on a recovery trend. On the other hand, growth in the BEV<sup>1</sup> market toward carbon neutrality slowed due to changes in related policies in various countries, and the competition and elimination process intensified among the manufacturers entering the market. In addition, with advances in autonomous driving technology and connected car technology, as well as growing interest in SDV<sup>2</sup>, the industry has become highly variable, with technological innovation intermingling with market fluctuations.

##### ■ Business overview for the fiscal year ended March 31, 2025

#### (i) Strengthening the competitiveness in the current situation

Amid high raw material and logistics costs, our company has been flexibly responding to fluctuations in automobile production volumes and passing on prices appropriately in terms of both sales and procurement prices. In addition, we have been working to build an integrated system for development and production from seat frame components to finished seats, and have further strengthened our competitiveness in manufacturing. In addition, we have improved variable costs through the promotion of cost planning and VA<sup>3</sup>, as well as implemented meticulous profit improvement measures by each business entity in each region to strengthen our profitability.

#### (ii) Initiatives from a medium- to long-term perspective

As of April 1, 2024, the organization and structure of the Product Business and Research & Development Unit were reorganized into the Mobility Space Planning Segment, the Mobility Space Development Segment, the Unit Components Business Segment, and the Research & Development Segment. This reorganization aims to achieve our company's 2030 vision, "As an interior space creator<sup>4</sup>, a company that contributes to solving social issues by creating comfortable mobile spaces and broadening the range of products and customers", as outlined in the 2030 Medium-Term Management Plan. The system is now suitable for planning and proposing all interior spaces, and we are accelerating various initiatives.

At the Beijing International Motor Show 2024, we presented the concept mock "LOUNZE", which creates a relaxing space. At the Shanghai International Motor Show 2025, we presented the concept mock "MX OASIS," a comfortable cabin space that customers can freely arrange to suit a variety of situations. At the 2024 Human-Car Technology Exhibition, we also exhibited for the first time the carbon shell sheet, which uses recycled carbon fiber and natural fiber to achieve both weight reduction and environmental friendliness. Additionally, we exhibited CNF<sup>5</sup> reinforced resin, which achieves both rigidity and impact resistance by combining natural fiber and resin (polypropylene) using nano-level structural control technology. Going forward, we will continue to work to increase corporate value by

developing environmentally friendly technologies and products, and by proposing cabin spaces and moving spaces with enhanced value to customers for commercialization.

1 BEV (Battery Electric Vehicle): Electric Vehicle

2 SDV (Software Defined Vehicle) : Cars that continue to evolve even after being manufactured and sold through updates to the software that controls them.

3 VA (Value Analysis): One of the methods to realize cost reduction through design and process changes without lowering the quality and function of the proposed product.

4 Interior Space Creator: A leading company that can create solutions that exceed customer expectations, from one component to total coordination, and provide QUALITY OF TIME AND SPACE ("Quality Space" for all types of mobility)

5 CNF(Cellulose Nano Fiber): Cellulose Nano Fiber.

For the year ended March 31, 2025, revenue increased by 0.5 billion yen or 0.0%, year over year, to 1,954.2 billion yen due to the impact of foreign exchange rates, despite a decrease in global production volume. Operating profit decreased by 36.8 billion yen or 46.5%, year over year, to 42.3 billion yen due to the impact of production volume decrease, an increase in miscellaneous expenses, and the recording of impairment losses. Profit before income taxes decreased by 40.9 billion yen or 46.5%, year over year, to 47.0 billion yen. Profit attributable to owners of the parent decreased by 41.8 billion yen or 71.4%, year over year, to 16.7 billion yen.

For the year ended March 31, 2025, assets decreased by 33.6 billion yen to 1,094.8 billion yen due to a decrease in trade and other receivables. liabilities decreased by 30.0 billion yen to 604.7 billion yen. The main factor was the decrease in trade and other payables. Equity decreased by 3.5 billion yen to 490.0 billion yen from the end of the previous fiscal year. The main factor was a decrease in the foreign currency translation differences of overseas business activities.

Segment results are as follows.

#### Japan

Revenue in Japan increased by 16.4 billion yen or 1.8%, year over year, to 939.2 billion yen due to changes in model mix despite a decrease in production volume. Operating profit decreased by 0.4 billion yen or 4.5%, year over year, to 10.1 billion yen due to an increase in miscellaneous expenses, and the recording of impairment losses despite impact of previous year's cost for strengthening the business structure, effects of new products accompanying model changes and changes in vehicle mix.

#### North, Central and South America

Revenue in North, Central and South America decreased by 11.2 billion yen or 2.3%, year over year, to 489.0 billion yen due to a decrease in production volume despite impact of foreign exchange rates. Operating loss was 26.0 billion yen (0.6 billion yen Operating profit in the same period of the previous fiscal year) due to the impact of production volume decrease and the recording of impairment losses, despite cost reduction.

#### China

Revenue in China decreased by 2.7 billion yen or 1.1%, year over year, to 233.5 billion yen due to a decrease in production volume. Operating profit decreased by 1.9 billion yen or 10.4%, year over year, to 16.5 billion yen due to effects of decreased production volume despite cost reduction and the impact of foreign exchange rates.

#### Asia

Revenue in Asia increased by 12.2 billion yen or 4.5%, year over year, to 286.2 billion yen due to the impact of foreign exchange rates. Operating profit decreased by 1.4 billion yen or 3.7%, year over year, to 36.1 billion yen due to changes in model mix and an increase in miscellaneous expenses despite cost reduction and the impact of foreign exchange rates.



## Europe and Africa

Revenue in Europe and Africa decreased by 13.0 billion yen or 10.0%, year over year, to 118.1 billion yen due to a decrease in production volume. Operating profit decreased by 6.4 billion yen or 54.2%, year over year, to 5.4 billion yen due to effects of decreased production volume and changes in model mix despite cost reduction and the impact of foreign exchange rates.

The provisional accounting treatment for SHIROKI AUTOMOTIVE INDIA PRIVATE LIMITED(Current TOYOTA BOSHOKU DEVICE INDIA PRIVATE LIMITED) acquired on March 15, 2024, has been finalized in the current fiscal year. Based on the figures after retrospective adjustment of these effects, a comparison with the previous fiscal year has been made.

### 2) Explanation of Cash Flow

Cash and cash equivalents as of March 31, 2025 on a consolidated basis decreased 5.5 billion yen, 2.3%, to 249.7 billion yen.

The status of each cash flow and their factors during the current fiscal year are as follows.

#### Net cash provided by operating activities

Net cash provided by operating activities resulted in an increase in cash by 121.8 billion yen as a result of operating activities. This was mainly due to an increase in cash provided by income before tax of 47.0 billion yen and depreciation and amortization of 56.0 billion yen.

#### Net cash used in investing activities

Net cash used in investing activities resulted in a decrease in cash by 60.9 billion yen as a result of investment activities. This was mainly due to a decrease in cash provided by 72.6 billion yen in purchases of property, plant and equipment.

#### Net cash used in financing activities

Net cash used in financing activities resulted in a decrease in cash by 54.3 billion yen as a result of financing activities. This was mainly due to a decrease in cash due to the repayment of lease liabilities of 33.0 billion yen and payment of dividends of 15.3 billion yen.

### 3) Production, Orders and Sales

#### a. Production

The table below shows production performance by segment in the current fiscal year.

Segment name	FY2025 (April 1, 2024 - March 31, 2025)	Year-on-year change (%)
Japan (millions of yen)	876,205	0.8
North, Central and South America (millions of yen)	454,121	△3.0
China (millions of yen)	209,644	0.7
Asia (millions of yen)	256,306	4.1
Europe & Africa (millions of yen)	97,554	△9.4
Total	1,893,832	△0.3

(Notes) 1. Amounts are based on sales prices.

2. Production performance in the North, Central and South America segment decreased mainly due to an decrease in production volume.

#### b. Orders

The group receives production plans for each quarter and the following month from various customers, mainly Toyota Motor Corporation, and makes production plans and products in consideration of production capacity.

c. Sales

The table below shows sales performance by segment in the current fiscal year.

Segment name	FY2025 (April 1, 2024 - March 31, 2025)	Year-on-year change (%)
Japan (millions of yen)	863,370	1.8
North, Central and South America (millions of yen)	483,972	△2.3
China (millions of yen)	222,065	△1.2
Asia (millions of yen)	269,372	5.4
Europe & Africa (millions of yen)	115,438	△10.8
Total	1,954,218	0.0

(Notes) 1. Inter-segment transactions are offset and eliminated.

2. Sales performance in the Japan segment increased mainly due to an increase in production volume.

3. Sales performance by major business partners and their ratio of total sales results for the two most recent fiscal years are as follows.

Business partner	FY2024 (April 1, 2023 - March 31, 2024)		FY2025 (April 1, 2024 - March 31, 2025)	
	Amount (millions of yen)	Ratio (%)	Amount (millions of yen)	Ratio (%)
Toyota Motor Corporation	450,992	23.1	448,758	23.0
TOYOTA AUTO BODY CO., LTD.	199,711	10.2	220,899	11.3
Toyota Motor North America	228,214	11.7	207,926	10.6

(2) Management's analysis and discussion of business results

1) Material Accounting Policies and Significant Accounting Estimates

Material Accounting Policies adopted by the group in its consolidated financial statements are described in "Notes to Consolidated Financial Statements", "3. Material Accounting Policies" and, "4. Significant Accounting Estimates and Judgments."

2) Understanding, analysis and discussion of business results for the current fiscal year

As for the group's operating results for the current fiscal year, consolidated revenue increased by 0.5 billion yen, or 0.0% to 1,954.2 billion yen. Consolidated operating profit decreased by 36.8 billion yen or 46.5% year over year to 42.3 billion yen. Consolidated profit before tax decreased by 40.9 billion yen or 46.5% year over year to 47.0 billion yen. Profit attributable to owners of the parent decreased by 41.8 billion yen or 71.4% year over year to 16.7 billion yen.

The group is affected by fluctuations in automobile production volume, sales volume, and vehicle models sold by the automobile manufacturers with whom it does business, among other factors that have a significant impact on its operating results.

a. Revenue

Revenue increased by 0.5 billion yen or 0.0% year over year to 1,954.2 billion yen, despite a decrease in global production volume, due to exchange rate impact.

b. Operating profit

Operating profit decreased by 36.8 billion yen or 46.5% year over year to 42.3 billion yen, due to the effects of decreased production, increased expenses, and the recording of impairment losses.

c. Profit before income taxes

Profit before income taxes decreased by 40.9 billion yen or 46.5% year over year to 47.0 billion yen, mainly due to the decrease in operating profit.

d. Income tax expenses

Income tax expense increased by 1.4 billion yen or 7.1% year over year to 21.2 billion yen. Additionally, the ratio to profit before tax increased from 22.6% in the previous fiscal year to 45.2%.

e. Profit attributable to owners of the parent

Profit attributable to owners of the parent decreased by 41.8 billion yen or 71.4% year over year to 16.7 billion yen, with basic earnings per share amounting to 93.65 yen.

3) Analysis and discussion of cash flows and information on capital resources and liquidity of funds

a. Cash flows

An analysis of cash flows for the current fiscal year is presented in “(1) Summary of business results, 2) Cash flows.”

b. Approach to management and finances

The group’s Management Vision is to enhance corporate value over the medium to long term by steadily and continuously returning the fruits of economic value enhancement to stakeholders and reinvesting for future growth. Therefore, we will strengthen our management base and competitiveness, while offering multi-dimensional value to customers and society and expanding our business domain.

c. Funding policy and methods

The group raises funds to continue its business activities, maintain adequate liquidity, stabilize its financial structure, and invest in growth. Funding methods are determined based on a comprehensive assessment of the market environment for both direct and indirect financing, as well as diversification of funding methods and economic rationality.

Long-term capital needs, such as capital expenditures and R&D expenses, are met by long-term borrowings from financial institutions and the issuance of bonds. In doing so, we level the amount of repayments and redemptions by fiscal year in order to reduce the repayment burden. Working capital needs are met through short-term borrowings.

In addition, in order to ensure a stable financing environment within a diversifying financing environment, the group has obtained credit ratings from rating agencies in Japan. As of the date of submission of this report, Japan Credit Rating Agency, Ltd. has assigned us a rating of AA (stable). These evaluations of the group’s financial condition by external institutions are based on the fact that the group maintains a certain level of cash position, among other factors.

In addition, the Company has established a commitment line of credit to secure funds for urgent capital needs.

4) Management policies and strategies, objective indicators for judging the achievement of management goals

In Mid-term Business Plan announced in November 2023, we set as our management targets for 2030 as “become a company as the Interior Space Creator that realizes comfortable mobile spaces and contributes in solving social issues while expanding product range and customer base” and set our financial targets for 2030 as follows: revenue of 2,200 billion yen, operating profit of 150 billion yen, and an operating profit ratio of 7%.

Financial results for FY2025 show that revenue increased by 0.5 billion, to 1,954.2 billion yen, operating profit decreased by 36.8 billion yen, to 42.3 billion yen, mainly due to the recording of impairment losses.

To achieve the goals set in the Mid-term Business Plan for 2030, we are steadily advancing activities to improve profitability, particularly in the United States, and introducing new products with enhanced added value. We are working to establish a stable revenue structure while efficiently executing strategic investments in human resources and research and development, with the aim of realizing the 2030 Mid-term Business Plan.

**Consolidated Financial Statements**  
Consolidated Statement of Financial Position

(Millions of yen)

	Notes	As of March 31, 2024	As of March 31, 2025
Assets			
Current assets			
Cash and cash equivalents	8	244,191	249,721
Trade and other receivables	9	304,115	290,236
Inventories	10	83,648	87,142
Other financial assets	32	32,235	19,191
Income taxes receivable		17,084	7,882
Other current assets	11	13,449	14,457
Subtotal		694,725	668,631
Assets held for sale	12	14,063	—
Total current assets		708,788	668,631
Non-current assets			
Property, plant and equipment	13	329,783	317,221
Goodwill	14	4,916	4,938
Intangible assets	14	19,597	19,548
Investments accounted for using the equity method	15	11,778	14,002
Other financial assets	32	36,887	33,923
Deferred tax assets	16	14,281	32,846
Other non-current assets	11	2,458	3,719
Total non-current assets		419,703	426,199
Total assets		1,128,491	1,094,831

The accompanying notes are an integral part of these consolidated financial statements.

(Millions of yen)

	Notes	As of March 31, 2024	As of March 31, 2025
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	17	251,524	234,869
Bonds and borrowings	18	10,000	20,787
Other financial liabilities	32	4,951	5,149
Income taxes payable		12,973	14,836
Provisions	20	4,699	7,155
Other current liabilities	21	111,739	104,653
Subtotal		395,888	387,452
Liabilities directly associated with assets held for sale	12	9,607	—
Total current liabilities		405,495	387,452
Non-current liabilities			
Bonds and borrowings	18	155,000	146,531
Other financial liabilities	32	7,591	7,338
Retirement benefit liability	22	57,883	55,075
Provisions	20	730	713
Deferred tax liabilities	16	5,766	5,000
Other non-current liabilities		2,381	2,652
Total non-current liabilities		229,353	217,311
Total liabilities		634,849	604,763
Equity			
Share capital	23	8,400	8,400
Capital surplus	23	3,095	3,245
Retained earnings	23	394,213	397,533
Treasury shares	23	(21,515)	(21,211)
Other components of equity		65,403	59,452
Total equity attributable to owners of the parent		449,597	447,420
Non-controlling interests		44,045	42,647
Total equity		493,642	490,067
Total liabilities and equity		1,128,491	1,094,831

**Consolidated Statement of Income and Consolidated Statement of Comprehensive Income**  
**Consolidated Statement of Income**

(Millions of yen)

	Notes	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Revenue	25	1,953,625	1,954,218
Cost of sales		1,742,151	1,745,012
Gross profit		211,473	209,206
Selling, general and administrative expenses	26	119,984	136,469
Other income	27	8,142	7,623
Other expenses	27	20,358	37,960
Operating profit		79,273	42,399
Finance income	28	10,403	7,674
Finance expenses	28	3,162	5,153
Share of profit (loss) of investments accounted for using the equity method	15	1,494	2,175
Profit before income taxes		88,008	47,096
Income tax expense	16	19,877	21,292
Profit for the period		68,130	25,803
Profit attributable to			
Owners of the parent		58,521	16,719
Non-controlling interests		9,609	9,084
Earnings per share attributable to owners of the parent	29		
Basic (Yen)		315.17	93.65
Diluted (Yen)		315.12	93.63

The accompanying notes are an integral part of these consolidated financial statements.

## Consolidated Statement of Comprehensive Income

(Millions of yen)

	Notes	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Profit for the period		68,130	25,803
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit plans	22,30	(118)	2,080
Net change in fair value of equity instruments measured at fair value through other comprehensive income	30,32	7,810	(2,299)
Share of other comprehensive income of investments accounted for using the equity method	15,30	188	(115)
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations	30	19,049	(3,405)
Net change in fair value of debt instruments measured at fair value through other comprehensive income	30,32	7	0
Share of other comprehensive income of investments accounted for using the equity method	15,30	408	(120)
Total other comprehensive income, net of tax		27,345	(3,859)
Comprehensive income		95,476	21,944
Comprehensive income attributable to			
Owners of the parent		83,407	12,734
Non-controlling interests		12,069	9,209

The accompanying notes are an integral part of these consolidated financial statements.

# Consolidated Statement of Changes in Equity

Fiscal year ended March 31, 2024

(Millions of yen)

	Notes	Equity attributable to owners of the parent				
		Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity
						Remeasurements of defined benefit plans
Balance at April 1, 2023		8,400	3,101	349,426	(1,547)	—
Profit for the period				58,521		
Other comprehensive income						(20)
Comprehensive income		—	—	58,521	—	(20)
Purchase of treasury shares	23				(20,000)	
Disposal of treasury shares	23		7		32	
Dividends	24			(14,577)		
Changes in ownership interest in subsidiaries	15		(12)			
Change in scope of consolidation	7					
Transfer to retained earnings	32			843		20
Total transactions with owners		—	(5)	(13,734)	(19,968)	20
Balance at March 31, 2024		8,400	3,095	394,213	(21,515)	—

	Notes	Equity attributable to owners of the parent				Non-controlling interests	Total	
		Other components of equity			Total			
		Net change in fair value of equity instruments measured at fair value through other comprehensive income	Net change in fair value of debt instruments measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations				
Balance at April 1, 2023		10,633	(89)	30,816	400,741	36,153	436,894	
Profit for the period	23				58,521	9,609	68,130	
Other comprehensive income		8,001	7	16,898	24,886	2,459	27,345	
Comprehensive income		8,001	7	16,898	83,407	12,069	95,476	
Purchase of treasury shares					(20,000)		(20,000)	
Disposal of treasury shares					39		39	
Dividends					(14,577)	(7,929)	(22,507)	
Changes in ownership interest in subsidiaries					(12)	(0)	(13)	
Change in scope of consolidation					—	3,752	3,752	
Transfer to retained earnings			(863)			—		—
Total transactions with owners			(863)	—	—	(34,551)	(4,177)	(38,729)
Balance at March 31, 2024		17,770	(81)	47,714	449,597	44,045	493,642	

The accompanying notes are an integral part of these consolidated financial statements.



