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

February 3, 2023

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: February 9, 2023
 Scheduled date to commence dividend payments: -
 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 nine months of the fiscal year ending March 31, 2023 (from April 1, 2022 to December 31, 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	%
Nine months ended								
December 31, 2022	701,814	16.9	23,690	24.7	23,804	17.0	17,346	10.5
December 31, 2021	600,478	15.0	18,992	(23.9)	20,339	(18.5)	15,702	(15.9)

	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
Nine months ended						
December 31, 2022	14,079	4.2	23,885	(14.5)	108.75	108.74
December 31, 2021	13,507	(19.2)	27,940	23.8	104.35	104.34

(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				
December 31, 2022	836,551	477,171	441,547	52.8
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	36,000	5.3	36,000	(4.5)	23,000	(1.5)	177.65

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 December 31, 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 December 31, 2022	584,194 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 nine months ended December 31, 2022	129,467,381 shares
For the nine months ended December 31, 2021	129,449,762 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 Nine Months Ended December 31, 2022

(1) Explanation of Business Results

Revenue for the nine months ended December 31, 2022 increased to ¥701.8 billion (up 16.9% 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, operating profit came to ¥23.6 billion (up 24.7% compared to the same quarter of the previous year) and profit attributable to owners of parent came to ¥14.0 billion (up 4.2% compared to the same quarter of the previous year) mainly due to the effect of increased sales and efforts on a Group-wide scale of practicing the three pillars of revenue improvement activities, namely “promotion of cost improvement,” “reduction of market impact,” and “responsiveness to production volume changes.”

Results by segment are as follows.

(i) Japan

Revenue decreased to ¥289.0 billion (down 2.0% 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 profit came to ¥0.8 billion (down 90.2% from the same quarter of the previous fiscal year) mainly due to the impact of decreased sales, changes in the product mix, and an increase in fixed costs.

(ii) Americas

Revenue increased to ¥240.3 billion (up 40.4% 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 ¥9.2 billion (up 903.1% compared to the same quarter of the previous fiscal year) mainly due to the effects of increased sales and cost improvements, in conjunction with reflecting the soaring prices of materials, transport, and energy, etc. in the sales prices.

(iii) Asia

Revenue increased to ¥209.0 billion (up 30.0% 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 ¥15.3 billion (up 52.2% 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 ¥21.3 billion (up 8.5% 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 ¥1.4 billion (compared with segment loss of ¥0.4 billion for the same quarter of the previous fiscal year) mainly due to the reduction in production of the subsidiary in the U.K. and the impact of soaring prices of materials and energy.

(2) Explanation of Financial Position

Assets decreased by ¥22.7 billion to ¥836.5 billion as of December 31, 2022, primarily as a result of a decrease in cash and cash equivalents.

Liabilities decreased by ¥37.1 billion to ¥359.3 billion, mainly due to a decrease in bonds and borrowings.

Additionally, equity increased by ¥14.3 billion to ¥477.1 billion, mainly as a result of an increase in retained earnings.

(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 October 28, 2022 in consideration of the results

for the nine months ended December 31, 2022. Accordingly, the Company now forecasts revenue of ¥920.0 billion, operating profit of ¥36.0 billion, profit before tax of ¥36.0 billion, and profit for the year attributable to owners of parent of ¥23.0 billion.

These forecasts are based on the exchange rate assumption of ¥125 to US\$1 from the fourth quarter, and ¥134 to US\$1 for the full year.

The above forecast of financial results is prepared based on information currently available to the Company. Actual business results may differ from the forecast figures due to various factors.

2. Condensed Quarterly Consolidated Financial Statements

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	109,145	86,264
Trade and other receivables	182,595	176,756
Other financial assets	17,421	5,677
Inventories	94,862	102,552
Other current assets	21,140	24,501
Total current assets	425,165	395,751
Non-current assets		
Property, plant and equipment	316,901	320,560
Intangible assets	5,154	5,025
Other financial assets	50,650	48,144
Investments accounted for using equity method	15,642	15,967
Retirement benefit asset	5,741	5,610
Deferred tax assets	18,706	21,062
Other non-current assets	21,340	24,428
Total non-current assets	434,137	440,799
Total assets	859,302	836,551

