

Consolidated Financial Summary

First Quarter of FY2022

(April 1, 2021 – June 30, 2021)

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 FY2022 (under IFRS)

July 30, 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: August 5, 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 First Quarter of FY2022 (April 1, 2021 – June 30, 2021)

(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 FY2022	90,464	65.3	6,003	—	6,549	—	4,466	—	3,040	—	5,489	—
First quarter of FY2021	54,739	-45.7	(1,792)	—	(1,221)	—	(1,956)	—	(3,757)	—	(480)	—

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First quarter of FY2022	22.65	—
First quarter of FY2021	(27.63)	—

(Note) TS TECH implemented a two-for-one common stock split, effective April 1, 2021. “Basic earnings per share” was calculated on the assumption that the relevant stock split had been implemented at the beginning of FY2021.

(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 FY2022	385,790	297,832	277,944	72.0	2,070.37
FY2021	390,478	301,450	277,017	70.9	2,063.47

(Note) TS TECH implemented a two-for-one common stock split, effective April 1, 2021. “Equity attributable to owners of parent per share” was calculated on the assumption that the relevant stock split had been implemented at the beginning of FY2021.

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
FY2021	—	43.00	—	47.00	90.00
FY2022	—	—	—	—	—
FY2022 (forecast)	—	26.00	—	28.00	54.00

(Notes)

- Revision from the most recent announcement of cash dividends forecasts: No
- FY2021 end-of-year dividend breakdown: Standard dividend: 43.00 yen 60th anniversary commemorative dividend: 4.00 yen
- TS TECH implemented a two-for-one common stock split, effective April 1, 2021.
However, the actual amounts of dividends for FY2021 have not been retroactively adjusted and are shown on a pre-stock split basis.

3. Consolidated Forecasts for FY2022 (April 1, 2021 – March 31, 2022)

(%: 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 FY2022	193,500	23.7	18,200	82.3	18,700	66.7	14,200	77.0	11,100	166.7	82.68
FY2022	403,000	16.4	40,000	49.6	41,000	13.1	30,300	7.9	23,000	10.9	171.32

(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 : None
 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 FY2022	136,000,000 shares	FY2021	136,000,000 shares
2) Number of treasury stock at the end of the term	1Q of FY2022	1,751,676 shares	FY2021	1,751,508 shares
3) Average number of shares during the term (cumulative)	1Q of FY2022	134,248,324 shares	1Q of FY2021	135,995,132 shares

(Note) TS TECH implemented a two-for-one common stock split, effective April 1, 2021. The “number of shares issued (common stock)” was calculated on the assumption that the relevant stock split had been implemented at the beginning of FY2021.

*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 FY2022 (April 1, 2021 – June 30, 2021) reached 90,464 million yen on a consolidated basis, an increase of 35,724 million yen (65.3%) from the same period in FY2021, primarily due to the elimination of production stoppages stemming from the COVID-19 pandemic that occurred in the first quarter of FY2021 in the Americas and Asia and Europe segments. This offset the impact of lower order volume caused by the semiconductor shortage.

Looking at profits, operating profit stood at 6,003 million yen, an increase of 7,795 million yen (–%) year on year primarily due to the impact of higher revenue and cost-cutting measures. Income attributable to owners of parent amounted to 3,040 million yen, an increase of 6,797 million yen (–%) year on year.

*USD/JPY average 1Q exchange rate... FY2021: ¥107.6 FY2022: ¥109.5

*CNY/JPY average 1Q exchange rate... FY2021: ¥15.2 FY2022: ¥17.0

Operating performance by segment is as follows.

(Japan)

(Unit: Million yen)

	First quarter of FY2021	First quarter of FY2022	Difference	Change
Revenue	13,625	20,307	6,681	49.0%
Operating income/loss	(462)	1,285	1,747	–%

Main factors for year-on-year change

Revenue	Revenue increased primarily due to higher revenue accompanying the addition of Honda Cars SAITAMAKITA as a consolidated subsidiary, offsetting the impact of lower order volume caused by the semiconductor shortage.
Operating income	Operating income increased primarily due to the impact of higher revenue.

