



TOYOTA BOSHOKU

TSE Prime Market Securities Code 3116

FY2023 (ending March 2023)

2nd Quarter

Financial Results

Date: Oct 28, 2022

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- ◆ Thank you for attending our FY2023 2nd quarter financial results briefing during a busy time today.
- ◆ Firstly, I would like to explain the Financial Results for the 2nd quarter of the fiscal year 2023, then the full year forecasts.
- ◆ Now, I'd like to start by looking at our financial results for the 2nd quarter.

1-1) 2nd Quarter FY2023 Financial Results Overview of Consolidated Financial Results

(100 million yen)

	Q2 FY2022		Q2 FY2023		YOY Change	
Revenue	6,520	100.0%	7,618	100.0%	1,097	16.8%
Operating Profit	242	3.7%	128	1.7%	△113	△47.0%
Profit before income taxes	257	4.0%	197	2.6%	△60	△23.5%
Profit*	141	2.2%	20	0.3%	△121	△85.8%

*Profit Attributable to Owners of the Parent

Earnings per share		75.75 yen	10.79 yen	
Exchange Rate	USD	110 yen	134 yen	+24 yen
	EUR	131 yen	139 yen	+8 yen

Revenue

Revenue increased because of higher production overseas and FX impacts despite the impact of production decrease in Japan due to parts supply issues

Operating Profit

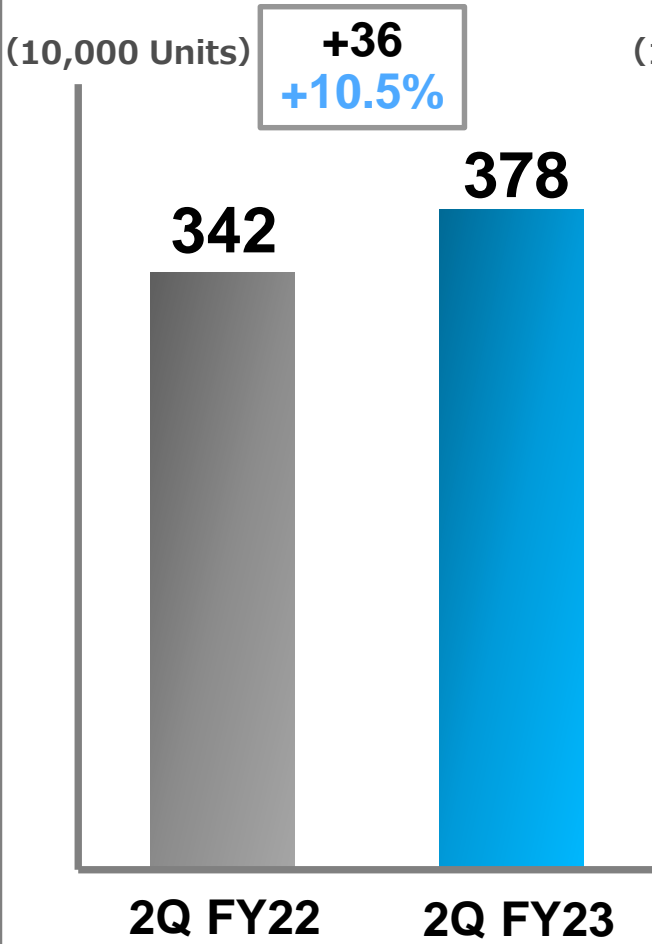
Profit decreased due to costs related to ending business in Russia, change in the vehicle mix and increased overhead costs despite positive impacts of increased production

Script

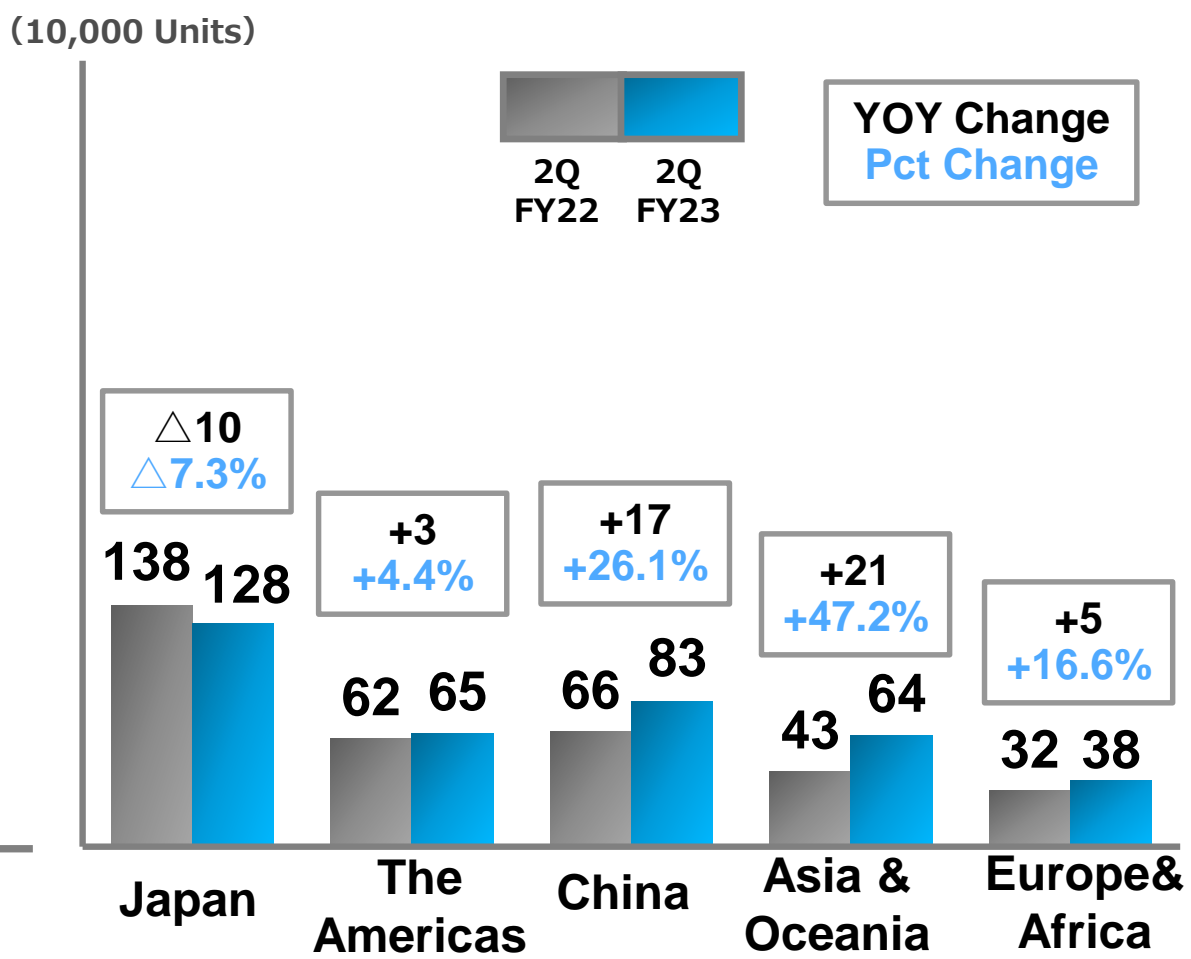
- ◆ Sales revenue increased by 109.7 billion yen to 761.8 billion yen.
 - ◆ Operating profit decreased by 11.3 billion yen to 12.8 billion yen year-over-year.
 - ◆ Profit before income taxes decreased by 6.0 billion yen to 19.7 billion yen.
 - ◆ Profit attributable to owners of the parent decreased by 12.1 billion yen to 2.0 billion yen.
 - ◆ Exchange rates are approximately 134 yen to the U.S. dollar, and 139 yen to the Euro.
- The exchange gain was 66.5 billion yen for sales, 3.4 billion yen for operating profit year-over-year.

1-2) 2nd Quarter FY2023 Financial Results **Seat Production by Region**

Total



By Region



Script

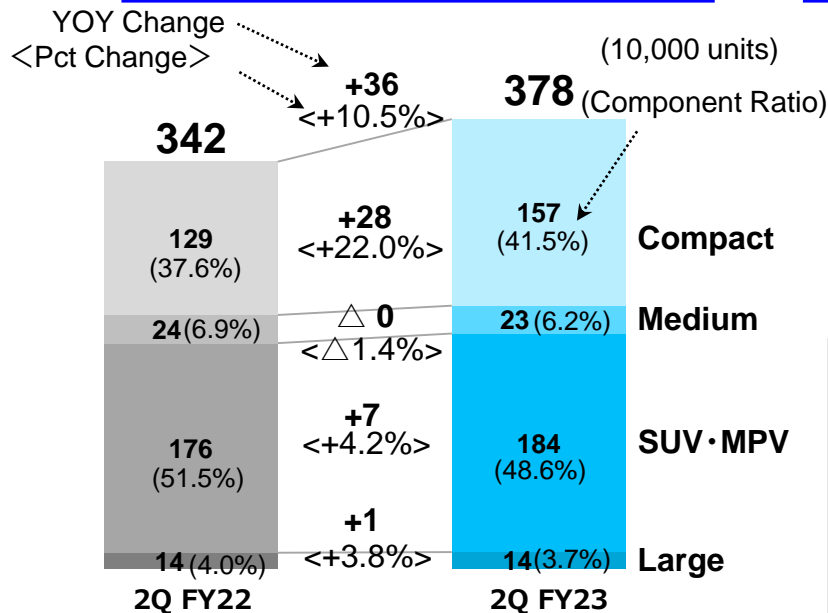
- ◆ Next, for the volume of consolidated seat assembly, the main product of the company, totaled 3.78 million units, increased by 0.36 million units compared to the previous year.

- ◆ Seat assembly volume by region is as shown. This will be explained in detail in later slides.

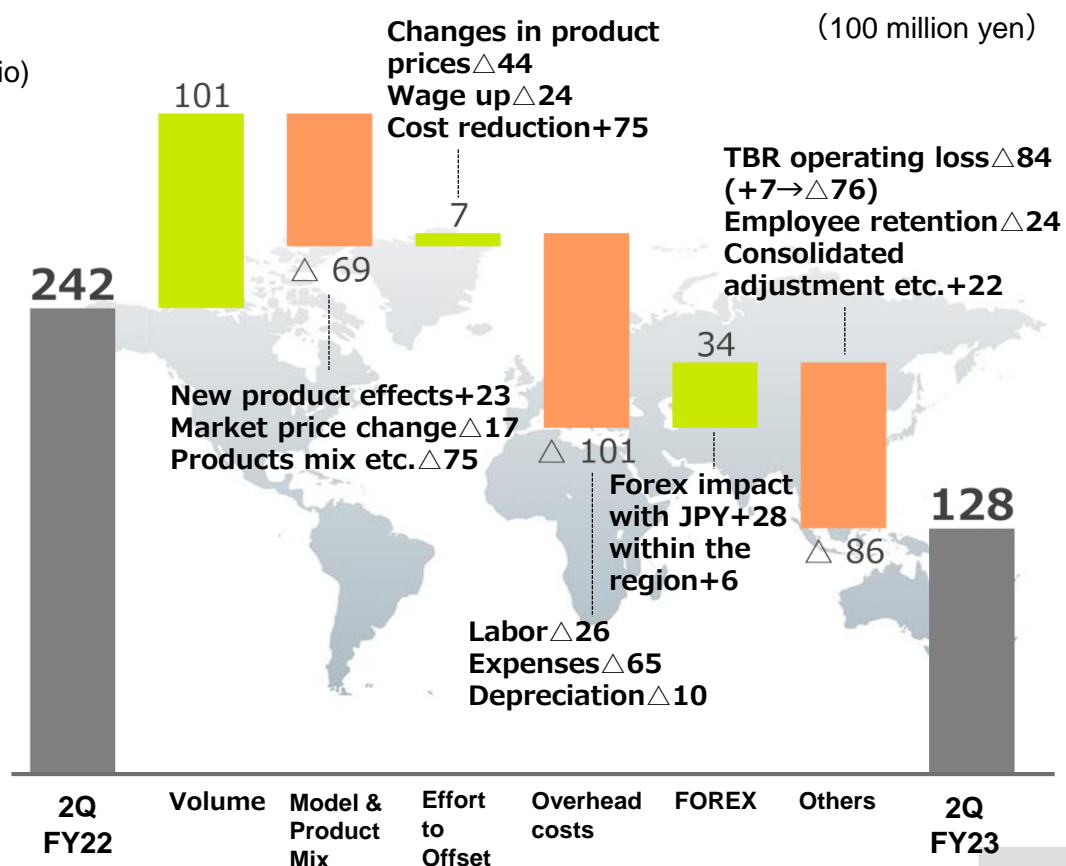
1-3) 2nd Quarter FY2023 Financial Results Consolidated Revenue & Operating Profit

Profit decreased due to costs related to ending business in Russia, change in the vehicle mix and overhead costs increase despite the effect of increased production

Volume & Model Mix



Operating Profit Variance Analysis



Profit & Loss

(100 million yen)

	2Q FY22	2Q FY23	YOY Change
Revenue	6,520	7,618	1,097
Operating Profit	242	128	△ 113
Operating Profit Ratio	3.7%	1.7%	-

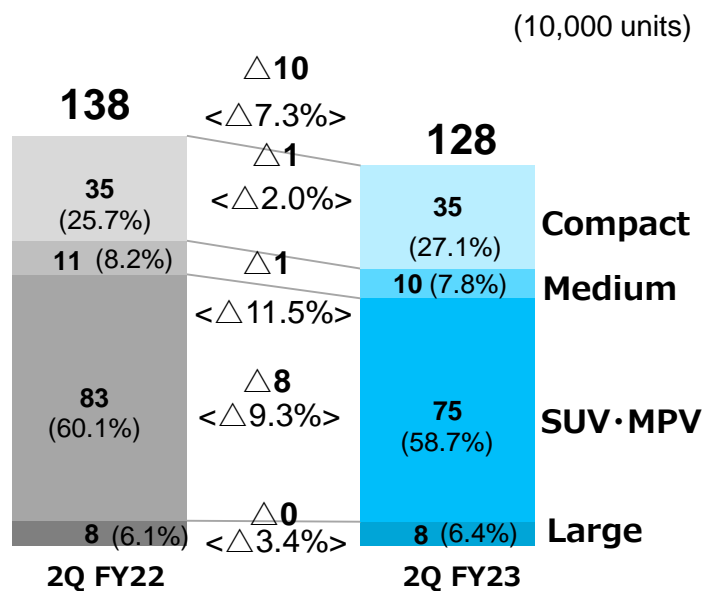
Script

- ◆ Next, let me move on to consolidated revenue & operating profit.
- ◆ Volume increased 0.36 million units to 3.78 million units.
- ◆ Sales revenue increased by 109.7 billion yen to 761.8 billion yen.
- ◆ Operating profit decreased by 11.3 billion yen to 12.8 billion yen due to change in the vehicle mix and overhead costs increase in addition to costs recorded related to ending business in Russia despite positive impacts of production increase overseas.

