

October 30, 2023

FY2023 2nd Quarter Consolidated Financial Results [IFRS] (April 1, 2023 through September 30, 2023)

(English translation extracted from the original Japanese document)

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 Scheduled date to file quarterly securities report: November 10, 2023
 Scheduled Date to commence dividend payments: November 27, 2023
 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 FY2023 (April 1, 2023 to September 30, 2023)

(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	%
FY2023 Q2	151,195	9.4	6,431	80.0	8,076	32.5	5,906	38.8	5,369	38.8	13,864	2.1
FY2022 Q2	138,206	12.0	3,537	(58.8)	6,097	(32.5)	4,255	(35.3)	3,867	(34.8)	13,573	113.7

	Basic Earnings per Share		Diluted Earnings per Share	
	Yen		Yen	
FY2023 Q2	114.33		-	
FY2022 Q2	82.39		-	

(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	%
FY2023 Q2	342,293	250,528	235,968	68.9
FY2022	331,875	239,901	225,563	68.0

2. Dividends

	Annual Dividends per Share				
	1 st Quarter	2 nd Quarter	3 rd Quarter	Fiscal Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2022	-	45.00	-	45.00	90.00
FY2023	-	60.00	-	-	-
FY2023 (Forecast)	-	-	-	60.00	120.00

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

3. FY2023 Consolidated Financial Forecast (April 1, 2023 to March 31, 2024)

(Percentage of change from previous year)

	Revenue		Operating Profit		Income before Income Taxes		Profit Attributable to Owners of Parent		Basic Earnings Per Share
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	yen
FY2023	310,000	8.5	13,000	48.4	14,000	41.2	9,000	96.1	191.64

(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)	FY2023 Q2	48,593,736 shares	FY2022 Q4	48,593,736 shares
② Number of treasury shares at the end of period	FY2023 Q2	1,629,677 shares	FY2022 Q4	1,639,537 shares
③ Average number of ordinary shares outstanding during the period	FY2023 Q2	46,958,426 shares	FY2022 Q2	46,938,476 shares

(Note) The shares held within the ESOP trust accounts (FY2023 Q2: 83,300 shares, FY2022 Q4: 89,800 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. (FY2023 Q2 : 87,014 shares, FY2022 Q2 : 96,486 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 due to increase in orders mainly in the AT (Automatic Automotive Drivetrain related business) segment, as well as passing on raw material price increase to the selling price, and the impact of foreign exchange conversion due to the depreciation of the yen. In terms of profits, Operating profit increased due to increase in sales despite higher production costs caused by high inflation.

The results for the second quarter of the current consolidated cumulative period were, Revenue ¥ 151.2 billion (increased by 9.4% from the same period of the previous fiscal year), Operating profit ¥ 6.4 billion (increased by 80.0% from the same period of the previous fiscal year), Profit before tax ¥ 8.1 billion (increased by 32.5% from the same period of the previous fiscal year), Profit attributable to owners of the parent company was ¥5.4 billion (increased by 38.8% 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 ¥35.6 billion (increased by 2.3% from the same period of the previous fiscal year). Segment profit was ¥3.8 billion (decreased by 2.3% from the same period of the previous fiscal year) due to higher production costs caused by high inflation, and due to decrease in order despite the sales increase by the impact of foreign exchange conversion because of the depreciation of the yen.

[AT (Automatic Automotive Drivetrain related business)]

Revenue was ¥98.3 billion (increased by 11.8% from the same period of the previous fiscal year). This was due to the increase in orders, as well as passing on raw material price increase to the selling price, and the impact of foreign exchange conversion due to the depreciation of the yen. The segment profit was ¥2.0 billion (¥0.1 billion segment loss in the same period of the previous fiscal year) due to increase in sales, despite higher production costs caused by high inflation.

[TS (Industrial machine Drivetrain operations)]

Revenue was ¥7.5 billion (increased by 16.5% from the same period of the previous fiscal year). Segment profit was ¥1.1 billion (increased by 120.1% from the same period of the previous fiscal year), due to an increase in sales and cost reduction efforts.

[Others]

Revenue was ¥9.8 billion (increased by 8.3% from the same period of the previous fiscal year). Segment profit was ¥0.5 billion (increased by 11.6% from the same period of the previous fiscal year) due to an increased sales of motorcycle clutches in the ASEAN region and cost reduction efforts.

