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Consolidated Financial Results for the First Six Months of the Fiscal Year Ending March 31, 2023 (under IFRS)

October 28, 2022

Company name: Toyoda Gosei Co., Ltd.
 Listing: Tokyo Stock Exchange and Nagoya Stock Exchange
 Securities code: 7282
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 Scheduled date to file quarterly securities report: November 4, 2022
 Scheduled date to commence dividend payments: November 25, 2022
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results presentation meeting: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to the nearest million, unless otherwise noted)

1. Consolidated financial results for the first six months of the fiscal year ending March 31, 2023 (from April 1, 2022 to September 30, 2022)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
September 30, 2022	454,214	17.3	12,267	(5.6)	14,092	5.7	10,268	1.3
September 30, 2021	387,363	25.2	12,991	187.8	13,330	256.8	10,137	158.2

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Six months ended						
September 30, 2022	8,235	(8.8)	33,287	118.7	63.61	63.60
September 30, 2021	9,027	162.6	15,223	281.0	69.74	69.73

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent
	Millions of yen	Millions of yen	Millions of yen	%
As of				
September 30, 2022	883,844	490,489	453,869	51.4
March 31, 2022	859,302	462,794	428,804	49.9

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	-	35.00	-	25.00	60.00
Fiscal year ending March 31, 2023	-	30.00			
Fiscal year ending March 31, 2023 (Forecast)			-	30.00	60.00

Note: Revisions to the forecast of cash dividends most recently announced: None

**3. Consolidated earnings forecasts for the fiscal year ending March 31, 2023
(from April 1, 2022 to March 31, 2023)**

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2023	920,000	10.8	43,000	25.8	44,000	16.7	27,500	17.8	212.41

Note: Revisions to the earnings forecasts most recently announced: Yes

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Changes in accounting policies and changes in accounting estimates
 - a. Changes in accounting policies required by IFRS: None
 - b. Changes in accounting policies due to other reasons: None
 - c. Changes in accounting estimates: None
- (3) Number of issued shares (ordinary shares)

- a. Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2022	130,071,104 shares
As of March 31, 2022	130,048,006 shares

- b. Number of treasury shares at the end of the period

As of September 30, 2022	583,819 shares
As of March 31, 2022	583,665 shares

- c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

For the six months ended September 30, 2022	129,464,679 shares
For the six months ended September 30, 2021	129,447,632 shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

The above forward-looking statements are prepared based on judgment and assumption from information currently available to the Company. These statements do not purport that the Company pledges to realize such statements. Actual business results may differ from the forecast figures due to various factors such as uncertainties of the information, future economic conditions, stock prices and exchange rates trends.

1. Qualitative Information on Financial Results for the Six Months Ended September 30, 2022

(1) Explanation of Business Results

Revenue for the six months ended September 30, 2022 increased to ¥454.2 billion (up 17.3% compared to the same quarter of the previous fiscal year) mainly due to recovery of production in overseas and the foreign exchange effects of the weaker yen, despite production cutbacks by major customers caused by semiconductor shortages and other factors in Japan. As for profits, despite a steady recovery owing to factors such as increased production by customers in Americas and Asia and the progress of negotiations over soaring raw material prices, operating profit was ¥12.2 billion (down 5.6% compared to the same quarter of the previous fiscal year) and profit attributable to owners of parent came to ¥8.2 billion (down 8.8% compared to the same quarter of the previous fiscal year) due to the impact of reduced sales, worsened product mix, one-time loss on impairment of fixed assets of a subsidiary in Japan, etc.

Results by segment are as follows.

(i) Japan

Revenue decreased to ¥183.6 billion (down 5.9% compared to the same quarter of the previous fiscal year), mainly due to production cutbacks by major customers caused by semiconductor shortages and other factors. As for profits, segment loss came to ¥2.2 billion (compared with segment profit of ¥6.0 billion for the same quarter of the previous fiscal year) due to the impact of decreased sales, worsened product mix, one-time loss on impairment of fixed assets of a subsidiary, etc.

(ii) Americas

Revenue increased to ¥157.4 billion (up 39.1% compared to the same quarter of the previous fiscal year) due to factors such as recovery of production by customers and the foreign exchange effects of yen depreciation. As for profits, segment profit came to ¥6.0 billion (up 132.6% compared to the same quarter of the previous fiscal year), mainly due to the effect of increased sales and the progress of negotiations over soaring raw material prices.

