Consolidated Financial Summary Cumulative Third Quarter of FY2021

(April 1, 2020 – December 31, 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 Cumulative Third Quarter of FY2021 (under IFRS)

January 29, 2021

Company name: TS TECH CO., LTD. Stock exchange listing: Tokyo Stock Exchange
Stock code: 7313 URL: https://www.tstech.co.jp
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Scheduled date for filing of quarterly securities report: February 10, 2021
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 Cumulative Third Quarter of FY2021 (April 1, 2020 – December 31, 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	%
Third quarter of FY2021	258,085	-8.9	20,842	-19.1	22,712	-17.8	16,806	-18.7	10,922	-30.3	16,855	-10.8
Third quarter of FY2020	283,351	-8.1	25,756	-12.8	27,647	-12.4	20,661	-14.6	15,680	-21.9	18,889	-14.4

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Third quarter of FY2021	160.63	―
Third quarter of FY2020	230.61	―

(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
Third quarter of FY2021	369,624	281,096	259,265	70.1	3,812.86
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	―	43.00	―		
FY2021 (forecast)				47.00	90.00

(Note) 1 Revision from the most recent announcement of cash dividends forecasts: No
2 FY2021 end-of-year dividend (forecast) breakdown:
Standard dividend: 43.00 yen 60th anniversary 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
FY2021	354,500	-1.4	29,000	10.2	31,000	7.8	21,700	7.4	14,500	-3.7	213.24

(Note) Revision from the most recent announcement of consolidated financial forecasts: No

*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	3Q of FY2021	68,000,000 shares	FY2020	68,000,000 shares
2) Number of treasury stock at the end of the term	3Q of FY2021	2,434 shares	FY2020	2,434 shares
3) Average number of shares during the term (cumulative)	3Q of FY2021	67,997,566 shares	3Q of FY2020	67,997,670 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 forecasts on the previous page.

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1. Qualitative Information Concerning Quarterly Results

(1) Qualitative Information Concerning Consolidated Financial Results

Revenue for the cumulative third quarter of FY2021 (April 1, 2020 – December 31, 2020) reached 258,085 million yen on a consolidated basis, a decrease of 25,265 million yen (8.9%) 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 in the first quarter caused by the pandemic offset increased production in the China segment.

Looking at profits, operating profit stood at 20,842 million yen, a decrease of 4,914 million yen (19.1%) year on year due to the impact of lower revenue, offsetting various cost containment and cost-cutting measures. Income attributable to owners of parent amounted to 10,922 million yen, a decrease of 4,758 million yen (30.3%) year on year.

*USD/JPY average cumulative 3Q exchange rate… FY2020: ¥108.7 FY2021: ¥106.1

*CNY/JPY average cumulative 3Q exchange rate… FY2020: ¥15.6 FY2021: ¥15.4

Operating performance by segment is as follows.

(Japan)

(Unit: Million yen)

	Cumulative third quarter of FY2020	Cumulative third quarter of FY2021	Difference	Change
Revenue	55,862	56,161	298	0.5%
Operating income	5,144	5,165	20	0.4%

Main factors for year-on-year change

Revenue	Revenue remained unchanged year on year due to revenue increases resulting from the addition of Honda Cars SAITAMAKITA as a consolidated subsidiary, offsetting lower production volume primarily in the first quarter stemming from the COVID-19 pandemic.
Operating income	Operating income remained unchanged year on year primarily due to the impact of cost containment measures, offsetting the impact of lower production volume.

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

(Americas)

(Unit: Million yen)

	Cumulative third quarter of FY2020	Cumulative third quarter of FY2021	Difference	Change
Revenue	135,366	105,742	-29,623	-21.9%
Operating income	7,642	3,149	-4,492	-58.8%

Main factors for year-on-year change

Revenue	Revenue decreased primarily due to the impact of production stoppages in the first quarter stemming from the COVID-19 pandemic.
Operating income	Operating income decreased primarily due to the impact of lower revenue, offsetting cost containment measures and cost-cutting measures.

*Production stoppages caused by the COVID-19 pandemic began in late March 2020, but production largely resumed by mid-May.

(China)

(Unit: Million yen)

	Cumulative third quarter of FY2020	Cumulative third quarter of FY2021	Difference	Change
Revenue	72,019	91,451	19,431	27.0%
Operating income	14,928	18,669	3,741	25.1%

Main factors for year-on-year change

Revenue	Revenue increased primarily due to higher production volume stemming from the rapid recovery of the Chinese automobile market.
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 2020, but all locations resumed production by early March. There were no production stoppages during the period under review.

