

Oct 31, 2022
Tokyo Stock Exchange**FY2022 2nd Quarter Consolidated Financial Results [IFRS]**
(April 1, 2022 through September 30, 2022)

(English translation extracted from the original Japanese document)

Company Name: **EXEDY Corporation**
 Code No.: 7278
 URL: <https://www.exedy.com>
 Representative: Tetsuya Yoshinaga, Representative Director, President
 Contact Person: Hiroshi Toyohara, Representative Director, Senior Executive Managing Officer,
 Executive General Manager of Administrative Headquarters
 Telephone: +81-72-822-1152
 Scheduled date to file quarterly securities report: November 11, 2022
 Scheduled date to commence dividend payments: November 25, 2022
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: None

(Note: All amounts less than one million yen is rounded off)

1. Consolidated Financial Results for the 2nd Quarter of FY2022 (April 1, 2022 to September 30, 2022)

(1) Consolidated Operating Results (cumulative)

(Percentage of change from previous year)

	Revenue		Operating Profit		Profit before Tax		Profit		Profit Attributable to Owners of Parent		Total Comprehensive Income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
FY2022 Q2	138,206	12.0	3,573	(58.8)	6,097	(32.5)	4,255	(35.3)	3,867	(34.8)	13,573	113.7
FY2021 Q2	123,353	30.6	8,662	568.3	9,034	975.6	6,575	-	5,927	-	6,351	-

	Basic Earnings per Share	Diluted Earnings per Share
	Yen	Yen
FY2022 Q2	82.39	-
FY2021 Q2	126.34	-

(2) Consolidated Financial Position

	Total Assets	Total Equity	Equity Attributable to Owners of Parent	Ratio for Equity Attributable to Owners of Parent
	Million Yen	Million Yen	Million Yen	%
FY2022 Q2	342,459	246,052	231,722	67.7
FY2021	332,785	236,023	221,756	66.6

2. Dividends

	Annual Dividends per Share				
	1 st Quarter	2 nd Quarter	3 rd Quarter	Fiscal Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2021	-	40.00	-	50.00	90.00
FY2022	-	45.00	-	-	-
FY2022 (Forecast)	-	-	-	45.00	90.00

(Note) Revisions of dividend forecast from recently announced figures: None

3. FY2022 Consolidated Financial Forecast (April 1, 2022 to March 31, 2023)

(Percentage of change from previous year)

	Revenue		Operating Profit		Profit before Tax		Profit Attributable to Owners of Parent		Basic Earnings Per Share
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
FY2022	300,000	14.9	9,000	(50.9)	11,000	(43.5)	7,500	(39.9)	159.74

(Note) Revisions of financial forecast from recently announced figures: Yes

※ General Notes

(1) Changes in important subsidiaries during the period

(Changes in specified subsidiaries due to changes in the scope of consolidation): None

(2) Changes in Accounting Policies, Accounting Estimations

① Changes in accounting policies required by IFRS : None

② Changes in accounting policies except ① : None

③ Changes in accounting estimates : None

(Note) For the details, refer to attachment p.11 “2. Quarterly Consolidated Financial Statements and Principal Notes (5) Notes on Quarterly Consolidated Financial Statements”

(3) Number of Outstanding Shares (Ordinary shares)

① Number of shares outstanding at the end of period (including treasury shares)	FY2022 Q2	48,593,736 shares	FY2021 Q4	48,593,736 shares
② Number of treasury shares at the end of period	FY2022 Q2	1,641,526 shares	FY2021 Q4	1,665,564 shares
③ Average number of ordinary shares outstanding during the period (quarterly total)	FY2022 Q2	46,938,476 shares	FY2021 Q2	46,914,157 shares

(Note) The shares held within the ESOP trust accounts (FY2022 Q2: 91,800 shares, FY2021: 100,000 shares) are included in the number of Treasury Shares at the end of period. Furthermore, the shares held within the ESOP trust accounts are included in Treasury Shares that are deducted in the calculation of the average number of shares for the period. (FY2022 Q2: 96,486 shares, FY2021 Q2: 16,800 shares)

※ Quarterly financial statements are not subject to quarterly reviews by certified accountants or audit corporations.