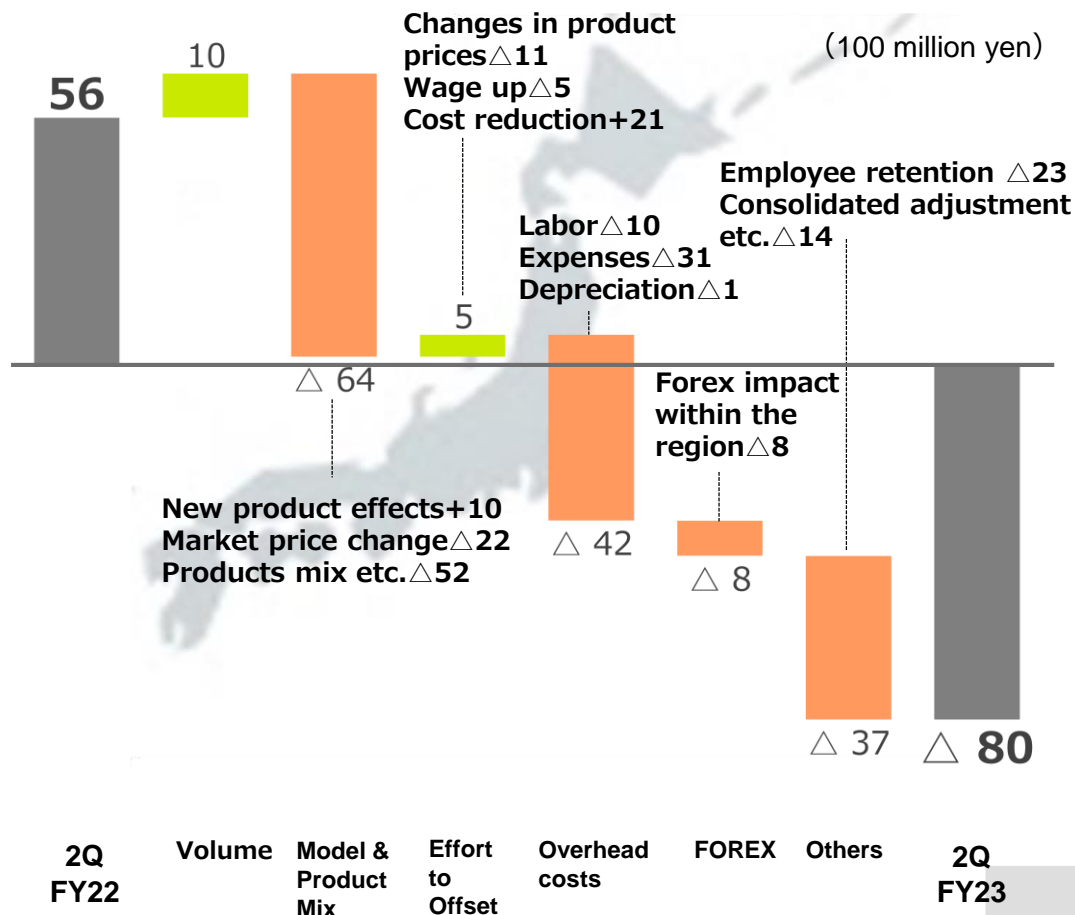
1-3) 2nd Quarter FY2023 Financial Results Japan Revenue & Operating Profit

Profit decreased as the production of SUV·MPV model decreased due to parts supply issues in addition to change in grade mix and increase in overhead costs

Volume & Model Mix



Operating Profit Variance Analysis



Profit & Loss

(100 million yen)

	2Q FY22	2Q FY23	YOY Change
Revenue	3,427	3,255	Δ171
Operating Profit	56	Δ80	Δ137
Operating Profit Ratio	1.6%	Δ2.5%	-

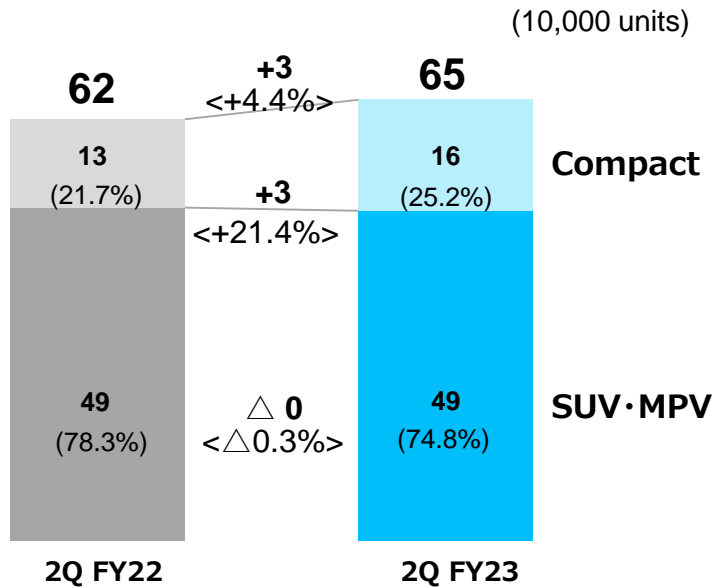
Script

- ◆ Next, in Japan region,
- ◆ Volume decreased by 0.1 million units to 1.28 million units year-over year.
- ◆ Sales revenue decreased by 17.1 billion yen to 325.5 billion yen.
- ◆ Operating profit decreased by 13.7 billion yen to \triangle 8.0 billion yen as production of SUV・MPV model decreased due to parts supply issues in addition to change in grade mix and increase in overhead costs.

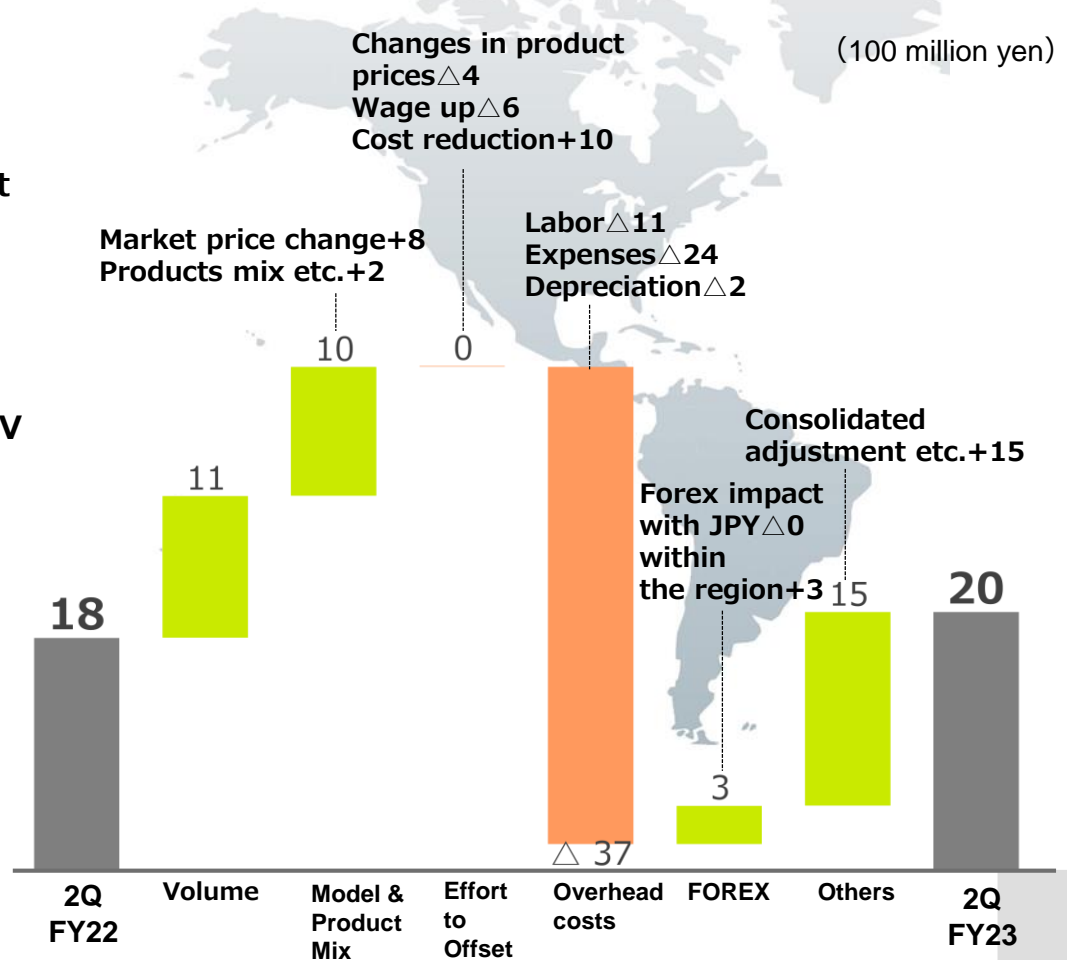
1-3) 2nd Quarter FY2023 Financial Results The Americas Revenue & Operating Profit

Profit increased due to higher volume and inflation impact recovery of previous year from customers, despite the increase in overhead costs due to start-up for model change

Volume & Model Mix



Operating Profit Variance Analysis



Profit & Loss

(100 million yen)

	2Q FY22	2Q FY23	YOY Change
Revenue	1,459	1,967	507
Operating Profit	18	20	1
Operating Profit Ratio	1.3%	1.0%	-

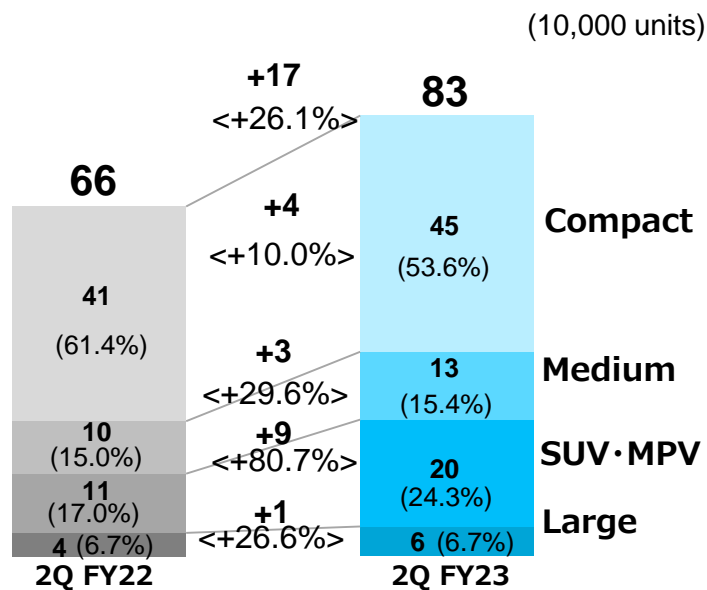
Script

- ◆ Next, in the Americas,
- ◆ Volume increased by 30k units to 0.65 million units year-over year.
- ◆ Sales revenue increased by 50.7 billion yen to 196.7 billion yen.
- ◆ Operating profit increased by 0.1 billion yen to 2.0 billion yen due to higher volume as demand recovered from COVID-19 pandemic in addition to there was cost recovery of inflation impact of the previous year from customers, despite the increase in overhead costs due to start up costs for model change.