<Location Information>

The summary by location is as follows.

[Japan]

Revenue was ¥62.2 billion (increased by 8.2% from the same period of the previous fiscal year). Operating profit was ¥4.2 billion (increased by 137.9% from the same period of the previous fiscal year) due to increase in sales by passing on raw material price increase to the selling price.

[Americas]

Revenue was ¥28.5 billion (increased by 14.0% from the same period of the previous fiscal year). Despite revenue increased by the impact of exchange conversion due to the depreciation of the yen, the operating loss was ¥1.1 billion (¥1.3 billion operating loss in the same period of the previous year) due to higher production costs caused by high inflation.

[Asia and Oceania]

Revenue was ¥55.1 billion (increased by 7.2% from the same period of the previous fiscal year). This was due to the increase in orders, as well as passing on raw material price increase to the selling price, and the impact of foreign exchange conversion due to the depreciation of the yen. Operating profit was ¥3.3 billion (increased by 4.7% from the same period of the previous fiscal year) due to increase in sales.

[Others]

Revenue was ¥5.4 billion (increased by 24.9% from the same period of the previous fiscal year). Operating profit was ¥0.2 billion (decreased by 13.0% from the same period of the previous fiscal year) due to soaring raw material prices, despite an increase in sales.

(2) Explanation of Financial Position.

In terms of the assets at the end of this second quarter consolidated accounting period, the total assets were ¥342.3 billion (¥331.9 billion at the end of the previous consolidated fiscal year), it increased by ¥10.4 billion (3.1%) from the end of the previous fiscal year. The main contents are ¥7.3 billion increase in Cash and cash equivalents, ¥2.7 billion increase in Trade and other receivables, ¥0.9 billion increase in Investments in Equity Instruments, ¥0.7 billion increase in Inventories, and 0.9 billion decrease in Tangible fixed assets.

Total liabilities were ¥91.8 billion (¥92.0 billion at the end of the previous consolidated fiscal year), it decreased by ¥0.2 billion (0.2%) from the end of the previous fiscal year. The main contents are ¥1.4 billion decrease in corporate Bonds and borrowings, ¥0.8 billion increase in Trade and other payables, and ¥0.3 billion increase in Other non-current liabilities.

Total equity was ¥250.5 billion (¥239.9 billion in the previous consolidated fiscal year), it increased by ¥10.6 billion (4.4%) from the end of the previous fiscal year. The main contents are ¥7.1 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 ¥3.3 billion increase in Retained earnings (¥5.4 billion increase due to the Profit attributable to owners of the parent company, and ¥2.1 billion decrease due to the Appropriation of surplus (dividend)).

(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, 2024, which was announced on April 28, 2023. 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 or sharp exchange rate fluctuations. If these premises are expected, this forecast may be revised.

The exchange rate is assumed to be ¥141 per US dollar.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Statement of Financial Position

	As of March 31, 2023	As of September 30, 2023
	<u>Millions of yen</u>	<u>Millions of yen</u>
Assets		
Current assets		
Cash and cash equivalents	59,538	66,836
Trade and other receivables	53,929	56,632
Other financial assets	2,155	2,107
Inventories	44,198	44,914
Other current assets	3,634	2,793
Total current assets	<u>163,454</u>	<u>173,282</u>
Non-current assets		
Property, plant and equipment	154,632	153,763
Goodwill and intangible assets	2,939	2,796
Investments accounted for using equity method	272	594
Investments in Equity Instruments	1,810	2,752
Other financial assets	96	93
Deferred tax assets	6,366	6,702
Retirement benefit asset	1,206	1,213
Other non-current assets	1,100	1,098
Total non-current assets	<u>168,421</u>	<u>169,011</u>
Total assets	<u><u>331,875</u></u>	<u><u>342,293</u></u>

