



Consolidated Financial Summary Cumulative Second Quarter of FY2023

(April 1, 2022 – September 30, 2022)

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 Second Quarter of FY2023 (under IFRS)

November 11, 2022

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: November 11, 2022
 Scheduled date of commencement of dividend payment: November 28, 2022
 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 Cumulative Second Quarter of FY2023 (April 1, 2022 – September 30, 2022)

(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	%
Second quarter of FY2023	196,978	14.8	5,625	-47.5	7,460	-38.8	4,474	-48.3	1,364	-75.9	23,066	151.7
Second quarter of FY2022	171,532	9.6	10,706	7.2	12,190	8.7	8,651	7.8	5,656	35.9	9,165	45.2

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Second quarter of FY2023	10.45	—
Second quarter of FY2022	42.13	—

(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
Second quarter of FY2023	434,465	332,433	306,715	70.6	2,378.30
FY2022	415,985	325,583	296,855	71.4	2,234.73

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
FY2022	—	26.00	—	28.00	54.00
FY2023	—	30.00	—	—	—
FY2023 (forecast)	—	—	—	33.00	63.00

(Notes) Revision from the most recent announcement of cash dividends forecasts: No

3. Consolidated Forecasts for FY2023 (April 1, 2022 – March 31, 2023)

(%: 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
FY2023	415,000	18.6	20,000	-13.0	22,800	-11.8	15,100	-19.7	9,400	-24.3	72.76

(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	2Q of FY2023	136,000,000 shares	FY2022	136,000,000 shares
2) Number of treasury stock at the end of the term	2Q of FY2023	7,035,756 shares	FY2022	3,162,967 shares
3) Average number of shares during the term (cumulative)	2Q of FY2023	130,586,932 shares	2Q of FY2022	134,268,269 shares

*This quarterly financial statement is exempt from quarterly reviews by certified public accountants or auditing firms.

*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.

Presentation materials used at the results briefing on November 18, 2022 will be available at the following URL:
(IRInformation) <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 cumulative second quarter of FY2023 (April 1, 2022 – September 30, 2022) reached 196,978 million yen on a consolidated basis, an increase of 25,446 million yen (14.8%) from the same period in FY2022, mainly due to the exchange rate impact and an improved model mix despite the impact of lower production by customers stemming from supply chain disruptions.

Looking at profits, operating income stood at 5,625 million yen, a decrease of 5,081 million yen (47.5%) year on year due to the impact of lower production, offsetting cost-cutting measures. Income attributable to owners of parent amounted to 1,364 million yen, a decrease of 4,292 million yen (75.9%) year on year.

*USD/JPY first half average exchange rate... FY2022: ¥109.8 FY2023: ¥134.0

CNY/JPY first half average exchange rate... FY2022: ¥17.0 FY2023: ¥19.9

Operating performance by segment is as follows.

(Japan)

(Unit: Million yen)

	Cumulative second quarter of FY2022	Cumulative second quarter of FY2023	Difference	Change
Revenue	39,012	40,825	1,813	4.6%
Operating income	2,274	1,566	-708	-31.1%

Main factors for year-on-year change

Revenue	Revenue slightly increased primarily due to an increase in development revenue and the impact of foreign exchange rates.
Operating income	Operating income decreased primarily due to temporary expenses resulting from a review of the human resources plan, offsetting cost-cutting measures.

(The Americas)

(Unit: Million yen)

	Cumulative second quarter of FY2022	Cumulative second quarter of FY2023	Difference	Change
Revenue	73,770	88,702	14,931	20.2%
Operating income/loss	111	(4,084)	-4,196	—%

Main factors for year-on-year change

Revenue	Revenue increased primarily due to the exchange rate impact and an improved model mix, offsetting the impact of lower production by customers due to disruptions in the automobile industry supply chain.
Operating income	Operating income decreased primarily due to the impact of lower production, offsetting cost-cutting measures.

* The impact of foreign currency translation stemming from a weak yen resulted impact in terms of profits resulted in the posting of an operating loss.

(China)

(Unit: Million yen)

	Cumulative second quarter of FY2022	Cumulative second quarter of FY2023	Difference	Change
Revenue	54,117	63,199	9,082	16.8%
Operating income	9,861	10,726	864	8.8%

Main factors for year-on-year change

Revenue Revenue increased primarily due to the exchange rate impact and an improved model mix, offsetting the impact of lower production by customers due to disruptions in the automobile industry supply chain.

Operating income Operating income increased primarily due to the impact of higher revenue.

(Asia and Europe)

(Unit: Million yen)

	Cumulative second quarter of FY2022	Cumulative second quarter of FY2023	Difference	Change
Revenue	18,083	18,604	520	2.9%
Operating income	984	335	-649	-66.0%

Main factors for year-on-year change

Revenue Revenue slightly increased primarily due to increased production and the exchange rate impact, offsetting the end of production* at our consolidated subsidiary in the UK.