Fiscal year ended March 31, 2025

(Millions of yen)

	Notes	Equity attributable to owners of the parent				
		Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity
						Remeasurements of defined benefit plans
Balance at April 1, 2024		8,400	3,095	394,213	(21,515)	—
Profit for the period				16,719		
Other comprehensive income						1,969
Comprehensive income		—	—	16,719	—	1,969
Purchase of treasury shares	23				(0)	
Disposal of treasury shares	23		(15)		304	
Dividends	24			(15,352)		
Changes in ownership interest in subsidiaries	15		179			
Change in scope of consolidation			(14)			
Transfer to retained earnings	32			1,953		(1,969)
Total transactions with owners		—	149	(13,399)	304	(1,969)
Balance at March 31, 2025		8,400	3,245	397,533	(21,211)	—

	Notes	Equity attributable to owners of the parent				Non-controlling interests	Total
		Other components of equity			Total		
		Net change in fair value of equity instruments measured at fair value through other comprehensive income	Net change in fair value of debt instruments measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations			
Balance at April 1, 2024		17,770	(81)	47,714	449,597	44,045	493,642
Profit for the period	23				16,719	9,084	25,803
Other comprehensive income		(2,415)	0	(3,539)	(3,985)	125	(3,859)
Comprehensive income		(2,415)	0	(3,539)	12,734	9,209	21,944
Purchase of treasury shares					(0)		(0)
Disposal of treasury shares		23			288		288
Dividends		24			(15,352)	(7,692)	(23,045)
Changes in ownership interest in subsidiaries		15			179	(1,348)	(1,168)
Change in scope of consolidation					(14)	(1,567)	(1,582)
Transfer to retained earnings		32	4		(11)		(11)
Total transactions with owners		4	—	—	(14,911)	(10,608)	(25,519)
Balance at March 31, 2025		15,359	(81)	44,175	447,420	42,647	490,067

## Consolidated Statement of Cash Flows

(Millions of yen)

	Notes	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from operating activities			
Profit before income taxes		88,008	47,096
Depreciation and amortization		52,294	56,011
Impairment losses (reversal of impairment losses)		533	32,331
Impairment loss recognized on the measurement to fair value less costs to sell of a disposal group held for sale	12	6,063	—
Cost of sales from sublease		47,911	12,058
Interest and dividend income		(8,463)	(7,643)
Interest expenses		2,811	1,568
Decrease (increase) in trade receivables		1,833	8,504
Decrease (increase) in inventories		11,913	(5,169)
Increase (decrease) in trade payables		(10,723)	4,474
Increase (decrease) in provisions		676	2,556
Decrease (increase) in other current assets		(2,561)	1,606
Increase (decrease) in other current liabilities		10,746	(2,921)
Other		(2,354)	(4,547)
(Subtotal)		198,692	145,927
Interest received		8,265	7,448
Dividends received		890	637
Interest paid		(2,891)	(1,807)
Income taxes paid		(30,058)	(30,371)
Net cash provided by (used in) operating activities		174,898	121,834

The accompanying notes are an integral part of these consolidated financial statements.

		(Millions of yen)	
	Notes	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from investing activities			
Purchase of property, plant and equipment		(64,663)	(72,670)
Proceeds from sales of property, plant and equipment		1,257	6,170
Proceeds from sale of investment securities		3,824	112
Purchase of intangible assets		(6,320)	(4,967)
Payments into time deposits		(26,187)	(21,548)
Proceeds from withdrawal of time deposits		12,737	32,675
Purchases of shares of subsidiaries resulting in changes in scope of consolidation		(6,748)	—
Other		(598)	(727)
Net cash provided by (used in) investing activities		(86,698)	(60,955)
Cash flows from financing activities			
Proceeds from short-term borrowings	34	161,768	86,290
Repayments of short-term borrowings	34	(218,220)	(75,269)
Proceeds from long-term borrowings	34	55,000	1,574
Repayments of long-term borrowings	34	(24,865)	—
Proceeds from issuance of bonds	34	20,000	—
Redemption of bonds	34	(10,000)	(10,000)
Purchase of treasury shares	23	(20,000)	(0)
Dividends paid	24	(14,577)	(15,352)
Dividends paid to non-controlling interests		(7,929)	(7,681)
Repayments of lease liabilities	34	(32,801)	(33,049)
Other		32	(887)
Net cash provided by (used in) financing activities		(91,595)	(54,377)
Effect of exchange rate changes on cash and cash equivalents		5,064	(1,842)
Net increase (decrease) in cash and cash equivalents		1,669	4,659
Cash and cash equivalents at beginning of period		248,195	244,191
Cash and cash equivalents included in assets held for sale	12	(5,673)	—
Increase (decrease) in cash and cash equivalents included in assets held for sale	12	—	870
Cash and cash equivalents at end of period	8	244,191	249,721

## Notes to Consolidated Financial Statements

### 1. Reporting Entity

Toyota Boshoku Corporation (hereinafter, the “Company”) is a company domiciled in Japan. The addresses of its registered head office and principal offices are disclosed on the Company’s website (URL <https://www.toyota-boshoku.com>).

The accompanying consolidated financial statements comprise the Company and its consolidated subsidiaries (collectively, the “Group”), and the Company’s interests in affiliates. The Group manufactures and sells mainly seats, interior and exterior components, and unit parts in automotive components in the segments of “Japan”, “North, Central and South America”, “China”, “Asia” and “Europe and Africa”.

### 2. Basis of Presentation

#### (1) Compliance with international financial reporting standards (“IFRS”)

As the Company meets the requirements of “Specified Company Applying Designated International Financial Reporting Standards” pursuant to Article 1-2 of the Ordinance on Consolidated Financial Statements, the consolidated financial statements of the Company have been prepared in accordance with IFRS as permitted by the provision of Article 312 of the Ordinance.

The consolidated financial statements have been approved by Masayoshi Shirayanagi, President, and Hiroyuki Suzuki, Chief Financial Officer, on August 29 2025.

#### (2) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments, the application of hyperinflation accounting in a subsidiary in Argentina, and others measured at fair value as detailed in “3. Material Accounting Policies” and “37. Hyperinflation adjustment.”

#### (3) Functional currency and presentation currency

These consolidated financial statements are presented in Japanese yen, which is the Company’s functional currency, rounded down to the nearest million yen.

### 3. Material Accounting Policies

#### (1) Basis of consolidation

##### 1) Subsidiaries

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

Consolidation of a subsidiary begins from the date the Group obtains control of the subsidiary and ceases on the date it loses control of the same subsidiary.

Subsidiaries’ financial statements are adjusted if their accounting policies differ from those of the Group. Intra-group balances, transactions and any unrealized gains or losses resulting from intra-group transactions are eliminated in preparing the consolidated financial statements.

When the ownership interest in a subsidiary is partially disposed of, the transaction is accounted for as an equity transaction if the Group retains control of the subsidiary. The carrying amount of the Group’s equity and non-controlling interests is adjusted to reflect changes in the Group’s interest in its subsidiary. Any difference between the amount of adjustment to the non-controlling interests and the fair value of the consideration is recognized directly in equity attributable to owners of the parent.

If the Group loses control of a subsidiary, gain or loss on disposal is calculated as the difference between the total of the fair value of the consideration received and the fair value of the residual interest and the carrying amount of the subsidiary's assets (including goodwill), liabilities and non-controlling interests at the time control is lost, and is recognized in profit or loss.

## 2) Associates

Associates are entities over which the Group has significant influence in participating in the financial and operating policy decisions but of which the Group does not control or jointly control of those policies.

Investments in associates are accounted for by the equity method. Under the equity method, investments in associates are initially recognized at cost, and the Group's share of the investee's profit or loss and other comprehensive income is recognized as the Group's profit or loss and other comprehensive income and the carrying amount of the investee is adjusted, from the date on which the Group possesses a significant influence until the date on which the Group loses the significant influence. Any excess of the initial cost of acquisition over the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill and included in the carrying amount of the investment, and is not amortized.

## (2) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration for acquisition is measured as the sum of the acquisition-date fair values of the assets transferred in exchange of control of the acquiree, the liabilities incurred by the Group to former owners of the acquiree, and the equity interests issued by the Group. The Group chooses on a transaction-by-transaction basis whether non-controlling interests are measured at fair value or based on the proportionate share of non-controlling interests in the acquiree's identifiable net assets.

Any excess of the consideration for acquisition over the fair value of the identifiable assets and liabilities is recognized as goodwill in the consolidated statement of financial position. If the consideration for acquisition is lower than the fair value of the identifiable assets and liabilities, the difference is immediately recognized as profit or loss in the consolidated statement of income. Acquisition-related costs are recognized as expenses when they are incurred. Goodwill is carried at cost less accumulated impairment losses, without being amortized but tested for impairment.

The identifiable assets acquired and the liabilities assumed are measured at fair values at the acquisition date, except that:

- Deferred tax assets and liabilities and liabilities (or assets) related to employee benefit arrangements are recognized and measured in accordance with IAS 12, "Income Taxes," and IAS 19, "Employee Benefits," respectively;
- Non-current assets or disposal groups that are classified as held for sale in accordance with IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations," are recognized and measured in accordance with the standard;
- Liabilities or equity instruments related to share-based payment of the acquiree or the replacement of the acquiree's share-based payment with share-based payment of the Group are measured in accordance with IFRS 2, "Share-based Payment"; and
- As for leases in which the acquiree is the lessee, the Group deems acquired leases to be new leases at the acquisition date, and measures lease liabilities at the present value of the remaining lease payments. In addition, right-of-use assets are measured at an amount equal to the lease liability in principle. For a short-term lease with a lease term of 12 months or less and a lease with an underlying asset of low value, the Group does not recognize the right-of-use asset and the lease liability.

The additional acquisition of non-controlling interests after obtaining control is accounted for as an equity transaction without recognition of goodwill.

If the initial accounting for a business combination has not been completed by the end of the reporting period in which the business combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. The Group will retrospectively adjust the provisional amounts during the measurement period (not exceeding one year) or recognize additional assets or liabilities in order to reflect new information obtained about the facts and circumstances that existed as of the date of acquisition and would have affected the amounts recognized on the date of acquisition, if known.

### (3) Foreign currency translation

#### 1) Foreign currency transactions

Foreign currency transactions are converted into the functional currency of each Group company using the exchange rate at the transaction date.

Monetary assets and liabilities denominated in foreign currencies are converted into the functional currency using the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into the functional currency using the exchange rate at the date of measurement.

Translation differences arising from these translations or settlements of transactions are recognized as profit or loss. However, if a gain or loss on non-monetary items is recorded in other comprehensive income, translation differences are also recorded in other comprehensive income.

#### 2) Financial statements of foreign operations

Assets and liabilities of foreign operations are translated at the exchange rate at the end of the reporting period. Income and expenses of foreign operations are translated at the average exchange rates during the reporting period, except in cases where exchange rates fluctuate significantly or the currency is of a hyperinflationary economy. Translation differences arising from translation of financial statements of foreign operations are recognized as other comprehensive income. These differences are included as exchange differences on translation of foreign operations in other components of equity. If a foreign operation is disposed of and the Group loses control over the operation, cumulative translation differences are transferred to profit or loss in the period of the disposal. The financial statements of subsidiaries in hyperinflationary economies are translated at closing rates and reflected in the consolidated financial statements.

### (4) Financial instruments

#### 1) Financial assets (excluding derivatives)

##### (i) Initial recognition and measurement

Financial assets are classified into financial assets based on their nature and holding purposes. The Group determines the classification at initial recognition. The sale or purchase of financial assets that occurred in the normal course of business are recognized or derecognized on the transaction date.

##### (a) Financial assets measured at amortized cost

The Group classifies financial assets as financial assets measured at amortized cost if the following conditions are met:

- The 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.

At initial recognition, financial assets measured at amortized cost are measured at fair value plus transaction costs that are directly attributable to the acquisition.

##### (b) Debt instruments measured at fair value through other comprehensive income

The Group classifies financial assets as debt instruments measured at fair value through other comprehensive income if the following conditions are met:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; 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.

At initial recognition, debt instruments measured at fair value through other comprehensive income are measured at fair value plus transaction costs that are directly attributable to the acquisition.

##### (c) Equity instruments measured at fair value through other comprehensive income

Among financial assets to be measured at fair value through profit or loss without being classified as financial assets measured at amortized cost or debt instruments measured at fair value through other comprehensive income, as for investments in equity instruments not held for trading, it is permitted to

make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of such investments, and the Group makes this designation for each financial instrument.

At initial recognition, equity instruments measured at fair value through other comprehensive income are measured at fair value plus transaction costs that are directly attributable to the acquisition.

(d) Financial assets measured at fair value through profit or loss

The Group classifies financial assets other than the above as financial assets measured at fair value through profit or loss.

At initial recognition, financial assets measured at fair value through profit or loss are measured at fair value, and transaction costs that are directly attributable to the acquisition are recognized in profit or loss when they occur.

(ii) Subsequent measurement

After initial recognition, financial assets are measured based on the following classifications:

(a) Financial assets measured at amortized cost

Carrying amount of financial assets measured at amortized cost are measured using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of financial assets to the gross carrying amount of the financial assets. Interest income is recognized in profit or loss, and included in "Finance income" in the consolidated statement of income.

In cases where a financial asset measured at amortized cost is derecognized, the difference between the carrying amount and the consideration received or receivable is recognized in profit or loss.

(b) Debt instruments measured at fair value through other comprehensive income

After initial recognition, such financial assets are measured at fair value and any subsequent changes in fair value are recognized in other comprehensive income. When such financial assets are derecognized, the accumulated amount recognized as other comprehensive income is transferred to profit or loss.

(c) Equity instruments measured at fair value through other comprehensive income

After initial recognition, such financial assets are measured at fair value and any subsequent changes in fair value are recognized in other comprehensive income. When such financial assets are derecognized, the accumulated amount recognized as other comprehensive income is transferred to retained earnings, not to profit or loss. Dividends are recognized as profit or loss.

(d) Financial assets measured at fair value through profit or loss

After initial recognition, such financial assets are measured at fair value and any subsequent changes in fair value are recognized in profit and loss.

(iii) Impairment of financial assets

Financial assets measured at amortized cost and debt instruments measured at fair value through other comprehensive income are assessed for impairment based on expected credit losses.

At the end of the reporting period, if credit risk has not increased significantly since initial recognition, the amount of loss allowance is calculated based on the expected credit losses resulting from default events that are possible within 12 months after the reporting date (12-month expected credit losses). On the other hand, at the end of the reporting period, if credit risk has increased significantly since initial recognition, the amount of loss allowance is calculated based on the expected credit losses resulting from all possible default events over the life of the financial instrument (lifetime expected credit losses).

However, regardless of the above, lifetime expected credit loss measurement always applies to trade receivables and lease receivables.

(iv) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when the Group transfers the contractual right to receive cash flows from financial assets in transactions in which substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Group neither transfers nor holds substantially all the risks and rewards of ownership of the asset and continues to control the transferred asset, the Group recognizes the retained interest on the assets and the relevant liabilities that might possibly be paid in association therewith.

## 2) Financial liabilities (excluding derivatives)

### (i) Initial recognition and measurement

The Group classifies financial liabilities as financial liabilities measured at amortized cost. All financial liabilities are initially measured at fair value after deducting transaction costs that are directly attributable to the issuance of financial liabilities.

### (ii) Subsequent measurement

After initial recognition, financial liabilities are measured at amortized cost using the effective interest method. The interest cost is included in “Finance expenses” in the consolidated statement of income. Gains or losses on derecognition are recognized as “Finance income” or “Finance expenses” in the consolidated statement of income.

### (iii) Derecognition of financial liabilities

The Group derecognizes financial liabilities when they are extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires.

## 3) Derivatives

The Group employs derivatives, including currency swaps, interest rate swaps, and foreign exchange forward contracts to mitigate foreign exchange and interest rate risks. These derivatives are initially measured at fair value when the contract is entered into, and are subsequently remeasured at fair value at the end of each reporting period.

## 4) Offsetting financial assets and liabilities

Financial assets are offset against financial liabilities and the net amounts are presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis, or to realize assets and settle liabilities simultaneously.

## (5) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments that are readily convertible to known amounts of cash and subject to insignificant risk of change in value and due within three months from the date of acquisition.

## (6) Inventories

Inventories are measured at the lower of acquisition cost and net realizable value. The cost of inventories is determined mainly by using the weighted-average method. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing them to the present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated selling cost.

## (7) Property, plant and equipment

Property, plant and equipment are measured using the cost model and stated at cost less accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment includes cost directly incidental to the acquisition of assets, the costs of dismantling and removing the assets and restoration costs, as well as borrowing costs to be capitalized. Except for assets that are not subject to depreciation such as land and construction in progress, property, plant, and equipment is mainly depreciated using the straight-line method over the respective estimated useful lives.

The estimated useful lives of major asset items are as follows:

- Buildings and structures                      3 to 50 years
- Machinery and equipment and vehicles    2 to 10 years
- Tools, furniture and fixtures                2 to 20 years

The estimated useful lives, residual values and depreciation methods of assets are reviewed at the end of each fiscal year, and any changes are applied prospectively as a change in an accounting estimate.

Property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition is included in profit or loss when it is derecognized.



## (8) Intangible assets

Intangible assets are measured using the cost model and stated at cost less accumulated amortization and accumulated impairment losses.

### 1) Intangible assets acquired separately

Intangible assets acquired separately are measured at acquisition cost at initial recognition and are carried at cost less accumulated amortization and accumulated impairment losses.

Intangible assets acquired separately with indefinite useful lives are carried at cost less accumulated impairment losses, without being amortized but tested for impairment, in the same way as goodwill.

### 2) Internally generated intangible assets

Expenditure on research is recognized as an expense in the consolidated statement of income in the fiscal year in which it is incurred. An intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, the Group can demonstrate all of the following:

- (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale
- (ii) its intention to complete the intangible asset and use or sell it
- (iii) its ability to use or sell the intangible asset
- (iv) how the intangible asset will generate probable future economic benefits
- (v) the availability of adequate technical, financial and other resources to complete development and to use or sell the intangible asset
- (vi) its ability to measure reliably the expenditure attributable to the intangible asset during its development

The amount initially recognized of an internally generated intangible asset is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria above.

After initial recognition, internally generated intangible assets are carried at cost less accumulated amortization and accumulated impairment losses.

### 3) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are measured at fair value at the acquisition date.

After initial recognition, intangible assets acquired in a business combination are carried at cost less accumulated amortization and accumulated impairment losses.

### 4) Amortization of intangible assets

Intangible assets with finite useful lives are amortized on a straight-line basis over their estimated useful lives.

The estimated useful lives of major intangible assets are as follows:

- Software 5 years
- Development cost 5 years
- Customer-related intangible assets 5 years

The estimated useful lives, residual values and amortization methods of assets are reviewed at the end of each fiscal year, and any changes are applied prospectively as a change in an accounting estimate.

### 5) Derecognition of intangible assets

Intangible assets are derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition is included in profit or loss when it is derecognized.

## (9) Leases

The Group assesses whether a contract is, or contains, a lease at inception of a contract. If a contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, the contract is, or contains, a lease.

### 1) Leases as lessee

If the Group determines that a contract is, or contains, a lease, it recognizes right-of-use assets and lease liabilities at the commencement date of the lease. Lease liabilities are measured at the present value of the

lease payments that are not paid at that date, and right-of-use assets are measured at cost that comprises the initial measurement amount of lease liability, any lease payments made at or before the commencement date, any initial direct costs incurred by the lessee and an estimate of costs to be incurred by the lessee in restoring the underlying asset to the condition required by the terms and conditions of the lease and others.

To many of lease contracts on land and buildings entered into by the Group, an extension option exercisable by the Group as the lessee is included for a variety of purposes such as ensuring flexibility in business. The Group assesses whether it is reasonably certain to exercise an extension option. When the Group determines that it is reasonably certain, the extension option period is included in the lease term.

After initial recognition, right-of-use assets are depreciated using the straight-line method over their useful lives or lease terms, whichever is shorter.

However, for a short-term lease with a lease term of 12 months or less and a lease with an underlying asset of low value, the Group recognizes the lease payments as expenses over the lease terms either on a straight-line basis or other systematic basis, instead of recognizing the right-of-use asset and the lease liability.

Right-of-use assets are included in “Property, plant and equipment” or “Intangible assets” in the consolidated statement of financial position, and stated at cost less accumulated depreciation and amortization and accumulated impairment losses. Lease liabilities are included in “Trade and other payables” and “Other financial liabilities” in the consolidated statement of financial position.

## 2) Leases as lessor

The Group classifies its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset, and classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

For lease receivables related to finance lease transactions, an amount equal to the net investment in the lease is recognized as receivables. If the Group is a manufacturer lessor in a finance lease, for the portion deemed as sales of goods, it recognizes revenue and the corresponding cost of sales and selling profit or loss at the commencement date of the lease.

## (10) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets, which are assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

## (11) Impairment of non-financial assets

The Group reviews non-financial assets of consolidated companies, excluding inventories and deferred tax assets, at the end of each reporting period to determine whether there is any indication of impairment. If there is any indication of impairment, impairment testing is conducted by estimating the recoverable amount of the asset or the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or groups of assets. In addition, for goodwill and intangible assets with indefinite useful lives, and intangible assets not yet available for use, the Group conducts impairment testing at the same time every year, or if there is any indication of impairment by estimating the recoverable amount. For goodwill, the cash-generating unit is determined based on the lowest level for internal management purposes of goodwill, which is equal to or smaller than an operating segment.

