Consolidated Financial Summary
First Quarter of FY2021

(April 1, 2020 – June 30, 2020)

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 FY2021 (under IFRS)

July 31, 2020

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
Contact: Yoshitoshi Goma, Manager, Public Relations Section, Administration Department Tel. 048-462-1121
Scheduled date for filing of quarterly securities report: August 6, 2020
Scheduled date of commencement of dividend payment: ―
Preparation of supplementary explanatory material: Yes
Quarterly results briefing: Yes (for institutional investors and analysts)

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

1. Consolidated Financial Results for the First Quarter of FY2021 (April 1, 2020 – June 30, 2020)

(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 FY2021	54,739	-45.7	(1,792)	―	(1,221)	―	(1,956)	―	(3,757)	―	(480)	―
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

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First quarter of FY2021	(55.26)	―
First quarter of FY2020	93.87	―

(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 FY2021	338,527	267,012	249,511	73.7	3,669.42
FY2020	341,820	274,552	254,745	74.5	3,746.40

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
FY2020	―	43.00	―	43.00	86.00
FY2021	―				
FY2021 (forecast)		43.00	―	47.00	90.00

(Note) 1 Revision from the most recent announcement of cash dividends forecasts: Yes
2 FY2021 end-of-year dividend (forecast) breakdown: Standard dividend: 43.00 yen Commemorative dividend: 4.00 yen

3. Consolidated Forecasts for FY2021 (April 1, 2020 – March 31, 2021)

(%: 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 FY2021	152,000	-20.7	8,300	-53.3	9,300	-51.2	6,700	-52.8	3,100	-72.1	45.59
FY2021	350,000	-2.7	26,000	-1.2	28,100	-2.3	20,000	-1.0	13,400	-11.0	197.07

(Note) Revision from the most recent announcement of consolidated financial forecasts: Yes

*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 : None
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 FY2021	68,000,000 shares	FY2020	68,000,000 shares
2) Number of treasury stock at the end of the term	1Q of FY2021	2,434 shares	FY2020	2,434 shares
3) Average number of shares during the term (cumulative)	1Q of FY2021	67,997,566 shares	1Q of FY2020	67,997,697 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.

Materials to be used during the results briefing scheduled for August 4, 2020 are available via the following link on our website (https://www.tstech.co.jp/english/).
(IR Information) https://www.tstech.co.jp/english/ir

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1. Qualitative Information Concerning Quarterly Results

(1) Qualitative Information Concerning Consolidated Financial Results

Revenue for the first quarter of FY2021 (April 1, 2020 – June 30, 2020) reached 54,739 million yen on a consolidated basis, a decrease of 45,982 million yen (45.7%) from the same period in FY2020, due to the impact of the COVID-19 pandemic. Production stoppages in the Americas and Asia and Europe segments and lower production volume in the Japan segment caused by the pandemic offset increased production in the China segment. All plants have since resumed operations.

Looking at profits, operating loss stood at 1,792 million yen, a decrease of 12,167 million yen (—%) year on year due to the impact of lower revenue, offsetting various cost containment measures. Loss attributable to owners of parent amounted to 3,757 million yen, a decrease of 10,140 million yen (—%) year on year.

*USD/JPY average 1Q exchange rate… FY2020: ¥109.9 FY2021: ¥107.6

*CNY/JPY average 1Q exchange rate… FY2020: ¥16.1 FY2021: ¥15.2

Operating performance by segment is as follows.

(Japan)

(Unit: Million yen)

	First quarter of FY2020	First quarter of FY2021	Difference	Change
Revenue	19,971	13,625	-6,345	-31.8%
Operating income/loss	1,794	(462)	-2,256	—%

Main factors for year-on-year change

Revenue	Revenue decreased primarily due lower production volume stemming from the COVID-19 pandemic and a decrease in royalty revenue from overseas subsidiaries.
Operating income	Operating income decreased primarily due to the impact of lower revenue, offsetting cost containment measures.

*While production did not stop due to the COVID-19 pandemic, select locations made adjustments to production volume.

(Americas)

(Unit: Million yen)

	First quarter of FY2020	First quarter of FY2021	Difference	Change
Revenue	50,634	16,662	-33,971	-67.1%
Operating income/loss	4,043	(2,394)	-6,438	—%

Main factors for year-on-year change

Revenue	Revenue decreased primarily due to lower production volume stemming from the COVID-19 pandemic.
Operating income	Operating income decreased primarily due to the impact of lower revenue, offsetting cost containment measures.