Operating income Operating income decreased primarily due to the end of production at our consolidated subsidiary in the UK, offsetting the impact of higher revenue.

*Production at TS TECH UK LTD, our consolidated subsidiary in the UK, ended in July 2021, and the company is scheduled to be dissolved during FY2023.

Sales by business segment are as follows:

(Unit: Million yen)

	Cumulative second quarter of FY2022		Cumulative second quarter of FY2023		Difference	Change
		Sales ratio		Sales ratio		
Motorcycles	2,832	1.7%	3,793	1.9%	960	33.9%
Automobiles	160,237	93.4%	184,231	93.5%	23,994	15.0%
(Seats)	143,871	83.9%	165,198	83.9%	21,327	14.8%
(Interior products)	16,366	9.5%	19,033	9.7%	2,667	16.3%
Other businesses	8,462	4.9%	8,953	4.5%	491	5.8%
Total	171,532	100.0%	196,978	100.0%	25,446	14.8%

*“Motorcycles” saw large increases year on year.

This is due to the inclusion of TS TECH (MANDAL) PRIVATE LIMITED, which operates the motorcycle business, in the scope of consolidation during the first quarter.

(2) Qualitative Information Concerning Consolidated Financial Positions

(Assets)

Total assets at the end of the second quarter of FY2023 stood at 434,465 million yen, an increase of 18,480 million yen from the end of FY2022. This change resulted mainly from an overall increase in assets due to foreign currency translation and an increase in trade and other receivables due to higher order volume from major customers. This offset a decrease in other current assets due to the acquisition of treasury stock.

(Liabilities)

Total liabilities at the end of the second quarter of FY2023 amounted to 102,032 million yen, up 11,630 million yen from the end of FY2022. This change resulted mainly from an increase in trade and other payables due to higher order volume from major customers, in addition to an overall increase in liabilities due to foreign currency translation.

(Equity)

Total equity at the end of the second quarter of FY2023 was 332,433 million yen, up 6,850 million yen from the end of FY2022. This change is primarily the result of an increase in other components of equity due to an increase in differences on translation from foreign operations, offsetting an increase in treasury stock and a decrease in retained earnings due to payment of cash dividends.

(3) Qualitative Information Concerning Consolidated Forecasts

Taking into account the consolidated operating results for the cumulative second quarter of FY2023 as well as the current trend in orders from major customers, the Company has revised the consolidated forecasts announced on May 13, 2022 as follows.

The assumed average full-year exchange rates are USD/JPY: ¥134.5 and CNY/JPY: ¥19.7.

Revisions to full-year consolidated forecasts for FY2023 (April 1, 2022 – March 31, 2023)

	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
Previous forecasts (A)	380,000	17,500	18,800	12,500	8,200	63.84
Revised forecasts (B)	415,000	20,000	22,800	15,100	9,400	72.76
Difference (B-A)	35,000	2,500	4,000	2,600	1,200	
Change in %	9.2	14.3	21.3	20.8	14.6	
(Reference) Results from previous fiscal year (FY2022)	349,958	22,998	25,839	18,803	12,416	92.56

2. Condensed Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Unit: Million yen)

	FY2022 (As of March 31, 2022)	Second quarter of FY2023 (As of September 30, 2022)
Assets		
Current assets		
Cash and cash equivalents	139,585	152,437
Trade and other receivables	65,430	70,675
Other financial assets	9,700	9,100
Inventories	43,532	42,131
Income tax receivables	2,340	4,320
Other current assets	16,448	9,874
Total current assets	277,037	288,540
Non-current assets		
Property, plant and equipment	76,860	85,539
Intangible assets	10,580	10,303
Investments accounted for using the equity method	17,257	18,061
Other financial assets	27,097	24,552
Net defined benefit asset	4,311	4,181
Deferred tax assets	2,454	2,939
Other non-current assets	386	347
Total non-current assets	138,947	145,925
Total assets	415,985	434,465

(Unit: Million yen)

	FY2022 (As of March 31, 2022)	Second quarter of FY2023 (As of September 30, 2022)
Liabilities and equity		
Current liabilities		
Trade and other payables	67,024	76,573
Other financial liabilities	1,718	1,713
Income taxes payable	1,776	3,476
Provisions	217	231
Other current liabilities	6,830	8,510
Total current liabilities	77,567	90,503
Non-current liabilities		
Other financial liabilities	4,420	4,367
Net defined benefit liabilities	1,466	1,602
Provisions	157	168
Deferred tax liabilities	5,470	4,117
Other non-current liabilities	1,319	1,273
Total non-current liabilities	12,834	11,528
Total liabilities	90,401	102,032
Equity		
Capital stock	4,700	4,700
Capital surplus	5,150	5,328
Treasury stock	(4,737)	(10,218)
Retained earnings	270,031	268,061
Other components of equity	21,710	38,844
Total equity attributable to owners of parent	296,855	306,715
Non-controlling interests	28,727	25,718
Total equity	325,583	332,433
Total liabilities and equity	415,985	434,465