The recoverable amount of an asset or cash-generating unit is the higher of its value in use and its fair value less costs of disposal. In the calculation of value in use, estimated future cash flows are calculated using the cash flow model where cash flows are discounted by a discount rate.

Because corporate assets of consolidated companies do not generate independent cash inflows, if there is an indication that a corporate asset may be impaired, impairment testing is conducted based on the recoverable amount for the cash-generating unit to which the corporate asset belongs.

Impairment loss is recognized in profit or loss when the carrying amount of the asset or cash-generating unit exceeds the recoverable amount. An impairment loss recognized in relation to a cash-generating unit is allocated to first reduce the carrying amount of goodwill allocated to the cash-generating unit, and then the carrying amount of other assets within the cash-generating unit is reduced on a pro rata basis.

The Group assesses whether any indication of a potential decrease in impairment loss recognized in prior periods for an asset other than goodwill exists, such as any changes in assumptions used for the determination of the recoverable amount. If any such indication exists, the recoverable amount of the asset or cash-generating unit is estimated. In cases that the recoverable amount exceeds the carrying amount of the asset or cash-generating unit, impairment losses are reversed up to the lower of the estimated recoverable amount and the carrying amount less necessary depreciation and amortization costs that would have been determined if no impairment losses had been recognized in prior periods. An impairment loss recognized for goodwill is not reversed.

(12) Non-current assets held for sale

An asset or asset group for which the carrying amount is expected to be recovered through a sale transaction rather than through continuing use is classified as a held-for-sale when the following conditions are met: it is highly probable that the asset or asset group will be sold within one year, the asset or asset group is available for immediate sale in its present condition, and the Group management commits to the sale plan. In such cases, the non-current asset is not depreciated or amortized and is measured at the lower of its carrying amount and its fair value less costs to sell.

(13) Provisions

Provisions are recognized when there are present legal or constructive obligations as a result of past events, it is probable that outflows of resources embodying economic benefits will be required to settle the obligations, and reliable estimates can be made of the amount of obligations. In case the time value of money is material, provisions are measured at the present value by the estimated future cash flow that is discounted by a pre-tax rate that reflects the time value of money and the risks specific to the liability. The unwinding of the discount due to the passage of time is recognized as "Finance expenses" in the consolidated statement of income.

Provision for product warranties is recorded based on the estimated amount of claims expected to occur during the remaining warranty period, using past performance as a basis. Additionally, for the payments related to the safety measures including recalls, the Company estimates and records the amount reasonably expected to be borne by the company, taking into account the number of units affected, repair costs per unit, action rate, and the degree of responsibility with customers.

(14) Employee benefits

1) Post-employment benefits

(i) Defined benefit plans

The Group has the defined benefit corporate pension plan and lump-sum retirement benefit plan.

Retirement benefit assets (liabilities) are calculated for each plan by making adjustments for the asset ceiling where necessary, considering economic benefits available, to the estimated amount of future benefits earned by employees over the previous fiscal years and the current fiscal year less fair value of the plan assets.

Market yields on high grade investment corporate bonds with the similar maturity to that of the Group's defined benefit obligations as of the end of the reporting period are used in calculating the discount rate. Increase/decrease in benefit obligations for employees' past service at the present value due to revisions to the pension plan are recognized in profit or loss. The Group recognizes other remeasurements of the net defined benefit liability in other comprehensive income and then immediately reclassifies them from other comprehensive income to retained earnings.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans in which the employer pays fixed contributions into separate entities and will have no legal or constructive obligation to make further contributions. Contributions under the defined contribution plan are expensed during the period when the employees' services are provided.

2) Other long-term employee benefits

Other long-term employee benefits are recognized as a liability when the Group has present constructive obligations to pay as a result of employee service in prior fiscal years and the current fiscal year, and when reliable estimates of the obligation can be made. The Group's other long-term employee benefits are calculated by discounting the estimated future amount of benefits to the present value.

Market yields on high grade investment corporate bonds with the similar maturity to that of the Company's obligations as of the end of the reporting period are used in calculating the discount rate.

### 3) Short-term employee benefits

Costs of short-term employee benefits are expensed as the relevant services are provided and are not discounted.

For bonus accrual and paid absences, when the Group has present legal or constructive obligations to pay as a result of past employee service, and when reliable estimates of the obligation can be made, the Group recognizes the estimated amount to be paid based on these plans as a liability.

### (15) Share-based payment

The Company has introduced a transfer-restricted share-based payment plan as an equity-settled share-based payment plan for directors (excluding outside directors).

Consideration for services received is measured at fair value as of the grant date of shares of the Company and recognized as expenses over the vesting period from the grant date, and the corresponding amount is recognized as an increase in equity.

### (16) Equity

#### 1) Common shares

The amount of equity instruments issued by the Company is recognized in “Share capital” and “Capital surplus,” and direct issuance costs (net of tax) are deducted from “Capital surplus.”

#### 2) Treasury shares

When the Company acquires treasury shares, the consideration paid, together with direct transaction costs and tax effects, is recorded as a deduction from equity. When the Company disposes treasury shares, gains or losses on disposal, including the exercise of stock options, are recorded in “Capital surplus.”

### (17) Revenues

The Group recognizes revenue for the transfer of goods or services, other than revenue from lease contracts within the scope of IFRS 16 Leases, at an amount that reflects the consideration to which it expects to be entitled in exchange for those goods or services based on the following steps.

- (i) Identify the contract with a customer
- (ii) Identify the performance obligations in the contract
- (iii) Determine the transaction price
- (iv) Allocate the transaction price to the separate performance obligations in the contract
- (v) Recognize revenue when (or as) the entity satisfies a performance obligation

The Group mainly engages in manufacture and sale of automotive components. For sales of such products, the Group recognizes revenue when a customer accepts goods since the customer obtains control of the goods at that time and the performance obligations are considered to be satisfied, the Group normally recognizes revenue when a customer accepts goods after inspection. Revenue is measured at the amount of consideration promised in a contract with the customer.

### (18) Government grants

Government grants are measured at fair value and recognized when there is reasonable assurance that the Group will comply with the conditions attaching to them, and that the grants will be received. Grants related to income are recorded as revenue in the same fiscal year in which the expenses are incurred. Government grants related to assets are presented by deducting the grant in arriving at the carrying amount of the asset.

### (19) Income taxes

Income taxes consist of current taxes and deferred taxes. The income taxes are recognized in profit or loss, except for items that are recognized in other comprehensive income or directly in equity and those arising from business combinations.

Current taxes are recognized at the amount that expected to be paid to or refunded from the taxation authorities. For the calculation of the tax amount, the Group uses the tax rates and tax laws that have been enacted or substantively enacted by the end of the period.

Deferred tax assets are recognized for deductible temporary differences and unused tax credits and tax losses carried forward to the extent that it is probable that taxable profit will be available against which they can be utilized. Deferred tax liabilities are, in principle, recognized for all taxable temporary differences.

Deferred tax assets and liabilities are not recognized for the following temporary differences:

- Taxable temporary differences arising from the initial recognition of goodwill;
- Temporary differences arising from the initial recognition of assets or liabilities in transactions that are not business combinations and affect neither accounting profit nor taxable profit or tax loss at the time of the transaction;
- For taxable temporary differences associated with investments in subsidiaries and associates, in cases where the timing of reversal can be controlled and it is probable that such temporary differences are not reversed in a foreseeable future; and
- For deductible temporary differences associated with investments in subsidiaries and associates, in cases where it is not probable that sufficient taxable profits will be available against which the benefits of the temporary differences can be utilized, or cases where it is not probable that the temporary differences are expected to be reversed in the foreseeable future.

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 reviewed in every period, and their carrying amount is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefit of all or part of that deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed in every period and recognized to the extent that it has become probable that the deferred tax assets can be recovered by future taxable profits.

The Group recognizes the amount of the reasonable estimate for uncertain tax positions related to income tax as an asset or liability based on the interpretation of tax laws.

Deferred tax assets and liabilities are offset if, and only if the Group has a legally enforceable right to offset current tax assets against current tax liabilities, and they are related to income taxes levied by the same taxation authority on the same taxable entity.

Current tax assets and liabilities are offset, if, and only if the entity has a legally enforceable right to offset current tax assets against current tax liabilities, and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

## (20) Fair value measurements

Certain assets and liabilities are required to be recognized at fair value. The fair values of those assets and liabilities have been determined using market information such as quoted market prices and valuation methodologies such as the market approach and cost approach. The following three levels of inputs are used to measure fair value.

### Level 1

The market prices of the same assets or liabilities in active markets (which continuously ensure sufficient trading frequencies and transaction volumes) that the Group can access ~~to~~ as of the measurement date are used without adjustments.

### Level 2

This level includes the published prices of similar assets or liabilities in active markets; the published prices of the same assets or liabilities in markets that are not active; inputs other than the observable published prices of assets and liabilities; and inputs derived principally from or corroborated by observable market data by correlation or other means.

### Level 3

Because data are available only from limited markets, the Group uses unobservable inputs which reflect the judgment of the Group in the assumptions used by market participants to decide the prices of assets and liabilities. The Group calculates inputs based on the best available information, including the data of the Group itself.

(21) Levies

A liability to pay a levy is recognized in the amount to be paid when the Group has a present obligation to pay the levy.

(22) Earnings per share

Basic earnings per share is calculated by dividing profit or loss attributable to ordinary shareholders of the parent company by the weighted-average number of common shares outstanding, adjusted by the number of treasury shares, during the period. Diluted earnings per share are calculated by adjusting the effects of all dilutive potential common shares.

(23) Dividends

Dividends are recognized as liabilities in the period in which each year-end dividend and interim dividend is approved by the Board of Directors.

#### 4. Significant Accounting Estimates and Judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. The effect of a change in an accounting estimate are recognized in the period of the change and future periods.

The following items are accounting estimates and judgments that have significant effects on the amounts recognized in the consolidated financial statements for the current and future periods.

(1) Impairment assessment for property, plant and equipment and intangible assets in the Company's Unit Components Business

An indication of impairment has been identified in the Unit Components Business that is an cash-generating unit of the Company since the operating results have deteriorated in the Unit Components Business as seen in continuous negative operating results.

As a result of considering whether the recoverable amount of the Unit Components Business is less than the carrying amount, the recoverable amount fell below the carrying amount, and therefore the Company recognized impairment losses of 2,680 million yen, which were included in "Other expenses" in the consolidated statement of income.

Carrying amount of property, plant and equipment and intangible assets in the Company's Unit Components Business

Before impairment recognition: 18,072 million yen and 18,040 million yen as of March 31, 2024 and 2025, respectively.

After impairment recognition: 15,359 million yen as of March 31, 2025

The recoverable amount is measured based on value in use. The value in use is calculated by discounting estimated future cash flows. The Company forecasts the estimated total amount of future cash flows based on the Group's profit plan approved by management. This estimate includes the future sales projections reflecting external factors such as the business environment and production plans presented by the auto makers and variable cost projections, assumptions such as a discount rate, and estimates of net cash-flows to be received for the disposal of land and buildings at the end of the useful lives of assets. The discount rate used to calculate the value in use was 11.1%.

While these assumptions are determined based on the management's best estimates and judgments, they may be affected by results of changes in uncertain economic conditions in the future, and could have significant effects on amounts to be recognized in consolidated financial statements in the next fiscal year if they need to be reviewed.

(2) Impairment assessment for property, plant and equipment and intangible assets in the North, Central and South America Segment.

In the North, Central and South America segment, the consolidated subsidiaries located in the United States, Canada and Mexico are treated as a single cash-generating unit (“North and Central America Group”) in the impairment assessment since management monitors operations for sales, production and other activities, and makes investment decisions in an integrated manner. An indication of impairment has been identified in the North and Central America Group, since the operating results have deteriorated in the North and Central America Group as seen in continuous negative operating results due mainly to the impact of continued high prices of raw materials and labor costs and reduction in production caused by production shutdown at the major customer in the United States during the current fiscal year. As a result of considering whether the recoverable amount of the North and Central America Group is less than the carrying amount, the recoverable amount fell below the carrying amount, and therefore the Company recognized impairment losses of 28,342 million yen, which were included in “Other expenses” in the consolidated statement of income.

Carrying amount of property, plant and equipment and intangible assets in the North and Central America Group

Before impairment recognition: 73,073 million yen as of March 31, 2025

After impairment recognition: 44,731 million yen as of March 31, 2025

The recoverable amount is measured based on the fair value less costs of disposal. The fair value less costs of disposal is estimated using the income approach by discounting estimated future cash flows at a discount rate of 13.3%, based on the profit plan for the North and Central America Group approved by management.

The future cash flows used in the income approach factor the assumptions including expected sales growth rates in the market to which the North and Central America Group belongs and expected profit margin ratio referenced from similar companies. The projection of the future cash flows involves uncertainty and is highly dependent on management’s estimates and judgments.

The fair value measurement for the above is classified as Level 3 in the fair value hierarchy.

While these assumptions are determined based on management’s best estimates and judgments, they may be affected by results of change in uncertain economic conditions in the future, and could have significant effects on amounts to be recognized in consolidated financial statements in the next fiscal year if they need to be reviewed.

(3) Recoverability of deferred tax assets

Deferred tax assets are recognized for deductible temporary differences to the extent that it is probable that they can be used against future taxable profit (The amounts recorded: 32,846 million yen for the fiscal year ended March 31, 2025). When recognizing deferred tax assets, the Group reasonably estimates the timing and amount of taxable profit that can be earned in the future and calculates the amount in judgment of the probability that taxable profit will be available.

The timing and amount of taxable profit being available may be affected by changes in uncertain economic conditions in the future, and could have significant effects on amounts to be recognized in consolidated financial statements in the next fiscal year if the actual timing and amount differ from the estimates.



## 5. New Standards Not Yet Adopted

Establishments or amendments of accounting standards and interpretations that have been issued by the approval date of the consolidated financial statements which the Group has not adopted are as follows. The Group is evaluating the impact of the adoption of IFRS 18 on its operations.

IFRS		Mandatory effective date (Fiscal year beginning on or after)	Reporting period of adoption by the Group	Description of establishments and amendments
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027	Fiscal year ending March 31, 2028	Improved comparability across income statements, increased transparency of management-defined performance measures, and more useful grouping of information in financial statements

## 6. Segment Information

### (1) Outline of reportable segments

The reportable segments are the segments of the Group for which discrete financial information is available and for which operating profit (loss) amounts are evaluated regularly by the Company's Board of Directors in deciding resources to be allocated and in assessing performance.

The Group mainly engages in manufacture and sale of automotive components, and local companies incorporated within each region formulate a comprehensive strategy and operate business activities.

The Company is responsible for Japan; TOYOTA BOSHOKU AMERICA, INC. is in charge of North, Central and South America, which includes the U.S. and Canada as well as geographically close countries of Mexico, Brazil and Argentina; TOYOTA BOSHOKU ASIA CO., LTD. covers Asia (mainly Thailand, India, Indonesia, Malaysia, the Philippines and Vietnam, etc.) with a view to strengthening the community-based structure on both fronts of optimum production and supply network; and TOYOTA BOSHOKU (CHINA) CO., LTD. is responsible for China. TOYOTA BOSHOKU EUROPE N.V. is responsible for Europe and Africa (mainly France, Poland, Russia, Slovakia, Turkey, South Africa, etc.), and these regions are managed as one management unit.

The accounting method of segment information is based on "3. Material Accounting Policies".

Segment profit is based on operating profit in the consolidated statement of income. Finance income, finance expenses, share of profit of investments accounted for using equity method, and income tax expense are excluded from segment performance, because these items are not included in segment profit that is reviewed by the Company's Board of Directors.

(2) Revenue, profits or losses, and other material items for each reportable segment

FY2024 (From April 1, 2023 to March 31, 2024)

(Millions of yen)

	Reportable segment						Eliminations (Note 1, 2)	Consolidated (Note 4)
	Japan	North, Central and South America	China	Asia and Oceania	Europe and Africa	Total		
Revenue								
Revenue from external customers	848,314	495,572	224,677	255,684	129,375	1,953,625	—	1,953,625
Inter-segment revenue (Note 3)	74,529	4,814	11,564	18,252	1,882	111,043	(111,043)	—
Total	922,844	500,386	236,242	273,936	131,257	2,064,668	(111,043)	1,953,625
Segment profit (loss) (Note 5)	10,652	619	18,480	37,584	11,921	79,258	14	79,273
Segment assets	705,327	214,863	143,887	152,037	61,129	1,277,245	(148,753)	1,128,491
Finance income								10,403
Finance expenses								3,162
Share of profit of investments accounted for using equity method								1,494
Profit before income taxes								88,008

(Notes) 1. (14) million yen in eliminations for segment profit is mainly inter-segment transactions.

2. Eliminations for segment assets include corporate assets of 93,940 million yen and eliminations of receivables and payables, etc. of (242,694) million yen. Corporate assets are mainly funds not attributable to reportable segments.
3. Inter-segment revenue are based on transaction prices that are determined through price negotiation, taking into account market prices and total costs incurred.
4. Segment profit (loss) reconciles to operating profit disclosed in the consolidated financial statements.
5. On March 28, 2024, the Company decided to issue new shares and increase the capital of TB Kawashima Co., Ltd., a consolidated subsidiary of the Company, through a third-party allotment with AUNDE Achter & Ebels GmbH as the allottee. As a result, changes in TB Kawashima Co., Ltd. and its subsidiaries will result in their exclusion from the Company's consolidation scope. Consequently, assets and liabilities held by TB Kawashima Co., Ltd. and its subsidiaries were recognized as assets held for sale and liabilities directly associated with assets held for sale at the end of the previous fiscal year. A disposal group classified as held for sale was measured at fair value less costs to sell, as the fair value less costs to sell fell below its carrying amount. The recognized loss is recorded in "Other expenses," and the segment profit of the Japan segment decreased by 6,063 million yen.

Other material items

(Millions of yen)

	Reportable segment						Elimi- nations	Consoli- dated
	Japan	North, Central and South America	China	Asia and Oceania	Europe and Africa	Total		
Depreciation and amortization	24,631	10,679	7,345	6,327	3,309	52,294	—	52,294
Impairment losses	538	—	—	—	—	538	—	538
Reversal of impairment losses	—	—	—	—	—	—	—	—
Investments accounted for using equity method	4,484	2,421	1,084	1,979	1,806	11,778	—	11,778
Increase in non-current assets	52,817	20,277	14,735	11,126	3,662	102,619	—	102,619

Non-current assets exclude financial assets, deferred tax assets, and retirement benefit asset.

FY2025 (From April 1, 2024 to March 31, 2025)

(Millions of yen)

	Reportable segment						Eliminations (Note 1, 2)	Consolidated (Note 4)
	Japan	North, Central and South America	China	Asia (Note 5)	Europe and Africa	Total		
Revenue								
Revenue from external customers	863,370	483,972	222,065	269,372	115,438	1,954,218	—	1,954,218
Inter-segment revenue (Note 3)	75,909	5,127	11,475	16,864	2,731	112,108	(112,108)	—
Total	939,280	489,099	233,540	286,236	118,169	2,066,327	(112,108)	1,954,218
Segment profit (loss) (Note 5)	10,170	(26,035)	16,560	36,184	5,465	42,345	54	42,399
Segment assets	680,200	189,639	142,708	174,366	67,196	1,254,110	(159,279)	1,094,831
Finance income								7,674
Finance expenses								5,153
Share of profit of investments accounted for using equity method								2,175
Profit before income taxes								47,096

(Notes) 1. 54 million yen in eliminations for segment profit is mainly inter-segment transactions.

2. Eliminations for segment assets include corporate assets of 85,480 million yen and eliminations of receivables and payables, etc. of (244,759) million yen. Corporate assets are mainly funds not attributable to reportable segments.
3. Inter-segment revenue are based on transaction prices that are determined through price negotiation, taking into account market prices and total costs incurred.
4. Segment profit (loss) reconciles to operating profit disclosed in the consolidated financial statements
5. As Toyota Boshoku Australia Pty Ltd. has been excluded from the scope of consolidation from the previous fiscal year, the reportable segment has been changed to "Asia" from the current fiscal year. This change in segment name has no impact on segment information.