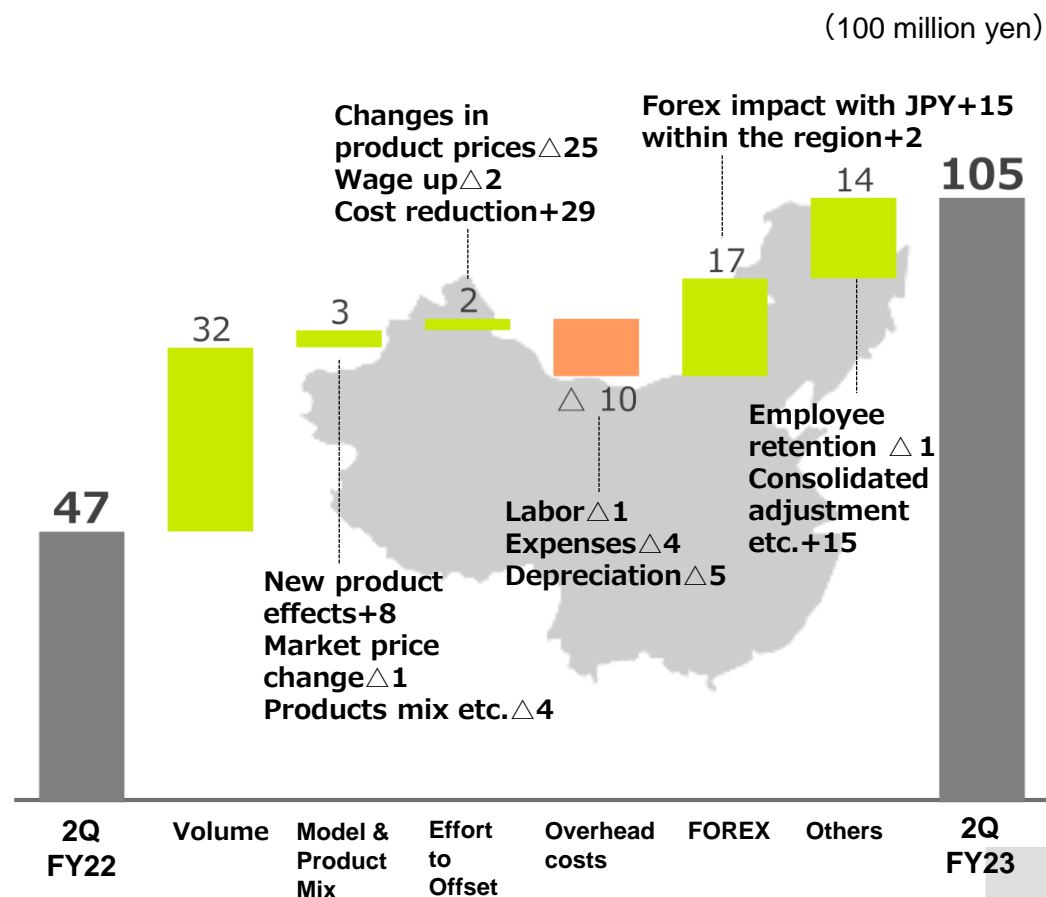
1-3) 2nd Quarter FY2023 Financial Results China Revenue & Operating Profit

Profit increased due to volume increase since new products have launched last year as well as FX impact

Volume & Model Mix



Operating Profit Variance Analysis



Profit & Loss

(100 million yen)

	2Q FY22	2Q FY23	YOY Change
Revenue	874	1,269	394
Operating Profit	47	105	58
Operating Profit Ratio	5.4%	8.3%	-

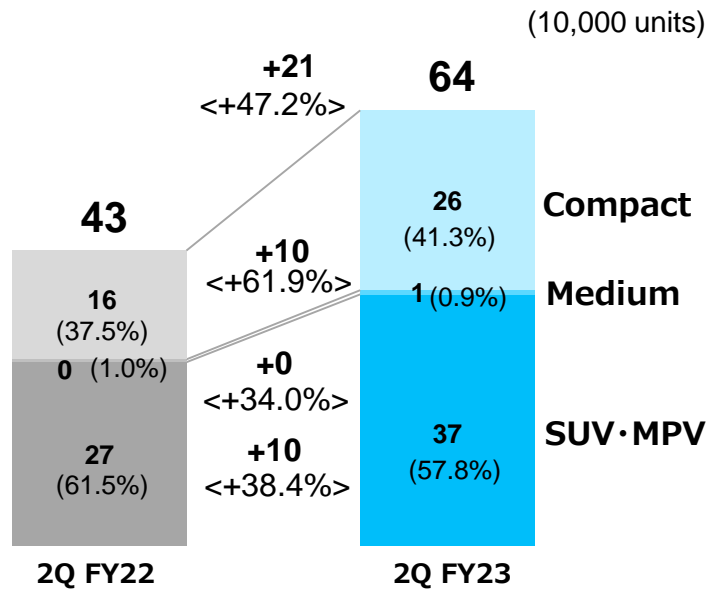
Script

- ◆ Next, in China,
- ◆ Volume increased by 0.17 million units to 0.83 million units year-over year.
- ◆ Sales revenue increased by 39.4 billion yen to 126.9 billion.
- ◆ Operating profit increased by 5.8 billion yen to 10.5 billion yen due to volume increase since new products have launched last year as well as FX impact.

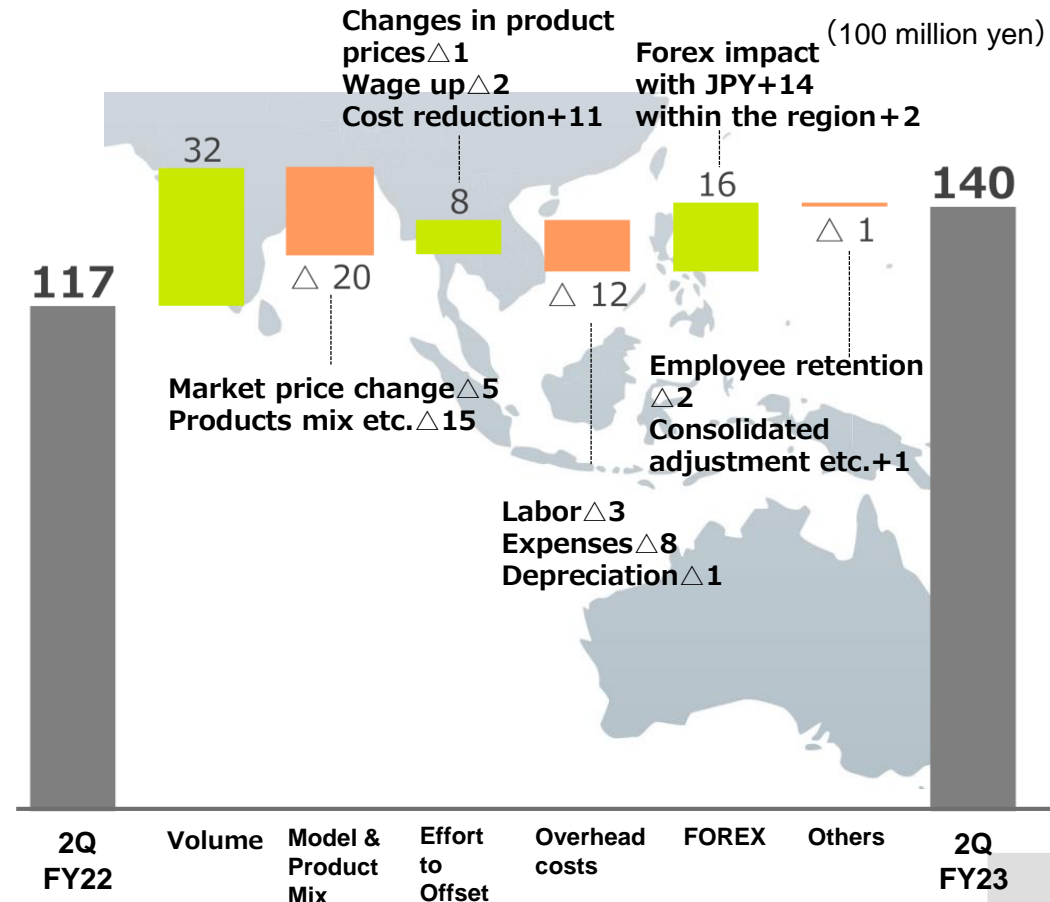
1-3) 2nd Quarter FY2023 Financial Results Asia & Oceania Revenue & Operating Profit

Profit increased due to higher volume from sales promotion in Indonesia and India as well as FX impacts

Volume & Model Mix



Operating Profit Variance Analysis



Profit & Loss

(100 million yen)

	2Q FY22	2Q FY23	YOY Change
Revenue	819	1,160	341
Operating Profit	117	140	23
Operating Profit Ratio	14.3%	12.1%	-

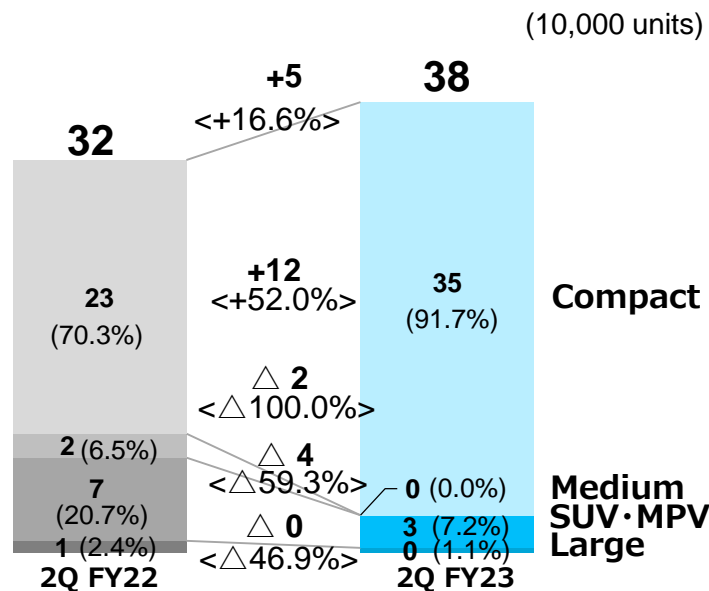
Script

- ◆ Next, in Asia & Oceania region,
- ◆ Volume increased by 0.21 million units to 0.64 million units year-over-year.
- ◆ Sales revenue increased by 34.1 billion yen to 116.0 billion yen.
- ◆ Operating profit increased by 2.3 billion yen to 14 billion yen due to higher volume from sales promotion in Indonesia and India as well as FX change gains.

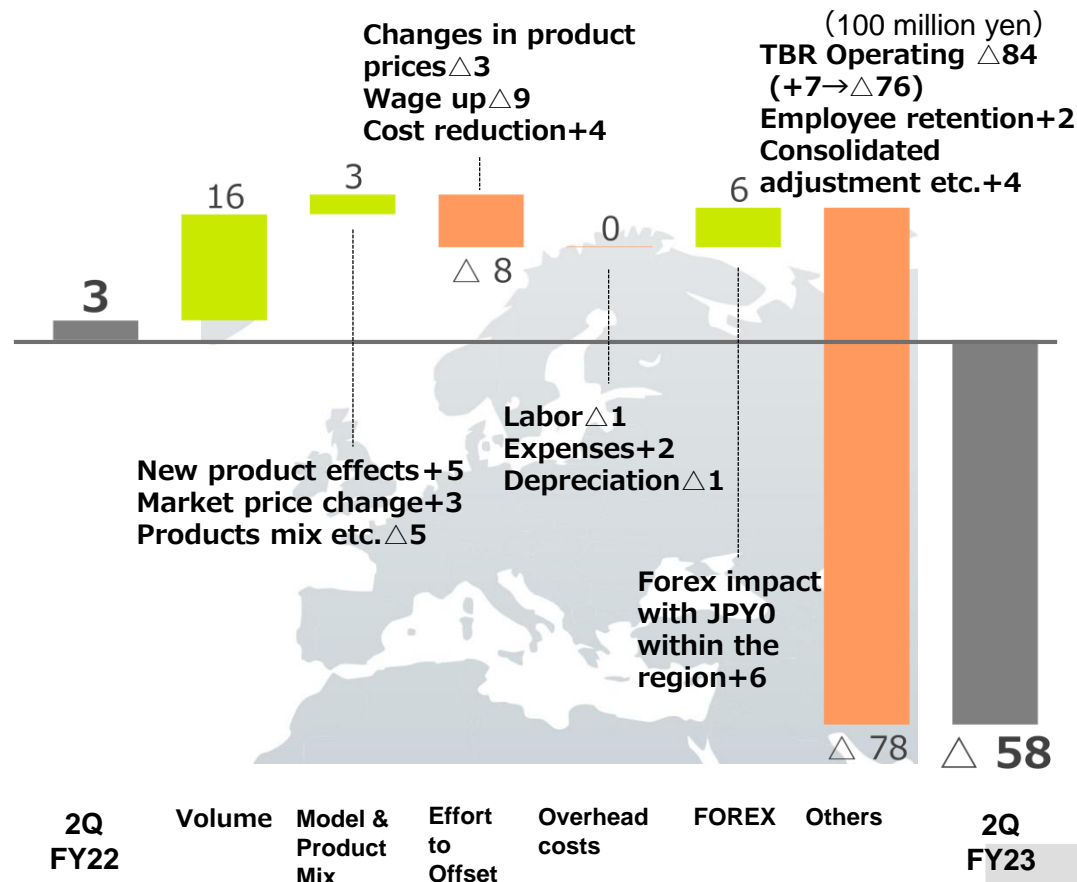
1-3) 2nd Quarter FY2022 Financial Results Europe & Africa Revenue & Operating Profit

Profit decreased due to costs related to ending business in Russia despite production increase

Volume & Model Mix



Operating Profit Variance Analysis



Profit & Loss

(100 million yen)

	2Q FY22	2Q FY23	YOY Change
Revenue	398	463	65
Operating Profit	3	Δ58	Δ61
Operating Profit Ratio	0.8%	Δ12.5%	-

Script

- ◆ Next in Europe & Africa region,
- ◆ Volume increased by 50k units to 0.38 million units year-over year.
- ◆ Sales revenue increased by 6.5 billion yen to 46.3 billion yen.
- ◆ Operating profit decreased by 6.1 billion yen to △5.8 billion yen due to costs recorded related to ending business in Russia, despite higher production as demand recovered from the COVID-19 pandemic.

