Consolidated Financial Summary
First Quarter of FY2020

(April 1, 2019 – June 30, 2019)

TS TECH Co.,Ltd.

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In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Consolidated Financial Summary for the First Quarter of FY2020 (under IFRS)

July 31, 2019

Company name: TS TECH CO., LTD. Stock exchange listing: Tokyo Stock Exchange
Stock code: 7313 URL: https://www.tstech.co.jp
Representative: Masanari Yasuda, President
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Scheduled date for filing of quarterly securities report: August 7, 2019
Scheduled date of commencement of dividend payment: —
Preparation of supplementary explanatory material: None
Quarterly results briefing: None

(Amounts of less than one million yen are rounded down to the nearest million yen)

1. Consolidated Financial Results for the First Quarter of FY2020 (April 1, 2019 – June 30, 2019)

(1) Consolidated Financial Results (Cumulative Total)

(%: year-on-year change)

	Revenue		Operating income		Income before tax		Net income		Income attributable to owners of parent		Total comprehensive income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First quarter of FY2020	100,722	-2.9	10,374	4.1	10,942	3.8	8,032	10.4	6,383	14.3	2,676	-57.5
First quarter of FY2019	103,692	-4.2	9,970	-23.6	10,543	-23.0	7,278	-26.5	5,584	-21.0	6,293	-33.8

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First quarter of FY2020	93.87	—
First quarter of FY2019	82.13	—

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets	Equity attributable to owners of parent per share
	Million yen	Million yen	Million yen	%	Yen
First quarter of FY 2020	355,211	271,853	254,587	71.7	3,744.05
FY2019	358,265	277,424	255,617	71.3	3,759.21

2. Cash Dividends

	Annual cash dividends per share				
	End of 1Q	End of 2Q	End of 3Q	End of year	Annual
	Yen	Yen	Yen	Yen	Yen
FY2019	—	42.00	—	42.00	84.00
FY2020	—				
FY2020 (forecast)		43.00	—	43.00	86.00

(Note) Revision from the most recent announcement of cash dividends forecasts: None

3. Consolidated Forecasts for FY2020 (April 1, 2019 – March 31, 2020)

(%: year-on-year change)

	Revenue		Operating income		Income before tax		Net income		Income attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half of FY2020	200,000	-1.2	18,000	-3.1	18,900	-5.5	14,700	1.2	12,100	4.7	177.95
FY2020	400,000	-2.9	36,500	-5.9	38,300	-7.5	29,200	-6.0	24,200	-6.0	355.89

(Note) Revision from the most recent announcement of consolidated financial forecasts: None

*Notes

(1) Changes in important subsidiaries during the quarter : None
(Changes in significant subsidiaries affecting the scope of consolidation during this period)
New subsidiaries — companies Excluded subsidiaries — companies

(2) Changes in accounting policies and accounting estimates
1) Changes in accounting policies required by IFRS : Yes
2) Changes other than 1) : None
3) Changes in accounting estimates : None

(3) Number of shares issued (common stock)

1) Number of shares issued at the end of the term including treasury stock	1Q of FY2020	68,000,000 shares	FY2019	68,000,000 shares
2) Number of treasury stock at the end of the term	1Q of FY2020	2,327 shares	FY2019	2,275 shares
3) Average number of shares during the term (cumulative)	1Q of FY2020	67,997,697 shares	1Q of FY2019	67,997,866 shares

*This quarterly financial statement is exempt from quarterly reviews

*Explanation regarding the appropriate use of forecasts of financial results and other notes

The consolidated forecasts presented on the previous page are projections made by management at TS TECH Co., Ltd. (hereinafter the "Company") on the basis of information available at the time of preparation. For that reason, they involve risks and uncertainties. Accordingly, we request that readers of this document avoid making investment decisions based exclusively on these forecasts. Please bear in mind the possibility that actual results may differ materially from these forecasts due to various important factors. Readers are asked to proceed to "(3) Qualitative Information Concerning Consolidated Forecasts" on page 4 for assumptions and other information that form the premise for the operating results forecast on the previous page.