*Production stoppages caused by the COVID-19 pandemic began in late March, but production largely resumed by mid-May.

(China)

(Unit: Million yen)

	First quarter of FY2020	First quarter of FY2021	Difference	Change
Revenue	22,914	25,418	2,503	10.9%
Operating income	4,704	5,423	718	15.3%

Main factors for year-on-year change

Revenue	Revenue increased on higher production volume and an improved model mix, offsetting the impact of foreign currency translation.
Operating income	Operating income increased primarily due to the impact of higher revenue and cost-cutting measures.

*Production stoppages caused by the COVID-19 pandemic began in early February, but all locations resumed production by early March. There were no production stoppages during the period under review.

(Asia and Europe)

(Unit: Million yen)

	First quarter of FY2020	First quarter of FY2021	Difference	Change
Revenue	13,510	3,196	-10,314	-76.3%
Operating income/loss	931	(2,921)	-3,852	―%

Main factors for year-on-year change

Revenue	Revenue decreased primarily due to lower production stemming from the COVID-19 pandemic.
Operating income	Despite cost containment efforts, operating income decreased primarily due to the impact of lower revenue and expenses related to the reorganization of automobile seat production in India.

*Production stoppages caused by the COVID-19 pandemic began late March. Segment production resumed in early May, with the timing of the restart of operations varying by country.

Sales by business segment are as follows:

(Unit: Million yen)

	First quarter of FY2020		First quarter of FY2021		Difference	Change
		Sales ratio		Sales ratio		
Motorcycles	1,116	1.1%	915	1.7%	-200	-17.9%
Automobiles	98,299	97.6%	53,086	97.0%	-45,213	-46.0%
（Seats）	86,985	86.4%	47,684	87.1%	-39,300	-45.2%
（Interior products）	11,314	11.2%	5,401	9.9%	-5,912	-52.3%
Other businesses	1,306	1.3%	737	1.3%	-568	-43.5%
Total	100,722	100.0%	54,739	100.0%	-45,982	-45.7%

(2) Qualitative Information Concerning Consolidated Financial Positions

(Assets)

Assets at the end of the first quarter of FY2021 stood at 338,527 million yen, a decrease of 3,293 million yen from the end of FY2020. This change is mainly due to a decrease in cash and cash equivalents stemming from the allocation of net loss and payment of cash dividends. This offset an increase in trade and other receivables primarily on higher order volume from major customers in China.

(Liabilities)

Liabilities at the end of the first quarter of FY2021 amounted to 71,514 million yen, up 4,246 million yen from the end of FY2020. This change resulted mainly from an increase in other current liabilities stemming primarily from the addition of Honda Cars SAITAMAKITA as a subsidiary.

(Equity)

Equity at the end of the first quarter of FY2021 was 267,012 million yen, down 7,539 million yen from the end of FY2020. This change is primarily the result of a decrease in retained earnings stemming from the allocation of net loss.

(3) Qualitative Information Concerning Consolidated Forecasts

Consolidated forecasts for FY2021, which were previously pending as it was not possible to make reasonable calculations due to the impact of the COVID-19 pandemic, have been calculated based upon the information currently available.

(Unit: Million yen)

	First half of FY2021 forecasts	Year-on-year change
Revenue	152,000	-20.7%
Operating income	8,300	-53.3%
Income before tax	9,300	-51.2%
Net income	6,700	-52.8%
Income attributable to owners of parent	3,100	-72.1%

	FY2021 forecasts	Year-on-year change
Revenue	350,000	-2.7%
Operating income	26,000	-1.2%
Income before tax	28,100	-2.3%
Net income	20,000	-1.0%
Income attributable to owners of parent	13,400	-11.0%

2. Condensed Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Unit: Million yen)

	FY2020 (As of March 31, 2020)	First quarter of FY2021 (As of June 30, 2020)
Assets		
Current assets		
Cash and cash equivalents	149,628	129,177
Trade and other receivables	41,500	53,964
Other financial assets	11,540	8,361
Inventories	28,233	30,637
Income tax receivables	2,281	2,999
Other current assets	4,667	4,624
Total assets	237,852	229,765
Non-current assets		
Property, plant and equipment	68,530	69,089
Intangible assets	9,366	10,685
Investments accounted for using the equity method	1,596	1,183
Other financial assets	20,307	23,403
Net defined benefit asset	1,879	1,868
Deferred tax assets	1,055	1,063
Other non-current assets	1,231	1,466
Total non-current assets	103,967	108,761
Total assets	341,820	338,527