(iii) Asia

Revenue increased to ¥136.7 billion (up 41.4% compared to the same quarter of the previous fiscal year) due to factors such as recovery of production by customers in China, Thailand, India and other regions and the foreign exchange effects of yen depreciation. As for profits, segment profit came to ¥9.6 billion (up 113.9% compared to the same quarter of the previous fiscal year) mainly due to the effect of increased sales.

(iv) Europe and Africa

Revenue increased to ¥13.3 billion (up 3.2% compared to the same quarter of the previous fiscal year), due to the foreign exchange effects of yen depreciation. As for profits, segment loss came to ¥0.9 billion (compared with segment loss of ¥0.2 billion for the same quarter of the previous fiscal year) due to the impact of soaring raw material prices and energy costs.

(2) Explanation of Financial Position

Assets increased by ¥24.5 billion to ¥883.8 billion as of September 30, 2022, primarily as a result of increases in property, plant and equipment.

Liabilities decreased by ¥3.1 billion to ¥393.3 billion, mainly due to a decrease in bonds and borrowings.

Additionally, equity increased by ¥27.6 billion to ¥490.4 billion, mainly as a result of an increase in other components of equity.

(3) Explanation Regarding Forecast of Consolidated Financial Results and Other Forward-looking Information

As for the forecasts of financial results for the fiscal year ending March 31, 2023, the Company has revised the full year results forecasts announced on April 28, 2022 in consideration of the foreign exchange effects of yen depreciation for the six months ended September 30, 2022 and other factors.

For details, please refer to the “Notice Concerning Differences Between the Forecast Figures of Financial Earnings and Actual Results for the Six Months Ended September 30, 2022 and Revisions to the Full Year Results Forecasts” announced today.

These forecasts are based on the exchange rate assumption of ¥130 to US\$1 from the third quarter onward, and ¥132 to US\$1 for the full year.

Condensed Quarterly Consolidated Financial Statements**(1) Condensed Quarterly Consolidated Statement of Financial Position**

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and cash equivalents	109,145	92,704
Trade and other receivables	182,595	185,752
Other financial assets	17,421	11,878
Inventories	94,862	111,108
Other current assets	21,140	25,380
Total current assets	425,165	426,824
Non-current assets		
Property, plant and equipment	316,901	336,672
Intangible assets	5,154	5,149
Other financial assets	50,650	48,413
Investments accounted for using equity method	15,642	16,499
Retirement benefit asset	5,741	5,678
Deferred tax assets	18,706	21,139
Other non-current assets	21,340	23,466
Total non-current assets	434,137	457,019
Total assets	859,302	883,844

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	147,942	145,576
Borrowings	43,924	57,482
Other financial liabilities	4,158	3,685
Income taxes payable	3,730	2,312
Provisions	2,648	3,201
Other current liabilities	6,993	8,374
Total current liabilities	209,396	220,632
Non-current liabilities		
Bonds and borrowings	129,772	114,678
Other financial liabilities	13,645	13,166
Retirement benefit liability	32,420	33,318
Provisions	3,233	2,335
Deferred tax liabilities	5,304	6,007
Other non-current liabilities	2,734	3,215
Total non-current liabilities	187,111	172,721
Total liabilities	396,508	393,354
Equity		
Share capital	28,069	28,081
Capital surplus	24,465	24,848
Treasury shares	(1,233)	(1,233)
Other components of equity	42,433	62,188
Retained earnings	335,069	339,984
Total equity attributable to owners of parent	428,804	453,869
Non-controlling interests	33,989	36,620
Total equity	462,794	490,489
Total liabilities and equity	859,302	883,844

(2) Condensed Quarterly Consolidated Statement of Profit or Loss and Condensed Quarterly Consolidated Statement of Comprehensive Income
(Condensed Quarterly Consolidated Statement of Profit or Loss)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Revenue	387,363	454,214
Cost of revenue	(343,108)	(404,518)
Gross profit	44,255	49,695
Selling, general and administrative expenses	(31,265)	(36,667)
Other income	1,686	1,620
Other expenses	(1,683)	(2,380)
Operating profit	12,991	12,267
Finance income	1,572	3,898
Finance costs	(1,353)	(1,903)
Share of profit of investments accounted for using equity method (loss)	120	(170)
Profit before tax	13,330	14,092
Income tax expense	(3,193)	(3,824)
Profit	10,137	10,268
Profit attributable to		
Owners of parent	9,027	8,235
Non-controlling interests	1,110	2,033
Profit	10,137	10,268
Earnings per share		
Basic earnings per share (yen)	69.74	63.61
Diluted earnings per share (yen)	69.73	63.60