(Asia and Europe)

(Unit: Million yen)

	Cumulative third quarter of FY2020	Cumulative third quarter of FY2021	Difference	Change
Revenue	40,103	23,324	-16,778	-41.8%
Operating income/loss	2,658	(2,639)	-5,298	―%

Main factors for year-on-year change

Revenue	Revenue decreased primarily due to production stoppages in the first quarter stemming from the COVID-19 pandemic and subsequent lower production.
Operating income	Despite cost containment measures, 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 2020. 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)

	Cumulative third quarter of FY2020		Cumulative third quarter of FY2021		Difference	Change
		Sales ratio		Sales ratio		
Motorcycles	3,607	1.3%	2,895	1.1%	-712	-19.7%
Automobiles	275,534	97.2%	246,253	95.4%	-29,280	-10.6%
(Seats)	243,462	85.9%	220,208	85.3%	-23,254	-9.6%
(Interior products)	32,071	11.3%	26,045	10.1%	-6,026	-18.8%
Other businesses	4,209	1.5%	8,936	3.5%	4,727	112.3%
Total	283,351	100.0%	258,085	100.0%	-25,265	-8.9%

*“Other businesses” saw a large increase due to the addition of Honda Cars SAITAMAKITA, which sells automobiles, as a consolidated subsidiary FY2021.

(2) Qualitative Information Concerning Consolidated Financial Positions

(Assets)

Assets at the end of the third quarter of FY2021 stood at 369,624 million yen, an increase of 27,803 million yen from the end of FY2020. The change is mainly due to an increase in trade and other receivables, primarily on higher order volume from major customers, and an increase in investments accounted for using the equity method resulting from the acquisition of shares of Imasen Electric Industrial Co., Ltd. This offset a decrease in cash and cash equivalents stemming from the payment of cash dividends.

(Liabilities)

Liabilities at the end of the third quarter of FY2021 amounted to 88,528 million yen, up 21,259 million yen from the end of FY2020. This change resulted mainly from an increase in trade and other payables stemming primarily from higher order volume from major customers.

(Equity)

Equity at the end of the third quarter of FY2021 was 281,096 million yen, up 6,543 million yen from the end of FY2020. This change is primarily the result of an increase in retained earnings on the allocation of net profit.

(3) Qualitative Information Concerning Consolidated Forecasts

Taking into account consolidated operating results for the cumulative third quarter of FY2021 as well as the current trend in orders from major customers and foreign exchange rates, the Company is keeping the consolidated forecasts announced on October 30, 2020 unchanged.

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)	Third quarter of FY2021 (As of December 31, 2020)
Assets		
Current assets		
Cash and cash equivalents	149,628	142,925
Trade and other receivables	41,500	68,084
Other financial assets	11,540	6,922
Inventories	28,233	30,138
Income tax receivables	2,281	1,537
Other current assets	4,667	5,437
Total assets	237,852	255,045
Non-current assets		
Property, plant and equipment	68,530	67,011
Intangible assets	9,366	10,879
Investments accounted for using the equity method	1,596	9,339
Other financial assets	20,307	24,008
Net defined benefit asset	1,879	1,737
Deferred tax assets	1,055	1,100
Other non-current assets	1,231	501
Total non-current assets	103,967	114,578
Total assets	341,820	369,624

(Unit: Million yen)

	FY2020 (As of March 31, 2020)	Third quarter of FY2021 (As of December 31, 2020)
Liabilities and equity		
Current liabilities		
Trade and other payables	51,084	65,556
Current borrowings	75	–
Other financial liabilities	1,109	1,376
Income taxes payable	575	2,195
Provisions	156	2,882
Other current liabilities	2,965	6,425
Total current liabilities	55,965	78,436
Non-current liabilities		
Other financial liabilities	2,841	3,960
Net defined benefit liability	1,372	1,605
Provisions	2,378	85
Deferred tax liabilities	3,598	3,230
Other non-current liabilities	1,111	1,210
Total non-current liabilities	11,302	10,091
Total liabilities	67,268	88,528
Equity		
Capital stock	4,700	4,700
Capital surplus	5,171	5,171
Treasury stock	(5)	(5)
Retained earnings	249,367	254,442
Other components of equity	(4,487)	(5,042)
Total equity attributable to owners of parent	254,745	259,265
Non-controlling interests	19,806	21,830
Total equity	274,552	281,096
Total liabilities and equity	341,820	369,624