(Americas)

(Unit: Million yen)

	First quarter of FY2021	First quarter of FY2022	Difference	Change
Revenue	16,662	39,808	23,146	138.9%
Operating income/loss	(2,394)	925	3,319	–%

Main factors for year-on-year change

Revenue	Revenue increased primarily due to the elimination of production stoppages stemming from the COVID-19 pandemic that occurred in the first quarter of FY2021, offsetting the impact of lower order volume caused by the semiconductor shortage.
Operating income	Operating income increased primarily due to the impact of higher revenue.

(China)

(Unit: Million yen)

	First quarter of FY2021	First quarter of FY2022	Difference	Change
Revenue	25,418	27,479	2,061	8.1%
Operating income	5,423	5,109	-314	-5.8%

Main factors for year-on-year change

Revenue	Revenue increased primarily on higher production volume and the impact of foreign currency translation, offsetting the impact of lower order volume caused by the semiconductor shortage.
Operating income	Operating income decreased primarily due to various higher expenses, offsetting the impact of higher revenue.

(Asia and Europe)

(Unit: Million yen)

	First quarter of FY2021	First quarter of FY2022	Difference	Change
Revenue	3,196	9,546	6,349	198.6%
Operating income/loss	(2,921)	(167)	2,754	94.3%

Main factors for year-on-year change

Revenue	Revenue increased primarily due to the elimination of production stoppages stemming from the COVID-19 pandemic that occurred in the first quarter of FY2021, offsetting the impact of lower order volume caused by the semiconductor shortage.
Operating income	Operating income increased primarily due to the impact of higher revenue and the elimination of expenses related to the reorganization of automobile seat production in India that occurred in the first quarter of FY2021.

Sales by business segment are as follows:

(Unit: Million yen)

	First quarter of FY2021		First quarter of FY2022		Difference	Change
		Sales ratio		Sales ratio		
Motorcycles	915	1.7%	1,404	1.6%	488	53.4%
Automobiles	53,086	97.0%	84,718	93.6%	31,632	59.6%
(Seats)	47,684	87.1%	75,426	83.4%	27,741	58.2%
(Interior products)	5,401	9.9%	9,291	10.3%	3,890	72.0%
Other businesses	737	1.3%	4,342	4.8%	3,604	488.4%
Total	54,739	100.0%	90,464	100.0%	35,724	65.3%

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

(2) Qualitative Information Concerning Consolidated Financial Positions

(Assets)

Assets at the end of the first quarter of FY2022 stood at 385,790 million yen, a decrease of 4,687 million yen from the end of FY2021. This change is mainly due to a decrease in trade and other receivables driven by lower order volume from major customers. This offset an increase in other financial assets primarily due to an increase in time deposits.

(Liabilities)

Liabilities at the end of the first quarter of FY2022 amounted to 87,957 million yen, down 1,069 million yen from the end of FY2021. This change resulted mainly from a decrease in trade and other payables stemming primarily from lower order volume from major customers.

(Equity)

Equity at the end of the first quarter of FY2022 was 297,832 million yen, down 3,618 million yen from the end of FY2021. This change is primarily the result of a decrease in non-controlling interests stemming from the appropriation of retained earnings.

(3) Qualitative Information Concerning Consolidated Forecasts

Taking into account consolidated operating results for the first quarter of FY2022 as well as the current trend in orders from major customers and foreign exchange rates, the Company is keeping the consolidated forecasts announced on June 21, 2021 unchanged.

2. Condensed Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Unit: Million yen)

	FY2021 (As of March 31, 2021)	First quarter of FY2022 (As of June 30, 2021)
Assets		
Current assets		
Cash and cash equivalents	153,034	151,410
Trade and other receivables	62,984	55,533
Other financial assets	5,361	7,845
Inventories	33,607	34,982
Income tax receivables	1,719	1,731
Other current assets	6,202	6,708
Total assets	262,909	258,212
Non-current assets		
Property, plant and equipment	69,053	68,840
Intangible assets	10,911	10,968
Investments accounted for using the equity method	16,575	16,614
Other financial assets	25,258	25,740
Net defined benefit asset	3,575	3,511
Deferred tax assets	1,748	1,497
Other non-current assets	445	404
Total non-current assets	127,568	127,578
Total assets	390,478	385,790