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- ◆ In the following section, I would like to explain the full year forecasts for the fiscal year 2023.

2-1) FY2023 Financial Forecasts Overview of Consolidated Financial Forecasts

(100 million yen)

	FY22 Actual		FY23 Forecasts		YOY Change		FY23 Forecasts (1Q Announced)	
Revenue	14,214	100.0%	15,600	100.0%	1,385	9.7%	15,700	100.0%
Operating Profit	602	4.2%	430	2.8%	Δ172	Δ28.7%	610	3.9%
Profit before income taxes	645	4.5%	510	3.3%	Δ135	Δ21.0%	640	4.1%
Profit*	392	2.8%	250	1.6%	Δ142	Δ36.3%	400	2.5%

*Profit Attributable to Owners of the Parent

Earnings per share		210.15 yen	133.81 yen		214.09 yen
Exchange Rate	USD	112 yen	135 yen	+23 yen	130 yen
	EUR	131 yen	140 yen	+9 yen	140 yen

Revenue

Higher revenue due to volume increase in overseas and FX impacts despite production decrease in Japan due to parts supply issues

Operating Profit

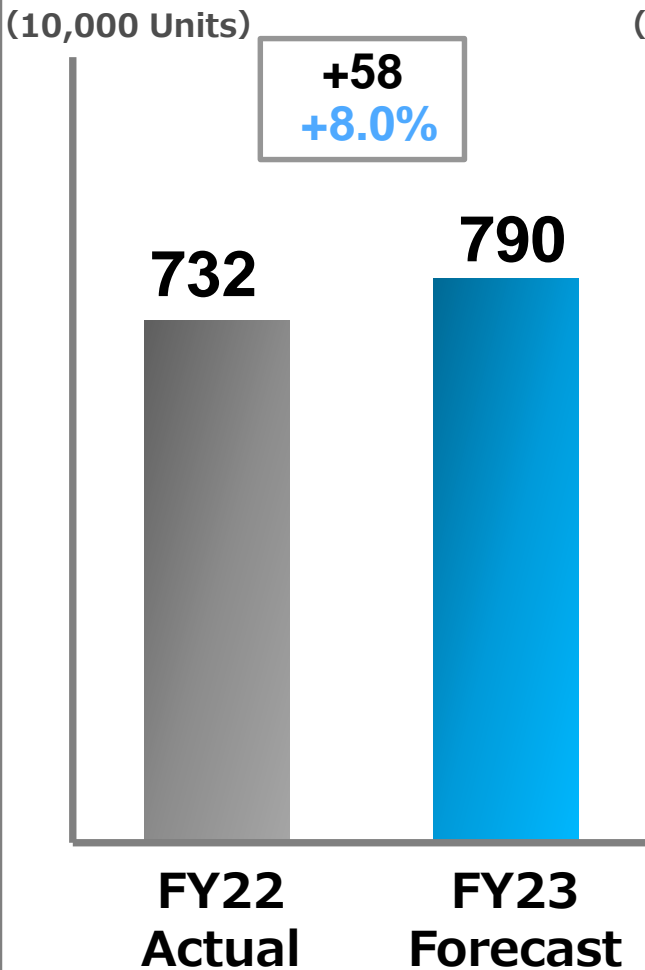
Lower profits due to change in product mix, increase in overhead costs and costs related to ending business in Russia despite production increase

Script

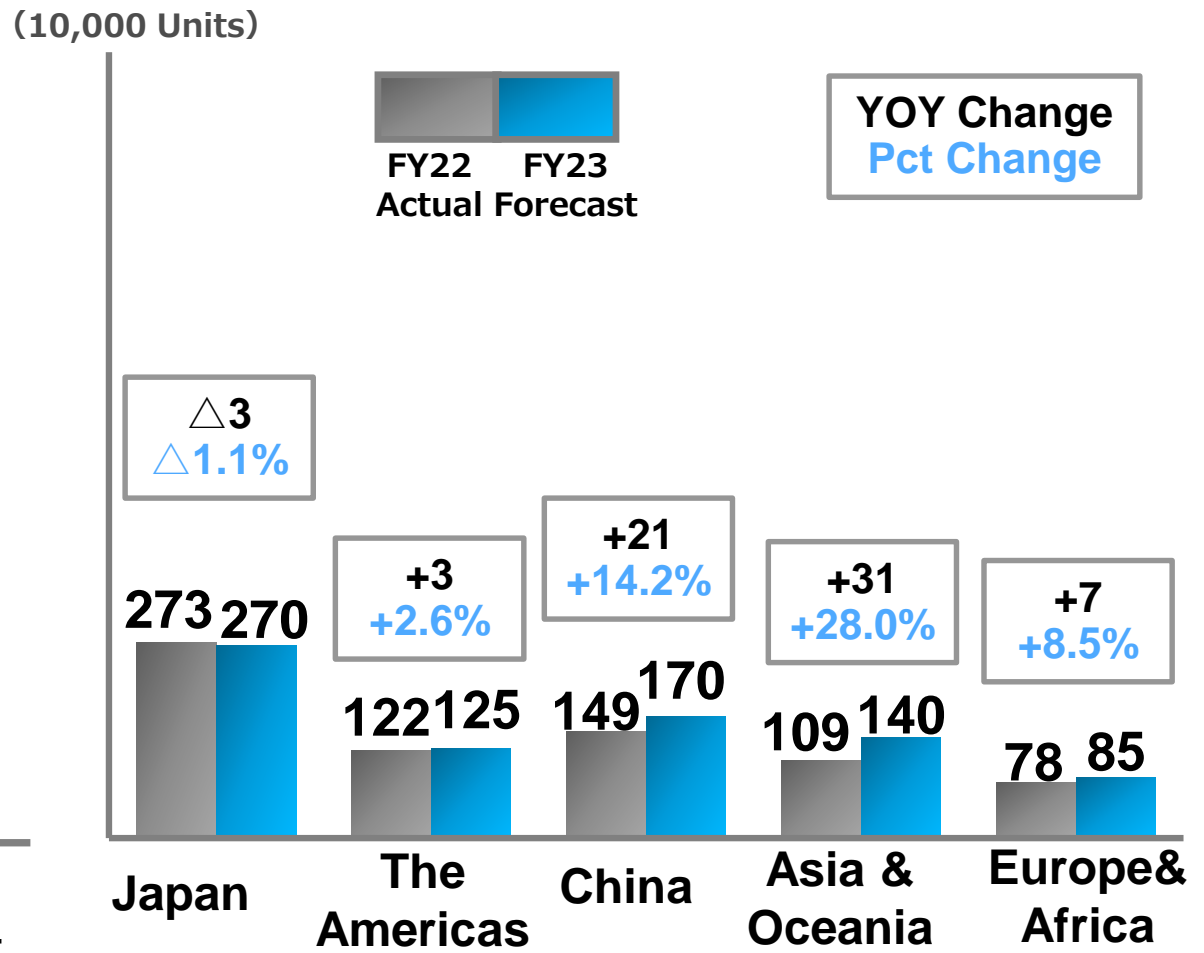
- ◆ Sales revenue will increase by 138.5 billion yen to 1.56 trillion yen.
- ◆ Operating profit is prospected to decrease by 17.2 billion yen to 43 billion yen year-over-year.
- ◆ Profit before income taxes will decrease by 13.5 billion yen to 51 billion yen.
- ◆ Profit attributable to owners of the parent will decrease by 14.2 billion yen to 25 billion yen.
- ◆ Assumed exchange rates are approximately 135 yen to the U.S. dollar, and 140 yen to the Euro.

2-2) FY2023 Financial Forecasts **Seat Assembly Production by Region**

Total



By Region



Script

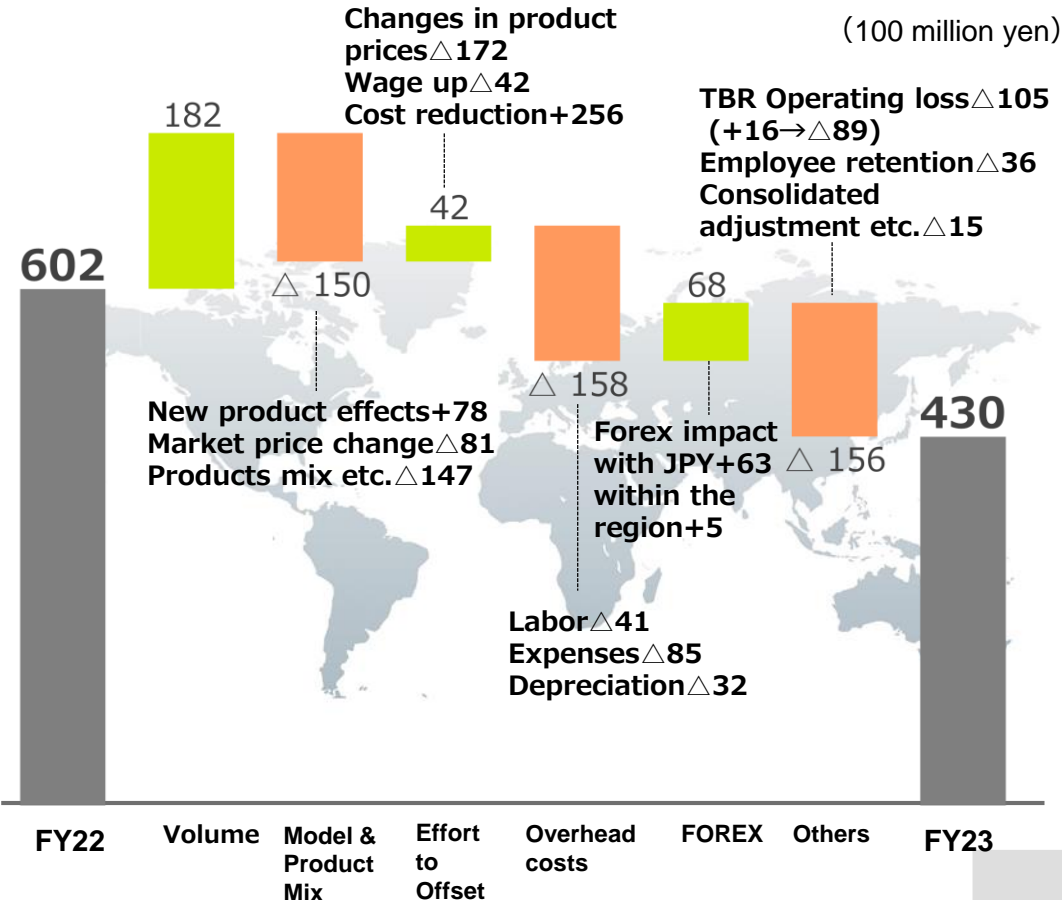
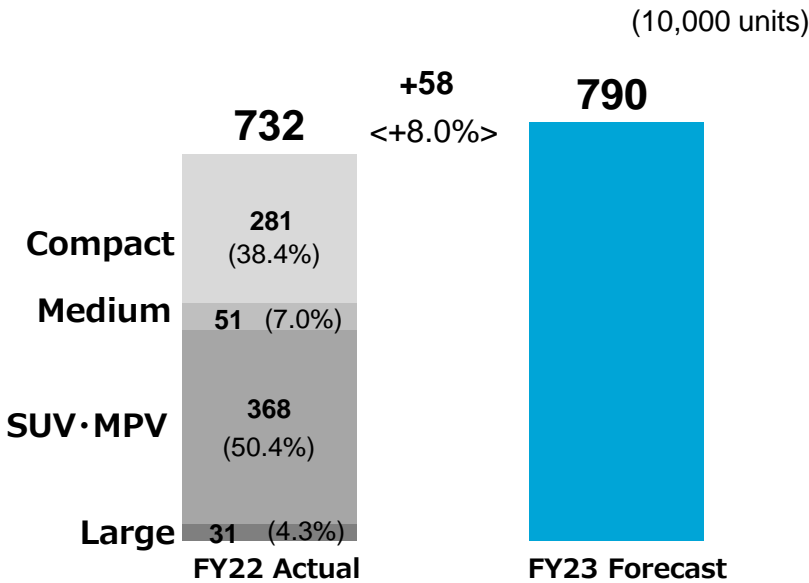
- ◆ As for consolidated seat assembly volume, it will be 7.9 million units, increased by 0.58 million units compared to the previous year.
- ◆ Seat assembly volume by region is as shown. This will be explained in detail in later slides.