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1. Qualitative Information Concerning Quarterly Results

(1) Qualitative Information Concerning Consolidated Financial Results

Revenue for the first quarter of FY2020 (April 1, 2019 – June 30, 2019) reached 100,722 million yen on a consolidated basis, a decrease of 2,969 million yen (2.9%) from the same period in FY2019, on lower press tool sales and the impact of exchange rates, offsetting the effects of higher production volume.

Looking at profits, operating income stood at 10,374 million yen, an increase of 404 million yen (4.1%) year-on-year due to various lower expenditures and cost-cutting measures. Income attributable to owners of parent amounted to 6,383 million yen, an increase of 798 million yen (14.3%) year-on-year.

*USD/JPY average 1Q exchange rate… FY2019: ¥109.1 FY2020: ¥109.9

*CNY/JPY average 1Q exchange rate… FY2019: ¥17.1 FY2020: ¥16.1

Operating performance by segment is as follows.

(Japan)

(Unit: million yen)

	First quarter of FY2019	First quarter of FY2020	Difference	Change
Revenue	20,490	19,971	-518	-2.5%
Operating income	1,886	1,794	-92	-4.9%

Main factors for year-on-year change

Revenue	Revenue decreased slightly primarily due a decrease in development-related revenue, offsetting the effects of higher production volume and an improved model mix.
Operating income	Operating income decreased slightly due to the effects of lower revenue.

(Americas)

(Unit: million yen)

	First quarter of FY2019	First quarter of FY2020	Difference	Change
Revenue	50,406	50,634	228	0.5%
Operating income	2,816	4,043	1,227	43.6%

Main factors for year-on-year change

Revenue	Revenue remained largely unchanged year-on-year primarily due to the effects of higher production volume and an improved model mix, offsetting lower press tool sales.
Operating income	Operating income increased due to the effects of higher production volume and an improved model mix, as well as various lower expenditures and cost-cutting measures.

(China)

(Unit: million yen)

	First quarter of FY2019	First quarter of FY2020	Difference	Change
Revenue	23,366	22,914	-452	-1.9%
Operating income	4,868	4,704	-164	-3.4%

Main factors for year-on-year change

Revenue	Revenue remained largely unchanged year-on-year primarily due to model mix changes and the impact of foreign currency translation, offsetting the effects of higher production volume.
Operating income	Despite efforts to reduce various expenditures and cost-cutting measures, operating income decreased slightly primarily due to the effects of lower revenue.

(Asia and Europe)

(Unit: million yen)

	First quarter of FY2019	First quarter of FY2020	Difference	Change
Revenue	17,749	13,510	-4,238	-23.9%
Operating income	1,680	931	-748	-44.6%

Main factors for year-on-year change

Revenue	Revenue decreased primarily due to lower production volume and lower component sales.
Operating income	Despite efforts to reduce various expenditures and cost-cutting measures, operating income decreased primarily due to the effects of lower revenue.

Sales by business segment are as follows:

(Unit: million yen)

	First quarter of FY2019		First quarter of FY2020		Difference	Change
		Sales ratio		Sales ratio		
Motorcycles	1,813	1.7%	1,116	1.1%	-697	-38.5%
Automobiles	100,440	96.9%	98,299	97.6%	-2,141	-2.1%
（Seats）	88,996	85.8%	86,985	86.4%	-2,010	-2.3%
（Interior products）	11,444	11.0%	11,314	11.2%	-130	-1.1%
Other businesses	1,437	1.4%	1,306	1.3%	-130	-9.1%
Total	103,692	100.0%	100,722	100.0%	-2,969	-2.9%

(2) Qualitative Information Concerning Consolidated Financial Positions

(Assets)

Assets at the end of the first quarter of FY2020 stood at 355,211 million yen, a decrease of 3,054 million yen from the end of FY2019. This change is mainly due to a decrease in trade and other receivables stemming primarily from changes in orders received and a decrease in other financial assets (non-current) driven by the fair market valuation of shareholdings. These factors offset an increase in property, plant and equipment following the recognition of right-of-use assets in conjunction with the adoption of IFRS 16 “Leases.”