#### Other material items

(Millions of yen)

	Reportable segment						Elimi- nations	Consoli- dated
	Japan	North, Central and South America	China	Asia	Europe and Africa	Total		
Depreciation and amortization	26,101	11,128	7,539	7,477	3,764	56,011	—	56,011
Impairment losses	3,035	28,342	831	—	—	32,208	—	32,208
Reversal of impairment losses	—	—	—	—	—	—	—	—
Investments accounted for using equity method	5,285	3,005	1,255	2,581	1,874	14,002	—	14,002
Increase in non-current assets	30,316	21,593	7,540	10,839	10,435	80,724	—	80,724

Non-current assets exclude financial assets, deferred tax assets, and retirement benefit asset.

#### (3) Information about products and services

FY2024 (From April 1, 2023 to March 31, 2024)

Since revenue from external customers for products and services other than auto parts is insignificant, the information is omitted.

FY2025 (From April 1, 2024 to March 31, 2025)

Since revenue from external customers for products and services other than auto parts is insignificant, the information is omitted.

#### (4) Geographic information

##### Revenue from external customers

(Millions of yen)

	FY2024 (From April 1, 2023 to March 31, 2024)	FY2025 (From April 1, 2024 to March 31, 2025)
Japan	814,884	838,885
U.S.A	225,249	279,393
China	293,658	192,566
Other	619,831	643,373
Total	1,953,625	1,954,218

(Notes) 1. Countries which have significant impact on the consolidated financial statements are individually presented.

2. Revenue is provided by location of customer.

##### Non-current assets

(Millions of yen)

	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
Japan	174,374	176,442
U.S.A.	54,293	42,323
China	48,258	38,410
Other	79,489	87,892
Total	356,414	345,068

(Notes) 1. Countries which have significant impact on the consolidated financial statements are individually presented.

2. Non-current assets (excluding financial assets, deferred tax assets, and retirement benefit asset) are provided by location of assets.

#### (5) Principal customer information

The principal customer is Toyota Motor Corporation and its subsidiaries. Revenue from the principal customer is recorded in all segments (Japan; North, Central and South America; China; Asia; and Europe and Africa).

(Millions of yen)

FY2024 (From April 1, 2023 to March 31, 2024)	FY2025 (From April 1, 2024 to March 31, 2025)
1,427,625	1,422,366

## 7. Business combinations

FY2024 (From April 1, 2023 to March 31, 2024)

(Business combination through acquisition of shares of Toyota Auto Body Seiko Co., LTD.)

The Board of Directors of the Company resolved, at its meeting held on December 27, 2022, to acquire additional shares of Toyota Auto Body Seiko Co., LTD. (hereinafter, “Toyota Auto Body Seiko”) from Toyota Auto Body Co., LTD., thereby making Toyota Auto Body Seiko a subsidiary of the Company effective from October 1, 2023.

### 1) Outline of the business combination

#### (i) Outline of the acquiree

Name: Toyota Auto Body Seiko Co., LTD.

Line of business: Manufacture of rear seat frames, long slide rails, etc.

#### (ii) Reasons for the business combination

The Company positioned Toyota Auto Body Seiko as a major manufacturer of rear seat frames and long slide rails. Through close collaboration to further strengthen the competitiveness of the automotive seat business, our goal is to become a solution company of vehicle interior space who is capable of creating new corporate value as an Interior Space Creator.

#### (iii) Date of business combination

October 1, 2023

#### (iv) Name of the company after the business combination

Toyota Boshoku Seiko Corporation

(Note) The company name was changed effective October 1, 2023.

#### (v) Legal form of the business combination

Acquisition of shares

#### (vi) Percentage of voting rights acquired

Percentage of voting rights before acquisition: 33.6%

Percentage of voting rights after acquisition: 66.4%

#### (vii) Main reason for determining the combining entity

The Company acquired a majority of the voting rights of Toyota Auto Body Seiko by acquiring shares in exchange for cash.

#### (viii) Consideration for acquisition

Fair value of the equity interest in Toyota Auto Body Seiko held immediately before the acquisition date	1,306 million yen
Cash	1,279 million yen
Total (Note)	2,586 million yen

(Note) In addition to the cash payment as consideration for the acquisition, the Company extended a cash loan of 15,850 million yen to Toyota Auto Body Seiko to assist in repaying its debts.

### 2) Major acquisition-related costs

Advisory fee, etc.: 44 million yen

The amount indicated above is included in “Selling, general and administrative expenses” in the consolidated statement of income.

### 3) Loss on step acquisition

The equity interest of 33.6% in Toyota Auto Body Seiko held by the Company immediately before the acquisition date was remeasured at its acquisition-date fair value. Consequently, a loss on step acquisition of

317 million yen was recognized in this business combination. This loss is included in “Other expenses” in the consolidated statement of income.

4) Breakdown of assets acquired and liabilities assumed on the acquisition date

	(Millions of yen)
Cash and cash equivalents	1,212
Trade and other receivables	20,853
Inventories	1,559
Property, plant and equipment	12,681
Other assets	1,750
<b>Total assets</b>	<b>38,057</b>
Trade and other payables	10,670
Bonds and borrowings	15,200
Provisions	83
Other liabilities	7,799
<b>Total liabilities</b>	<b>33,753</b>

5) Non-controlling interest

Non-controlling interest recognized at the acquisition date was 1,499 million yen. This was determined by calculating the net assets at fair value of Toyota Auto Body Seiko at the acquisition date and then multiplying this value by the non-controlling interest percentage of 33.6%.

6) Amount of negative goodwill incurred and reason for negative goodwill

(i) Amount of negative goodwill incurred

382 million yen

(ii) Reason for negative goodwill incurred

As the net amount of assets acquired and liabilities assumed exceeded the acquisition price of shares, the difference was recognized as “Other income” in the consolidated statement of income.

7) Revenue and profit attributable to owners of the parent of the acquiree

Revenue and profit attributable to owners of the parent arising from this business combination included in the consolidated statement of income for the fiscal year ended March 31, 2024, as well as revenue and profit attributable to owners of the parent assuming this business combination had taken place at the beginning of the fiscal year, will not have a significant impact on the consolidated financial statements.

(Business combination through acquisition of shares of PT. SHIROKI INDONESIA)

The Board of Directors of the Company resolved, at its meeting held on July 28, 2023, to enter into a Share Purchase Agreement, under which AISIN SHIROKI Corporation (hereinafter, "AISIN SHIROKI") transferred the shares of PT. SHIROKI INDONESIA (a subsidiary of AISIN SHIROKI; hereinafter, "SID") to TOYOTA BOSHOKU ASIA CO., LTD. (hereinafter, "TBAS"), a subsidiary of Toyota Boshoku Corporation, thereby making SID a sub-subsiidiary of the Company effective from November 1, 2023.

1) Outline of the business combination

(i) Name and line of business of the acquiree

Name: PT. SHIROKI INDONESIA

Line of business: Manufacture of seat recliners, seat adjusters, etc.

(ii) Reasons for the business combination

Since 2015, the Company has been gradually taking over the development and production functions of seat frame mechanism parts for Toyota Motor Corporation in order to become "home" (Note) as an interior system supplier. Following this acquisition, the Company will enhance the sales and production functions of the Toyota Boshoku group to further strengthen competitiveness and become a solution company of vehicle interior space who is capable of creating new corporate value as an Interior Space Creator.

(Note) Home: Business or region with a local presence that can add value on its own and has an edge over competitors

(iii) Date of business combination

November 1, 2023

(iv) Name of the company after the business combination

PT. TOYOTA BOSHOKU DEVICE INDONESIA

(Note) The company name was changed effective January 1, 2025.

(v) Legal form of the business combination

Acquisition of shares

(vi) Percentage of voting rights acquired

Percentage of voting rights before acquisition: -%

Percentage of voting rights after acquisition: 80.0%

(vii) Main reason for determining the combining entity

TBAS, a subsidiary of the Company, acquired a majority of the voting rights of SID by acquiring shares in exchange for cash.

(viii) Consideration for acquisition

Cash 17 million U.S. dollars (2,574 million yen)

2) Major acquisition-related costs

Advisory fee, etc.: 81 million yen

The amount indicated above is included in "Selling, general and administrative expenses" in the consolidated statement of income.

3) Breakdown of assets acquired and liabilities assumed on the acquisition date

	(Millions of yen)
Cash and cash equivalents	541
Trade and other receivables	986
Inventories	405
Property, plant and equipment	1,942
Other assets	1,050
Total assets	4,927
Trade and other payables	647
Other liabilities	430
Total liabilities	1,078

4) Non-controlling interest

Non-controlling interest recognized at the acquisition date was 769 million yen. This was determined by calculating the net assets at fair value of SID at the acquisition date and then multiplying this value by the non-controlling interest percentage of 20.0%.

5) Amount of negative goodwill incurred and reason for negative goodwill

(i) Amount of negative goodwill incurred

504 million yen

(ii) Reason for negative goodwill incurred

As the net amount of assets acquired and liabilities assumed exceeded the acquisition price of shares, the difference was recognized as “Other income” in the consolidated statement of income.

6) Revenue and profit attributable to owners of the parent of the acquiree

Revenue and profit attributable to owners of the parent arising from this business combination included in the consolidated statement of income for the fiscal year ended March 31, 2024, as well as revenue and profit attributable to owners of the parent assuming this business combination had taken place at the beginning of the fiscal year, will not have a significant impact on the consolidated financial statements.



(Business combination through acquisition of shares of SHIROKI AUTOMOTIVE INDIA PRIVATE LIMITED)  
The Board of Directors of the Company resolved, at its meeting held on August 31, 2023, to enter into a Share Purchase Agreement, under which AISIN SHIROKI Corporation (hereinafter, “AISIN SHIROKI”) transferred the shares of SHIROKI AUTOMOTIVE INDIA PVT. LTD. (a subsidiary of AISIN SHIROKI; hereinafter, “SAI”) to TOYOTA BOSHOKU ASIA CO., LTD. (hereinafter, “TBAS”), a subsidiary of Toyota Boshoku Corporation, thereby making SAI a sub-subsidiary of the Company effective from March 15, 2024.

1) Outline of the business combination

(i) Name and line of business of the acquiree

Name: SHIROKI AUTOMOTIVE INDIA PRIVATE LIMITED  
Line of business: Manufacture of seat recliners, seat adjusters, etc.

(ii) Reasons for the business combination

Since 2015, the Company has been gradually taking over the development and production functions of seat frame mechanism parts for Toyota Motor Corporation in order to become “home” (Note) as an interior system supplier. Following this acquisition, the Company will enhance the sales and production functions of the Toyota Boshoku group to further strengthen competitiveness and become a solution company of vehicle interior space who is capable of creating new corporate value as an Interior Space Creator.  
(Note) Home: Business or region with a local presence that can add value on its own and has an edge over competitors

(iii) Date of business combination

March 15, 2024

(iv) Name of the company after the business combination

TOYOTA BOSHOKU DEVICE INDIA PRIVATE LIMITED  
(Note) The company name was changed effective May 8, 2024.

(v) Legal form of the business combination

Acquisition of shares

(vi) Percentage of voting rights acquired

Percentage of voting rights before acquisition: –%  
Percentage of voting rights after acquisition: 80.0%

(vii) Main reason for determining the combining entity

TBAS, a subsidiary of the Company, acquired a majority of the voting rights of SAI by acquiring shares in exchange for cash.

(viii) Consideration for acquisition

Cash 33 million U.S. dollars (4,903 million yen)

2) Major acquisition-related costs

Advisory fee, etc.: 63 million yen

The amount indicated above is included in “Selling, general and administrative expenses” in the consolidated statement of income.

3) Breakdown of assets acquired and liabilities assumed on the acquisition date

	(Millions of yen)
Cash and cash equivalents	523
Trade and other receivables	1,525
Inventories	1,072
Property, plant and equipment	2,083
Other assets	2,814
<b>Total assets</b>	<b>8,019</b>
Trade and other payables	966
Other liabilities	504
<b>Total liabilities</b>	<b>1,471</b>

4) Non-controlling interest

Non-controlling interest recognized at the acquisition date was 1,008 million yen. This was determined by calculating the net assets at fair value of SAI at the acquisition date and then multiplying this value by the non-controlling interest percentage of 20.0%.

5) Amount of negative goodwill incurred and reason for goodwill

The Company recognized a bargain purchase gain of 636 million yen since the net of the amounts of the assets acquired and the liabilities assumed exceeded the acquisition cost of shares as a result of the recognition of a valuation gain of tangible fixed assets (land) and other assets (customer-related assets) in measuring the fair value of assets acquired. The finalized bargain purchase gain is recorded under "Other income" in the consolidated statement of income.

6) Revenue and profit attributable to owners of the parent of the acquiree

Revenue and profit attributable to owners of the parent arising from this business combination included in the consolidated statement of income for the fiscal year ended March 31, 2024, as well as revenue and profit attributable to owners of the parent assuming this business combination had taken place at the beginning of the fiscal year, will not have a significant impact on the consolidated financial statements.

7) Finalization of Provisional Accounting for Business Combination

Regarding the business combination with SHIROKI AUTOMOTIVE INDIA PRIVATE LIMITED (Current TOYOTA BOSHOKU DEVICE INDIA PRIVATE LIMITED) conducted on March 15, 2024, the Company reported a provisional accounting in the previous consolidated fiscal year, which was finalized during the current consolidated fiscal year. The initial allocation of the purchase cost was adjusted in response to the finalization of the provisional accounting. As a result, at the end of the previous consolidated fiscal year, goodwill decreased by 1,109 million yen, while property, plant and equipment, intangible assets, deferred tax liabilities, retained earnings, and non-controlling interests increased by 400 million yen, 1,506 million yen, 100 million yen, 636 million yen, and 59 million yen, respectively.

FY2025 (From April 1, 2024 to March 31, 2025)

Not applicable.

## 8. Cash and Cash Equivalents

Cash and cash equivalents consist of the following.

(Millions of yen)

	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
Cash and deposits	244,191	249,721
Total	244,191	249,721

## 9. Trade and Other Receivables

Trade and other receivables consist of the following.

(Millions of yen)

	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
Trade notes and accounts receivable	209,071	226,945
Electronically recorded monetary claims - trade	22,098	21,745
Lease receivables	64,259	33,061
Other	10,698	10,337
Allowance for doubtful accounts	(2,012)	(1,854)
Total	304,115	290,236

(Note) The amount net of allowance for doubtful accounts is shown in the consolidated statement of financial position.

## 10. Inventories

Inventories consist of the following.

(Millions of yen)

	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
Merchandise and finished goods	10,705	10,050
Work in process	14,218	23,234
Raw materials and supplies	58,724	53,856
Total	83,648	87,142

(Note) The amount of inventory write-downs recorded in cost of sales in the fiscal year ended March 31, 2025 was 682 million yen. (687 million yen in the fiscal year ended March 31, 2024)

In the fiscal years ended March 31, 2024 and 2025, there were no significant reversal of write-downs.

## 11. Other Assets

Other assets consist of the following.

(Millions of yen)

	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
(Other current assets)		
Prepaid expenses	2,269	2,937
Advance payments to suppliers	4,046	3,981
Consumption taxes receivable	2,030	3,045
Other	5,103	4,493
Total	13,449	14,457
(Other non-current assets)		
Long-term prepaid expenses	653	1,522
Other	1,804	2,196
Total	2,458	3,719

## 12. Assets held for sale

As for the assets and liabilities held by TB Kawashima Co., Ltd. (TB Kawashima) and its subsidiaries classified as assets held for sale and liabilities directly related to the assets at the end of the previous consolidated fiscal year, a third-party allotment of new shares was completed on November 1, 2024 to AUNDE Achter & Ebels GmbH as the allottee. As a result, TB Kawashima and its subsidiaries were reclassified from the consolidated subsidiaries to the associates accounted for using the equity method. As of November 1, 2024, TB Kawashima changed its corporate name to Aunde Boshoku Co., Ltd.

Assets held for sale and liabilities directly associated with assets held for sale are as follows:

(Millions of yen)

	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
(Assets held for sale)		
Cash and cash equivalents	5,673	—
Trade and other receivables	5,930	—
Inventories	2,508	—
Income taxes receivable	15	—
Other current assets	214	—
Property, plant and equipment	5,072	—
Intangible assets	25	—
Other financial assets	516	—
Deferred tax assets	160	—
Other non-current assets	10	—
Loss recognized by measuring a disposal group held for sale at fair value less costs to sell	(6,063)	—
Total	14,063	—
(Liabilities directly associated with assets held for sale)		
Trade and other payables	5,712	—
Bonds and borrowings	125	—
Income taxes payable	118	—
Other current liabilities	551	—
Other financial liabilities	1,944	—
Retirement benefit liability	352	—
Deferred tax liabilities	801	—
Total	9,607	—

### 13. Property, Plant and Equipment

#### (1) Movements

Changes in acquisition cost, accumulated depreciation and accumulated impairment losses and the carrying amounts of property, plant and equipment are as follows.

(Millions of yen)

Acquisition cost	Land	Buildings and structures	Machinery and equipment and vehicles	Tools, furniture and fixtures	Construction in progress	Total
As of April 1, 2023	33,338	242,821	402,287	75,773	17,194	771,414
Acquisition	1,530	2,150	6,353	2,214	54,011	66,260
Business combination	2,266	6,293	30,897	1,779	1,895	43,132
Disposal	(490)	(1,354)	(12,825)	(3,270)	(105)	(18,046)
Transfer to assets held for sale	(449)	(2,256)	(3,727)	(481)	(92)	(7,007)
Exchange differences on translation of foreign operations	612	8,397	22,545	2,365	1,574	35,495
Hyperinflation adjustment	39	1,960	4,200	434	1,327	7,961
Other	2,376	7,228	25,486	2,444	(39,415)	(1,879)
As of March 31, 2024	39,223	265,239	475,218	81,258	36,389	897,330
Acquisition	3,295	2,066	5,198	2,044	58,804	71,409
Disposal	(968)	(1,916)	(16,924)	(5,417)	(831)	(26,057)
Exchange differences on translation of foreign operations	33	(1,685)	(3,617)	(213)	(577)	(6,060)
Hyperinflation adjustment	20	2,240	2,702	238	(537)	4,664
Other	(1)	24,748	19,161	8,551	(53,624)	(1,165)
As of March 31, 2025	41,603	290,693	481,739	86,461	39,622	940,120

(Note) "Other" includes transfers from "Construction in progress" to each item.

(Millions of yen)

Accumulated depreciation and accumulated impairment losses	Land	Buildings and structures	Machinery and equipment and vehicles	Tools, furniture and fixtures	Construction in progress	Total
As of April 1, 2023	862	145,046	300,452	61,965	5	508,333
Depreciation	—	9,608	28,954	6,352	—	44,915
Impairment losses	40	148	348	1	0	538
Business combination	—	2,476	16,873	1,145	—	20,495
Disposal	(212)	(1,205)	(11,488)	(3,150)	—	(16,057)
Transfer to assets held for sale	—	(1,137)	(2,135)	(373)	(3)	(3,649)
Exchange differences on translation of foreign operations	—	5,196	17,201	1,875	1	24,274
Hyperinflation adjustment	—	695	2,838	390	—	3,923
Other	—	(292)	746	(2,570)	41	(2,074)
As of March 31, 2024	690	160,535	353,791	65,636	45	580,699
Depreciation	—	10,410	29,902	7,640	—	47,953
Impairment losses	—	4,143	15,244	879	11,429	31,696
Disposal	—	(1,756)	(15,206)	(5,206)	—	(22,169)
Exchange differences on translation of foreign operations	—	(670)	(2,885)	(174)	(223)	(3,954)
Hyperinflation adjustment	—	502	1,935	226	—	2,664
Other	—	(436)	(1,073)	591	1	(915)
As of March 31, 2025	690	172,728	381,708	69,593	11,253	635,974

(Note) Depreciation of property, plant and equipment is included in “Cost of sales”, “Selling, general and administrative expenses” and “Other expenses” in the consolidated statement of income.

(Millions of yen)

Carrying amount	Land	Buildings and structures	Machinery and equipment and vehicles	Tools, furniture and fixtures	Construction in progress	Total
As of April 1, 2023	32,475	97,774	101,835	13,807	17,188	263,081
As of March 31, 2024	38,533	104,703	121,426	15,622	36,344	316,630
As of March 31, 2025	40,913	117,964	100,030	16,868	28,368	304,145

(2) Carrying amount of property, plant and equipment pledged as collateral

Assets pledged as collateral and corresponding liabilities consist of the following.