2-3) FY2023 Financial Forecasts Consolidated Revenue & Operating Profit

Lower profits due to change in model mix and overhead costs increase in addition to costs related to ending business in Russia, despite positive impacts of production increase

Volume & Model Mix

Operating Profit Variance Analysis



Profit & Loss

(100 million yen)

	FY22 Actual	FY23 Forecast	YOY Change
Revenue	14,214	15,600	1,385
Operating Profit	602	430	$\Delta 172$
Operating Profit Ratio	4.2%	2.8%	-

Script

- ◆ Next, let me explain consolidated revenue & operating profit.
- ◆ Regarding Volume & Model Mix, since operation status remains uncertain, only volume will be revealed today.
Volume will be 7.9 million units, increased by 0.58 million units year-over-year.
- ◆ Sales revenue will be increased by 138.5 billion yen to 1.56 trillion yen.
- ◆ Operating profit is predicted to be 43 billion yen, decreased by 17.2 billion yen due to change in model mix and overhead costs increase in addition to costs recorded related to ending business in Russia, despite impacts of production increase as demand recovered from COVID-19 pandemic.

2-3) FY2023 Financial Forecasts Comparison with the Forecast announced 1Q

Operating Profit variance analysis

Revised downward to take into account the production decline and change in product mix in Japan in addition to costs of Russian business termination

※TBR operating loss

(100 million yen)

	1Q announced	2Q announced	Difference		
			Sum	Internal Effort	External change
FY22 Actual	602	602	-	-	-
Volume	316	182	△134	-	△134
Mix	△134	△150	△16	+37	△53
Cost Reduction	32	42	+10	+10	+0
Expenses	△199	△158	+41	+46	△5
FX	27	68	+41	-	+41
Others	※ △42 △34	※ △105 △156	△122	+11	※ △62 △133
FY23 Forecast	610	430	△180	+104	△284

Script

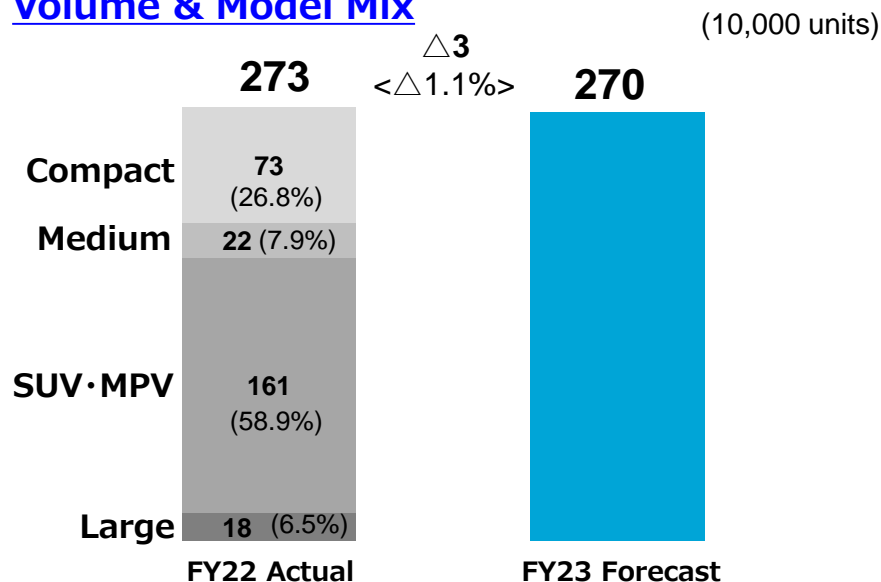
- ◆ Next, here is the comparison of operation profit of 61 billion yen as of 1Q and 43 billion yen released today.
- ◆ It was revised downward to taking into account the production decline and change in product mix in Japan in addition to costs related to ending business in Russia.
- ◆ On the other hand, we will continue to minimize the impact of changes in the external environment, for instance, production decrease, by making company-wide efforts to secure profits through enhancing new product effects and streamlined expenses.

2-4) FY2023 Financial Forecasts Revenue & Operating Profit by Region

Japan

Lower profit due to material price increase, change in product mix and overhead cost increase despite positive impacts of new product effects

Volume & Model Mix



Profit & Loss

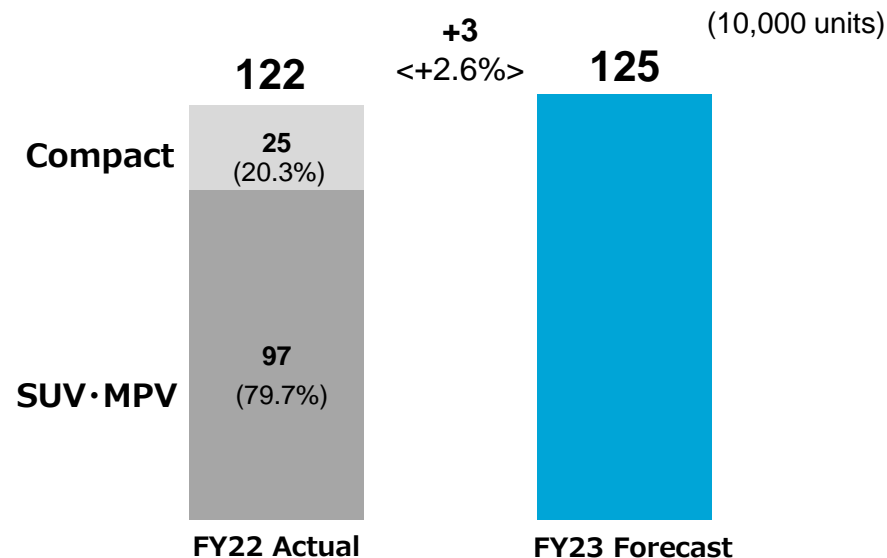
(100 million yen)

	FY22 Actual	FY23 Forecast	YOY Change
Revenue	7,006	6,600	$\Delta 406$
Operating Profit	96	$\Delta 90$	$\Delta 186$
Operating Profit Ratio	1.4%	$\Delta 1.4\%$	-

The Americas

Lower profit due to increase in overhead cost from start up costs despite positive impacts of higher production

Volume & Model Mix



Profit & Loss

(100 million yen)

	FY22 Actual	FY23 Forecast	YOY Change
Revenue	3,177	3,950	772
Operating Profit	29	0	$\Delta 29$
Operating Profit Ratio	0.9%	0.0%	-

Script

- ◆ Next, let me explain financial forecast by regions.

First, regarding Japan,

Volume will decrease by 30k units to 2.7 million units year-over year.

- ◆ Sales revenue will decrease by 40.6 billion yen to 660 billion yen.
- ◆ Operating profit is prospected to decrease by 18.6 billion yen to $\triangle 9$ billion yen due to material price increase, change in product mix and overhead costs increase despite positive impacts of new product effects.

- ◆ Next, The Americas,

Volume will increase by 30k units to 1.25 million units year-over year.

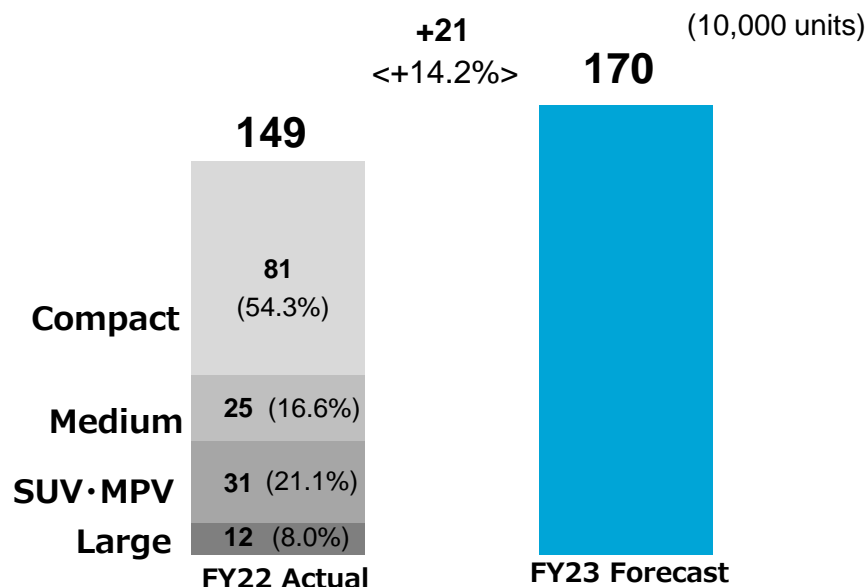
- ◆ Sales revenue will increase by 77.2 billion yen to 395 billion yen.
- ◆ Operating profit is prospected to decrease by 2.9 billion yen to 0 billion yen due to increase in overhead cost due to start up costs despite positive impacts of higher production.

2-4) FY2023 Financial Forecasts Revenue & Operating Profit by Region

China

Higher profit due to production increase from new product launch despite increase in overhead costs

Volume & Model Mix



Profit & Loss

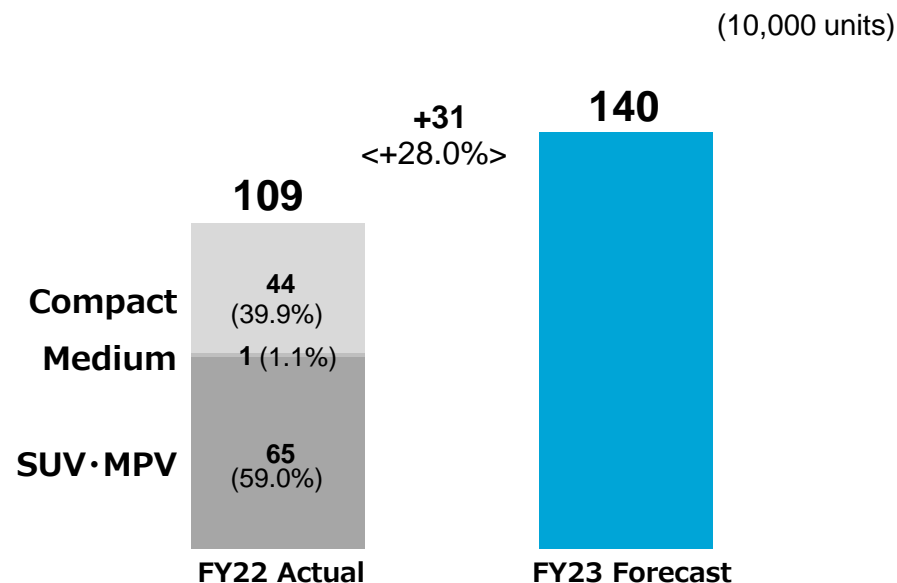
(100 million yen)

	FY22 Actual	FY23 Forecast	YOY Change
Revenue	2,121	2,700	578
Operating Profit	157	260	102
Operating Profit Ratio	7.4%	9.6%	—

Asia & Oceania

Higher profit due to production increase form sales promotion despite increase in overhead costs

Volume & Model Mix



Profit & Loss

(100 million yen)

	FY22 Actual	FY23 Forecast	YOY Change
Revenue	1,904	2,450	545
Operating Profit	267	280	12
Operating Profit Ratio	14.0%	11.4%	—

Script

- ◆ Next, in China,
 - ◆ Volume will increase by 0.21 million units to 1.7 million units year-over year.
 - ◆ Sales revenue will increase by 57.8 billion yen to 270 billion yen.
 - ◆ Operating profit is prospected to increase by 10.2 billion yen to 26 billion yen due to volume increase from new product launch despite negative impacts of overhead costs increase.

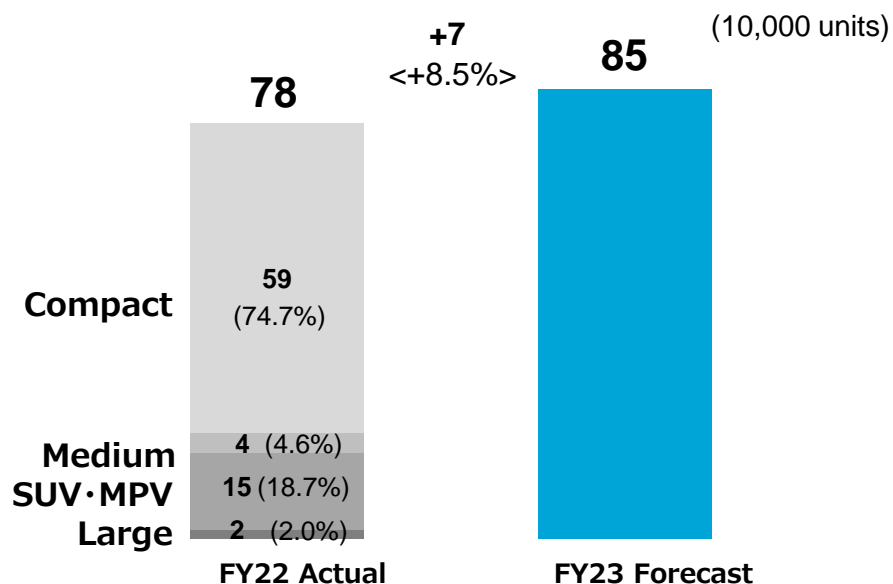
- ◆ Next, in Asia & Oceania,
 - ◆ Volume will increase by 0.31 million units to 1.4 million units year-over year.
 - ◆ Sales revenue will increase by 54.5 billion yen to 245 billion yen.
 - ◆ Operating profit is prospected to increase by 1.2 billion yen to 28 billion yen due to production increase from sales promotion despite negative impacts of overhead costs increase.