(Liabilities)

Liabilities at the end of the first quarter of FY2020 amounted to 83,357 million yen, up 2,516 million yen from the end of FY2019. This change resulted mainly from an increase in other financial liabilities stemming from the allocation of lease obligations in conjunction with the adoption of IFRS 16 “Leases.”

(Equity)

Equity at the end of the first quarter of FY2020 was 271,853 million yen, down 5,571 million yen from the end of FY2019. This change is primarily the result of a decrease in non-controlling interests due to distribution of net profit, offsetting an increase in retained earnings stemming from the allocation of net income.

(3) Qualitative Information Concerning Consolidated Forecasts

Taking into account consolidated operating results for the first quarter of FY2020 as well as the current trend in orders from major customers and foreign exchange rates, the Company is keeping the consolidated forecasts announced on April 26, 2019 unchanged.

2. Condensed Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Unit: million yen)

	FY2019 (As of March 31, 2019)	First quarter of FY2020 (As of June 30, 2019)
Assets		
Current assets		
Cash and cash equivalents	128,647	129,888
Trade and other receivables	67,774	65,205
Other financial assets	18,596	18,948
Inventories	25,948	25,329
Income tax receivables	1,117	1,040
Other current assets	5,713	6,409
Total assets	247,797	246,821
Non-current assets		
Property, plant and equipment	71,515	72,101
Intangible assets	10,080	8,629
Investments accounted for using the equity method	1,484	1,284
Other financial assets	22,466	21,672
Net defined benefit asset	2,535	2,477
Deferred tax assets	1,778	1,636
Other non-current assets	607	585
Total non-current assets	110,467	108,389
Total assets	358,265	355,211

(Unit: million yen)

	FY2019 (As of March 31, 2019)	First quarter of FY2020 (As of June 30, 2019)
Liabilities and equity		
Current liabilities		
Trade and other payables	64,747	65,233
Current borrowings	157	157
Other financial liabilities	773	1,195
Income taxes payable	1,772	2,561
Provisions	271	186
Other current liabilities	3,673	4,142
Total current liabilities	71,395	73,476
Non-current liabilities		
Non-current borrowings	75	75
Other financial liabilities	745	2,163
Net defined benefit liability	1,365	1,361
Provisions	99	99
Deferred tax liabilities	5,326	4,317
Other non-current liabilities	1,832	1,862
Total non-current liabilities	9,445	9,880
Total liabilities	80,840	83,357
Equity		
Capital stock	4,700	4,700
Capital surplus	5,171	5,171
Treasury stock	-5	-5
Retained earnings	240,038	243,610
Other components of equity	5,712	1,110
Total equity attributable to owners of parent	255,617	254,587
Non-controlling interests	21,807	17,266
Total equity	277,424	271,853
Total liabilities and equity	358,265	355,211

(2) Condensed Quarterly Consolidated Statements of Income and Comprehensive Income

Condensed Quarterly Consolidated Statement of Income

Consolidated First Quarter

(Unit: million yen)

	First quarter of FY2019 (April 1, 2018 – June 30, 2018)	First quarter of FY2020 (April 1, 2019 – June 30, 2019)
Revenue	103,692	100,722
Cost of sales	-84,759	-81,755
Gross profit	18,933	18,966
Selling, general and administrative expenses	-9,310	-8,601
Other income	393	384
Other expenses	-45	-374
Operating income	9,970	10,374
Finance income	519	606
Finance costs	-33	-147
Share of profit (loss) of investments accounted for using the equity method	86	108
Income before tax	10,543	10,942
Income tax expense	-3,264	-2,909
Net income	7,278	8,032
Income attributable to		
Owners of parent	5,584	6,383
Non-controlling interests	1,694	1,649
Net income	7,278	8,032
Earnings per share		
Basic earnings per share (yen)	82.13	93.87
Diluted earnings per share (yen)	—	—

Condensed Quarterly Consolidated Statement of Comprehensive Income

Consolidated Cumulative First Quarter

(Unit: million yen)