(Unit: Million yen)

	FY2021 (As of March 31, 2021)	First quarter of FY2022 (As of June 30, 2021)
Liabilities and equity		
Current liabilities		
Trade and other payables	62,943	62,392
Other financial liabilities	1,357	1,467
Income taxes payable	2,021	2,057
Provisions	2,851	2,827
Other current liabilities	7,139	7,106
Total current liabilities	76,313	75,851
Non-current liabilities		
Other financial liabilities	3,952	3,933
Net defined benefit liability	1,648	1,675
Provisions	85	86
Deferred tax liabilities	5,808	5,093
Other non-current liabilities	1,219	1,317
Total non-current liabilities	12,714	12,106
Total liabilities	89,027	87,957
Equity		
Capital stock	4,700	4,700
Capital surplus	4,975	5,051
Treasury stock	(2,657)	(2,658)
Retained earnings	264,261	264,146
Other components of equity	5,738	6,704
Total equity attributable to owners of parent	277,017	277,944
Non-controlling interests	24,433	19,888
Total equity	301,450	297,832
Total liabilities and equity	390,478	385,790

(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 FY2021 (April 1, 2020 – June 30, 2020)	First quarter of FY2022 (April 1, 2021 – June 30, 2021)
Revenue	54,739	90,464
Cost of sales	(50,015)	(76,155)
Gross profit	4,724	14,309
Selling, general and administrative expenses	(7,253)	(8,641)
Other income	1,121	452
Other expenses	(385)	(117)
Operating profit (loss)	(1,792)	6,003
Finance income	521	538
Finance costs	(25)	(260)
Share of profit of investments accounted for using the equity method	75	267
Income (loss) before tax	(1,221)	6,549
Income tax expense	(735)	(2,082)
Net income (loss)	(1,956)	4,466
Income (loss) attributable to		
Owners of parent	(3,757)	3,040
Non-controlling interests	1,801	1,426
Net income (loss)	(1,956)	4,466
Earnings (losses) per share		
Basic earnings (losses) per share (yen)	(27.63)	22.65
Diluted earnings per share (yen)	—	—

Condensed Quarterly Consolidated Statement of Comprehensive Income
Consolidated Cumulative First Quarter

(Unit: Million yen)

	First quarter of FY2021 (April 1, 2020 – June 30, 2020)	First quarter of FY2022 (April 1, 2021 – June 30, 2021)
Net income (loss)	(1,956)	4,466
Other comprehensive income		
Components that will not be reclassified subsequently to net profit or loss		
Remeasurements of defined benefits plans	(52)	(10)
Financial assets measured at fair value through other comprehensive income	1,073	610
Share of other comprehensive income of associates accounted for using the equity method	—	58
Total components that will not be reclassified subsequently to net profit or loss	1,020	658
Components that may be reclassified subsequently to net profit or loss		
Differences on translation from foreign operations	505	(141)
Share of other comprehensive income of associates accounted for using the equity method	(50)	505
Total components that may be reclassified subsequently to net profit or loss	455	364
Other comprehensive income, net or tax	1,476	1,023
Comprehensive income for the period	(480)	5,489
Comprehensive income for the period attributable to:		
Owners of parent	(2,310)	4,005
Non-controlling interests	1,829	1,483
Comprehensive income for the period	(480)	5,489

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

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)
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					
Share-based payments					
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
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	—		—
Share-based payments	—		—
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

First quarter of FY2022 (April 1, 2021 – June 30, 2021)

(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	4,975	(2,657)	264,261	5,738
Comprehensive income					
Net income (loss)				3,040	
Other comprehensive income					965
Total comprehensive income	—	—	—	3,040	965
Transactions with owners, etc.					
Dividends				(3,154)	
Acquisition of treasury stock			(0)		
Share-based payments		75			
Total transactions with owners, etc.	—	75	(0)	(3,154)	—
Balance as at the end of the fiscal year	4,700	5,051	(2,658)	264,146	6,704