2-4) FY2023 Financial Forecasts Revenue & Operating Profit by Region

Europe & Africa

Lower Profit due to costs related to ending business in Russia despite production increase

Volume & Model Mix



Profit & Loss

(100 million yen)

	FY22 Actual	FY23 Forecast	YOY Change
Revenue	962	1,000	37
Operating Profit	53	△20	△73
Operating Profit Ratio	5.5%	△2.0%	—

Script

- ◆ Next, in Europe & Africa,
- ◆ Volume will increase by 70k units to 0.85 million units year-over year.
- ◆ Sales revenue will increase by 3.7 billion yen to 100 billion yen.
- ◆ Operating profit, is prospected to decrease by 7.3 billion yen to Δ 2 billion yen because costs related to termination of business in Russia are recorded despite positive impacts of production increase.

2-5) FY2023 Financial Forecasts 1st/2nd by Region

Revenue

(100 million yen)

	1st Half		2nd Half		Full Year	
Japan	3,255		3,344		6,600	
The Americas	1,967		1,982		3,950	
China	1,269		1,430		2,700	
Asia & Oceania	1,160		1,289		2,450	
Europe & Africa	463		536		1,000	
Total	7,618		7,981		15,600	

Operating Profit

(100 million yen)

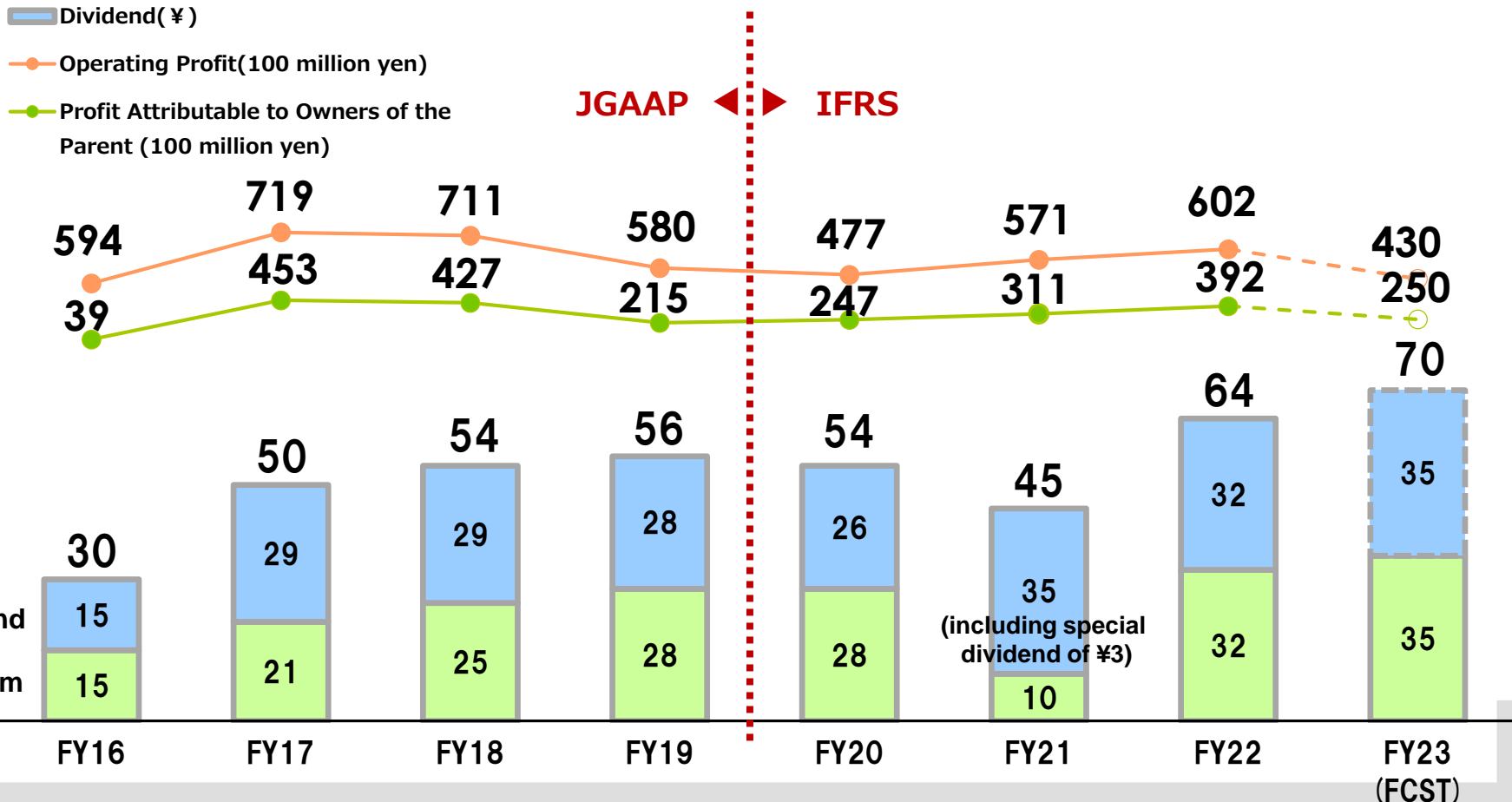
	1st Half		2nd Half		Full Year	
Japan	Δ80	Δ2.5%	Δ9	Δ0.3%	Δ90	Δ1.4%
The Americas	20	1.0%	Δ20	Δ1.0%	0	0.0%
China	105	8.3%	154	10.8%	260	9.6%
Asia & Oceania	140	12.1%	139	10.8%	280	11.4%
Europe & Africa	Δ58	Δ12.5%	38	7.1%	Δ20	Δ2.0%
Total	128	1.7%	301	3.8%	430	2.8%

◆ Financial Forecasts by Half Year is as shown.

2-6) FY2023 Financial Forecasts Returning to Shareholders

- For FY23, annual dividends plan is ¥70, increased by ¥6 compared to the previous year, which will be determined based on comprehensive evaluation of future forecasts

Trends in dividend, operating profit, & profit attributable to owners of the parent



◆ Next, on returning to shareholders,

For FY23, our annual dividends plan is 70 yen, increased by 6 yen compared to the previous year.

It will be determined based on comprehensive evaluation of consolidated financial results to keep long-term sustainable dividends.

2-7) Concluding 2nd Quarter FY2023 Financial Results

【2Q Results】

- **Profit decreased** because of **change in model mix** due to parts supply issues and overhead costs increase in addition to costs related to **ending business in Russia**
- On the other hand, action plans to achieve objectives of 2025 Business Plan, such as **enhancing profitability of new products** and **sales expansion for strategic OEMs** are steadily being implemented

【Annual Forecast】

- Estimated that **external environment will remain severe** such as globally high material price, production decrease and change in model mix in Japan due to semi-conductor shortage at customer's site
- While putting in **company-wide effort to secure profits** such as maximizing new product effects, prioritizing and streamlining expenses, **“investment for the future growth”** will be continued

スクリプト

- ◆ Lastly, I'd like to conclude this 2nd Quarter Financial Results.
- ◆ In the 2nd Quarter, Operating profit decreased because of model mix deterioration due to parts supply issues and increase in overhead costs in addition to costs recorded related to Russian business termination. On the other hand, action plans to achieve objectives of 2025 Business Plan, such as enhancing profitability of new products or sales expansion for strategic OEMs are steadily being implemented.
- ◆ For Annual forecast, profit was revised downward estimating that external environment will remain severe such as globally high material price, production decrease and change in model mix in Japan due to semi-conductor shortage at customer's site. On the other hand, continuous company-wide efforts are put in to secure profits, such as maximizing new product effects, prioritizing and streamlining expenses, while continuing to “invest for the future growth” in order to achieve both of profitability improvement of the upcoming year and future growth.

Script

- ◆ That would be all for Financial Results for the 2nd quarter of the fiscal year 2023.
- ◆ Thank you for listening.

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Appendix1) Status of the Consolidated Statement of Financial Position (Sep.30, 2022)

○ :Compared to the previous year end (100 million yen)

Current assets

614.3billion yen

638.2billion yen

+238

• increase in operating receivables and inventories

Liabilities

540.9billion yen

567.3billion yen

• increase in operating payables etc.

+264

Assets

1003.2billion yen

(the previous year end: 964.7 billion yen)

Non-current assets

350.4billion yen

365.0billion yen

+146

• increase in property, plant and equipment etc.