	First quarter of FY2019 (April 1, 2018 – June 30, 2018)	First quarter of FY2020 (April 1, 2019 – June 30, 2019)
Net income	7,278	8,032
Other comprehensive income		
Components that will not be reclassified subsequently to net profit or loss		
Remeasurements of defined benefits plans	3	2
Financial assets measured at fair value through other comprehensive income	-1,127	-793
Total components that will not be reclassified subsequently to net profit or loss	-1,123	-790
Components that may be reclassified subsequently to net profit or loss		
Differences on translation from foreign operations	170	-4,594
Share of other comprehensive income of associates accounted for using the equity method	-32	28
Total components that may be reclassified subsequently to net profit or loss	138	-4,566
Other comprehensive income, net or tax	-985	-5,356
Comprehensive income for the period	6,293	2,676
Comprehensive income for the period attributable to:		
Owners of parent	4,965	1,780
Non-controlling interests	1,327	895
Comprehensive income for the period	6,293	2,676

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

First quarter of FY2019 (April 1, 2018 – June 30, 2018)

(Unit: million yen)

	Equity attributable to owners of parent				
	Capital stock	Capital surplus	Treasury stock	Retained earnings	Other components of equity
Balance as at the end of the previous fiscal year	4,700	5,171	-4	219,999	5,723
Cumulative effect of accounting policy change					
Balance as at the end of the previous fiscal year reflective of accounting policy change	4,700	5,171	-4	219,999	5,723
Comprehensive income					
Net income				5,584	
Other comprehensive income					-619
Total comprehensive income	—	—	—	5,584	-619
Transactions with owners, etc.					
Dividends				-2,855	
Acquisition of treasury stock			-0		
Total transactions with owners, etc.	—	—	-0	-2,855	—
Balance as at the end of the fiscal year	4,700	5,171	-5	222,728	5,104

	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance as at the end of the previous fiscal year	235,589	24,335	259,924
Cumulative effect of accounting policy change			
Balance as at the end of the previous fiscal year reflective of accounting policy change	235,589	24,335	259,924
Comprehensive income			
Net income	5,584	1,694	7,278
Other comprehensive income	-619	-366	-985
Total comprehensive income	4,965	1,327	6,293
Transactions with owners, etc.			
Dividends	-2,855	-7,358	-10,214
Acquisition of treasury stock	-0		-0
Total transactions with owners, etc.	-2,856	-7,358	-10,215
Balance as at the end of the fiscal year	237,698	18,303	256,002

First quarter of FY2020 (April 1, 2019 – June 30, 2019)

(Unit: million yen)

	Equity attributable to owners of parent				
	Capital stock	Capital surplus	Treasury stock	Retained earnings	Other components of equity
Balance as at the end of the previous fiscal year	4,700	5,171	-5	240,038	5,712
Cumulative effect of accounting policy change				44	
Balance as at the end of the previous fiscal year reflective of accounting policy change	4,700	5,171	-5	240,083	5,712
Comprehensive income					
Net income				6,383	
Other comprehensive income					-4,602
Total comprehensive income	—	—	—	6,383	-4,602
Transactions with owners, etc.					
Dividends				-2,855	
Acquisition of treasury stock			-0		
Total transactions with owners, etc.	—	—	-0	-2,855	—
Balance as at the end of the fiscal year	4,700	5,171	-5	243,610	1,110

	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance as at the end of the previous fiscal year	255,617	21,807	277,424
Cumulative effect of accounting policy change	44		44
Balance as at the end of the previous fiscal year reflective of accounting policy change	255,662	21,807	277,469
Comprehensive income			
Net income	6,383	1,649	8,032
Other comprehensive income	-4,602	-754	-5,356
Total comprehensive income	1,780	895	2,676
Transactions with owners, etc.			
Dividends	-2,855	-5,435	-8,291
Acquisition of treasury stock	-0		-0
Total transactions with owners, etc.	-2,856	-5,435	-8,292
Balance as at the end of the fiscal year	254,587	17,266	271,853

(4) Condensed Quarterly Consolidated Statement of Cash Flows

(Unit: million yen)