		(Millions of yen)
	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
Assets pledged as collateral		
Buildings and structures	95	0
Land	939	—
Total	1,034	0
Secured liabilities		
Long-term guarantee deposits	85	15
Total	85	15

(3) Breakdown of property, plant and equipment

Property, plant and equipment consist of owned property, plant and equipment and right-of-use assets, and their carrying amounts are as follows:

		(Millions of yen)
Carrying amount	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
Property, plant and equipment [see (1) Movements]	316,630	304,145
Right-of-use assets	13,152	13,075
Balance of property, plant and equipment recognized in the consolidated statement of financial position	329,783	317,221

(4) Impairment losses

FY2024 (From April 1, 2023 to March 31, 2024)

There were no significant impairment losses.

FY2025 (From April 1, 2024 to March 31, 2025)

Significant impairment losses are described in "4. Significant Accounting Estimates and Judgements."



## 14. Goodwill and Intangible Assets

### (1) Movements

Changes in acquisition cost, accumulated amortization and accumulated impairment losses and the carrying amounts of intangible assets are as follows:

	(Millions of yen)						
Acquisition cost	Software	Development cost	Goodwill	Patents	Customer-related intangible assets	Other	Total
As of April 1, 2023	24,822	948	4,898	2,363	—	5,041	38,074
Acquisition	4,769	—	—	71	2,770	104	7,715
Internally generated	—	75	—	—	—	—	75
Business combination	235	—	—	—	1,506	564	2,306
Disposal	(2,121)	—	—	—	—	(5)	(2,126)
Transfer to assets held for sale	(222)	—	—	—	—	(15)	(238)
Exchange differences on translation of foreign operations	269	—	—	—	—	(285)	(15)
Hyperinflation adjustment	152	—	—	—	—	771	924
Other	8	—	18	—	—	22	48
As of March 31, 2024	27,914	1,023	4,916	2,434	4,276	6,198	46,763
Acquisition	4,699	115	—	16	—	136	4,967
Internally generated	—	—	—	—	—	—	—
Disposal	(4,477)	—	—	—	—	(36)	(4,514)
Exchange differences on translation of foreign operations	(89)	—	—	—	—	(159)	(249)
Hyperinflation adjustment	86	—	—	—	—	398	485
Other	97	(1)	22	—	—	(51)	66
As of March 31, 2025	28,231	1,137	4,938	2,451	4,276	6,486	47,520

(Millions of yen)

Accumulated amortization and accumulated impairment losses	Software	Developme nt cost	Goodwill	Patents	Customer- related intangible assets	Other	Total
As of April 1, 2023	13,746	661	—	436	—	4,198	19,043
Amortization expenses	3,509	64	—	188	554	237	4,554
Impairment losses	0	—	—	—	—	—	0
Business combination	36	—	—	—	—	381	417
Disposal	(2,114)	—	—	—	—	(5)	(2,119)
Transfer to assets held for sale	(201)	—	—	—	—	(11)	(213)
Exchange differences on translation of foreign operations	189	—	—	—	—	(274)	(85)
Hyperinflation adjustment	137	—	—	—	—	722	859
Other	(22)	—	—	—	—	(53)	(75)
As of March 31, 2024	15,281	726	—	625	554	5,193	22,380
Amortization expenses	3,299	70	—	190	855	153	4,569
Impairment losses	150	—	—	—	—	233	384
Disposal	(4,296)	—	—	—	—	(5)	(4,301)
Exchange differences on translation of foreign operations	(75)	—	—	—	—	(175)	(250)
Hyperinflation adjustment	83	—	—	—	—	410	494
Other	(119)	—	—	—	—	(16)	(135)
As of March 31, 2025	14,324	797	—	815	1,409	5,795	23,141

(Note) Amortization expenses of intangible assets is included in “Cost of sales” and “Selling, general and administrative expenses” in the consolidated statement of income.

(Millions of yen)

Carrying amount	Software	Developme nt cost	Goodwill	Patents	Customer- related intangible assets	Other	Total
As of April 1, 2023	11,076	286	4,898	1,926	—	843	19,031
As of March 31, 2024	12,633	297	4,916	1,809	3,722	1,004	24,383
As of March 31, 2025	13,907	339	4,938	1,635	2,866	691	24,379

Research and development expenditures recognized in profit or loss consist of the following. These are included in “Cost of sales” and “Selling, general and administrative expenses” in the consolidated statement of income.

(Millions of yen)

	FY2024 (From April 1, 2023 to March 31, 2024)	FY2025 (From April 1, 2024 to March 31, 2025)
Research and development expenditures recognized in profit or loss	50,276	54,934

## (2) Breakdown of intangible assets

Intangible assets consist of owned intangible assets and right-of-use assets, and their carrying amounts are as follows:

(Millions of yen)

Carrying amount	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
Intangible assets [see (1) Movements]	19,466	19,440
Right-of-use assets	130	107
Balance of intangible assets recognized in the consolidated statement of financial position	19,597	19,548

### (3) Material intangible assets

There were no individually material intangible assets recorded in the consolidated statement of financial position as of March 31, 2024 and March 31, 2025, respectively.

### (4) Impairment losses

FY2024 (From April 1, 2023 to March 31, 2024)

There were no significant impairment losses.

FY2025 (From April 1, 2024 to March 31, 2025)

There were no significant impairment losses.

### (5) Impairment test of goodwill

The aggregate carrying amounts of goodwill allocated to each cash-generating unit are as follows.

		(Millions of yen)	
Geographical area	Cash-generating unit	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
Japan	The Company	4,747	4,747
Europe and Africa	TOYOTA BOSHOKU	168	190
	LEGNICA SP. Z O.O.		
	Total	4,916	4,938

For the recoverable value of cash-generating units to which goodwill is allocated, value in use is calculated by discounting the estimated amount of cash flows, which is based on a business plan covering a maximum of five years that was prepared by reflecting past experience and external information and has been approved by the management, to present value using the pre-tax weighted average cost of capital (WACC) of the cash-generating unit, which is approximately 11.1%.

There were no impairment losses on goodwill recognized in the fiscal years ended March 31, 2024 and 2025, respectively.

The Group concluded that, even if there were reasonably possible changes in key assumptions used in the impairment assessment, it is unlikely that a material impairment would arise.

## 15. Involvement in Subsidiaries and Associates

Major subsidiaries for the fiscal year ended March 31, 2025 consist of the following.

Company name	Location	Principal business	Percentage of voting rights of the Company (%)
TOYOTA BOSHOKU TOHOKU CORPORATION	Kitakami-shi, Iwate	Auto parts	100.0
COWERK CO., LTD.	Kariya-shi, Aichi	Auto parts	52.0
TOYOTA BOSHOKU KYUSHU CORPORATION	Kanzaki-shi, Saga	Auto parts	100.0

Company name	Location	Principal business	Percentage of voting rights of the Company (%)
TOYOTA BOSHOKU SEIKO CORPORATION	Takahama-shi, Aichi	Auto parts	66.4
SEAT METAL PARTS CHINA CO.,LTD	Zhejiang, China	Auto parts	90.0 (90.0)
TB LOGISTICS CORPORATION	Toyota-shi, Aichi	Transportation business	100.0
TOYOTA BOSHOKU AMERICA, INC.	Kentucky, U.S.A.	Auto parts	100.0
TBDN TENNESSEE COMPANY, LLC	Tennessee, U.S.A.	Auto parts	80.0 (80.0)
TOYOTA BOSHOKU TENNESSEE, LLC	Tennessee, U.S.A.	Auto parts	100.0 (100.0)
TOYOTA BOSHOKU KENTUCKY, LLC	Kentucky, U.S.A.	Auto parts	100.0 (100.0)
TOYOTA BOSHOKU ARGENTINA S.R.L.	Buenos Aires, Argentina	Auto parts	95.0 (95.0)
TOYOTA BOSHOKU CANADA, INC.	Ontario, Canada	Auto parts	100.0 (100.0)
TOYOTA BOSHOKU MISSISSIPPI, LLC	Mississippi, U.S.A.	Auto parts	100.0 (100.0)
TOYOTA BOSHOKU DO BRASIL LTDA.	Sao Paulo, Brazil	Auto parts	100.0 (0.1)
TOYOTA BOSHOKU INDIANA, LLC	Indiana, U.S.A.	Auto parts	100.0 (100.0)
TOYOTA BOSHOKU ILLINOIS, LLC	Illinois, U.S.A.	Auto parts	100.0 (100.0)
TOYOTA BOSHOKU WESTERN KENTUCKY, LLC.	Kentucky, U.S.A.	Auto parts	100.0 (100.0)
TOYOTA BOSHOKU (CHINA) CO., LTD.	Shanghai, China	Auto parts	100.0
CHENGDU TOYOTA BOSHOKU AUTOMOTIVE PARTS CO., LTD.	Chengdu, Sichuan Province, China	Auto parts	53.0 (53.0)
NINGBO TOYOTA BOSHOKU AUTOMOTIVE PARTS CO., LTD.	Ningbo, Zhejiang Province, China	Auto parts	80.0 (40.0)
TIANJIN INTEX AUTO PARTS CO., LTD.	Tianjin, China	Auto parts	75.0 (75.0)
TIANJIN TOYOTA BOSHOKU AUTOMOTIVE PARTS CO., LTD.	Tianjin, China	Auto parts	80.0
GUANGZHOU INTEX AUTO PARTS CO., LTD.	Guangzhou, Guangdong Province, China	Auto parts	75.0 (75.0)
TOYOTA BOSHOKU (GUANGZHOU) AUTOMOTIVE PARTS CO., LTD.	Guangzhou, Guangdong Province, China	Auto parts	100.0 (100.0)
TOYOTA BOSHOKU FOSHAN CO., LTD.	Foshan, Guangdong Province, China	Auto parts	80.0
TOYOTA BOSHOKU (TIANJIN) AUTOMOTIVE PARTS CO., LTD.	Tianjin, China	Auto parts	100.0 (100.0)
SHENYANG TOYOTA BOSHOKU AUTOMOTIVE PARTS CO., LTD.	Shenyang, Liaoning Province, China	Auto parts	100.0 (100.0)
TOYOTA BOSHOKU ASIA CO., LTD.	Bangkok, Thailand	Auto parts	100.0
SHIN SAN SHING CO., LTD.	Hsinchu, Taiwan	Auto parts	47.0 [3.8]
PT. TOYOTA BOSHOKU INDONESIA	Jawa Barat, Indonesia	Auto parts	81.8
TOYOTA BOSHOKU PHILIPPINES CORPORATION	Laguna, the Philippines	Auto parts	95.0
TOYOTA BOSHOKU GATEWAY (THAILAND) CO., LTD.	Chachoengsao, Thailand	Auto parts	80.0 (30.0)
TOYOTA BOSHOKU AUTOMOTIVE INDIA PRIVATE LIMITED	Karnataka, India	Auto parts	95.0 (25.0)

Company name	Location	Principal business	Percentage of voting rights of the Company (%)
TOYOTA BOSHOKU FILTRATION SYSTEM (THAILAND) CO., LTD.	Rayong, Thailand	Auto parts	80.0 (80.0)
TOYOTA BOSHOKU SIAM METAL CO., LTD.	Chonburi, Thailand	Auto parts	87.1 (87.1)
TOYOTA BOSHOKU HAIPHONG CO., LTD.	Haiphong, Vietnam	Auto parts	100.0
PT. TOYOTA BOSHOKU DEVICE INDONESIA	Jawa Barat, Indonesia	Auto parts	80.0 (80.0)
BOSHOKU AUTOMOTIVE (THAILAND) CO., LTD.	Rayong, Thailand	Auto parts	90.0 (90.0)
TOYOTA BOSHOKU DEVICE INDIA PRIVATE LIMITED	Haryana, India	Auto parts	100.0 (100.0)
TOYOTA BOSHOKU EUROPE N.V.	Zaventem, Belgium	Auto parts	100.0
TOYOTA BOSHOKU TURKIYE OTOMOTIV SANAYI VE TICARET A.S.	Adapazari, Turkey	Auto parts	90.0 (90.0)
TOYOTA BOSHOKU SOUTH AFRICA (PTY) LTD.	Kwazulu-Natal, South Africa	Auto parts	85.0 (85.0)
TOYOTA BOSHOKU SOMAIN S.A.S.	Zone Industrielle de la Renaissance, France	Auto parts	100.0 (100.0)
TOYOTA BOSHOKU POLAND SP. Z O.O.	Lower Silesian Voivodeship, Poland	Auto parts	100.0 (100.0)
other 25 companies			

(Notes) 1. The name of business division is shown in the “Principal business” field.

2. In the “Percentage of voting rights of the Company” field, the figures shown in parentheses, included in the figures directly above, represent the indirect ownership ratio, and the figures shown in square brackets, not included in the figures directly above, represent the ownership ratio of close persons, etc.
3. The Group only holds less than 50% stake in SHIN SAN SHING CO., LTD., and the percentage of its voting rights at shareholders’ meetings is also less than 50%. However, because the Company substantively controls the said company by a contract, this company is deemed as its subsidiary.

There were no subsidiaries or associates of individual significance for which the Company has non-controlling interests for the fiscal years ended March 31, 2024 and 2025, respectively.

Impacts on capital surplus due to changes in ownership interests in consolidated subsidiaries that do not result in a loss of control

(Millions of yen)

	FY2024 (From April 1, 2023 to March 31, 2024)	FY2025 (From April 1, 2024 to March 31, 2025)
Consideration for acquisition	13	1,168
Decrease in non-controlling interests	(0)	(1,348)
Changes in capital surplus	(12)	179

Gains (losses) associated with a loss of control of subsidiaries for the fiscal years ended March 31, 2024 and 2025 were insignificant.

The carrying amounts of interests in individually insignificant associates attributable to the Group, which are accounted for using the equity method, are as follows.

(Millions of yen)

	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
Carrying amount	11,778	14,002

The amounts of equity in comprehensive income of individually insignificant associates accounted for using the equity method consist of the following. These amounts are after adjusting for the Group's ownership ratio.

(Millions of yen)

	FY2024 (From April 1, 2023 to March 31, 2024)	FY2025 (From April 1, 2024 to March 31, 2025)
Amount of equity in profit	1,494	2,175
Amount of equity in other comprehensive income	596	(236)
Total comprehensive income	2,091	1,939

## 16. Income Taxes

### (1) Deferred tax assets and deferred tax liabilities

Increase (decrease) in deferred tax assets and deferred tax liabilities consist of the following.

FY2024 (From April 1, 2023 to March 31, 2024)

	(Millions of yen)						
	Balance at beginning of period	Recognized in profit or loss(Note)	Recognized in other comprehensive income	Business combination	Transfer to assets and liabilities held for sale	Other	Balance at end of period
Deferred tax assets							
Accrued expenses	1,135	96	—	—	—	—	1,231
Accrued paid absences	4,025	571	—	89	—	—	4,686
Accrued bonuses	3,611	805	—	1	—	—	4,417
Retirement benefit liability	18,019	809	69	16	—	—	18,914
Provisions	722	(152)	—	—	—	—	569
Net operating loss carry-forwards for tax purposes	3,587	576	—	—	(66)	—	4,097
Tax credits carry-forwards	—	—	—	—	—	—	—
Other	9,386	3,521	—	179	(93)	—	12,994
Total deferred tax assets	40,487	6,228	69	287	(160)	—	46,912
Deferred tax liabilities							
Depreciation	1,813	(646)	—	(117)	—	—	1,049
Undistributed profits at subsidiaries and associates	15,676	3,975	—	—	(243)	—	19,408
Financial assets measured at fair value through other comprehensive income	4,645	(378)	3,488	—	—	—	7,756
Other	10,987	(1,592)	—	1,346	(558)	—	10,182
Total deferred tax liabilities	33,122	1,358	3,488	1,228	(801)	—	38,397
Net amount	7,365	4,870	(3,419)	(941)	641	—	8,515

(Note) Foreign currency translation differences are included in the amount recognized through profit or loss.

FY2025 (From April 1, 2024 to March 31, 2025)

	(Millions of yen)				
	Balance at beginning of period	Recognized in profit or loss(Note)	Recognized in other comprehensive income	Other	Balance at end of period
Deferred tax assets					
Accrued expenses	1,231	1,445	—	—	2,677
Accrued paid absences	4,686	259	—	—	4,946
Accrued bonuses	4,417	169	—	—	4,587
Impairment losses	—	3,004	—	—	3,004
Inventories	—	2,359	—	—	2,359
Retirement benefit liability	18,914	264	(1,045)	—	18,133
Provisions	569	849	—	—	1,419
Net operating loss carry-forwards for tax purposes	4,097	(3)	—	—	4,093
Tax credits carry-forwards	—	3	—	—	3
Other	12,994	10,043	—	—	23,037
Total deferred tax assets	46,912	18,396	(1,045)	—	64,262
Deferred tax liabilities					
Depreciation	1,049	(844)	—	—	204
Undistributed profits at subsidiaries and associates	19,408	1,154	—	—	20,562
Financial assets measured at fair value through other comprehensive income	7,756	1	(1,028)	—	6,730
Other	10,182	(1,263)	—	—	8,919
Total deferred tax liabilities	38,397	(951)	(1,028)	—	36,417
Net amount	8,515	19,347	(17)	—	27,845

(Note) Foreign currency translation differences are included in the amount recognized through profit or loss.

Deferred tax assets and deferred tax liabilities on the consolidated statement of financial position consist of the following.

	(Millions of yen)	
	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
Deferred tax assets	14,281	32,846
Deferred tax liabilities	5,766	5,000
Net amount	8,515	27,845

Deductible temporary differences, net operating loss carry-forwards for tax purposes, and tax credits carry-forwards for which no deferred tax asset is recognized are as follows.

	(Millions of yen)	
	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
Deductible temporary differences	17,693	42,905
Net operating loss carry-forwards for tax purposes	85,618	73,318
Tax credits carry-forwards	19,339	18,454
Total	122,652	134,678



		(Millions of yen)
	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
First year	1,569	1,414
Second year	2,044	1,236
Third year	1,941	1,577
Fourth year	3,092	2,162
Fifth year and thereafter	76,971	66,926
Total	<u>85,618</u>	<u>73,318</u>

Expiration of tax credits carry-forwards for which deferred tax assets are not recognized is expected as follows.

		(Millions of yen)
	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
First year	—	1,234
Second year	1,247	2,479
Third year	2,849	645
Fourth year	—	—
Fifth year and thereafter	15,243	14,094
Total	<u>19,339</u>	<u>18,454</u>

## (2) Income tax expenses

Income tax expenses consist of the following.

		(Millions of yen)
	FY2024 (From April 1, 2023 to March 31, 2024)	FY2025 (From April 1, 2024 to March 31, 2025)
Current tax expenses	22,143	30,307
Deferred tax expenses	(2,266)	(9,014)
Total income tax expenses	<u>19,877</u>	<u>21,292</u>

The reconciliation between the applicable tax rate and the average actual tax rate consists of the following.

	FY2024 (From April 1, 2023 to March 31, 2024)	FY2025 (From April 1, 2024 to March 31, 2025)
Applicable tax rate	30.9%	30.9%
Difference in income tax rates of foreign subsidiaries	(11.8)%	(4.3)%
Tax credit for R&D expenses	(1.6)%	(3.0)%
Undistributed profits at subsidiaries and associates	7.6%	6.3%
Permanent differences such as entertainment expenses	0.2%	1.0%
Foreign tax credits	2.6%	— %
Increase or decrease in temporary differences for which deferred tax assets are not recognized	(4.4)%	15.3%
Other	(1.0)%	(1.0)%
Average actual tax rate	22.6%	45.2%

(Note) Increase or decrease in temporary differences for which deferred tax assets are not recognized for the fiscal year ended March 31, 2024 include the effects of uncertain tax positions arising from transfer pricing in international transactions between the Company and its overseas subsidiaries. These positions were calculated using the most likely amount determined from assessing uncertainty across multiple scenarios formulated from discussions under the Advance Pricing Arrangement.