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

Condensed Quarterly Consolidated Statement of Income

Consolidated Cumulative Third Quarter

(Unit: Million yen)

	Consolidated cumulative third quarter of FY2020 (April 1, 2019 – December 31, 2019)	Consolidated cumulative third quarter of FY2021 (April 1, 2020 – December 31, 2020)
Revenue	283,351	258,085
Cost of sales	(232,367)	(214,618)
Gross profit	50,983	43,467
Selling, general and administrative expenses	(25,450)	(23,570)
Other income	1,173	2,375
Other expenses	(948)	(1,429)
Operating profit	25,756	20,842
Finance income	1,697	1,428
Finance costs	(174)	(89)
Share of profit of investments accounted for using the equity method	368	530
Income before tax	27,647	22,712
Income tax expense	(6,985)	(5,906)
Net income	20,661	16,806
Income attributable to		
Owners of parent	15,680	10,922
Non-controlling interests	4,981	5,883
Net income	20,661	16,806
Earnings per share		
Basic earnings per share (yen)	230.61	160.63
Diluted earnings per share (yen)	—	—

Condensed Quarterly Consolidated Statement of Comprehensive Income

Consolidated Cumulative Third Quarter

(Unit: Million yen)

	Consolidated cumulative third quarter of FY2020 (April 1, 2019 – December 31, 2019)	Consolidated cumulative third quarter of FY2021 (April 1, 2020 – December 31, 2020)
Net income	20,661	16,806
Other comprehensive income		
Components that will not be reclassified subsequently to net profit or loss		
Remeasurements of defined benefits plans	64	(139)
Financial assets measured at fair value through other comprehensive income	202	1,369
Total components that will not be reclassified subsequently to net profit or loss	266	1,229
Components that may be reclassified subsequently to net profit or loss		
Differences on translation from foreign operations	(1,953)	(1,156)
Share of other comprehensive income of associates accounted for using the equity method	(85)	(24)
Total components that may be reclassified subsequently to net profit or loss	(2,038)	(1,180)
Other comprehensive income, net or tax	(1,772)	48
Comprehensive income for the period	18,889	16,855
Comprehensive income for the period attributable to:		
Owners of parent	14,432	10,367
Non-controlling interests	4,456	6,488
Comprehensive income for the period	18,889	16,855

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

Consolidated Cumulative Third Quarter of FY2020 (April 1, 2019 – December 31, 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				15,680	
Other comprehensive income					(1,248)
Total comprehensive income	–	–	–	15,680	(1,248)
Transactions with owners, etc.					
Dividends				(5,779)	
Acquisition of treasury stock			(0)		
Total transactions with owners, etc.	–	–	(0)	(5,779)	–
Balance as at the end of the fiscal year	4,700	5,171	(5)	249,984	4,464

	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	15,680	4,981	20,661
Other comprehensive income	(1,248)	(524)	(1,772)
Total comprehensive income	14,432	4,456	18,889
Transactions with owners, etc.			
Dividends	(5,779)	(5,898)	(11,677)
Acquisition of treasury stock	(0)		(0)
Total transactions with owners, etc.	(5,780)	(5,898)	(11,678)
Balance as at the end of the fiscal year	264,314	20,366	284,680

Consolidated Cumulative Third Quarter of FY2021 (April 1, 2020 – December 31, 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				10,922	
Other comprehensive income					(555)
Total comprehensive income	–	–	–	10,922	(555)
Transactions with owners, etc.					
Dividends				(5,847)	
Acquisition of treasury stock					
Total transactions with owners, etc.	–	–	–	(5,847)	–
Balance as at the end of the fiscal year	4,700	5,171	(5)	254,442	(5,042)

	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	10,922	5,883	16,806
Other comprehensive income	(555)	604	48
Total comprehensive income	10,367	6,488	16,855
Transactions with owners, etc.			
Dividends	(5,847)	(4,463)	(10,311)
Acquisition of treasury stock	–		–
Total transactions with owners, etc.	(5,847)	(4,463)	(10,311)
Balance as at the end of the fiscal year	259,265	21,830	281,096

(4) Condensed Quarterly Consolidated Statement of Cash Flows

(Unit: Million yen)