Equity

423.8billion yen

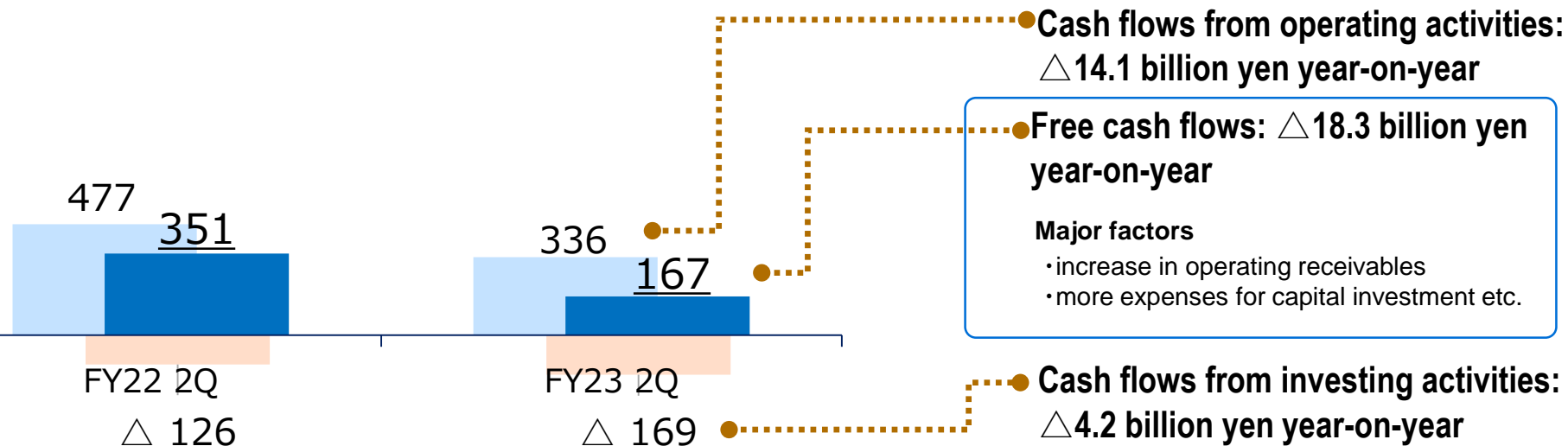
435.8billion yen

+120

Total equity attribute to owners of the parent
40.0%

40.0%

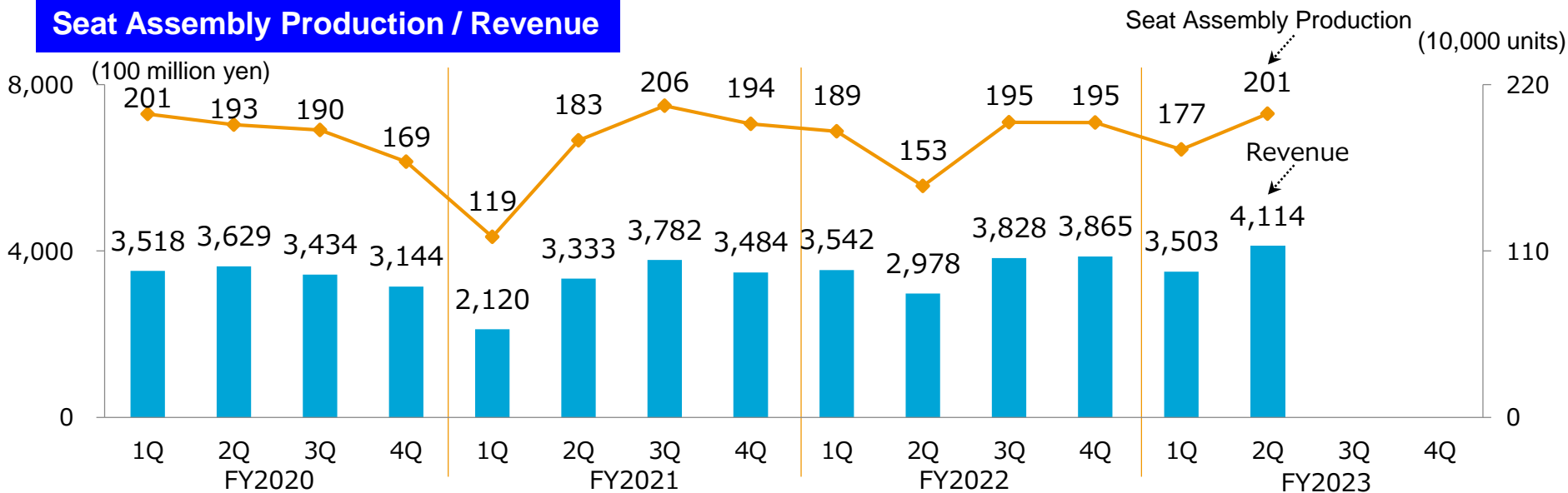
Appendix2) Consolidated Cash Flows



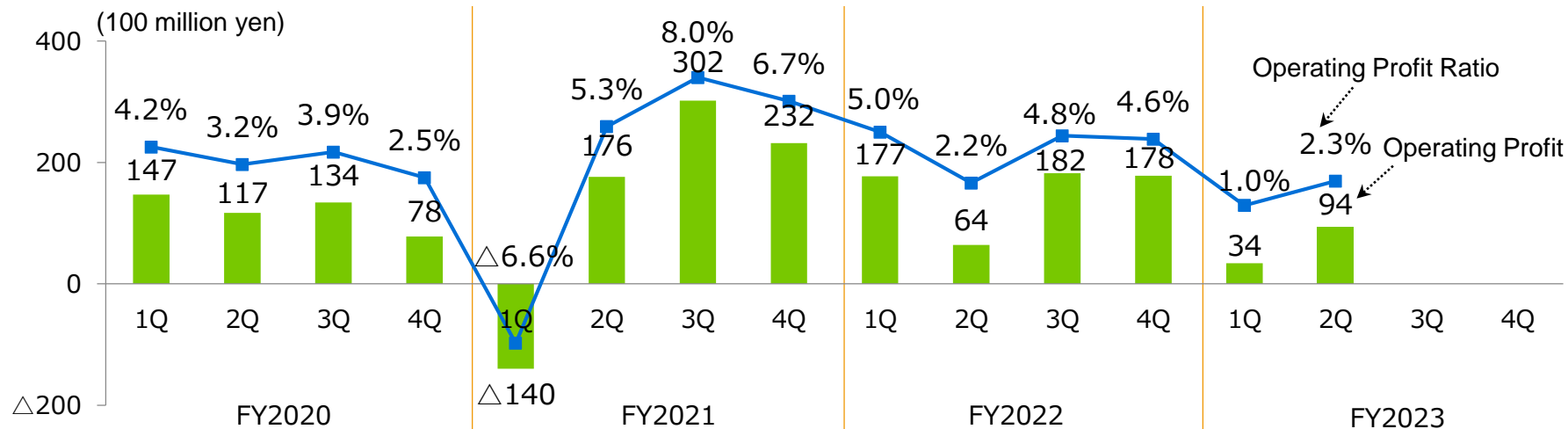
	(100 million yen)			(Reference)
	2Q FY22	2Q FY23	Change	FY22 Results
Cash flows from operating activities	477	336	Δ 141	1229
Cash flows from investing activities	Δ 126	Δ 169	Δ 42	Δ 408
Free cash flows	351	167	Δ 183	820
Cash flows from financial activities	Δ 179	Δ 157	21	Δ 486
Impact of foreign exchange	Δ 11	65	77	93
Change in cash and cash equivalents	159	75	Δ 84	427
Balance of cash and cash equivalents	2,111	2,454	343	2,379

Appendix3) Quarterly Trends: Consolidated volume, revenue, operating profit, operating profit ratio

Seat Assembly Production / Revenue

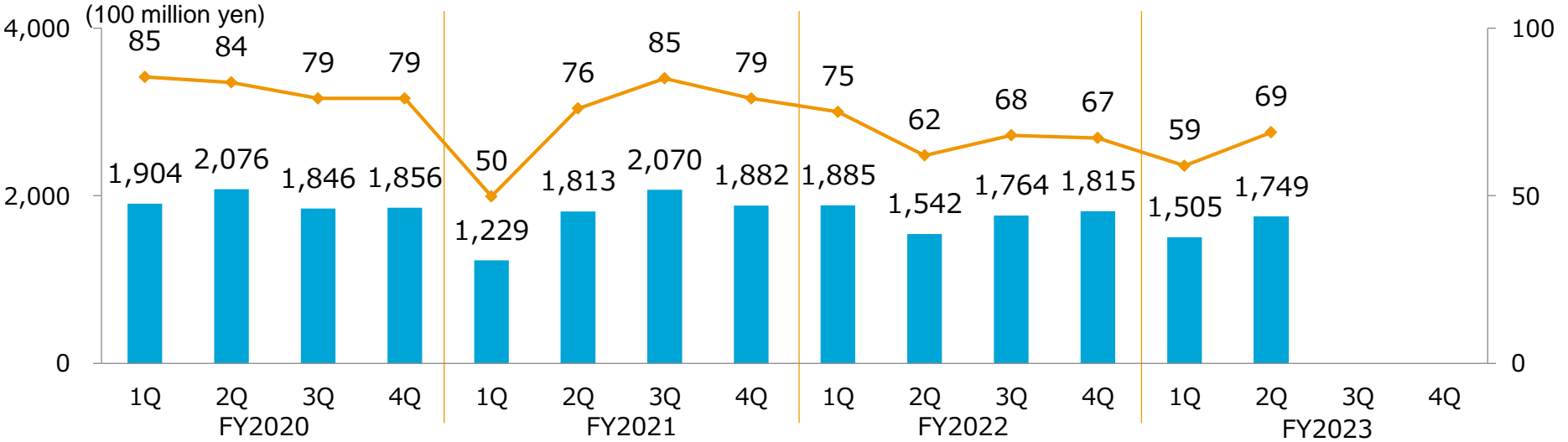


Operating Profit / Operating Profit Ratio

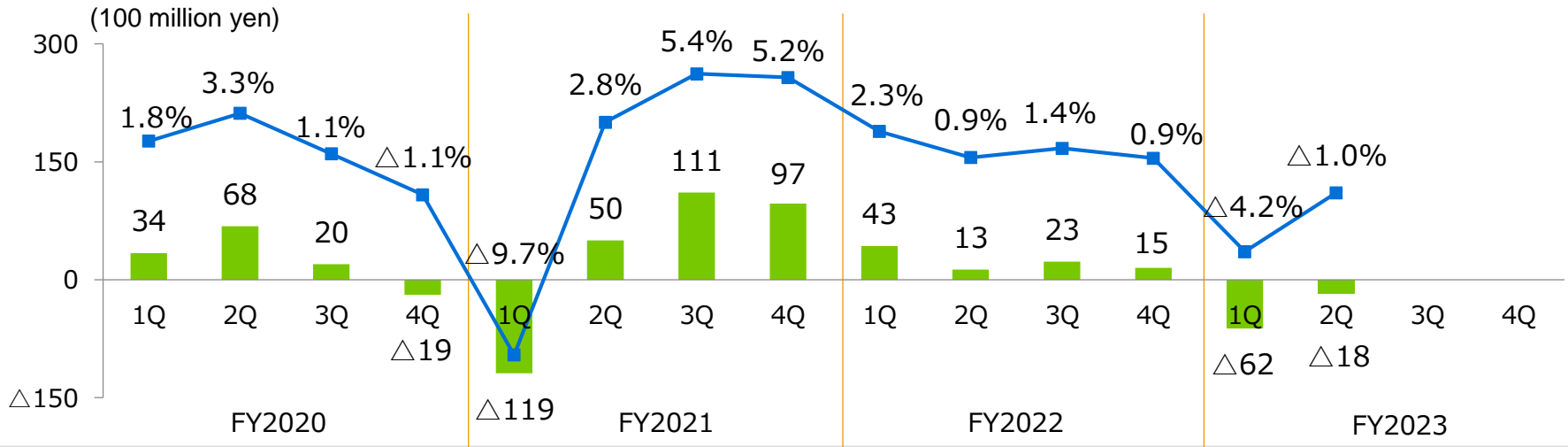


Appendix4) Quarterly Trends: Japan volume, revenue, operating profit, operating profit ratio

Seat Assembly Production / Revenue

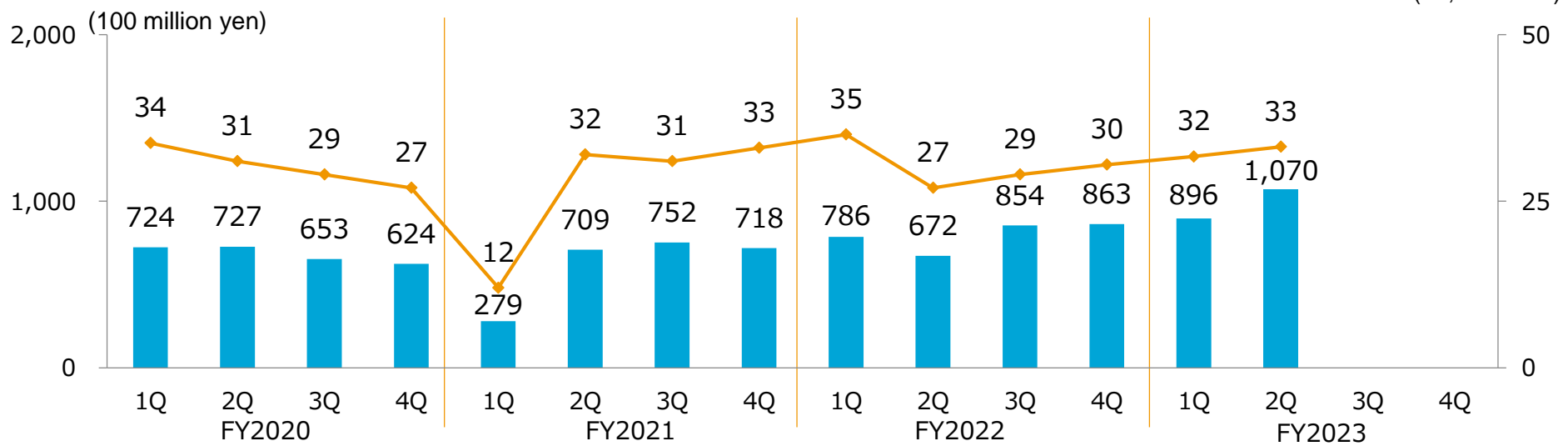


Operating Profit / Operating Profit Ratio

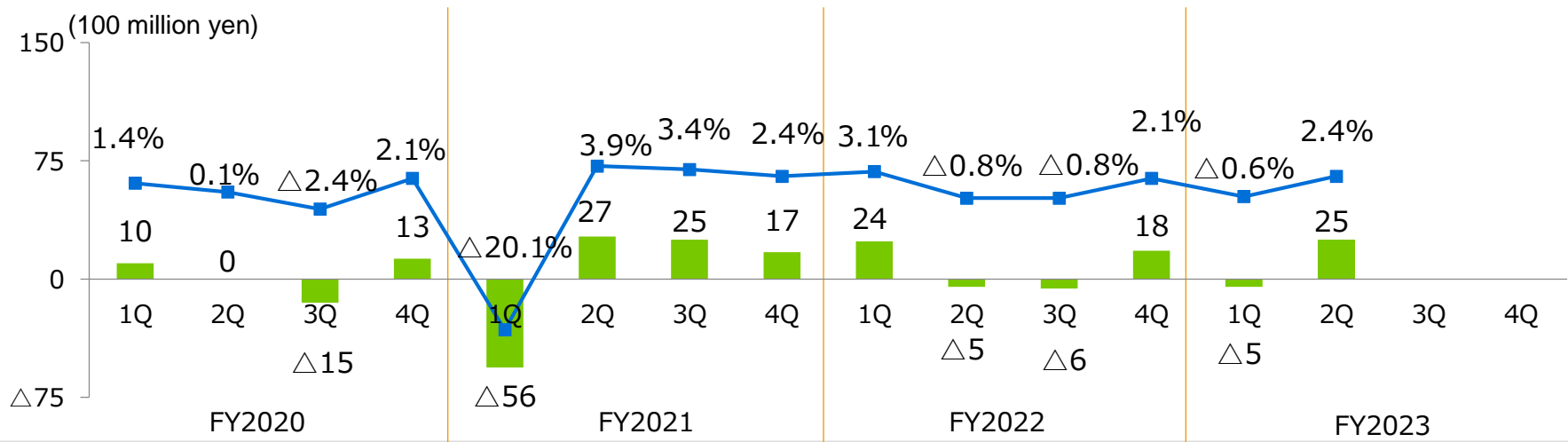


Appendix5) Quarterly Trends: The Americas volume, revenue, operating profit, operating profit ratio