(Condensed Quarterly Consolidated Statement of Comprehensive Income)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	10,137	10,268
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Equity financial assets measured at fair value through other comprehensive income	4,088	(2,043)
Remeasurements of defined benefit plans	(32)	7
Share of other comprehensive income of investments accounted for using equity method	(7)	(0)
Total	4,048	(2,036)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	651	24,198
Share of other comprehensive income of investments accounted for using equity method	385	856
Total	1,037	25,055
Total other comprehensive income	5,085	23,018
Total comprehensive income	15,223	33,287
Comprehensive income attributable to		
Owners of parent	14,275	27,989
Non-controlling interests	947	5,297
Total comprehensive income	15,223	33,287

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

Six months ended September 30, 2021

(Millions of yen)

	Equity attributable to owners of parent						
	Equity attributable to owners of parent				Other components of equity		
	Share capital	Capital surplus	Treasury shares	Exchange differences on translation of foreign operations	Equity financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total components of equity
Balance at April 1, 2021	28,046	25,626	(1,232)	(1,356)	19,116	-	17,759
Profit	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	1,191	4,080	(23)	5,248
Total comprehensive income	-	-	-	1,191	4,080	(23)	5,248
Issuance of new shares	11	11	-	-	-	-	-
Purchase of treasury shares	-	-	(0)	-	-	-	-
Dividends	-	-	-	-	-	-	-
Change in increase of capital	-	-	-	-	-	-	-
Transfer from other components of equity to retained earnings	-	-	-	-	-	23	23
Total transactions with owners	11	11	(0)	-	-	23	23
Balance at September 30, 2021	28,058	25,638	(1,233)	(165)	23,196	-	23,031

	Equity attributable to owners of parent		Non-controlling interests	Total equity
	Retained earnings	Total		
Balance at April 1, 2021	320,883	391,083	29,372	420,455
Profit	9,027	9,027	1,110	10,137
Other comprehensive income	-	5,248	(162)	5,085
Total comprehensive income	9,027	14,275	947	15,223
Issuance of new shares	-	23	-	23
Purchase of treasury shares	-	(0)	-	(0)
Dividends	(4,531)	(4,531)	(2,164)	(6,695)
Change in increase of capital	-	-	176	176
Transfer from other components of equity to retained earnings	(23)	-	-	-
Total transactions with owners	(4,554)	(4,508)	(1,987)	(6,495)
Balance at September 30, 2021	325,355	400,850	28,332	429,182

Six months ended September 30, 2022

(Millions of yen)

	Equity attributable to owners of parent						
	Share capital	Capital surplus	Treasury shares	Other components of equity			Total components of equity
				Exchange differences on translation of foreign operations	Equity financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	
Balance at April 1, 2022	28,069	24,465	(1,233)	18,407	24,026	-	42,433
Profit	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	21,798	(2,044)	0	19,754
Total comprehensive income	-	-	-	21,798	(2,044)	0	19,754
Issuance of new shares	11	11	-	-	-	-	-
Purchase of treasury shares	-	-	(0)	-	-	-	-
Dividends	-	-	-	-	-	-	-
Changes in ownership interest in subsidiaries	-	288	-	-	-	-	-
Change in scope of consolidation	-	82	-	-	-	-	-
Transfer from other components of equity to retained earnings	-	-	-	-	-	(0)	(0)
Total transactions with owners	11	383	(0)	-	-	(0)	(0)
Balance at September 30, 2022	28,081	24,848	(1,233)	40,206	21,982	-	62,188