(Unit: Million yen)

	FY2020 (As of March 31, 2020)	First quarter of FY2021 (As of June 30, 2020)
Liabilities and equity		
Current liabilities		
Trade and other payables	51,084	50,296
Current borrowings	75	75
Other financial liabilities	1,109	1,122
Income taxes payable	575	1,796
Provisions	156	129
Other current liabilities	2,965	6,245
Total current liabilities	55,965	59,665
Non-current liabilities		
Other financial liabilities	2,841	3,532
Net defined benefit liability	1,372	1,473
Provisions	2,378	2,364
Deferred tax liabilities	3,598	3,441
Other non-current liabilities	1,111	1,036
Total non-current liabilities	11,302	11,849
Total liabilities	67,268	71,514
Equity		
Capital stock	4,700	4,700
Capital surplus	5,171	5,171
Treasury stock	(5)	(5)
Retained earnings	249,367	242,686
Other components of equity	(4,487)	(3,039)
Total equity attributable to owners of parent	254,745	249,511
Non-controlling interests	19,806	17,500
Total equity	274,552	267,012
Total liabilities and equity	341,820	338,527

(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 FY2020 (April 1, 2019 – June 30, 2019)	First quarter of FY2021 (April 1, 2020 – June 30, 2020)
Revenue	100,722	54,739
Cost of sales	(81,755)	(50,015)
Gross profit	18,966	4,724
Selling, general and administrative expenses	(8,601)	(7,253)
Other income	384	1,121
Other expenses	(374)	(385)
Operating profit (loss)	10,374	(1,792)
Finance income	606	521
Finance costs	(147)	(25)
Share of profit (loss) of investments accounted for using the equity method	108	75
Income (loss) before tax	10,942	(1,221)
Income tax expense	(2,909)	(735)
Net income (loss)	8,032	(1,956)
Income (loss) attributable to		
Owners of parent	6,383	(3,757)
Non-controlling interests	1,649	1,801
Net income (loss)	8,032	(1,956)
Earnings (losses) per share		
Basic earnings (losses) per share (yen)	93.87	(55.26)
Diluted earnings per share (yen)	—	—

Condensed Quarterly Consolidated Statement of Comprehensive Income

Consolidated Cumulative First Quarter

(Unit: Million yen)

	First quarter of FY2020 (April 1, 2019 – June 30, 2019)	First quarter of FY2021 (April 1, 2020 – June 30, 2020)
Net income (loss)	8,032	(1,956)
Other comprehensive income		
Components that will not be reclassified subsequently to net profit or loss		
Remeasurements of defined benefits plans	2	(52)
Financial assets measured at fair value through other comprehensive income	(793)	1,073
Total components that will not be reclassified subsequently to net profit or loss	(790)	1,020
Components that may be reclassified subsequently to net profit or loss		
Differences on translation from foreign operations	(4,594)	505
Share of other comprehensive income of associates accounted for using the equity method	28	(50)
Total components that may be reclassified subsequently to net profit or loss	(4,566)	455
Other comprehensive income, net or tax	(5,356)	1,476
Comprehensive income for the period	2,676	(480)
Comprehensive income for the period attributable to:		
Owners of parent	1,780	(2,310)
Non-controlling interests	895	1,829
Comprehensive income for the period	2,676	(480)

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

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 (loss)				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 (loss)	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

First quarter of FY2021 (April 1, 2020 – June 30, 2020)

(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)	249,367	(4,487)
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	(5)	249,367	(4,487)
Comprehensive income					
Net income (loss)				(3,757)	
Other comprehensive income					1,447
Total comprehensive income	–	–	–	(3,757)	1,447
Transactions with owners, etc.					
Dividends				(2,923)	
Acquisition of treasury stock					
Total transactions with owners, etc.	–	–	–	(2,923)	–
Balance as at the end of the fiscal year	4,700	5,171	(5)	242,686	(3,039)