	Consolidated cumulative third quarter of FY2020 (April 1, 2019 – December 31, 2019)	Consolidated cumulative third quarter of FY2021 (April 1, 2020 – December 31, 2020)
Cash flows from operating activities		
Income before tax	27,647	22,712
Depreciation and amortization	9,255	8,643
Impairment loss	661	148
Loss (gain) on disposal of non-current assets	(451)	192
Finance income and finance costs	(1,584)	(864)
Share of loss (profit) of investments accounted for using the equity method	(368)	(530)
Decrease (increase) in trade and other receivables	1,763	(24,534)
Net decrease (increase) in leased receivables and investment assets	298	625
Decrease (increase) in inventories	(1,879)	(1,354)
Increase (decrease) in trade and other payables	(2,987)	13,138
Increase (decrease) in net defined benefit asset or liability	237	344
Increase (decrease) in provisions	(257)	438
Other	3,173	2,161
Subtotal	35,508	21,120
Interest income received	1,154	725
Dividend income received	828	791
Interest expenses paid	(83)	(87)
Income taxes paid	(8,104)	(4,907)
Cash flows from operating activities	29,304	17,643
Cash flows from investing activities		
Payments into time deposits	(9,935)	(6,297)
Proceeds from withdrawal of time deposits	12,959	8,320
Purchase of property, plant and equipment	(5,850)	(3,949)
Proceeds from sales of property, plant and equipment	155	246
Purchase of intangible assets	(2,602)	(1,710)
Purchase of equity instruments	(427)	(40)
Proceeds from sales of equity instruments	0	―
Payments of loans receivable	(215)	(91)
Collection of loans receivable	151	169
Purchase of shares of subsidiaries	―	(1,564)
Purchase of investments accounted for using the equity method	―	(7,150)
Other	65	(31)
Cash flows from investing activities	(5,698)	(12,099)

(Unit: Million yen)

	Consolidated cumulative third quarter of FY2020 (April 1, 2019 – December 31, 2019)	Consolidated cumulative third quarter of FY2021 (April 1, 2020 – December 31, 2020)
Cash flows from financial activities		
Net increase (decrease) in short-term loans payable	(0)	–
Repayment of long-term loans payable	(75)	(75)
Repayments of lease liabilities	(1,188)	(1,294)
Purchase of treasury stock	(0)	–
Cash dividends paid	(5,779)	(5,847)
Payment to acquire interests in subsidiaries from non-controlling interests	(5,455)	(4,316)
Net cash provided by (used in) financing activities	(12,498)	(11,534)
Effect of exchange rate change on cash and cash equivalents	(1,628)	(712)
Net increase (decrease) in cash and cash equivalents	9,478	(6,702)
Cash and cash equivalents at beginning of period	128,647	149,628
Cash and cash equivalents at end of period	138,125	142,925

(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

Consolidated cumulative third quarter of FY2020 (April 1, 2019 – December 31, 2019)

(Unit: Million yen)

	Reportable segments					Adjustments	Amounts stated in consolidated F/S
	Japan	Americas	China	Asia and Europe	Total		
Revenue							
External revenue	42,163	134,494	67,964	38,728	283,351	—	283,351
Inter-segment transfer	13,699	872	4,054	1,374	20,000	(20,000)	—
Total	55,862	135,366	72,019	40,103	303,351	(20,000)	283,351
Segment profits	5,144	7,642	14,928	2,658	30,374	(4,617)	25,756
Finance income and finance costs	—	—	—	—	—	—	1,522
Return on investment using the equity method	—	—	—	—	—	—	368
Income before tax	—	—	—	—	—	—	27,647

(Notes) 1. Adjustments of -4,617 million yen for segment profits include a deduction of -1,020 million yen for transactions among segments, and operating expenses of -3,597 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.

Consolidated cumulative third quarter of FY2021 (April 1, 2020 – December 31, 2020)

(Unit: Million yen)

	Reportable segments					Adjustments	Amounts stated in consolidated F/S
	Japan	Americas	China	Asia and Europe	Total		
Revenue							
External revenue	41,528	105,436	88,800	22,320	258,085	—	258,085
Inter-segment transfer	14,633	305	2,651	1,003	18,594	(18,594)	—
Total	56,161	105,742	91,451	23,324	276,679	(18,594)	258,085
Segment profits (losses)	5,165	3,149	18,669	(2,639)	24,345	(3,502)	20,842
Finance income and finance costs	—	—	—	—	—	—	1,339
Return on investment using the equity method	—	—	—	—	—	—	530
Income before tax	—	—	—	—	—	—	22,712

(Notes) 1. Adjustments of -3,502 million yen for segment profits include a deduction of -77 million yen for among segments, and operating expenses of -3,425 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.