	As of March 31, 2023	As of September 30, 2023
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Bonds and borrowings	8,228	7,412
Trade and other payables	37,789	38,582
Other financial liabilities	545	606
Income taxes payable	1,664	1,436
Employee benefits accruals	2,336	2,408
Provisions	2,186	2,116
Other current liabilities	3,379	3,332
Total current liabilities	56,127	55,892
Non-current liabilities		
Bonds and borrowings	25,423	24,884
Other financial liabilities	1,076	1,056
Retirement benefit liability	6,609	6,716
Deferred tax liabilities	697	922
Other non-current liabilities	2,042	2,294
Total non-current liabilities	35,848	35,873
Total liabilities	91,975	91,765
Equity		
Share capital	8,284	8,284
Capital surplus	7,541	7,538
Treasury shares	(3,709)	(3,687)
Other components of equity	10,639	17,769
Retained earnings	202,808	206,064
Total equity attributable to owners of parent	225,563	235,968
Non-controlling interests	14,338	14,560
Total equity	239,901	250,528
Total liabilities and equity	331,875	342,293

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

	FY2022 2nd Quarter (April 1, 2022 through September 30, 2022)	FY2023 2nd Quarter (April 1, 2023 through September 30, 2023)
	Millions of yen	Millions of yen
Revenue	138,206	151,195
Cost of sales	118,147	127,427
Gross profit	20,059	23,767
Selling, general and administrative expenses	16,372	17,430
Other income	545	505
Other expenses	659	411
Operating profit	3,573	6,431
Finance income	2,958	2,127
Finance costs	477	514
Share of profit of investments accounted for using equity method	43	32
Profit before tax	6,097	8,076
Income tax expense	1,842	2,170
Profit	4,255	5,906
Profit attributable to		
Owners of parent	3,867	5,369
Non-controlling interests	388	537
Profit	4,255	5,906
Earnings per share		
Basic and diluted earnings per share	82.39	114.33

(Quarterly Consolidated Statement of Comprehensive Income)

	FY2022 2nd Quarter (April 1, 2022 through September 30, 2022)	FY2023 2nd Quarter (April 1, 2023 through September 30, 2023)
	Millions of yen	Millions of yen
Profit	4,255	5,906
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	(70)	216
Total of items that will not be reclassified to profit or loss	(70)	216
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	9,382	7,735
Share of other comprehensive income of investments accounted for using equity method	6	7
Total of items that may be reclassified to profit or loss	9,388	7,742
Total other comprehensive income	9,318	7,958
Comprehensive income	13,573	13,864
Comprehensive income attributable to		
Owners of parent	12,285	12,499
Non-controlling interests	1,288	1,365
Comprehensive income	13,573	13,864

(3) Quarterly Consolidated Statement of Changes in Equity

Previous second quarter consolidated cumulative period

(April 1, 2022 through September 30, 2022)

	Equity attributable to owners of parent					
	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	Total
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 September 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	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 September 30, 2022	204,011	231,722	14,330	246,052

Current second quarter consolidated cumulative period
(April 1, 2023 through September 30, 2023)

	Equity attributable to owners of parent					
	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	Total
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
Balance as of April 1, 2023	8,284	7,541	(3,709)	11,454	(815)	10,639
Profit for the period	-	-	-	-	-	-
Other comprehensive income	-	-	-	6,914	216	7,130
Comprehensive income	-	-	-	6,914	216	7,130
Purchase of treasury shares	-	-	(0)	-	-	-
Disposal of treasury shares	-	1	23	-	-	-
Dividends of surplus	-	-	-	-	-	-
Share-based remuneration transactions	-	(4)	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-
Total transactions with owners	-	(3)	22	-	-	-
Total changes in equity	-	(3)	22	6,914	216	7,130
Balance as of September 30, 2023	8,284	7,538	(3,687)	18,368	(599)	17,769

	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, 2023	202,808	225,563	14,338	239,901
Profit for the period	5,369	5,369	537	5,906
Other comprehensive income	-	7,130	828	7,958
Comprehensive income	5,369	12,499	1,365	13,864
Purchase of treasury shares	-	(0)	-	(0)
Disposal of treasury shares	-	24	-	24
Dividends of surplus	(2,113)	(2,113)	(1,142)	(3,255)
Share-based remuneration transactions	-	(4)	-	(4)
Transfer to retained earnings	-	-	-	-
Total transactions with owners	(2,113)	(2,093)	(1,142)	(3,236)
Total changes in equity	3,256	10,406	222	10,628
Balance as of September 30, 2023	206,064	235,968	14,560	250,528