	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance as at the end of the previous fiscal year	254,745	19,806	274,552
Cumulative effect of accounting policy change			
Balance as at the end of the previous fiscal year reflective of accounting policy change	254,745	19,806	274,552
Comprehensive income			
Net income (loss)	(3,757)	1,801	(1,956)
Other comprehensive income	1,447	28	1,476
Total comprehensive income	(2,310)	1,829	(480)
Transactions with owners, etc.			
Dividends	(2,923)	(4,135)	(7,059)
Acquisition of treasury stock	–		–
Total transactions with owners, etc.	(2,923)	(4,135)	(7,059)
Balance as at the end of the fiscal year	249,511	17,500	267,012

(4) Condensed Quarterly Consolidated Statement of Cash Flows

(Unit: Million yen)

	First quarter of FY2020 (April 1, 2019 – June 30, 2019)	First quarter of FY2021 (April 1, 2020 – June 30, 2020)
Cash flows from operating activities		
Income (loss) before tax	10,942	(1,221)
Depreciation and amortization	3,084	3,001
Impairment loss	―	90
Loss (gain) on disposal of non-current assets	111	146
Finance income and finance costs	(582)	(413)
Share of loss (profit) of investments accounted for using the equity method	(108)	(75)
Decrease (increase) in trade and other receivables	732	(12,177)
Net decrease (increase) in leased receivables and investment assets	496	383
Decrease (increase) in inventories	40	(1,518)
Increase (decrease) in trade and other payables	2,658	(1,691)
Increase (decrease) in net defined benefit asset or liability	63	55
Increase (decrease) in provisions	(78)	(39)
Other	(1,969)	741
Subtotal	15,391	(12,717)
Interest income received	379	345
Dividend income received	206	168
Interest expenses paid	(40)	(25)
Income taxes paid	(2,556)	(1,080)
Cash flows from operating activities	13,379	(13,309)
Cash flows from investing activities		
Payments into time deposits	(1,753)	(1,482)
Proceeds from withdrawal of time deposits	781	2,553
Purchase of property, plant and equipment	(1,763)	(998)
Proceeds from sales of property, plant and equipment	26	98
Purchase of intangible assets	(706)	(453)
Purchase of equity instruments	(13)	(14)
Proceeds from sales of equity instruments	0	―
Payments of loans receivable	(27)	(16)
Collection of loans receivable	60	62
Purchase of shares of consolidated subsidiaries	―	(1,564)
Other	7	6
Cash flows from investing activities	(3,389)	(1,809)

(Unit: Million yen)

	First quarter of FY2020 (April 1, 2019 – June 30, 2019)	First quarter of FY2021 (April 1, 2020– June 30, 2020)
Cash flows from financial activities		
Net increase (decrease) in short-term loans payable	0	–
Repayments of lease liabilities	(347)	(529)
Purchase of treasury stock	(0)	–
Cash dividends paid	(2,855)	(2,923)
Payment to acquire interests in subsidiaries from non-controlling interests	(2,717)	(2,067)
Net cash provided by (used in) financing activities	(5,921)	(5,520)
Effect of exchange rate change on cash and cash equivalents	(2,828)	188
Net increase (decrease) in cash and cash equivalents	1,240	(20,450)
Cash and cash equivalents at beginning of period	128,647	149,628
Cash and cash equivalents at end of period	129,888	129,177

(5) Notes Concerning Condensed Quarterly Consolidated Financial Statements

(Notes Concerning Going Concern Assumption)

Not applicable

(Segment Information, etc.)

Information about revenue, profits or losses for reportable segments

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

(Unit: Million yen)

	Reportable 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.

First quarter of FY2021 (April 1, 2020 – June 30, 2020)

(Unit: Million yen)

	Reportable segments					Adjustments	Amounts stated in consolidated F/S
	Japan	Americas	China	Asia and Europe	Total		
Revenue							
External revenue	10,854	16,541	24,344	3,000	54,739	—	54,739
Inter-segment transfer	2,771	121	1,073	196	4,163	(4,163)	—
Total	13,625	16,662	25,418	3,196	58,903	(4,163)	54,739
Segment profits (losses)	(462)	(2,394)	5,423	(2,921)	(356)	(1,436)	(1,792)
Finance income and finance costs	—	—	—	—	—	—	495
Return on investment using the equity method	—	—	—	—	—	—	75
Income before tax	—	—	—	—	—	—	(1,221)

(Notes) 1. Adjustments of -1,436 million yen for segment profits include a deduction of -177 million yen for transactions among segments, and operating expenses of -1,259 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.