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	147,942	131,095
Borrowings	43,924	53,734
Other financial liabilities	4,158	2,864
Income taxes payable	3,730	1,667
Provisions	2,648	3,421
Other current liabilities	6,993	8,321
Total current liabilities	209,396	201,103
Non-current liabilities		
Bonds and borrowings	129,772	102,275
Other financial liabilities	13,645	12,170
Retirement benefit liability	32,420	33,532
Provisions	3,233	1,602
Deferred tax liabilities	5,304	5,537
Other non-current liabilities	2,734	3,157
Total non-current liabilities	187,111	158,275
Total liabilities	396,508	359,379
Equity		
Share capital	28,069	28,087
Capital surplus	24,465	24,854
Treasury shares	(1,233)	(1,234)
Other components of equity	42,433	47,861
Retained earnings	335,069	341,978
Total equity attributable to owners of parent	428,804	441,547
Non-controlling interests	33,989	35,624
Total equity	462,794	477,171
Total liabilities and equity	859,302	836,551

(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)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Revenue	600,478	701,814
Cost of revenue	(533,687)	(621,702)
Gross profit	66,791	80,112
Selling, general and administrative expenses	(47,782)	(56,379)
Other income	2,631	2,926
Other expenses	(2,648)	(2,969)
Operating profit	18,992	23,690
Finance income	3,129	3,325
Finance costs	(1,898)	(2,842)
Share of profit of investments accounted for using equity method (loss)	115	(368)
Profit before tax	20,339	23,804
Income tax expense	(4,637)	(6,457)
Profit	15,702	17,346
Profit attributable to		
Owners of parent	13,507	14,079
Non-controlling interests	2,194	3,266
Profit	15,702	17,346
Earnings per share		
Basic earnings per share (yen)	104.35	108.75
Diluted earnings per share (yen)	104.34	108.74

(Condensed Quarterly Consolidated Statement of Comprehensive Income)

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Profit	15,702	17,346
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Equity financial assets measured at fair value through other comprehensive income	5,712	(2,326)
Remeasurements of defined benefit plans	(70)	15
Share of other comprehensive income of investments accounted for using equity method	(1)	(3)
Total	<u>5,640</u>	<u>(2,314)</u>
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	6,090	8,328
Share of other comprehensive income of investments accounted for using equity method	508	524
Total	<u>6,598</u>	<u>8,853</u>
Total other comprehensive income	<u>12,238</u>	<u>6,538</u>
Total comprehensive income	<u><u>27,940</u></u>	<u><u>23,885</u></u>
Comprehensive income attributable to		
Owners of parent	25,406	19,542
Non-controlling interests	<u>2,534</u>	<u>4,343</u>
Total comprehensive income	<u><u>27,940</u></u>	<u><u>23,885</u></u>

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

Nine months ended December 31, 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	-	-	-	6,253	5,710	(65)	11,898
Total comprehensive income	-	-	-	6,253	5,710	(65)	11,898
Issuance of new shares	17	17	-	-	-	-	-
Purchase of treasury shares	-	-	(1)	-	-	-	-
Dividends	-	-	-	-	-	-	-
Changes in ownership interest in subsidiaries	-	(45)	-	-	-	-	-
Change in increase of capital	-	-	-	-	-	-	-
Change in scope of consolidation	-	-	-	29	-	-	29
Transfer from other components of equity to retained earnings	-	-	-	-	-	65	65
Total transactions with owners	17	(28)	(1)	29	-	65	94
Balance at December 31, 2021	28,063	25,598	(1,233)	4,926	24,826	-	29,752

	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	13,507	13,507	2,194	15,702
Other comprehensive income	-	11,898	339	12,238
Total comprehensive income	13,507	25,406	2,534	27,940
Issuance of new shares	-	35	-	35
Purchase of treasury shares	-	(1)	-	(1)
Dividends	(9,063)	(9,063)	(2,540)	(11,604)
Changes in ownership interest in subsidiaries	-	(45)	(178)	(223)
Change in increase of capital	-	-	176	176
Change in scope of consolidation	(357)	(328)	347	18
Transfer from other components of equity to retained earnings	(65)	-	-	-
Total transactions with owners	(9,486)	(9,404)	(2,194)	(11,598)
Balance at December 31, 2021	324,903	407,085	29,712	436,797

Nine months ended December 31, 2022

(Millions of yen)

	Equity attributable to owners of parent						
	Share capital	Capital surplus	Treasury shares	Exchange differences on translation of foreign operations	Other components of equity		
					Equity financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total components of equity
Balance at April 1, 2022	28,069	24,465	(1,233)	18,407	24,026	-	42,433
Profit	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	7,779	(2,329)	12	5,462
Total comprehensive income	-	-	-	7,779	(2,329)	12	5,462
Issuance of new shares	17	17	-	-	-	-	-
Purchase of treasury shares	-	-	(1)	-	-	-	-
Dividends	-	-	-	-	-	-	-
Changes in ownership interest in subsidiaries	-	288	-	-	-	-	-
Change in scope of consolidation	-	82	-	-	-	-	-
Transfer from other components of equity to retained earnings	-	-	-	-	(22)	(12)	(34)
Total transactions with owners	17	389	(1)	-	(22)	(12)	(34)
Balance at December 31, 2022	28,087	24,854	(1,234)	26,187	21,673	-	47,861