The increase or decrease in temporary differences for which deferred tax assets are not recognized in the current consolidated fiscal year include the impact of impairment losses on property, plant and equipment and intangible assets in the North, Central and South America segment.

The applicable tax rate was calculated as follows based on income, inhabitant and enterprise taxes in Japan.

	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
Applicable tax rate	30.9	30.9

(%)

### (3) Global minimum tax rules

In Japan, where the Company is domiciled, the Income Inclusion Rule (IIR), a component of the global minimum tax rules, was implemented effective April 1, 2024. Under this rule, if the tax burden in the countries where the subsidiaries are located falls below the minimum rate of 15%, the Company will be subject to top-up taxation.

There are no consolidated subsidiaries of which the effective tax rate under Pillar Two falls below 15%. Accordingly, no current tax expenses attributable to Pillar Two were recognized during the current fiscal year. Although the Company's exposure to the current taxes is not material, it is currently assessing any potential exposure in preparation for the adoption of the global minimum tax rules.

In accordance with IAS 12 "Income Taxes," the Company has applied a temporary exception under which deferred tax assets and liabilities related to Pillar Two income taxes are not recognized or disclosed.

### (4) Adjustments to the amount of deferred tax assets and liabilities due to changes in income tax rates

The "Act Partially Amending the Income Tax Act, etc." (Act No. 13 of 2025) was passed by the National Diet on March 31, 2025, under which the corporate income tax rate will be increased for fiscal years beginning on or after April 1, 2026.

As a result, the statutory effective tax rate used to calculate deferred tax assets and liabilities was revised from 30.9% to 31.7% for the temporary differences expected to be realized in or after the fiscal years beginning on April 1, 2026. Consequently, as of the end of the current fiscal year, the amounts of deferred tax assets (net of deferred tax liabilities) increased by 200 million yen, and income taxes - deferred increased by 200 million yen, respectively.

## 17. Trade and Other Payables

Trade and other payables consist of the following.

(Millions of yen)

	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
Trade notes and accounts payable	176,981	184,593
Electronically recorded obligations - trade	11,827	9,381
Lease liabilities	42,900	23,095
Other	19,814	17,798
<b>Total</b>	<b>251,524</b>	<b>234,869</b>

## 18. Bonds and Borrowings

Bonds and borrowings consist of the following.

(Millions of yen)

	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)	Average interest rate (%)	Repayment due
Short-term borrowings	—	10,787	4.80	—
Current portion of long-term borrowings	—	10,000	0.23	—
Corporate bonds	50,000	40,000	—	—
Long-term borrowings	115,000	106,531	0.63	April 2026 - February 2034
<b>Total</b>	<b>165,000</b>	<b>167,319</b>	<b>—</b>	<b>—</b>
Current liabilities	10,000	20,787	—	—
Non-current liabilities	155,000	146,531	—	—
<b>Total</b>	<b>165,000</b>	<b>167,319</b>	<b>—</b>	<b>—</b>

(Note) The average interest rate reflects the weighted-average interest rate against the balance at the end of the fiscal year ended March 31, 2025. Rates for corporate bonds are indicated in the detailed schedule of corporate bonds.

### Detailed schedule of corporate bonds

(Millions of yen)

Company name	Name	Issuance date	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)	Interest rate (%)	Collateral	Maturity date
Toyota Boshoku Corporation	4th unsecured straight bonds	December 7, 2017	10,000	—	0.210	None	December 20, 2024
Toyota Boshoku Corporation	5th unsecured straight bonds	December 7, 2017	10,000	10,000	0.330	None	September 17, 2027
Toyota Boshoku Corporation	6th unsecured straight bonds	December 15, 2022	10,000	10,000	0.439	None	December 15, 2027
Toyota Boshoku Corporation	7th unsecured straight bonds	October 19, 2023	10,000	10,000	0.578	None	October 19, 2028
Toyota Boshoku Corporation	8th unsecured straight bonds	October 19, 2023	10,000	10,000	1.155	None	October 19, 2033

## 19. Leases

### (1) Lease transactions as lessee

The Group leases land, buildings and structures, molds and others.

#### (i) Lease expenses

	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
Depreciation of right-of-use assets		
Land	427	351
Buildings and structures	1,854	1,710
Machinery and equipment and vehicles	699	894
Tools, furniture and fixtures	61	40
Intangible assets	10	13
Total	3,052	3,009
Interest expenses	39	57
Expenses for short-term leases	61	105
Expenses for leases of low-value assets	7	6
Variable lease payments	—	—

#### (ii) Sublease income

	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
Sublease income	47,751	14,589

Cost of sales for subleases is included in “Cost of sales” in the consolidated statement of income.

#### (iii) Total cash outflow for leases

	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
Total cash outflow for leases	32,864	33,159

#### (iv) Gains or losses arising from sale and leaseback transactions

	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
Gains or losses arising from sale and leaseback transactions	—	—

#### (v) Carrying amount of right-of-use assets

	Land	Buildings and structures	Machinery and equipment and vehicles	Tools, furniture and fixtures	Intangible assets	Total
As of April 1, 2023	6,879	5,112	970	52	104	13,117
As of March 31, 2024	6,884	4,573	1,553	140	130	13,283
As of March 31, 2025	6,540	4,297	2,104	133	107	13,181

Increase of right-of-use assets for the fiscal years ended March 31, 2024 and 2025 is 51,340 million yen (including 205 million yen of business combination) and 14,639 million yen, respectively. In addition, the transferred amount of assets held for sale for the fiscal years ended March 31, 2024 was (1,714) million yen.

(vi) Lease liabilities

Maturity analysis of lease liabilities is provided in “32. Financial Instruments, (5) Liquidity risk management.”

The balance of lease liabilities is included in “Trade and other payables” and “Other financial liabilities” in the consolidated statement of financial position. Lease liabilities included in “Trade and other payables” are lease transactions for molds, and the payment period is mainly two years. For these mold transactions, sublease contracts are implemented, and the amount of minimum sublease payments receivable under the sublease contracts is equal to the balance of finance lease receivables in (2) Lease transactions as lessor.

(2) Lease transactions as lessor

Finance lease transactions

The Group leases molds and others.

(i) Lease income

	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
Selling profit or loss	5,405	2,638
Finance income	—	—
Variable lease payments	—	—

(ii) Finance lease receivables

Maturity analysis of lease receivables based on finance leases consists of the following.

	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
Within one year	41,015	25,374
Over one year but within two years	20,075	6,094
Over two years but within three years	2,203	868
Over three years but within four years	585	412
Over four years but within five years	378	24
Over five years	—	286
Total	64,259	33,061
Unearned finance income	—	—
Finance lease receivables	64,259	33,061

The balance of lease receivables is included in “Trade and other receivables” in the consolidated statement of financial position. These leases are lease transactions for molds, and the collection period is mainly two years. There is no residual value after the lease term.

### Operating lease transactions

The Group leases land, buildings and structures, machinery and equipment and vehicles, and others.

Maturity analysis of lease payments based on operating lease transactions is as follows.

(Millions of yen)

	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
Within one year	589	335
Over one year but within two years	541	312
Over two years but within three years	513	295
Over three years but within four years	240	251
Over four years but within five years	233	240
Over five years	2,340	2,400
Total	4,459	3,837

Lease income is mainly rental income, and is stated in “27. Other Income and Other Expenses.”

## 20. Provisions

The breakdown and changes of provisions are as follows.

	(Millions of yen)		
	Warranty provision	Other	Total
As of April 1, 2023	6,724	297	7,021
Increase during period	665	357	1,022
Effects of business combinations	16	67	83
Decrease during period (intended use)	(2,823)	—	(2,823)
Decrease during period (reversal)	(62)	—	(62)
Interest expense over the discount period	—	—	—
Exchange differences on translation of foreign operations	180	9	189
As of March 31, 2024	4,699	730	5,430
Increase during period	3,402	13	3,416
Business combination	—	—	—
Decrease during period (intended use)	(908)	—	(908)
Decrease during period (reversal)	(22)	(30)	(52)
Interest expense over the discount period	—	—	—
Exchange differences on translation of foreign operations	(16)	(1)	(17)
As of March 31, 2025	7,155	713	7,868

For warranty provision, some or all of the expenditure is expected to be reimbursed by agreement with suppliers. The expected amount of reimbursements was 1,414 million yen and 1,395 million yen as of March 31, 2024 and 2025, respectively, and is included in “Trade and other receivables.”

## 21. Other Current Liabilities

Other current liabilities consist of the following.

	(Millions of yen)	
	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
(Other current liabilities)		
Accrued consumption taxes	7,954	5,074
Accrued expenses	52,640	54,004
Accrued bonuses	16,947	17,065
Accrued paid absences	20,055	20,121
Advances received	2,856	6,712
Other	11,285	1,674
Total	111,739	104,653

## 22. Employee Benefits

The Company and certain consolidated subsidiaries have defined benefit corporate pension plans, lump-sum retirement benefit plans, and defined contribution pension plans as retirement benefit plans.

The amount of benefits under the defined benefit corporate pension plans and lump-sum retirement benefit plans is determined based on points earned by employees for each year of service, the number of years of service and other terms.

To provide for future benefits, the Company and certain consolidated subsidiaries make contributions for defined benefit corporate pension plans based on actuarial calculations using an estimated rate of wages and salaries, operating them as funded plans. In addition, these plans are operated by a pension fund that is legally separate from the Company in compliance with relevant laws and regulations. The board of this pension fund and the entrusted pension management institution are required by laws and regulations to behave in a way that gives utmost priority to the interest of plan participants, and they assume the responsibility for managing plan assets based on the investment policy. Corporate pension funds fall under the category of related parties.

As an unfunded plan, the Company also has an unfunded plan for which the Company has obligations to pay benefits at due date.

### (1) Defined benefit plans

#### (i) Risks related to defined benefit plans

The Group is exposed to various risks in relation to defined benefit plans. Major risks are as follows. The Group is not exposed to significant concentration risk in relation to plan assets.

Fluctuations of plan assets	Investments in equity instruments, debt instruments, etc. are exposed to risk of fluctuations.
Changes in interest rates on corporate bonds	A decline in market yield of corporate bonds will be partially offset by a rise in value of bonds held by plans, but will increase defined benefit obligations.

Present value of defined benefit obligations and fair value of plan assets are as follows.

#### (ii) Changes in present value of defined benefit obligations

(Millions of yen)

	FY2024 (From April 1, 2023 to March 31, 2024)	FY2025 (From April 1, 2024 to March 31, 2025)
Balance of defined benefit obligations at beginning of period	96,634	97,794
Service cost	4,661	4,734
Interest cost	1,361	1,761
Actuarial gains and losses (demographic)	(652)	1,422
Actuarial gains and losses (financial)	(3,849)	(7,827)
Actuarial gains and losses (revised results)	(193)	(143)
Past service cost	21	20
Benefits paid	(4,034)	(4,537)
Exchange differences on translation of foreign operations	604	(33)
Business combination	3,886	—
Transfer to liabilities directly associated with assets held for sale	(510)	—
Others	(135)	(72)
Balance of defined benefit obligations at end of period	97,794	93,118

(Note) Service cost and interest cost are included in “Cost of sales” and “Selling, general and administrative expenses” in the consolidated statement of income.



(iii) Changes in fair value of plan assets

(Millions of yen)

	FY2024 (From April 1, 2023 to March 31, 2024)	FY2025 (From April 1, 2024 to March 31, 2025)
Balance of plan assets at beginning of period	48,835	56,628
Interest income	698	998
Income from plan assets other than interest	3,346	(47)
Pension contributions of the Group	2,393	2,448
Benefits paid	(1,266)	(1,687)
Exchange differences on translation of foreign operations	193	(106)
Business combination	2,557	—
Transfer to liabilities directly associated with assets held for sale	(157)	—
Other	28	—
Balance of plan assets at end of period	56,628	58,234

(Note) Interest income is included in “Cost of sales” and “Selling, general and administrative expenses” in the consolidated statement of income.

(iv) Reconciliation of balances of defined benefit obligations and plan assets

(Millions of yen)

	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
Present value of defined benefit obligations of funded plans	39,808	35,815
Fair value of plan assets	56,628	58,234
Subtotal	(16,819)	(22,419)
Present value of defined benefit obligations of unfunded plans	57,985	57,303
Net amount of defined benefit obligations and plan assets	41,166	34,884
Effect of asset ceiling (Note)	16,375	19,832
Amounts in the consolidated statement of financial position		
Retirement benefit liability	57,883	55,075
Retirement benefit asset	341	358
Defined benefit liabilities recognized in the consolidated statement of financial position	57,542	54,716

(Note) An unrecognized surplus has arisen in some pension plans of the Group, from which economic benefits cannot be used because future contributions will not be reduced or refunded. The amount of the asset ceiling is as indicated above.

Investment policy

The Group’s investment policy for the plan assets of 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 instruments, and insurance contracts.

Considering the funded status of the pension plans and surrounding economic environment for investments, the Group’s investment strategy may be revised as needed.

Moreover, the Group continuously monitors and pays extra attention to the diversification of risks relevant to strategies and investment managers for the purpose of risk control and, thereby, pursues efficiencies in investment.

## Major components of plan assets

Fair values of plan assets as of March 31, 2024 and 2025 are as follows.

FY2024 (As of March 31, 2024)

(Millions of yen)

Category	Items with published market value in an active market	Items with no published market value in an active market	Total
Commingled funds (domestic)	—	14,745	14,745
Commingled funds (overseas)	—	21,405	21,405
Insurance contracts (Note)	—	10,658	10,658
Other	1,275	8,543	9,819
Total	1,275	55,352	56,628

(Note) Insurance contracts principally include life insurance general account for which the principal and expected interest rate are guaranteed.

FY2025 (As of March 31, 2025)

(Millions of yen)

Category	Items with published market value in an active market	Items with no published market value in an active market	Total
Commingled funds (domestic)	—	15,181	15,181
Commingled funds (overseas)	—	21,197	21,197
Insurance contracts (Note)	—	11,312	11,312
Other	1,423	9,120	10,543
Total	1,423	56,810	58,234

(Note) Insurance contracts principally include life insurance general account for which the principal and expected interest rate are guaranteed.

## (v) Actuarial assumptions

The major items of actuarial assumptions as of each fiscal year-end are as follows.

(%)

	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
Discount rate	1.64	2.44

## (vi) Sensitivity analysis

Changes in the key assumptions may affect the measurement of defined benefit obligations as follows. This analysis shows the sensitivity to the key assumptions without taking into account all information of projected cash flow, based on the premise that assumptions other than those analyzed remain constant.

	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
Discount rate: Decreased by 0.5%	Increase of 5,891 million yen	Increase of 5,461 million yen
Discount rate: Increased by 0.5%	Decrease of 5,471 million yen	Decrease of 5,314 million yen

(vii) Information on future cash flows

Contributions to defined benefit plans of the Group expected in the fiscal year ending March 31, 2025 are as follows.

	Period	Amount	(Millions of yen)
From April 1, 2025 to March 31, 2026			4,276

Weighted-average duration of defined benefit obligations is as follows.

	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)	(Years)
Weighted-average duration	15.3	15.0	

(viii) Information on matching of assets and liabilities

In the case of funded plans, the Group matches assets and liabilities through long-term investments in line with obligations based on the pension scheme. Mainly corporate pension funds of each company actively monitor how duration and expected yield of investments correspond to expected cash outflows arising from pension obligations, and this risk management process has not been changed from the fiscal year ended March 31, 2024.

(2) Defined contribution pension plan

The amount recognized as expenses related to the defined contribution pension plan is as follows. Welfare insurance premiums are accounted for in the same way as the defined contribution plan and included in employee benefits expenses.

	FY2024 (From April 1, 2023 to March 31, 2024)	FY2025 (From April 1, 2024 to March 31, 2025)	(Millions of yen)
Amount recognized as expenses related to the defined contribution pension plan	3,041	3,288	

(3) Employee benefit expenses

Employee benefit expenses included in “Cost of sales” and “Selling, general and administrative expenses” in the consolidated statement of income are as follows.

	FY2024 (From April 1, 2023 to March 31, 2024)	FY2025 (From April 1, 2024 to March 31, 2025)	(Millions of yen)
Employee benefit expenses	337,370	354,483	

## 23. Equity and Other Equity Items

Consolidated companies make capital investments and investments in research and development, etc. to enhance corporate value through growth on a global basis. In order to meet such demand for funds, the Group conducts capital management taking into account appropriate balance of debt and equity associated with financing.

In addition, the Group aims for the equity ratio of approximately 50% in 2030, as announced in the Mid-term Business Plan for 2030.

	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
Total equity attributable to owners of the parent (millions of yen)	449,597	447,420
Total assets (millions of yen)	1,128,491	1,094,831
Ratio of equity attributable to owners of the parent (%)	39.8	40.9

### (1) Share capital and capital surplus

The Companies Act in Japan (hereinafter, the “Companies Act”) stipulates that no less than half of the contribution for issuing share shall be incorporated into share capital, and the remaining amount shall be incorporated into capital reserve, which is included in capital surplus. Moreover, the capital reserve may be incorporated into share capital by a resolution of the General Meeting of Shareholders under the Companies Act.

Changes in the number of shares authorized, the number of shares issued, and the balance of share capital, etc. are as follows.

	Number of shares authorized (shares)	Number of shares issued (shares)	Share capital (millions of yen)	Capital surplus (millions of yen)
Balance as of April 1, 2023	500,000,000	187,665,738	8,400	3,101
Increase (decrease)	—	—	—	(5)
Balance as of March 31, 2024	500,000,000	187,665,738	8,400	3,095
Increase (decrease)	—	—	—	149
Balance as of March 31, 2025	500,000,000	187,665,738	8,400	3,245

(Note) All shares issued by the Company are common shares, which has no restrictions on the content of rights and no par value. All issued shares are fully paid.

### (2) Treasury shares

Changes in the number and balance of treasury shares consist of the following.

	Number of shares (shares)	Amount (millions of yen)
Balance as of April 1, 2023	781,553	1,547
Increase (decrease)	8,371,355	19,968
Balance as of March 31, 2024	9,152,908	21,515
Increase (decrease)	(129,391)	(304)
Balance as of March 31, 2025	9,023,517	21,211

(Note) Increases (decreases) during the previous fiscal year were mainly due to the repurchase of 8,387,500 shares of treasury stock based on the resolution of the Board of Directors held on February 2, 2024.

Increases (decreases) during the current fiscal year was the disposal of restricted stock compensation and the purchase of shares less than one unit.

### (3) Retained earnings

The Companies Act stipulates that one tenth of the amount paid as dividend of surplus shall be accumulated as capital reserve or retained earnings reserve until the total amount of capital reserve and retained earnings reserve reaches one fourth of capital. Accumulated retained earnings reserve may be appropriated to compensate for losses. Moreover, retained earnings reserve may be reduced by a resolution of the General Meeting of Shareholders.

## 24. Dividends

Dividends paid for the fiscal years ended March 31, 2024 and 2025 consist of the following.

Resolutions	Class of shares	Source of dividends	Total dividends (millions of yen)	Dividends per share (yen)	Record date	Effective date
Board of Directors meeting held on April 27, 2023	Common shares	Retained earnings	6,540	35.00	March 31, 2023	May 26, 2023
Board of Directors meeting held on October 31, 2023	Common shares	Retained earnings	8,036	43.00	September 30, 2023	November 27, 2023
Board of Directors meeting held on April 26, 2024	Common shares	Retained earnings	7,676	43.00	March 31, 2024	May 27, 2024
Board of Directors meeting held on October 31, 2024	Common shares	Retained earnings	7,676	43.00	September 30, 2024	November 26, 2024

Of dividends with a record date in the fiscal year ended March 31, 2025, the total amount of those for which the effective date falls in the following fiscal year is as follows.

Resolutions	Class of shares	Source of dividends	Total dividends (millions of yen)	Dividends per share (yen)	Record date	Effective date
Board of Directors meeting held on April 25, 2025	Common shares	Retained earnings	7,681	43.00	March 31, 2025	May 26, 2025

## 25. Revenue

The Group mainly engages in manufacture and sale of automotive components, and satisfies performance obligations and recognizes revenues at the time of customer acceptance. Amounts of consideration do not contain any significant financial components, and are generally paid within three months from the time of satisfying performance obligations. While revenues recorded based on provisional unit prices mainly fall under variable consideration, such consideration is insignificant.

In addition, the Company promises to provide products that meet a level of quality required by customers.