※ Regarding the appropriate use of Financial forecasts and other information

The above forecast is based on the information available, or the assumptions which the company thinks reasonable as of the release of this report. Actual results might be different from the above estimates due to subsequent changes in circumstances.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

In the second quarter of the current consolidated cumulative period, the revenue increased by the impact of foreign exchange conversion due to the depreciation of the yen, although orders decreased due to the lockdown in China and production cuts by customers because of the semiconductor shortages in the first quarter. In terms of profits, Operating profit decreased due to the decline in orders, soaring global raw material prices and supply chain disruptions. The results for the second quarter of the current consolidated cumulative period was, Revenue ¥138.2 billion (increased by 12.0% from the same period of the previous fiscal year), Operating profit ¥3.6 billion (decreased by 58.8% from the same period of the previous fiscal year), Profit before tax ¥6.1 billion (decreased by 32.5% from the same period of the previous fiscal year), Profit attributable to owners of the parent company was ¥3.9 billion (decreased by 34.8% from the same period of the previous fiscal year).

<Segment Information>

The summary by type of reportable segment is as follows.

[MT (Manual Automotive Drivetrain related business)]

Revenue was ¥34.8 billion (increased by 12.4% from the same period of the previous fiscal year). Segment profit was ¥3.9 billion (increased by 4.4% from the same period of the previous fiscal year), despite soaring raw material prices which was proceeded with passing on to the selling price.

[AT (Automatic Automotive Drivetrain related business)]

Revenue was ¥88.0 billion (increased by 10.8% from the same period of the previous fiscal year). Although sales increased by the impact of foreign exchange conversion because of the depreciation of the yen, the segment loss was ¥0.1 billion (¥4.4 billion profits in the same period of the previous year) due to the lockdown in China and production cuts by customers because of the semiconductor shortages and soaring raw material costs.

[Others]

Revenue was ¥15.5 billion (increased by 18.7% from the same period of the previous fiscal year). Segment profit was ¥0.9 billion (decreased by 9.1% from the same period of the previous fiscal year) due to soaring raw material prices and other factors, despite an increase in sales.

<Location Information>

The summary by location is as follows.

[Japan]

Revenue was ¥57.6 billion (increased by 0.3% from the same period of the previous fiscal year). Operating profit was ¥1.7 billion (decreased by 66.4% from the same period of the previous fiscal year) due to a decrease in orders by the lockdown in China and production cuts by customers because of the semiconductor shortages and soaring raw material costs.

[Americas]

Revenue was ¥25.0 billion (increased by 23.6% from the same period of the previous fiscal year). Although revenue increased by the impact of exchange conversion due to the depreciation of the yen, the operating loss was ¥1.3 billion (¥0.2 billion operating loss in the same period of the previous year) due to soaring raw material prices.

[Asia and Oceania]

Revenue was ¥51.4 billion (increased by 22.4% from the same period of the previous fiscal year). Operating profit was ¥3.2 billion (decreased by 16.2% from the same period of the previous fiscal year) due to the lockdown in China and the impact of production cuts by customers due to semiconductor shortages, although revenue increased from the impact of exchange conversion due to the depreciation of the yen.

[Others]

Revenue was ¥4.3 billion (increased by 14.1% from the same period of the previous fiscal year). Operating profit was ¥0.3 billion (decreased by 23.6% from the same period of the previous fiscal year) due to soaring raw material prices and other factors, despite an increase in sales by the impact of foreign exchange conversion because of the depreciation of the yen.

(2) Explanation of Financial Position

In terms of the assets at the end of this second quarter consolidated accounting period, the total assets were ¥342.5 billion (¥332.8 billion at the end of the previous consolidated fiscal year), it increased by ¥9.7 billion (2.9%) from the end of the previous fiscal year. The main contents are ¥3.0 billion increase in cash and cash equivalents, ¥1.5 billion increase in trade and other receivables, and ¥4.0 billion increase in inventories.

Total liabilities were ¥96.4 billion (¥96.8 billion at the end of the previous consolidated fiscal year), it decreased by ¥0.4 billion (0.4%) from the end of the previous fiscal year. The main contents are ¥2.6 billion decrease in income taxes payable, ¥0.4 billion decrease in corporate bonds and borrowings due to the repayment of borrowings, and ¥2.1 billion increase in trade and other payables.

Total equity was ¥246.1 billion (¥236.0 billion in the previous consolidated fiscal year), it increased by ¥10.0 billion (4.2%) from the end of the previous fiscal year. The main contents were ¥8.1 billion increase in other components of equity due to an increase in the conversion difference of foreign operation due to the depreciation of the yen, and ¥1.9 billion increase in retained earnings (¥3.9 billion increase due to the quarterly profit attributable to owners of the parent company, ¥2.3 billion decrease due to the appropriation of surplus (dividend), and ¥0.3 billion transfer of other components of equity to retained earnings due to sale of investment securities).