	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	14,079	14,079	3,266	17,346
Other comprehensive income	-	5,462	1,076	6,538
Total comprehensive income	14,079	19,542	4,343	23,885
Issuance of new shares	-	35	-	35
Purchase of treasury shares	-	(1)	-	(1)
Dividends	(7,122)	(7,122)	(2,747)	(9,870)
Changes in ownership interest in subsidiaries	-	288	40	328
Change in scope of consolidation	(82)	-	-	-
Transfer from other components of equity to retained earnings	34	-	-	-
Total transactions with owners	(7,170)	(6,799)	(2,707)	(9,507)
Balance at December 31, 2022	341,978	441,547	35,624	477,171

(4) Condensed Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Cash flows from operating activities		
Profit before tax	20,339	23,804
Depreciation and amortization	31,219	35,280
Impairment loss	-	810
Increase (decrease) in provisions	(720)	(908)
Increase (decrease) in retirement benefit liability	832	1,105
Decrease (increase) in retirement benefit asset	226	131
Finance income	(3,344)	(8,723)
Finance costs	1,887	2,826
Share of loss (profit) of investments accounted for using equity method	(115)	368
Loss (gain) on sale of fixed assets	121	247
Decrease (increase) in inventories	(14,040)	(5,252)
Decrease (increase) in trade and other receivables	(10,230)	10,619
Increase (decrease) in trade and other payables	6,179	(16,871)
Other	(5,360)	(4,026)
Subtotal	26,994	39,412
Interest received	1,252	1,871
Dividends received	1,171	1,205
Interest paid	(1,885)	(2,793)
Income taxes paid	(9,290)	(11,174)
Net cash provided by (used in) operating activities	18,243	28,521
Cash flows from investing activities		
Payments into time deposits	(11,772)	(4,885)
Proceeds from withdrawal of time deposits	9,477	19,520
Purchase of property, plant and equipment, and intangible assets	(36,389)	(33,115)
Proceeds from sale of property, plant and equipment, and intangible assets	709	494
Purchase of investments	(988)	(777)
Other	(574)	(1,040)
Net cash provided by (used in) investing activities	(39,538)	(19,804)
Cash flows from financing activities		
Proceeds from short-term borrowings	35,198	43,634
Repayments of short-term borrowings	(20,837)	(59,920)
Proceeds from long-term borrowings	24,259	1,321
Repayments of long-term borrowings	(27,275)	(6,687)
Repayments of lease liabilities	(2,050)	(2,741)
Dividends paid	(9,067)	(7,116)
Dividends paid to non-controlling interests	(2,540)	(2,836)
Other	175	327
Net cash provided by (used in) financing activities	(2,137)	(34,018)
Net increase (decrease) in cash and cash equivalents	(23,432)	(25,301)
Cash and cash equivalents at beginning of period	134,003	109,145
Effect of exchange rate changes on cash and cash equivalents	1,665	2,419
Cash and cash equivalents at end of period	112,237	86,264

Note on Quarterly Consolidated Financial Statements

(Note on premise of going concern)

None

(Segment Information)

FY2021 (April 1, 2021 – December 31, 2021)

(Millions of yen)

	Reportable Segment				Total	Eliminations	Consolidated	
	Japan	Americas	Asia	Europe & Africa				
Revenue								
Revenues from external customers	273,631	168,349	139,541	18,956	600,478	-	600,478	
Transactions with other segments	21,494	2,798	21,270	753	46,317	(46,317)	-	
Total	295,125	171,148	160,811	19,710	646,796	(46,317)	600,478	
Segment profit (loss)	8,480	919	10,079	(464)	19,015	(23)	18,992	
Finance income								3,129
Finance costs								(1,898)
Share of the profit of investments accounted for using equity method								115
Profit before tax								20,339

FY2022 (April 1, 2022 – December 31, 2022)

(Millions of yen)

	Reportable Segment				Total	Eliminations	Consolidated	
	Japan	Americas	Asia	Europe & Africa				
Revenue								
Revenues from external customers	261,108	237,492	182,721	20,491	701,814	-	701,814	
Transactions with other segments	27,987	2,847	26,359	890	58,085	(58,085)	-	
Total	289,095	240,339	209,081	21,382	759,900	(58,085)	701,814	
Segment profit (loss)	829	9,224	15,338	(1,431)	23,960	(270)	23,690	
Finance income								3,325
Finance costs								(2,842)
Share of the profit of investments accounted for using equity method (loss)								(368)
Profit before tax								23,804