	Equity attributable to owners of parent		Non-controlling interests	Total equity
	Retained earnings	Total		
Balance at April 1, 2022	335,069	428,804	33,989	462,794
Profit	8,235	8,235	2,033	10,268
Other comprehensive income	-	19,754	3,263	23,018
Total comprehensive income	8,235	27,989	5,297	33,287
Issuance of new shares	-	23	-	23
Purchase of treasury shares	-	(0)	-	(0)
Dividends	(3,237)	(3,237)	(2,706)	(5,943)
Changes in ownership interest in subsidiaries	-	288	40	328
Change in scope of consolidation	(82)	-	-	-
Transfer from other components of equity to retained earnings	0	-	-	-
Total transactions with owners	(3,319)	(2,925)	(2,666)	(5,591)
Balance at September 30, 2022	339,984	453,869	36,620	490,489

(4) Condensed Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit before tax	13,330	14,092
Depreciation and amortization	20,091	23,163
Impairment loss	-	1,027
Increase (decrease) in provisions	(394)	(429)
Increase (decrease) in retirement benefit liability	556	712
Decrease (increase) in retirement benefit asset	156	63
Finance income	(2,032)	(8,239)
Finance costs	1,353	1,903
Share of loss (profit) of investments accounted for using equity method	(120)	170
Loss (gain) on sale of fixed assets	10	174
Decrease (increase) in inventories	(11,811)	(7,680)
Decrease (increase) in trade and other receivables	15,843	6,911
Increase (decrease) in trade and other payables	(7,500)	(8,014)
Other	(3,637)	(1,991)
Subtotal	25,844	21,863
Interest received	771	1,161
Dividends received	727	729
Interest paid	(1,338)	(1,864)
Income taxes paid	(7,431)	(7,354)
Net cash provided by (used in) operating activities	18,574	14,535
Cash flows from investing activities		
Payments into time deposits	(6,717)	(4,832)
Proceeds from withdrawal of time deposits	6,475	10,731
Purchase of property, plant and equipment, and intangible assets	(21,224)	(23,464)
Proceeds from sale of property, plant and equipment, and intangible assets	629	293
Purchase of investments	(939)	(537)
Other	(409)	(195)
Net cash provided by (used in) investing activities	(22,185)	(18,006)
Cash flows from financing activities		
Proceeds from short-term borrowings	19,975	35,664
Repayments of short-term borrowings	(13,564)	(39,837)
Proceeds from long-term borrowings	22,549	412
Repayments of long-term borrowings	(26,578)	(4,533)
Repayments of lease liabilities	(1,359)	(1,612)
Dividends paid	(4,541)	(3,237)
Dividends paid to non-controlling interests	(2,164)	(2,706)
Other	176	328
Net cash provided by (used in) financing activities	(5,507)	(15,522)
Net increase (decrease) in cash and cash equivalents	(9,118)	(18,992)
Cash and cash equivalents at beginning of period	134,003	109,145
Effect of exchange rate changes on cash and cash equivalents	305	2,551
Cash and cash equivalents at end of period	125,189	92,704

Note on Quarterly Consolidated Financial Statements

(Note on premise of going concern)

None

(Segment Information)

FY2021 (April 1, 2021 – September 30, 2021)

(Millions of yen)

	Reportable Segment				Total	Eliminations	Consolidated	
	Japan	Americas	Asia	Europe & Africa				
Revenue								
Revenues from external customers	181,249	111,391	82,297	12,424	387,363	-	387,363	
Transactions with other segments	13,918	1,861	14,448	534	30,763	(30,763)	-	
Total	195,168	113,253	96,746	12,959	418,126	(30,763)	387,363	
Segment profit (loss)	6,064	2,583	4,529	(224)	12,952	39	12,991	
Finance income								1,572
Finance costs								(1,353)
Share of the profit of investments accounted for using equity method								120
Profit before tax								13,330

FY2022 (April 1, 2022 – September 30, 2022)

(Millions of yen)

	Reportable Segment				Total	Eliminations	Consolidated	
	Japan	Americas	Asia	Europe & Africa				
Revenue								
Revenues from external customers	165,306	155,425	120,731	12,750	454,214	-	454,214	
Transactions with other segments	18,393	2,058	16,024	619	37,096	(37,096)	-	
Total	183,699	157,483	136,756	13,370	491,310	(37,096)	454,214	
Segment profit (loss)	(2,298)	6,008	9,686	(948)	12,448	(180)	12,267	
Finance income								3,898
Finance costs								(1,903)
Share of the loss of investments accounted for using equity method (loss)								(170)
Profit before tax								14,092