### (1) Disaggregation of revenues

FY2024 (From April 1, 2023 to March 31, 2024)

	Reportable segment					(Millions of yen)
	Japan	North, Central and South America	China	Asia and Oceania	Europe and Africa	Total
Revenue recognized from contracts with customers	798,931	495,572	221,619	255,684	129,375	1,901,182
Revenue recognized from other sources	49,383	—	3,058	—	—	52,442
Total	848,314	495,572	224,677	255,684	129,375	1,953,625

FY2025 (From April 1, 2024 to March 31, 2025)

(Millions of yen)

	Reportable segment					Total
	Japan	North, Central and South America	China	Asia	Europe and Africa	
Revenue recognized from contracts with customers	847,962	483,972	219,736	269,372	115,438	1,936,481
Revenue recognized from other sources	15,408	—	2,329	—	—	17,737
Total	863,370	483,972	222,065	269,372	115,438	1,954,218

As Toyota Boshoku Australia Pty Ltd. has been excluded from the scope of consolidation from the previous fiscal year, the reportable segment has been changed to "Asia" from the current fiscal year. This change in segment name has no impact on segment information.

Revenue recognized from other sources is mainly lease income based on IFRS 16.

## (2) Contract balances

Contract balances of the Group consist of the following.

FY2024 (From April 1, 2023 to March 31, 2024)

(Millions of yen)

	As of April 1, 2023	As of March 31, 2024
Receivables from contracts with customers		
Trade notes and accounts receivable	219,882	209,071
Electronically recorded monetary claims - trade	17,343	22,098
Contract liabilities	6,750	12,254

FY2025 (From April 1, 2024 to March 31, 2025)

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Receivables from contracts with customers		
Trade notes and accounts receivable	209,071	226,945
Electronically recorded monetary claims - trade	22,098	21,745
Contract liabilities	12,254	6,882

(Note) Contract liabilities are included in "Other current liabilities" in the consolidated statement of financial position.

Of revenue recognized in the fiscal year ended March 31, 2024 and 2025 the amount included in the balance of contract liabilities is as follows. There was no revenue amount recognized from performance obligations satisfied (or partially satisfied) in previous fiscal years.

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Of revenue recognized the amount included in the balance of contract liabilities	6,750	12,254

The Group does not disclose information on remaining performance obligations whose original expected duration is one year or less, as it applies the practical expedient in paragraph 121 of IFRS 15.

Furthermore, in consideration arising from contracts with customers, there is no significant amount that is not included in transaction price.

## 26. Selling, General and Administrative Expenses

Selling, general and administrative expenses consist of the following.

(Millions of yen)

	FY2024 (From April 1, 2023 to March 31, 2024)	FY2025 (From April 1, 2024 to March 31, 2025)
Freight expenses	8,770	10,172
Employee benefit expenses	49,989	56,246
Depreciation and amortization	13,024	10,704
Research and development expenses	4,002	10,979
Miscellaneous expenses	14,713	16,689
Other	29,483	31,677
Total	119,984	136,469

## 27. Other Income and Other Expenses

Other income and other expenses consist of the following.

Other income

(Millions of yen)

	FY2024 (From April 1, 2023 to March 31, 2024)	FY2025 (From April 1, 2024 to March 31, 2025)
Rental income	695	693
Gain on sale of fixed assets	131	2,079
Gain on bargain purchase	2,249	—
Other	5,066	4,851
Total	8,142	7,623

Other expenses

(Millions of yen)

	FY2024 (From April 1, 2023 to March 31, 2024)	FY2025 (From April 1, 2024 to March 31, 2025)
Depreciation	457	462
Impairment losses	538	32,208
Loss recognized by measuring a disposal group held for sale at fair value less costs to sell	6,063	—
Loss on net monetary position	7,614	1,939
Other	5,683	3,348
Total	20,358	37,960

(Note) The loss recognized by measuring a disposal group classified as held for sale at fair value less costs to sell was recorded in response to the scheduled exclusion of TB Kawashima Co., Ltd. and its subsidiaries from the Company's consolidation scope. The details of such expenses are provided in "12. Assets Held for Sale." Impairment loss for the current fiscal year is mainly due to recognition of impairment of property, plant and equipment and intangible assets in the North, Central and South America segment. Details of such expenses are described in the notes "4. Significant Accounting Estimates and Judgments."

## 28. Finance Income and Finance Expenses

Finance income and finance expenses consist of the following.

Finance income

(Millions of yen)

	FY2024 (From April 1, 2023 to March 31, 2024)	FY2025 (From April 1, 2024 to March 31, 2025)
Interest income		
Financial assets measured at amortized cost	8,265	7,448
Gains (losses) on foreign currency translation	1,875	—
Other	262	226
Total	10,403	7,674

Finance expenses

(Millions of yen)

	FY2024 (From April 1, 2023 to March 31, 2024)	FY2025 (From April 1, 2024 to March 31, 2025)
Interest expenses		
Financial liabilities measured at amortized cost	2,811	1,568
Gains (losses) on foreign currency translation	—	3,239
Other	351	345
Total	3,162	5,153

## 29. Earnings per Share

Basis of calculation for basic earnings per share and diluted earnings per share is as follows.

	FY2024 (From April 1, 2023 to March 31, 2024)	FY2025 (From April 1, 2024 to March 31, 2025)
Basis of calculation for basic earnings per share		
Profit attributable to owners of the parent (millions of yen)	58,521	16,719
Weighted-average number of common shares outstanding (thousands of shares)	185,682	178,528
Basic earnings per share (yen)	315.17	93.65
Basis of calculation for diluted earnings per share		
Profit for the period used for calculation of diluted earnings per share (millions of yen)	58,521	16,719
Weighted-average number of common shares outstanding (thousands of shares)	185,682	178,528
Increase in common shares due to transfer-restricted share-based payment plan (thousands of shares)	30	33
Weighted-average number of diluted common shares outstanding (thousands of shares)	185,713	178,562
Diluted earnings per share (yen)	315.12	93.63



### 30. Other Comprehensive Income

Amount incurred during the period and reclassification adjustments to profit or loss, as well as tax effect, by component of other comprehensive income consist of the following.

(Millions of yen)

	FY2024 (From April 1, 2023 to March 31, 2024)	FY2025 (From April 1, 2024 to March 31, 2025)
(Items that will not be reclassified to profit or loss)		
Remeasurements of defined benefit plans		
Amount incurred during the period	(187)	3,126
Reclassification adjustments	—	—
Before tax effect	(187)	3,126
Tax effect	69	(1,045)
Net of tax effect	(118)	2,080
Net change in fair value of equity instruments measured at fair value through other comprehensive income		
Amount incurred during the period	11,296	(3,327)
Reclassification adjustments	—	—
Before tax effect	11,296	(3,327)
Tax effect	(3,485)	1,028
Net of tax effect	7,810	(2,299)
Share of other comprehensive income of investments accounted for using equity method		
Amount incurred during the period	188	(115)
Reclassification adjustments	—	—
Before tax effect	188	(115)
Tax effect	—	—
Net of tax effect	188	(115)
(Items that may be reclassified to profit or loss)		
Exchange differences on translation of foreign operations		—
Amount incurred during the period	19,171	(3,214)
Reclassification adjustments	(122)	(190)
Before tax effect	19,049	(3,405)
Tax effect	—	—
Net of tax effect	19,049	(3,405)
Net change in fair value of debt instruments measured at fair value through other comprehensive income		
Amount incurred during the period	11	0
Reclassification adjustments	—	—
Before tax effect	11	0
Tax effect	(3)	(0)
Net of tax effect	7	0
Share of other comprehensive income of investments accounted for using equity method		
Amount incurred during the period	408	(27)
Reclassification adjustments	—	(92)
Before tax effect	408	(120)
Tax effect	—	—
Net of tax effect	408	(120)
Total other comprehensive income		
Amount incurred during the period	30,888	(3,558)
Reclassification adjustments	(122)	(283)

	FY2024 (From April 1, 2023 to March 31, 2024)	FY2025 (From April 1, 2024 to March 31, 2025)
Before tax effect	30,765	(3,842)
Tax effect	(3,419)	(17)
Net of tax effect	27,345	(3,859)

### 31. Share-based Payment

The Company has introduced a transfer-restricted share-based payment plan. This plan aims to give incentives for sustainable enhancement of corporate value of the Company to directors of the Company (excluding outside directors; hereinafter, “Eligible Directors”) and to promote further sharing of value between them and shareholders.

Eligible Directors pay all monetary compensation claims provided by the Company under the plan, as properties contributed in kind, and receive issuance or disposal of common shares of the Company. In the issuance or disposal of common shares of the Company under the plan, the Company and Eligible Directors have entered into a transfer-restricted share allocation agreement, containing provisions to the effect (1) that Eligible Directors must not transfer, establish security interest in, or otherwise dispose of common shares of the Company allocated under the transfer-restricted stock allocation agreement for a certain period, and (2) that the Company shall acquire the common shares without compensation if any of certain events occurs.

Expenses for share-based payment were 39 million yen and 40 million yen for the fiscal years ended March 31, 2024 and 2025, respectively, which are included in “Selling, general and administrative expenses”.

The grant-date fair value is measured based on the closing price of common shares of the Company on the Prime Market, which was the First Section for the previous fiscal year, of the Tokyo Stock Exchange on the business day before the date of resolution of the Board of Directors regarding the share grant. Details of transfer-restricted share granted in the fiscal years ended March 31, 2024 and 2025 are as follows.

	FY2024 (From April 1, 2023 to March 31, 2024)	FY2025 (From April 1, 2024 to March 31, 2025)
Date of grant	July 11, 2023	July 10, 2024
Number of shares granted (shares)	16,475	18,639
Grant-date fair value per share (yen)	2,427.5	2,156.5

## 32. Financial Instruments

### (1) Capital management

The purpose of capital management at the Group is to maintain its ability to continue as a going concern so that it can provide returns to shareholders, provide benefits to other stakeholders, and maintain optimal capital structure to reduce the cost of equity.

In order to maintain or adjust the capital structure, the Group may vary the amount of dividends paid to shareholders, redeem capital to shareholders, issue new shares, or reduce debts by selling assets.

The Group monitors capital based on the ratio of equity attributable to owners of the parent. The ratio of equity attributable to owners of the parent is provided in “23. Equity and Other Equity Items”.

At the Group, each time a Mid-term Business Plan is prepared or reviewed, management monitors and checks these indicators in addition to revenue and investment plans.

The Group is not subject to any material capital restrictions (excluding general provisions of the Companies Act, etc.).

### (2) Classification of financial instruments

		(Millions of yen)
	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
Financial assets		
Equity instruments measured at fair value through other comprehensive income	33,600	30,792
Shares	33,013	30,205
Other	586	587
Debt instruments measured at fair value through other comprehensive income	251	247
Financial assets measured at fair value through profit or loss	1,414	1,610
Other	1,414	1,610
Financial assets measured at amortized cost	582,164	560,421
Cash and cash equivalents	244,191	249,721
Trade and other receivables	304,115	290,236
Other	33,857	20,463
Total	617,429	593,072
Financial liabilities		
Financial liabilities measured at fair value through profit or loss	—	—
Financial liabilities measured at amortized cost	429,067	414,676
Trade and other payables	251,524	234,869
Bonds and borrowings	165,000	167,319
Deposits payable	2,693	2,588
Other	9,849	9,899
Total	429,067	414,676

(Note) Financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit or loss are included in “Other financial assets” in the consolidated statement of financial position.

#### (Equity instruments measured at fair value through other comprehensive income)

The Group designates shares held over a long term for the purpose of revenue base expansion through maintaining and reinforcing business relations with investees as equity instruments measured at fair value through other comprehensive income.

Major investees and their fair values and associated dividends of the equity instruments measured at fair value through other comprehensive income included in "Other financial assets as of March 31, 2024 and 2025 consist of the following.

(i) Major investees and their fair values of equity instruments measured at fair value through other comprehensive income

(Millions of yen)

	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
TOYOTA FUDOSAN CO., LTD.	26,355	24,678
Toyota Motor Corporation	4,711	3,250
TOYOTA-KAI Medical Corporation	476	486
Toyota Industries Corporation	531	431
Synspective Inc.	—	386

(Note) Because stocks are held primarily for strategic investment purposes, they are designated as financial assets measured at fair value through other comprehensive income.

(ii) Dividends income

(Millions of yen)

	FY2024 (As of March 31, 2024)	FY2025 (From April 1, 2024 to March 31, 2025)
Investments derecognized during the period	99	0
Investments held as of the end of the period	97	195
Total	197	195

Equity instruments measured at fair value through other comprehensive income disposed of during the period consist of the following.

(Millions of yen)

FY2024 (From April 1, 2023 to March 31, 2024)		FY2025 (From April 1, 2024 to March 31, 2025)	
Fair value at time of disposal	Cumulative gains (losses)	Fair value at time of disposal	Cumulative gains (losses)
3,650	1,242	0	(5)

These assets were disposed of through sale mainly to increase efficiency and promote the effective use of assets in holding. In the fiscal years ended March 31, 2024 and 2025, cumulative profit or loss (net of tax) reclassified from other components of equity to retained earnings was (4) million yen and 863 million yen, respectively.

(3) Financial risk management

The Group is exposed to various risks such as credit risk, liquidity risk, and market risk (foreign currency risk and interest rate risk). As for derivative transactions, the Group's policy is to use forward exchange contracts, currency swap transactions and interest rate swap transactions to mitigate foreign currency risk associated with assets and liabilities denominated in foreign currencies, as well as interest rate fluctuation risk, and not to conduct any derivative transaction for trading or speculative purposes.

In addition, the Group raises necessary funds according to the capital expenditure plan. Temporary excess funds are invested in highly safe assets, and short-term working capital is financed through bank loans. Liquidity risk related to financing is managed by means of each company's developing a financing plan on a monthly basis.

(4) Credit risk management

The Group is exposed to credit risk, which is the risk that a counterparty to financial assets in holding defaults on debts and consequently the financial assets become impossible to recover. To respond to this risk, in accordance with internal management procedures, the Group conducts due date management and balance management for each business partner at least semi-annually, and assesses the credit status of major business partners. Of the Group's trade and other receivables as of March 31, 2025, 93.1% is from Toyota Motor Corporation and its subsidiaries. In addition, most of the remaining receivables are from associates of Toyota Motor Corporation.

As for financial assets, the carrying amounts after impairment presented in the consolidated statement of financial position represent the Group's maximum exposure to credit risk.

With regard to the exposure to this credit risk, there are no properties held as security or other credit enhancements.

Regarding trade receivables, lease receivables, loans receivable, and securities that are debt instruments, if all or part of them cannot be collected or are deemed to be extremely difficult to collect, they are regarded as default.

Trade receivables and lease receivables are mainly from Toyota Motor Corporation and its group companies. As they are highly creditworthy, the credit risk is limited. In addition, there are no significant overdue receivables.

When using derivative transactions, the Group deals with major financial institutions that are highly creditworthy, and recognizes that there is extremely insignificant credit risk.

With regard to trade receivables and lease receivables of debtors who have no significant difficulties in their business conditions, the expected credit loss is measured collectively and allowance for doubtful accounts is recorded, taking into account the past track record of bad debts and other factors.

#### Changes in allowance for doubtful accounts

Changes in allowance for doubtful accounts are as follows.

	FY2024 (From April 1, 2023 to March 31, 2024)	FY2025 (From April 1, 2024 to March 31, 2025)
Balance at beginning of period	1,261	2,180
Increase during period	969	54
Decrease during period	(218)	(182)
Foreign currency translation differences	168	(21)
Balance at end of period	2,180	2,031

(Millions of yen)

#### (5) Liquidity risk management

The Group procures working capital and funds for capital expenditure through issuance of corporate bonds and borrowings from financial institutions, and is exposed to the risk that it becomes difficult to fulfill obligations related to them, that is liquidity risk. The Group obtains borrowings from financial institutions as appropriate to secure minimum funds on hand in conducting businesses.

In addition, the Company identifies demand for funds of each group company as appropriate, and then prepares funding plans on a monthly basis, and conducts monitoring by means of comparing the plans with daily cash flows to manage liquidity risk.

The amounts of non-derivative financial liabilities and derivative financial liabilities of the Group by remaining contract maturity are as follows.

FY2024 (As of March 31, 2024)

(Millions of yen)

	Carrying amount	Within one year	Over one year but within two years	Over two years but within three years	Over three years but within four years	Over four years but within five years	Over five years
Non-derivative financial liabilities							
Trade and other payables	251,524	237,979	13,544				
Corporate bonds	50,000	10,265	250	250	20,219	10,147	10,525
Borrowings	115,000	561	10,561	10,521	521	20,521	76,279
Lease liabilities	8,948	2,066	897	524	379	1,346	3,733
Deposits payable	2,693	2,693					
Total	428,166	253,566	25,253	11,295	21,120	32,014	90,538
Derivative financial liabilities							
Currency and interest rate swaps							
Income							
Expenditure	—						
Total	—	—	—	—	—	—	—

FY2025 (As of March 31, 2025)

(Millions of yen)

	Carrying amount	Within one year	Over one year but within two years	Over two years but within three years	Over three years but within four years	Over four years but within five years	Over five years
Non-derivative financial liabilities							
Trade and other payables	234,869	230,133	4,736				
Corporate bonds	40,000	250	250	20,219	10,147	115	10,410
Borrowings	127,319	21,481	10,653	653	20,653	20,552	57,390
Lease liabilities	9,071	2,341	789	479	585	329	4,545
Deposits payable	2,588	2,588					
Total	413,848	256,794	16,429	21,353	31,386	20,997	72,346
Derivative financial liabilities							
Currency and interest rate swaps							
Income							
Expenditure	—						
Total	—	—	—	—	—	—	—

The amount of “Trade and other payables” due in over one year but within two years represents lease liabilities for molds.

## (6) Market risk management

### (i) Foreign currency risk management

The Group engages in business globally, and therefore conducts transactions in foreign currencies and is exposed to the risk that profit or loss, cash flow and others will be affected by exchange rate fluctuations.

As for derivative transactions, the Group utilizes currency swaps and others to alleviate foreign exchange risk. Execution and management of derivative transactions are mainly implemented in accordance with internal management procedures, and the status of transactions are regularly reported to the director in charge of accounting of the Company. In addition, when using derivative transactions, the Group deals with major financial institutions that are highly creditworthy, and recognizes that there is extremely insignificant credit risk.

#### Exchange rate sensitivity analysis

Sensitivity analysis of the Group's foreign currency risk exposure (net amount) is as follows.

	FY2024 (From April 1, 2023 to March 31, 2024)	FY2025 (From April 1, 2024 to March 31, 2025)
U.S. dollar	(177)	(254)
Euro	(21)	(25)
Chinese renminbi	(107)	(79)
Thai baht	(12)	(25)

(Millions of yen)

For the fiscal years ended March 31, 2024 and 2025, impacts on profit before income taxes in the case where the Japanese yen appreciates by 1% against the above foreign currencies were as indicated above. This analysis is based on the assumption that all other variables are constant.

### (ii) Interest rate risk

The Group pays interest accrued in connection with procurement of working capital and funds needed for capital expenditure in implementing business activities. If borrowings with floating interest rates are obtained, the amount of interest is affected by fluctuations in market interest rates, and therefore the Group is exposed to interest rate risk that future cash flows of the interest fluctuate. As for long-term borrowings with floating interest rates whose purpose is raising funds for capital expenditure, etc., the Group has entered into interest rate swap contracts with financial institutions for setting floating interest rates for interest received and fixed interest rates for interest paid, and receiving and paying the difference, in order to curb a rise in interest payment caused by an increase in interest rates. As a result, substantially fixing the interest rates on long-term borrowings helps stabilize future cash flows of interest and enables mitigation of interest rate risk. Accordingly, the Group's exposure to interest rate risk is limited, and effects of fluctuations in interest rates are insignificant.

### (iii) Price fluctuation risk of equity financial instruments

The Group holds listed shares of companies with business relationships and is exposed to price fluctuation risk of equity financial instruments. The Group constantly reviews the status of its holdings of these financial instruments, taking into account relationships with and financial conditions of business partners.

The Group does not hold equity financial instruments for short-term trading purposes and does not actively trade these investments.