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

As of today, we have revised the consolidated financial forecast for the fiscal year ending March 31, 2023, which was announced on July 28, 2022. For the details, please refer to the "Notice of Revision of Consolidated Financial Forecast" announced today.

This forecast is based on the premise that there will be no large-scale suspension of business activities due to the worldwide spread of COVID-19 infections or sharp exchange rate fluctuations. If these premises are expected, this forecast may be revised.

The exchange rate is assumed to be ¥140 per US dollar.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Statement of Financial Position

	As of March 31, 2022	As of September 30, 2022
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	55,407	58,416
Trade and other receivables	53,824	55,276
Other financial assets	1,974	2,180
Inventories	41,726	45,770
Other current assets	2,262	2,985
Total current assets	<u>155,192</u>	<u>164,627</u>
Non-current assets		
Property, plant and equipment	162,964	163,244
Goodwill and intangible assets	2,802	2,670
Investments accounted for using equity method	195	236
Investments in Equity Instruments	3,305	2,772
Other financial assets	45	40
Deferred tax assets	6,022	6,558
Retirement benefit asset	1,233	1,238
Other non-current assets	1,027	1,072
Total non-current assets	<u>177,593</u>	<u>177,832</u>
Total assets	<u><u>332,785</u></u>	<u><u>342,459</u></u>

	As of March 31, 2022	As of September 30, 2022
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Bonds and borrowings	10,381	11,221
Trade and other payables	36,093	38,232
Other financial liabilities	594	559
Income taxes payable	4,005	1,407
Employee benefits accruals	1,954	2,016
Provisions	2,240	2,280
Other current liabilities	3,636	3,738
Total current liabilities	<u>58,903</u>	<u>59,453</u>
Non-current liabilities		
Bonds and borrowings	27,533	26,321
Other financial liabilities	879	979
Retirement benefit liability	6,724	6,798
Deferred tax liabilities	1,245	1,116
Other non-current liabilities	1,479	1,740
Total non-current liabilities	<u>37,859</u>	<u>36,954</u>
Total liabilities	<u>96,762</u>	<u>96,407</u>
Equity		
Share capital	8,284	8,284
Capital surplus	7,555	7,528
Treasury shares	(3,768)	(3,713)
Other components of equity	7,524	15,613
Retained earnings	202,160	204,011
Total equity attributable to owners of parent	<u>221,756</u>	<u>231,722</u>
Non-controlling interests	14,267	14,330
Total equity	<u>236,023</u>	<u>246,052</u>
Total liabilities and equity	<u><u>332,785</u></u>	<u><u>342,459</u></u>

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income (Quarterly Consolidated Statement of Income)

	FY2021 2nd Quarter (April 1, 2021 through September 30, 2021)	FY2022 2nd Quarter (April 1, 2022 through September 30, 2022)
	Millions of yen	Millions of yen
Revenue	123,353	138,206
Cost of sales	100,096	118,147
Gross profit	<u>23,257</u>	<u>20,059</u>
Selling, general and administrative expenses	14,841	16,372
Other income	576	545
Other expenses	329	659
Operating profit	<u>8,662</u>	<u>3,573</u>
Finance income	829	2,958
Finance costs	469	477
Share of profit of investments accounted for using equity method	12	43
Profit before tax	<u>9,034</u>	<u>6,097</u>
Income tax expense	2,459	1,842
Profit	<u><u>6,575</u></u>	<u><u>4,255</u></u>
Profit attributable to		
Owners of parent	5,927	3,867
Non-controlling interests	649	388
Profit	<u><u>6,575</u></u>	<u><u>4,255</u></u>
Earnings per share		
Basic and diluted earnings per share	126.34	82.39

(Quarterly Consolidated Statement of Comprehensive Income)

	FY2021 2nd Quarter (April 1, 2021 through September 30, 2021)	FY2022 2nd Quarter (April 1, 2022 through September 30, 2022)
	Millions of yen	Millions of yen
Profit	6,575	4,255
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	114	(70)
Total of items that will not be reclassified to profit or loss	114	(70)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(338)	9,382
Share of other comprehensive income of investments accounted for using equity method	0	6
Total of items that may be reclassified to profit or loss	(338)	9,388
Total other comprehensive income	(224)	9,318
Comprehensive income	6,351	13,573
Comprehensive income attributable to		
Owners of parent	6,117	12,285
Non-controlling interests	234	1,288
Comprehensive income	6,351	13,573

(3) Quarterly Consolidated Statement of Changes in Equity

Previous second quarter consolidated cumulative period

(April 1, 2021 through September 30, 2021)