	First quarter of FY2019 (April 1, 2018 – June 30, 2018)	First quarter of FY2020 (April 1, 2019 – June 30, 2019)
Cash flows from operating activities		
Income before tax	10,543	10,942
Depreciation and amortization	2,942	3,084
Loss (gain) on disposal of non-current assets	-139	111
Finance income and finance costs	-499	-582
Share of loss (profit) of investments accounted for using the equity method	-86	-108
Decrease (increase) in trade and other receivables	-2,247	732
Net decrease (increase) in leased receivables and investment assets	736	496
Decrease (increase) in inventories	-281	40
Increase (decrease) in trade and other payables	2,908	2,658
Increase (decrease) in net defined benefit asset or liability	52	63
Increase (decrease) in provisions	-2,630	-78
Other	-2,209	-1,969
Subtotal	9,090	15,391
Interest income received	311	379
Dividend income received	260	206
Interest expenses paid	-31	-40
Income taxes paid	-4,337	-2,556
Cash flows from operating activities	5,294	13,379
Cash flows from investing activities		
Payments into time deposits	-2,128	-1,753
Proceeds from withdrawal of time deposits	63	781
Purchase of property, plant and equipment	-2,266	-1,763
Proceeds from sales of property, plant and equipment	34	26
Purchase of intangible assets	-295	-706
Purchase of equity instruments	-13	-13
Proceeds from sales of equity instruments	―	0
Payments of loans receivable	-34	-27
Collection of loans receivable	58	60
Other	-1	7
Cash flows from investing activities	-4,584	-3,389

(Unit: million yen)

	First quarter of FY2019 (April 1, 2018 – June 30, 2018)	First quarter of FY2020 (April 1, 2019 – June 30, 2019)
Cash flows from financial activities		
Net increase (decrease) in short-term loans payable	-620	0
Repayment of long-term loans payable	-9	―
Repayments of lease liabilities	-422	-347
Purchase of treasury stock	-0	-0
Cash dividends paid	-2,855	-2,855
Payment to acquire interests in subsidiaries from non-controlling interests	-3,832	-2,717
Net cash provided by (used in) financing activities	-7,740	-5,921
Effect of exchange rate change on cash and cash equivalents	259	-2,828
Net increase (decrease) in cash and cash equivalents	-6,772	1,240
Cash and cash equivalents at beginning of period	118,758	128,647
Cash and cash equivalents at end of period	111,986	129,888

(5) Notes Concerning Condensed Quarterly Consolidated Financial Statements

(Changes in Accounting Policies)

The Group has adopted the following accounting standard effective the first quarter of FY2020.

Standard	Standard Name	Standard Summary
IFRS 16	Leases	Revision of accounting procedures related to lease contracts

(Application of IFRS 16 “Leases”)

Whether a contract is or contains a lease will be determined by the content of said contract, even if it does not take the legal form of a lease.

Right-of-use assets and lease liabilities will not be recognized for leases that are considered short-term (having a term less than or equal to 12 months in length) or low value.

Excluding short-term or low-value leases, if a contract is or contains a lease, right-of-use assets and lease liabilities will be recognized on the date of application in the condensed quarterly consolidated statement of financial position. Lease payments related to a short-term or low-value lease will be accounted for as an expense on a straight-line basis over the lease term or another systematic basis.

Right-of-use assets will be measured using a cost model, and said assets will be measured at cost less accumulated depreciation and accumulated impairment losses.

Cost comprises initial direct costs and prepayments that are included in initial measurements of lease liabilities and restoration costs required by lease contracts. Right-of-use assets will be depreciated systematically over either the estimated useful life of an asset or its lease term, whichever is shorter. Lease liabilities will be measured at the present value of future lease payments. Using the effective interest rate method, lease payments will be classified as finance costs or repayments of lease liabilities. Finance costs will be recognized in the condensed quarterly consolidated statement of profit and loss.

As a translation provision, IFRS 16 provides for a method to recognize the cumulative effect of the application of the standard on the date of initial application. The weighted-average incremental borrowing rate used to measure lease liabilities at the date of initial application in the condensed quarterly consolidated statement of financial position is 1.2%.