If the Group assumes a 1% decline in the prices of listed shares held by the Group for the fiscal years ended March 31, 2024 and 2025, decreases in other comprehensive income (before adjusting tax effect) would have been 52 million yen and 40 million yen, respectively.

Moreover, because the shares held by the Group are designated as equity instruments measured at fair value through other comprehensive income, the assumed 1% rise or drop of share prices will not have a significant impact on profit or loss.

Liquidity discounts are an important unobservable input used to measure the fair value of unlisted shares and other equity securities. A significant increase (decrease) of these discounts will cause a significant decrease (increase) in fair value.

(7) Carrying amount and fair value of financial instruments

(i) Method of fair value measurement

Fair values of financial assets and financial liabilities are determined as follows. In the estimation of fair value of financial instruments, market prices are used when they are available. Fair value of financial instruments whose market prices are not available is estimated by the method of discounting future cash flows, or other appropriate valuation methods.

(ii) Fair value by category of financial instruments

Fair values of financial assets and financial liabilities measured at amortized cost consist of the following. Because the fair value of financial assets and financial liabilities that are settled in a short period of time approximates their carrying amount, the fair value is deemed to be equal to the carrying amount. Financial instruments measured at fair value are disclosed in “(2) Classification of financial instruments.”

Corporate bonds are measured based on market prices.

Since short-term borrowings are settled in a short period of time, the fair value approximates the carrying amount. Therefore, carrying amounts are used for their fair values. Long-term borrowings are calculated with present value obtained by discounting future cash flows with the expected interest rate when newly undertaking similar borrowings.

	FY2024		FY2025	
	(As of March 31, 2024)		(As of March 31, 2025)	
	Carrying amount	Fair value	Carrying amount	Fair value
Bonds and borrowings	165,000	164,010	167,319	163,055

The fair value hierarchy of financial liabilities measured at amortized cost is Level 2.

(iii) Fair value hierarchy

For financial instruments measured at fair value, fair value measurements are classified into Level 1 to Level 3 according to observability and significance of inputs used for the measurement.

The classifications from Level 1 to Level 3 are provided in “3. Material Accounting Policies, (20) Fair value measurements”.

The Group recognizes transfers of assets and liabilities between levels at the end of the reporting period in which it carried out the transfer. In the fiscal years ended March 31, 2024 and 2025, there was no transfer between levels.



FY2024 (As of March 31, 2024)

	(Millions of yen)			
	Level 1	Level 2	Level 3	Total
Equity instruments measured at fair value through other comprehensive income	5,256	—	28,344	33,600
Listed shares	5,256			5,256
Unlisted shares			27,757	27,757
Other			586	586
Debt instruments measured at fair value through other comprehensive income	—	—	251	251
Financial assets measured at fair value through profit or loss	—	—	1,414	1,414
Other			1,414	1,414
Financial liabilities measured at fair value through profit or loss	—	—	—	—
Derivatives		—		—

FY2025 (As of March 31, 2025)

	(Millions of yen)			
	Level 1	Level 2	Level 3	Total
Equity instruments measured at fair value through other comprehensive income	4,080	—	26,712	30,792
Listed shares	4,080			4,080
Unlisted shares			26,124	26,124
Other			587	587
Debt instruments measured at fair value through other comprehensive income	—	—	247	247
Financial assets measured at fair value through profit or loss	—	—	1,610	1,610
Other			1,610	1,610
Financial liabilities measured at fair value through profit or loss	—	—	—	—
Derivatives		—		—

Fair values of derivatives are measured based on prices provided mainly by financial institutions.

The Group uses the modified book value method when measuring fair values of unlisted shares and investments in capital. In addition, fair values of insignificant investments are calculated using the book value method. The illiquidity discount, which is an unobservable input, is 30%.

Fair value is measured by the accounting department in accordance with the evaluation policy and procedures of the Group, using the evaluation model that can most appropriately reflect individual characteristics, features and risks of financial instruments. Moreover, changes are continuously examined for important indicators which affect fluctuations of fair value.

For financial assets and financial liabilities measured at fair value on a recurring basis, an increase or decrease in such assets and liabilities that are classified as Level 3 in the fair value hierarchy is as follows.

(Millions of yen)

	FY2024 (From April 1, 2023 to March 31, 2024)			FY2025 (From April 1, 2024 to March 31, 2025)		
	Equity instruments measured at fair value through other comprehen- sive income	Debt instruments measured at fair value through other comprehen- sive income	Financial assets measured at fair value through profit or loss	Equity instruments measured at fair value through other comprehen- sive income	Debt instruments measured at fair value through other comprehen- sive income	Financial assets measured at fair value through profit or loss
Balance at beginning of period	20,261	286	1,313	28,344	251	1,414
Purchase	430		127	282		355
Profit or loss (Note 1)			154			(47)
Other comprehensive income (Note 2)	7,650	2		(1,905)	0	
Sales and repayment	(0)	(10)	(181)	(1)	(3)	(112)
Foreign currency translation differences	3			(8)	(0)	
Other	(0)	(26)		1		
Balance at end of period	28,344	251	1,414	26,712	247	1,610

(Note 1) Gains and losses included in profit or loss are related to financial assets measured at fair value through profit or loss. These gains and losses are included in "Finance income" and "Finance expenses" in the consolidated statements of income.

(Note 2) Gains and losses included in other comprehensive income are those for financial assets measured at fair value through other comprehensive income. These gains and losses are included in "Net change in fair value of equity instruments measured at fair value through other comprehensive income" or "Net change in fair value of debt instruments measured at fair value through other comprehensive income" on the consolidated statement of comprehensive income.

#### (8) Offsetting of financial assets and financial liabilities

The following information pertains to the offsetting of financial assets and financial liabilities recognized against the same business partners for the fiscal years ended March 31, 2024 and 2025.

(Millions of yen)

	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
Financial assets		
Trade and other receivables	21,546	24,912
Financial liabilities offset (Note)	19,872	23,073
Financial assets on the consolidated statement of financial position	1,674	1,839
Financial liabilities		
Trade and other payables	64,438	68,787
Financial assets offset (Note)	19,872	23,073
Financial liabilities on the consolidated statement of financial position	44,566	45,714

(Note) These assets and liabilities are related to subcontract processing with charged materials.

### 33. Non-cash Transactions

The details of non-cash transactions are as follows.

	FY2024 (From April 1, 2023 to March 31, 2024)	FY2025 (From April 1, 2024 to March 31, 2025)
		(Millions of yen)
Right-of-use assets acquired through leases	51,340	14,639

### 34. Changes in Liabilities Arising from Financing Activities

Changes in the balances of liabilities arising from financing activities are as follows.

FY2024 (From April 1, 2023 to March 31, 2024)

	Short-term borrowings	Long-term borrowings	Corporate bonds	Lease liabilities	Total
					(Millions of yen)
Balance as of April 1, 2023	31,200	83,029	40,000	38,517	192,747
Changes from financing cash flows	(56,451)	30,134	10,000	(32,801)	(49,119)
Acquisition of right-of-use assets	—	—	—	51,135	51,135
Business combination	22,800	165	—	(3,529)	19,436
Transfer to assets held for sale	—	—	—	(1,900)	(1,900)
Foreign currency translation difference and others	2,451	1,670	—	428	4,550
Balance as of March 31, 2024	—	115,000	50,000	51,849	216,849

FY2025 (From April 1, 2024 to March 31, 2025)

	Short-term borrowings	Long-term borrowings	Corporate bonds	Lease liabilities	Total
					(Millions of yen)
Balance as of April 1, 2024	—	115,000	50,000	51,849	216,849
Changes from financing cash flows	11,020	1,574	(10,000)	(33,049)	(30,454)
Acquisition of right-of-use assets	—	—	—	14,639	14,639
Foreign currency translation difference and others	(232)	(43)	—	(1,272)	(1,549)
Balance as of March 31, 2025	10,787	116,531	40,000	32,166	199,485

## 35. Related Parties

### (1) Related party transactions

Details of significant transactions conducted between the Group and related parties are as follows.

FY2024 (From April 1, 2023 to March 31, 2024)

Category	Company name	Transactions	Transaction amounts	(Millions of yen)
				Outstanding balance
Entity with significant influence over the Group	Toyota Motor Corporation and its subsidiaries	Sales of automotive components	1,428,389	206,143
		Purchase of automotive components	153,214	22,381

FY2025 (From April 1, 2024 to March 31, 2025)

Category	Company name	Transactions	Transaction amounts	(Millions of yen)
				Outstanding balance
Entity with significant influence over the Group	Toyota Motor Corporation and its subsidiaries	Sales of automotive components	1,422,366	270,207
		Purchase of automotive components	139,567	26,994

### Conditions of transactions and determination policies

For prices and other conditions of transactions for sales of automotive components, the Group offers prices based on consideration of market price, total costs incurred, etc. of the products, and negotiates prices and conditions individually.

For prices and other conditions of transactions for purchase of automotive components, the Group negotiates prices and conditions individually based on prices and other conditions offered.

### (2) Management personnel compensation

Compensation to directors and Audit & Supervisory Board members of the Company is as follows.

	(Millions of yen)	
	FY2024 (As of March 31, 2024)	FY2025 (From April 1, 2024 to March 31, 2025)
Basic compensation	344	357
Bonuses	177	115
Share-based payment	39	40
Total	562	513

## 36. Commitments

Commitments related to expenditures subsequent to the reporting date are as follows.

	(Millions of yen)	
	FY2024 (As of March 31, 2024)	FY2025 (As of March 31, 2025)
Contractual commitments for the acquisition of property, plant and equipment	12,330	18,952
Contractual commitments for the acquisition of intangible assets	1,268	1,850

### 37. Hyperinflation adjustment

During the six months ended September 30, 2018, the Group determined that its subsidiary in Argentina, whose functional currency is the Argentine peso, was operating in a hyperinflationary economy. This conclusion was based on the national wholesale price index for Argentina, which indicated that the cumulative three-year inflation rate in the country exceeded 100%. Therefore, in accordance with IAS 29, "Financial Reporting in Hyperinflationary Economies," the financial statements of the subsidiary have been restated into the measuring unit current at the end of the reporting period and are included in the current fiscal year's consolidated financial statements.

For the purpose of adjusting the financial statements of its subsidiary in Argentina, the Group uses conversion factors calculated from the Consumer Price Index (CPI) of Argentina published by Federación Argentina de Consejos Profesionales de Ciencias Económicas (Argentine Federation of Professional Councils of Economic Sciences, FACPCE).

The CPIs and corresponding conversion factors since July 2003 are as follows.

Date of Statement of Financial Position	Consumer price index	Conversion factor
July 31, 2003	100.0	520.543
March 31, 2004	106.1	490.443
March 31, 2005	115.1	452.100
March 31, 2006	127.7	407.615
March 31, 2007	136.2	382.232
March 31, 2008	157.6	330.259
March 31, 2009	168.8	308.461
March 31, 2010	192.1	270.999
March 31, 2011	217.0	239.894
March 31, 2012	244.8	212.614
March 31, 2013	276.8	188.030
March 31, 2014	348.2	149.489
March 31, 2015	400.9	129.846
March 31, 2016	542.6	95.928
March 31, 2017	661.5	78.695
March 31, 2018	829.5	62.757
March 31, 2019	1,283.4	40.559
March 31, 2020	1,890.0	27.542
March 31, 2021	2,687.3	19.370
March 31, 2022	4,117.0	12.644
March 31, 2023	8,487.4	6.133
March 31, 2024	34,492.9	1.509
March 31, 2025	52,054.3	1.000

For the subsidiary in Argentina, non-monetary items such as property, plant, and equipment presented at cost are adjusted using conversion factors based on the acquisition date.

Monetary and non-monetary items presented at current cost are not adjusted, since they are considered to be presented in the measuring unit current at the end of the reporting period.

The effect of inflation on net monetary position is presented in other expenses in the statement of income.

Additionally, the statements of income and cash flows of the subsidiary in Argentina for the fiscal years ended March 31, 2024 and 2025, have been restated using the conversion factors listed in the table above.

The financial statements of the subsidiary in Argentina are translated at the exchange rate at the end of the fiscal year and are reflected in the consolidated financial statements of the Group.

**38. Subsequent Events**

Not applicable.



## Independent Auditor's Report

To the Board of Directors of Toyota Boshoku Corporation

### Opinion

We have audited the consolidated financial statements of Toyota Boshoku Corporation and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at March 31, 2025, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the 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 at March 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

### 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 ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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.

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Impairment assessment for property, plant and equipment and intangible assets in the Unit Components Business of Toyota Boshoku Corporation (4. Significant Accounting Estimates and Judgments (1) in Notes to Consolidated Financial Statements)	
Key audit matter description	How our audit addressed the key audit matter
<p>Toyota Boshoku Corporation and its consolidated subsidiaries manufacture and sell automotive and textile components. In the Unit Components Business of Toyota Boshoku Corporation, that is a cash-generating unit, the carrying amount of property, plant and equipment and intangible assets totalled 15,359 million yen as of March 31, 2025 (1.4% of the consolidated total assets). The impairment losses related to these property, plant and equipment and intangible assets of 2,680 million yen were recorded in the Consolidated Statement of Income.</p> <p>The operating performance of the Company has been significantly affected by the factors including the changes in automotive industry product demand in regions where the Company offers products and services, continued high prices of raw materials and costs of logistics, the price competition and others.</p> <p>Under the business environment described above, an indication of impairment has been identified in the Unit Components Business of the Company since the operating results have deteriorated in the Unit Components Business as seen in declining operating results. As a result of considering whether the recoverable amount of the Unit Components Business is less than the carrying amount, the recoverable amount fell below the carrying amount, and therefore the Company recognized the impairment losses.</p> <p>The recoverable amount is measured based on value in use. The value in use is calculated by discounting estimated future cash flows. The Company forecasts the estimated total amount of future cash flows based on the profit plan approved by management. This estimate includes the future sales projections reflecting external factors such as the business environment and production plans presented by the auto makers and variable cost projections, assumptions such as a discount rate, and estimates of net cash flows to be received for the disposal of land and buildings at the end of the useful life of the assets.</p> <p>We considered the impairment assessment for property, plant and equipment and intangible assets in the Unit Components Business of the Company to be a key audit matter as the estimate of the total amount of future cash flows includes the future sales projections and variable cost projections and assumptions such as a discount rate in the Unit Components Business of the Company, which involves a high level of uncertainty and management's judgment, along with the quantitative significance of the amounts of property, plant and equipment and intangible assets in the Unit Components Business of the Company.</p>	<p>We performed the following procedures over the impairment assessment for property, plant and equipment and intangible assets in the Unit Components Business of Toyota Boshoku Corporation, that is a cash-generating unit:</p> <p>We obtained an understanding of the internal controls related to the identification of impairment indicators, the recognition and measurement of an impairment loss for property, plant and equipment and intangible assets, including the internal controls over the estimate of future sales projections and variable cost projections and assumptions such as a discount rate.</p> <p>We performed the following procedures over the estimated future cash flows of the Company:</p> <ul style="list-style-type: none"> <li>• We performed the following procedures over the profit plan: <ul style="list-style-type: none"> <li>– Compared the prior year plan to the current year results;</li> <li>– Inquired of management about future sales projections and compared with the prior year results;</li> <li>– Compared future sales projections with the vehicle production forecast from the independent external source information; and</li> <li>– Compared and analyzed variable cost projections with actual results.</li> </ul> </li> <li>• We assessed the appropriateness of the result of the real-estate appraisal that the Company obtained to measure the net cash flows to be received for the disposal of land and buildings at the end of the useful life of the assets.</li> <li>• We independently estimated the future cash flows reflecting the uncertainties in deviation of the prior year plan with the actual result, and assessed the impact to the amount of impairment losses recorded by the Company.</li> </ul> <p>We performed comparison and sensitivity analysis of the key factors of the discount rate assumption adopted by management with external information.</p>



Impairment assessment for property, plant and equipment and intangible assets in the North, Central, and South America segment (4. Significant Accounting Estimates and Judgments (2) in Notes to Consolidated Financial Statements)	
Key audit matter description	How our audit addressed the key audit matter
<p>Toyota Boshoku Corporation and its consolidated subsidiaries manufacture and sell automotive and textile components. In the North, Central, and South America segment, those subsidiaries located in the United States, Canada, and Mexico (hereinafter, the "North and Central America Group"), that is a cash-generating unit, the carrying amount of property, plant and equipment and intangible assets totalled 44,731 million yen as of March 31, 2025 (4.0% of the consolidated total assets). The impairment losses related to these property, plant and equipment and intangible assets of 28,342 million yen were recorded in the Consolidated Statement of Income.</p> <p>The operating performance of the North and Central America Group has been significantly affected by the factors including fluctuations in demand for automotive industry product demand in regions where the Company offers products and services, continued high prices of raw materials and costs of logistics, the price competition and others.</p> <p>Under the business environment described above, an indication of impairment has been identified in the North and Central America Group as a cash-generating unit of Toyota Boshoku Corporation consolidated group, since the operating results have deteriorated in the North and Central America Group as seen in declining operating results primarily due to continued high prices of raw materials and labor costs and reduction in production caused by production shutdown at the major customer in the United States during the current fiscal year. As a result of considering whether the recoverable amount of the North and Central America Group is less than the carrying amount, the recoverable amount fell below the carrying amount, and therefore the Company recognized the impairment losses.</p> <p>The recoverable amount of the North and Central America Group is measured based on the fair value less costs of disposal. The fair value less costs of disposal is estimated using the income approach by discounting estimated future cash flows using a discount rate, based on the profit plan of the North and Central America Group approved by management.</p>	<p>For the impairment assessments of the North and Central America Group, a cash-generating unit of the Toyota Boshoku Corporation consolidated group, we instructed the component auditors to perform the audit procedures, received the results of those audit procedures and verified whether sufficient and appropriate audit evidence had been obtained as described below.</p> <p>We understood and evaluated the internal controls over the identification of impairment indicators, the recognition and the measurement of impairment losses for property, plant and equipment and intangible assets, which include developing assumptions such as sales growth rates, profit margin ratio, and a discount rate underlying the estimate of future cash flows.</p> <p>Regarding the estimation of fair value less costs of disposal, we inquired of management and experts utilized by management the key assumptions used and their basis in estimating future cash flows. In addition we performed the following procedures:</p> <ul style="list-style-type: none"> <li>• We performed the following procedures on the profit plan underlying the future cash flow estimates: <ul style="list-style-type: none"> <li>– Compared and analyzed the profit plan for the next fiscal year with the actual results of the current fiscal year; and</li> <li>– Compared and analyzed the past profit plans with the actual results.</li> </ul> </li> <li>• We assessed the reasonableness of the sales growth rates used by management by comparing and analyzing them with vehicle production forecasts from independent external information.</li> <li>• We assessed the reasonableness of the comparable companies for the profit margin ratio used by management.</li> </ul> <p>We engaged valuation specialist in our audit firm's network to assess appropriateness of the calculation method and input data for the discount rate used by management.</p>

<p>The future cash flows used in the income approach factor the assumptions of expected sales growth rates in the North and Central America Group market and expected profit margin ratio referenced from similar companies.</p> <p>We considered the impairment assessment for property, plant and equipment and intangible assets in the North and Central America Group to be a key audit matter as the estimate of the fair value less costs of disposal includes the assumptions of sales growth rates, profit margin ratio, and a discount rate for the North and Central America Group, which involves a high level of uncertainty and management's judgment, along with the quantitative significance of the amounts of property, plant and equipment and intangible assets in the North and Central America Group.</p>	
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## Other Information

The other information comprises the information included in the securities report, but does not include the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. In addition, those charged with governance are responsible for overseeing the Group's reporting process of 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 Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, 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 and disclosing, as applicable, matters related to going concern.

Those charged with governance are responsible for overseeing 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, and 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 an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the consolidated financial statement audit is not to express 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 presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, 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 those charged with governance 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 those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them 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 those charged with governance, 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**

In connection with our audit of the consolidated financial statements for the year ended March 31, 2025, the amounts of fees for the audit and the other services charged to Toyota Boshoku Corporation and its controlled entities by PricewaterhouseCoopers Japan LLC and other PwC Network firms are ¥653 million and ¥102 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.

手塚 謙二

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Kenji Tezuka

Designated Engagement Partner  
Certified Public Accountant

平岩 修一

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Shuichi Hiraiwa

Designated Engagement Partner  
Certified Public Accountant

August 29, 2025



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