	Equity attributable to owners of parent					Total
	Share capital	Capital surplus	Treasury shares	Other components of equity		
				Exchange differences on translation of foreign operations	Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
Balance as of April 1, 2021	8,284	7,571	(3,822)	(1,271)	287	(984)
Profit for the period	-	-	-	-	-	-
Other comprehensive income	-	-	-	76	114	190
Comprehensive income	-	-	-	76	114	190
Purchase of treasury shares	-	-	(0)	-	-	-
Disposal of treasury shares	-	(15)	53	-	-	-
Dividends of surplus	-	-	-	-	-	-
Share-based remuneration transactions	-	(14)	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-
Total transactions with owners	-	(29)	52	-	-	-
Total changes in equity	-	(29)	52	76	114	190
Balance as of Sept. 30, 2021	8,284	7,542	(3,770)	(1,195)	401	(794)

	Equity attributable to owners of parent		Non-controlling interests	Total
	Retained earnings	Total		
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance as of April 1, 2021	192,878	203,927	12,803	216,730
Profit for the period	5,927	5,927	649	6,575
Other comprehensive income	-	190	(414)	(224)
Comprehensive income	5,927	6,117	234	6,351
Purchase of treasury shares	-	(0)	-	(0)
Disposal of treasury shares	-	38	-	38
Dividends of surplus	(1,407)	(1,407)	(699)	(2,106)
Share-based remuneration transactions	-	(14)	-	(14)
Transfer to retained earnings	-	-	-	-
Total transactions with owners	(1,407)	(1,384)	(699)	(2,083)
Total changes in equity	4,520	4,733	(464)	4,269
Balance as of Sept. 30, 2021	197,398	208,660	12,339	220,999

Current second quarter consolidated cumulative period
(April 1, 2022 through September 30, 2022)

	Equity attributable to owners of parent					Total
	Share capital	Capital surplus	Treasury shares	Other components of equity		
				Exchange differences on translation of foreign operations	Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
Balance as of April 1, 2022	8,284	7,555	(3,768)	7,274	250	7,524
Profit for the period	-	-	-	-	-	-
Other comprehensive income	-	-	-	8,488	(70)	8,418
Comprehensive income	-	-	-	8,488	(70)	8,418
Purchase of treasury shares	-	-	(0)	-	-	-
Disposal of treasury shares	-	(13)	55	-	-	-
Dividends of surplus	-	-	-	-	-	-
Share-based remuneration transactions	-	(14)	-	-	-	-
Transfer to retained earnings	-	-	-	-	(329)	(329)
Total transactions with owners	-	(27)	54	-	(329)	(329)
Total changes in equity	-	(27)	54	8,488	(399)	8,089
Balance as of Sept. 30, 2022	8,284	7,528	(3,713)	15,761	(149)	15,613

	Equity attributable to owners of parent		Non-controlling interests	Total
	Retained earnings	Total		
	Millions of yen	Millions of yen		
Balance as of April 1, 2022	202,160	221,756	14,267	236,023
Profit for the period	3,867	3,867	388	4,255
Other comprehensive income	-	8,418	900	9,318
Comprehensive income	3,867	12,285	1,288	13,573
Purchase of treasury shares	-	(0)	-	(0)
Disposal of treasury shares	-	41	-	41
Dividends of surplus	(2,346)	(2,346)	(1,225)	(3,571)
Share-based remuneration transactions	-	(14)	-	(14)
Transfer to retained earnings	329	-	-	-
Total transactions with owners	(2,017)	(2,319)	(1,225)	(3,544)
Total changes in equity	1,850	9,966	63	10,029
Balance as of Sept. 30, 2022	204,011	231,722	14,330	246,052