The application of IFRS 16 offers a practical expedient to grandfather the assessment of contracts identified as containing leases in accordance with IAS 17 “Leases” (hereinafter “IAS 17”) or IFRIC 4 “Determining whether an Arrangement Contains a Lease.” All assessments made following the date of initial application shall be made in accordance with IFRS 16.

In addition, IFRS 16 includes the following practical expedients for leases classified as operating leases under IAS 17.

-- Leases with a lease term expiring within 12 months of the date of initial application will be subject to the same accounting procedures as short-term leases.

--Initial direct costs will be excluded from measurements of right-of-use assets at the date of initial application.

--Hindsight will be used to determine a lease term if a contract contains options to extend or terminate a lease.

An adjustment sheet for contracts classified as non-cancellable operating lease contracts at the end of the previous fiscal year under IAS 17 as well as lease liabilities at the date of initial application recognized in the condensed quarterly consolidated statement of financial position is as follows.

(Unit: million yen)

Non-cancellable operating lease contracts (March 31, 2019)	1,492
Finance lease obligations (March 31, 2019)	1,510
Cancelable operating lease contracts, etc.	570
Lease liabilities (April 1, 2019)	3,572

As a result, an additional 2,107 million yen in right-of-use assets and 2,062 million yen in lease liabilities have been recognized in conjunction with the application of IFRS 16. There is no major impact on operating income or net income.

Right-of-use assets are included in “Property, plant and equipment” and “Intangible assets,” and lease liabilities are included in “Other financial liabilities (current)” and “Other financial liabilities (non-current).”

In addition, “Repayments of finance lease obligations” in the consolidated statement of cash flows has been reclassified as “Repayments of lease liabilities” effective the first quarter of FY2020.

(Notes Concerning Going Concern Assumption)

Not applicable

(Segment Information, etc.)

Information about revenue, profits or losses for reportable segments

First quarter of FY2019 (April 1, 2018 – June 30, 2018)

(Unit: million yen)

	Reporting segments					Adjustments	Amounts stated in consolidated F/S
	Japan	Americas	China	Asia and Europe	Total		
Revenue							
External revenue	14,105	50,130	22,287	17,167	103,692	—	103,692
Inter-segment transfer	6,384	275	1,078	581	8,320	-8,320	—
Total	20,490	50,406	23,366	17,749	112,012	-8,320	103,692
Segment profits	1,886	2,816	4,868	1,680	11,251	-1,280	9,970
Finance income and finance costs	—	—	—	—	—	—	486
Return on investment using the equity method	—	—	—	—	—	—	86
Income before tax	—	—	—	—	—	—	10,543

(Notes) 1. Adjustments of -1,280 million yen for segment profits include a deduction of -4 million yen for transactions among segments, and operating expenses of -1,275 million yen associated with the administration division of the headquarters of the parent company, which could not be allocated.

2. Segment profits are adjusted to operating income in the condensed quarterly consolidated statements of income.

First quarter of FY2020 (April 1, 2019 – June 30, 2019)

(Unit: million yen)

	Reporting segments					Adjustments	Amounts stated in consolidated F/S
	Japan	Americas	China	Asia and Europe	Total		
Revenue							
External revenue	15,801	50,266	21,621	13,032	100,722	–	100,722
Inter-segment transfer	4,170	368	1,292	477	6,308	-6,308	–
Total	19,971	50,634	22,914	13,510	107,031	-6,308	100,722
Segment profits	1,794	4,043	4,704	931	11,473	-1,098	10,374
Finance income and finance costs	–	–	–	–	–	–	458
Return on investment using the equity method	–	–	–	–	–	–	108
Income before tax	–	–	–	–	–	–	10,942

(Notes) 1. Adjustments of -1,098 million yen for segment profits include a deduction of 49 million yen for transactions among segments, and operating expenses of -1,147 million yen associated with the administration division of the headquarters of the parent company, which could not be allocated.

2. Segment profits are adjusted to operating income in the condensed quarterly consolidated statements of income.