Seat Assembly Production / Revenue



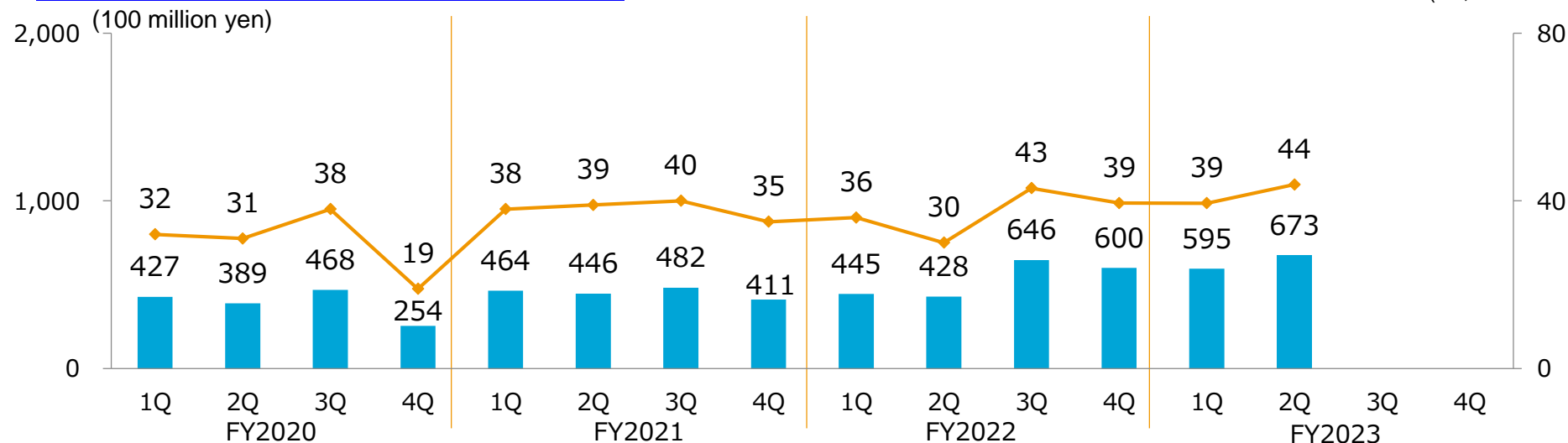
Operating Profit / Operating Profit Ratio



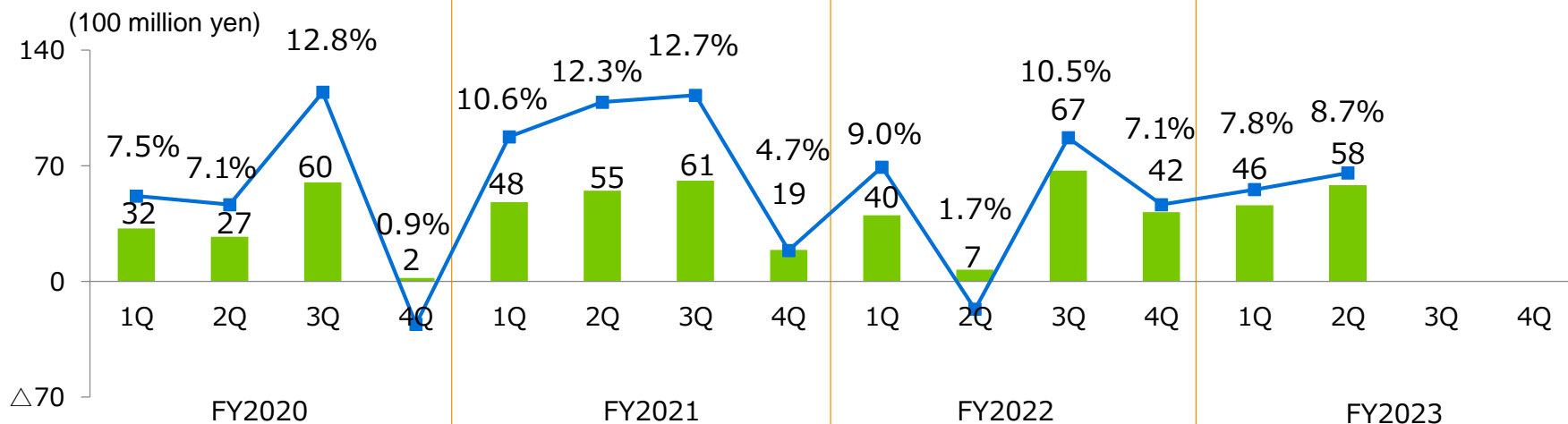
Appendix6) Quarterly Trends: China volume, revenue, operating profit, operating profit ratio

Seat Assembly Production / Revenue

(10,000 units)



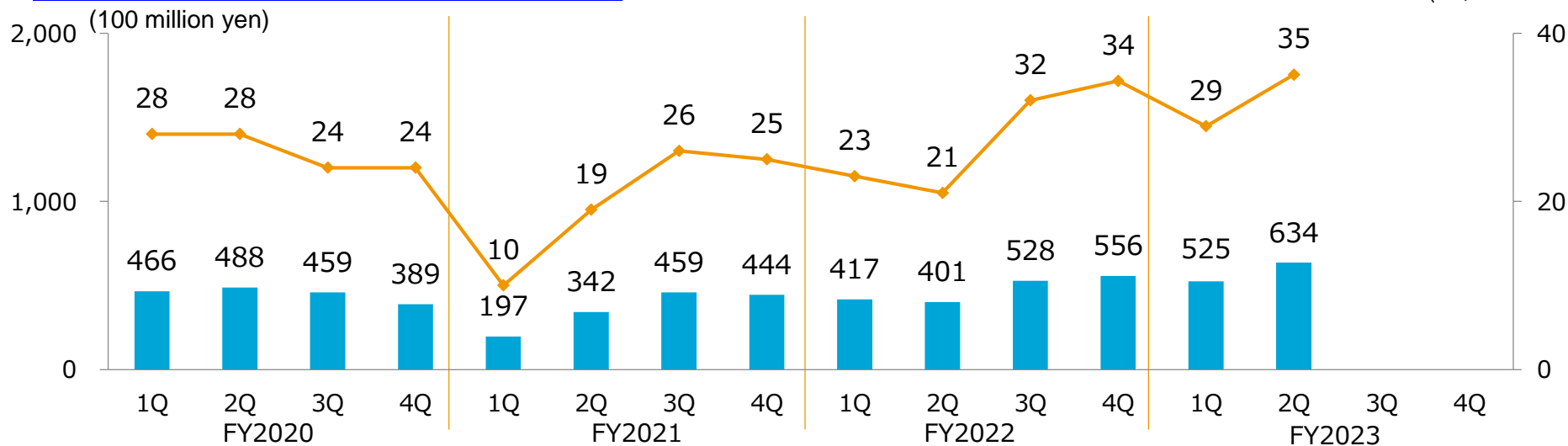
Operating Profit / Operating Profit Ratio



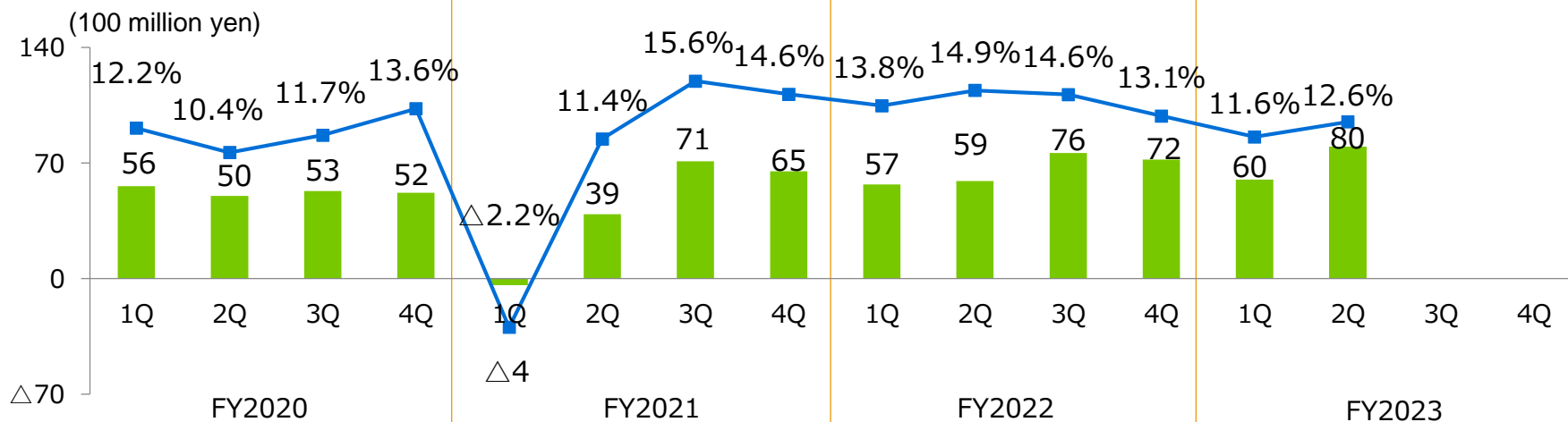
Appendix7) Quarterly Trends: Asia & Oceania volume, revenue, operating profit, operating profit ratio

Seat Assembly Production / Revenue

(10,000 units)

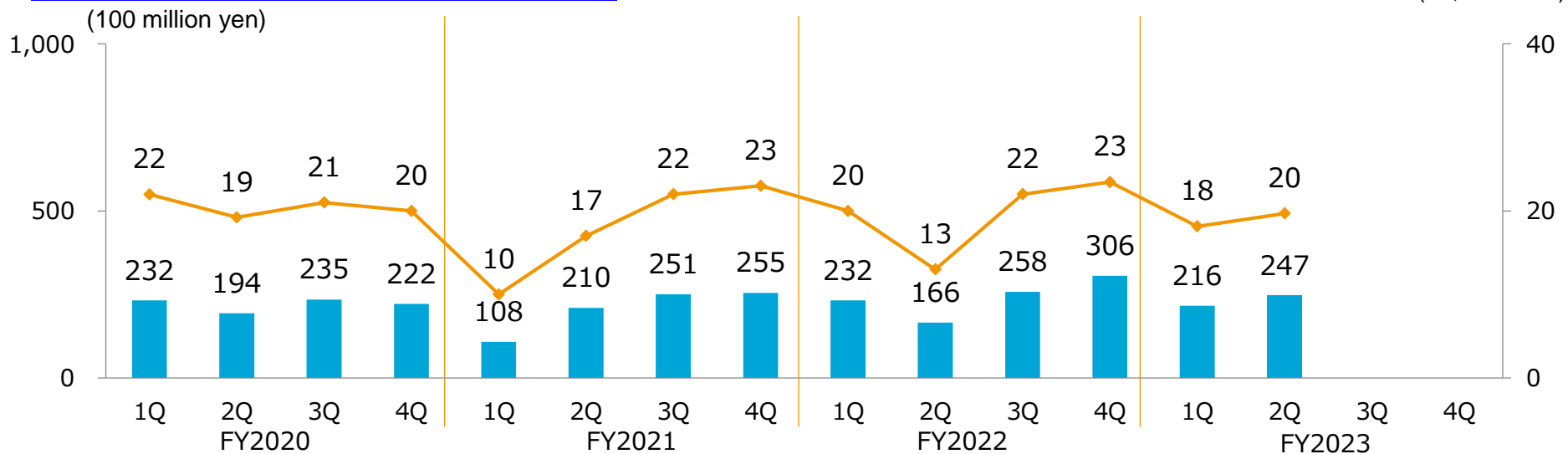


Operating Profit / Operating Profit Ratio

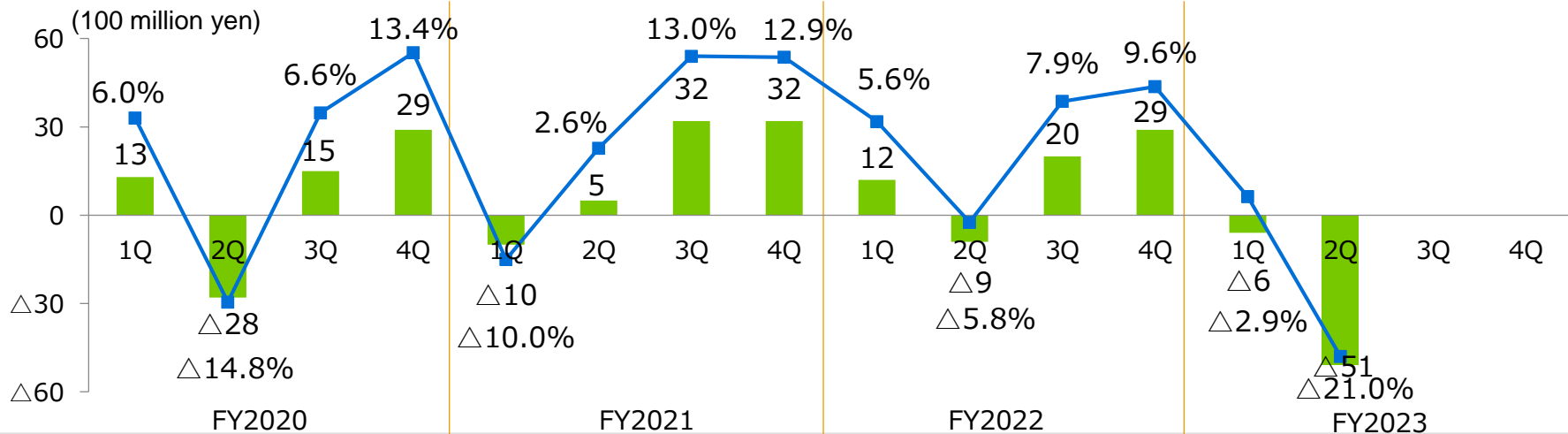


Appendix8) Quarterly Trends: Europe & Africa volume, revenue, operating profit, operating profit ratio

Seat Assembly Production / Revenue



Operating Profit / Operating Profit Ratio





<Disclaimer>

This report contains forecasts and expectations that relate to future plans and strategies in addition to the expected financial results of the Toyota Boshoku Corporation and the Toyota Boshoku group.

Within are estimates based on assumptions and opinions that have been formed by the company from the information available at the time of writing.

They involve risks and uncertainties.

Accordingly, actual results may differ from the company's forecasts