(4) Quarterly Consolidated Statement of Cash Flows

	FY2022 2nd Quarter (April 1, 2022 through September 30, 2022)	FY2023 2nd Quarter (April 1, 2023 through September 30, 2023)
	Millions of yen	Millions of yen
Cash flows from operating activities		
Profit before tax	6,097	8,076
Depreciation and amortization	9,985	9,590
Interest and dividend income	(135)	(184)
Interest expenses	379	355
Share of loss (profit) of investments accounted for using equity method	(43)	(32)
Foreign exchange loss (gain)	(1)	(0)
Decrease (increase) in inventories	(826)	2,126
Decrease (increase) in trade and other receivables	1,225	(421)
Increase (decrease) in trade and other payables	(19)	(609)
Other	(331)	600
Subtotal	16,332	19,500
Interest and dividends received	160	263
Interest paid	(380)	(400)
Income taxes paid	(4,923)	(2,396)
Net cash provided by (used in) operating activities	11,189	16,967
Cash flows from investing activities		
Payments into time deposits	(1,196)	(1,143)
Proceeds from withdrawal of time deposits	1,295	1,472
Purchase of property, plant and equipment	(4,405)	(4,735)
Proceeds from sale of property, plant and equipment	29	30
Purchase of intangible assets	(258)	(186)
Purchase of investment securities	(511)	(677)
Proceeds from sale of investment securities	944	-
Other	(11)	(260)
Net cash provided by (used in) investing activities	(4,114)	(5,499)
Cash flows from financing activities		
Proceeds from short-term borrowings	6,467	4,472
Repayments of short-term borrowings	(3,074)	(5,001)
Proceeds from long-term borrowings	425	484
Repayments of long-term borrowings	(5,321)	(2,034)
Dividends paid	(2,350)	(2,114)
Other	(1,485)	(1,402)
Net cash provided by (used in) financing activities	(5,337)	(5,595)
Effect of exchange rate changes on cash and cash equivalents	1,272	1,426
Net increase (decrease) in cash and cash equivalents	3,009	7,298
Cash and cash equivalents at beginning of period	55,407	59,538
Cash and cash equivalents	58,416	66,836

(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 3 group, "Manual Transmission Parts", "Automatic Transmission Parts" and "Industrial machine Drivetrain Parts". The Company, in corporation with its consolidated subsidiaries, design business strategy and conduct business for these 3 product lines inside Japan and overseas. Accordingly, the reportable segments of the Company are composed of 3 segments, "MT (Manual Automotive Drivetrain related business)" which manufactures and sells Manual Transmission Parts, "AT (Automatic Automotive Drivetrain related business)" which manufactures and sells Automatic Transmission Parts and "TS (Industrial machine Drivetrain operations)" which manufactures and sells parts for construction machinery and industrial vehicles

The segment information for the second quarter of the previous fiscal year is disclosed based on the reporting segment classification for the Second quarter of the current fiscal year.

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

Previous 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	TS	Total			
Revenue							
External Customers	34,774	87,978	6,440	129,192	9,014	-	138,206
Intersegments (Note 2)	156	313	27	496	2,649	(3,145)	-
Total	34,930	88,291	6,467	129,688	11,663	(3,145)	138,206
Segment Profit (Loss) (Note 3)	3,916	(63)	521	4,374	405	(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 reportable segments, and contain 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.

Current second quarter consolidated cumulative period (April 1, 2023 to September 30, 2023)

(Million Yen)

	Reportable Segment				Other (Note 1)	Adjustments (Note 4)	Consolidated
	MT	AT	TS	Total			
Revenue							
External Customers	35,576	98,347	7,505	141,428	9,766	-	151,195
Intersegments (Note 2)	144	276	31	451	2,589	(3,040)	-
Total	35,719	98,624	7,537	141,879	12,355	(3,040)	151,195
Segment Profit (Note 3)	3,824	2,043	1,146	7,014	452	(1,035)	6,431
Finance Income							2,127
Finance Costs							514
Share of profit of investments accounted for using equity method							32
Profit before Tax							8,076

(Note) 1. Other includes businesses which is not part of any of the reportable segments, and contain 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.