(4) Quarterly Consolidated Statement of Cash Flows

	FY2021 2nd Quarter (April 1, 2021 through September 30, 2021)	FY2022 2nd Quarter (April 1, 2022 through September 30, 2022)
	Millions of yen	Millions of yen
Cash flows from operating activities		
Profit before tax	9,034	6,097
Depreciation and amortization	9,707	9,985
Interest and dividend income	(145)	(135)
Interest expenses	375	379
Share of loss (profit) of investments accounted for using equity method	(12)	(43)
Foreign exchange loss (gain)	(14)	(1)
Decrease (increase) in inventories	(5,207)	(826)
Decrease (increase) in trade and other receivables	3,579	1,225
Increase (decrease) in trade and other payables	(520)	(19)
Other	2,043	(331)
Subtotal	18,840	16,332
Interest and dividends received	164	160
Interest paid	(385)	(380)
Income taxes paid	(1,805)	(4,923)
Net cash provided by (used in) operating activities	16,813	11,189
Cash flows from investing activities		
Payments into time deposits	(200)	(1,196)
Proceeds from withdrawal of time deposits	347	1,295
Purchase of property, plant and equipment	(7,330)	(4,405)
Proceeds from sale of property, plant and equipment	46	29
Purchase of intangible assets	(438)	(258)
Proceeds from sale of investment securities	5	944
Other	(69)	(522)
Net cash provided by (used in) investing activities	(7,638)	(4,114)
Cash flows from financing activities		
Proceeds from short-term borrowings	13,091	6,467
Repayments of short-term borrowings	(13,377)	(3,074)
Proceeds from long-term borrowings	10,339	425
Repayments of long-term borrowings	(13,577)	(5,321)
Dividends paid	(1,407)	(2,350)
Other	(895)	(1,485)
Net cash provided by (used in) financing activities	(5,826)	(5,337)
Effect of exchange rate changes on cash and cash equivalents	(416)	1,272
Net increase (decrease) in cash and cash equivalents	2,932	3,009
Cash and cash equivalents at beginning of period	51,567	55,407
Cash and cash equivalents	54,500	58,416

(5) Notes on Quarterly Consolidated Financial Statements

(Notes for Going Concern)

Not applicable

(Change in Accounting Policy)

Not applicable

(Change in Accounting Estimate)

Not applicable

(Segment Information)

(1) Overview of Reportable Segments

The reportable segments are components of business activities for which discrete, and such information is regularly reviewed by the Company's Board of Directors to make decisions about the allocation of resources and assess its performance.

The Company and its consolidated subsidiaries are mainly engaged in the manufacture and sale of automotive parts. From the aspects of function, technological specification and productive structure, the product lines of the Company are classified roughly into 2 group, "Manual Transmission Parts" and "Automatic Transmission Parts". The Company, in corporation with its consolidated subsidiaries, design business strategy and conduct business for these 2 product lines inside Japan and overseas. Accordingly, the reportable segments of the Company are composed of 2 segments, "MT (Manual Automotive Drivetrain related business)" which manufactures and sells Manual Transmission Parts and "AT (Automatic Automotive Drivetrain related business)" which manufactures and sells Automatic Transmission Parts.

(2) Information of Revenue, Profit and Loss by Segment and The Amount of Other Important Items.

Previous second quarter consolidated cumulative period (April 1, 2021 to September 30, 2021)

(Million Yen)

	Reportable Segment			Other (Note 1)	Adjustments (Note 4)	Consolidated
	MT	AT	Total			
Revenue						
External Customers	30,925	79,408	110,333	13,020	-	123,353
Intersegments (Note 2)	141	1,133	1,274	3,351	(4,625)	-
Total	31,066	80,541	111,607	16,371	(4,625)	123,353
Segment Profit (Note 3)	3,752	4,385	8,137	1,019	(494)	8,662
Finance Income						829
Finance Costs						469
Share of profit of investments accounted for using equity method						12
Profit before Tax						9,034

- (Note) 1. Other includes businesses which is not part of any of the 2 reportable segments, and contain industrial machine drivetrain operation, clutches for motorcycle operation, transport operation, etc.
2. Amount of intersegments transactions is based on market price.
3. Segment profit is based on operating profit on quarterly consolidated income statement.
4. Elimination of intersegment transactions and corporate expenses are included in adjustments.

Current second quarter consolidated cumulative period (April 1, 2022 to September 30, 2022)

(Million Yen)

	Reportable Segment			Other (Note 1)	Adjustments (Note 4)	Consolidated
	MT	AT	Total			
Revenue						
External Customers	34,774	87,978	122,752	15,454	-	138,206
Intersegments (Note 2)	156	313	469	2,676	(3,145)	-
Total	34,930	88,291	123,221	18,129	(3,145)	138,206
Segment Profit (Loss) (Note 3)	3,916	(63)	3,853	926	(1,207)	3,573
Finance Income						2,958
Finance Costs						477
Share of profit of investments accounted for using equity method						43
Profit before Tax						6,097

- (Note) 1. Other includes businesses which is not part of any of the 2 reportable segments, and contain industrial machine drivetrain operation, clutches for motorcycle operation, transport operation, etc.
2. Amount of intersegments transactions is based on market price.
3. Segment profit (loss) is based on operating profit on quarterly consolidated income statement.
4. Elimination of intersegment transactions and corporate expenses are included in adjustments.