	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance as at the end of the previous fiscal year	277,017	24,433	301,450
Comprehensive income			
Net income (loss)	3,040	1,426	4,466
Other comprehensive income	965	57	1,023
Total comprehensive income	4,005	1,483	5,489
Transactions with owners, etc.			
Dividends	(3,154)	(6,028)	(9,183)
Acquisition of treasury stock	(0)		(0)
Share-based payments	75		75
Total transactions with owners, etc.	(3,079)	(6,028)	(9,107)
Balance as at the end of the fiscal year	277,944	19,888	297,832

(4) Condensed Quarterly Consolidated Statement of Cash Flows

(Unit: Million yen)

	First quarter of FY2021 (April 1, 2020 – June 30, 2020)	First quarter of FY2022 (April 1, 2021 – June 30, 2021)
Cash flows from operating activities		
Income (loss) before tax	(1,221)	6,549
Depreciation and amortization	3,001	2,871
Impairment loss	90	—
Loss (gain) on disposal of non-current assets	146	4
Finance income and finance costs	(413)	(499)
Share of loss (profit) of investments accounted for using the equity method	(75)	(267)
Decrease (increase) in trade and other receivables	(12,177)	7,858
Net decrease (increase) in leased receivables and investment assets	383	(92)
Decrease (increase) in inventories	(1,518)	(1,311)
Increase (decrease) in trade and other payables	(1,691)	(1,308)
Increase in net defined benefit asset or liability	55	103
Increase (decrease) in provisions	(39)	(22)
Other	741	144
Subtotal	(12,717)	14,030
Interest income received	345	284
Dividend income received	168	409
Interest expenses paid	(25)	(28)
Income taxes paid	(1,080)	(2,825)
Cash flows from operating activities	(13,309)	11,870
Cash flows from investing activities		
Payments into time deposits	(1,482)	(3,403)
Proceeds from withdrawal of time deposits	2,553	511
Purchase of property, plant and equipment	(998)	(2,950)
Proceeds from sales of property, plant and equipment	98	83
Purchase of intangible assets	(453)	(647)
Purchase of equity instruments	(14)	(26)
Proceeds from sales of equity instruments	—	0
Payments of loans receivable	(16)	(50)
Collection of loans receivable	62	61
Purchase of shares of consolidated subsidiaries	(1,564)	—
Other	6	0
Cash flows from investing activities	(1,809)	(6,420)

(Unit: Million yen)

	First quarter of FY2021 (April 1, 2020 – June 30, 2020)	First quarter of FY2022 (April 1, 2021– June 30, 2021)
Cash flows from financial activities		
Repayments of lease liabilities	(529)	(495)
Purchase of treasury stock	—	(0)
Cash dividends paid	(2,923)	(3,159)
Payment to acquire interests in subsidiaries from non-controlling interests	(2,067)	(3,014)
Net cash provided by (used in) financing activities	(5,520)	(6,670)
Effect of exchange rate change on cash and cash equivalents	188	(403)
Net increase (decrease) in cash and cash equivalents	(20,450)	(1,624)
Cash and cash equivalents at beginning of period	149,628	153,034
Cash and cash equivalents at end of period	129,177	151,410

(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 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.

First quarter of FY2022 (April 1, 2021 – June 30, 2021)

(Unit: Million yen)

	Reportable segments					Adjustments	Amounts stated in consolidated F/S
	Japan	Americas	China	Asia and Europe	Total		
Revenue							
External revenue	15,276	39,706	29,296	9,185	90,464	—	90,464
Inter-segment transfer	5,030	102	1,183	360	6,676	(6,676)	—
Total	20,307	39,808	27,479	9,546	97,141	(6,676)	90,464
Segment profits (losses)	1,285	925	5,109	(167)	7,151	(1,148)	6,003
Finance income and finance costs	—	—	—	—	—	—	278
Return on investment using the equity method	—	—	—	—	—	—	267
Income before tax	—	—	—	—	—	—	6,549

- (Notes) 1. Adjustments of -1,148 million yen for segment profits include a deduction of 90 million yen for transactions among segments, and operating expenses of -1,239 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.