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

Condensed Quarterly Consolidated Statement of Income

Consolidated Cumulative Second Quarter

(Unit: Million yen)

	Consolidated cumulative second quarter of FY2022 (April 1, 2021– September 30, 2021)	Consolidated cumulative second quarter of FY2023 (April 1, 2022 – September 30, 2022)
Revenue	171,532	196,978
Cost of sales	(144,896)	(172,791)
Gross profit	26,636	24,187
Selling, general and administrative expenses	(16,816)	(18,993)
Other income	1,163	581
Other expenses	(275)	(150)
Operating profit	10,706	5,625
Finance income	1,233	1,809
Finance costs	(67)	(68)
Share of profit of investments accounted for using the equity method	317	93
Income before tax	12,190	7,460
Income tax expense	(3,538)	(2,986)
Net income	8,651	4,474
Income attributable to		
Owners of parent	5,656	1,364
Non-controlling interests	2,995	3,110
Net income	8,651	4,474
Earnings per share		
Basic earnings per share (yen)	42.13	10.45
Diluted earnings per share (yen)	—	—

Condensed Quarterly Consolidated Statement of Comprehensive Income
Consolidated Cumulative Second Quarter

(Unit: Million yen)

	Consolidated cumulative second quarter of FY2022 (April 1, 2021 – September 30, 2021)	Consolidated cumulative second quarter of FY2023 (April 1, 2022 – September 30, 2022)
Net income	8,651	4,474
Other comprehensive income		
Components that will not be reclassified subsequently to net profit or loss		
Remeasurements of defined benefit plans	(73)	21
Financial assets measured at fair value through other comprehensive income	425	(875)
Share of other comprehensive income of entities accounted for using the equity method	48	(61)
Total components that will not be reclassified subsequently to net profit or loss	400	(915)
Components that may be reclassified subsequently to net profit or loss		
Differences on translation from foreign operations	(398)	18,292
Share of other comprehensive income of associates accounted for using the equity method	510	1,216
Total components that may be reclassified subsequently to net profit or loss	112	19,508
Other comprehensive income, net of tax	513	18,592
Comprehensive income for the period	9,165	23,066
Comprehensive income for the period attributable to:		
Owners of parent	6,022	18,497
Non-controlling interests	3,142	4,568
Comprehensive income for the period	9,165	23,066

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

Consolidated Cumulative Second Quarter of FY2022 (April 1, 2021 – September 30, 2021)

(Unit: Million yen)

	Equity attributable to owners of parent				
	Capital stock	Capital surplus	Treasury stock	Retained earnings	Other components of equity
Balance at the end of the previous fiscal year	4,700	4,975	(2,657)	264,261	5,738
Comprehensive income					
Net income				5,656	
Other comprehensive income					366
Total comprehensive income	—	—	—	5,656	366
Transactions with owners, etc.					
Dividends				(3,154)	
Acquisition of treasury stock			(0)		
Disposal of treasury stock			73		
Share-based payments		69			
Changes in ownership in interest in subsidiaries					
Other					
Total transactions with owners, etc.	—	69	73	(3,154)	—
Balance at the end of the fiscal year	4,700	5,045	(2,584)	266,762	6,105

	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at the end of the previous fiscal year	277,017	24,433	301,450
Comprehensive income			
Net income	5,656	2,995	8,651
Other comprehensive income	366	146	513
Total comprehensive income	6,022	3,142	9,165
Transactions with owners, etc.			
Dividends	(3,154)	(6,028)	(9,183)
Acquisition of treasury stock	(0)		(0)
Disposal of treasury stock	73		73
Share-based payments	69		69
Changes in ownership in interest in subsidiaries	—		—
Other	—		—
Total transactions with owners, etc.	(3,011)	(6,028)	(9,040)
Balance at the end of the fiscal year	280,028	21,546	301,575

Consolidated Cumulative Second Quarter of FY2023 (April 1, 2022 – September 30, 2022)

(Unit: Million yen)

	Equity attributable to owners of parent				
	Capital stock	Capital surplus	Treasury stock	Retained earnings	Other components of equity
Balance at the end of the previous fiscal year	4,700	5,150	(4,737)	270,031	21,710
Comprehensive income					
Net income				1,364	
Other comprehensive income					17,133
Total comprehensive income	—	—	—	1,364	17,133
Transactions with owners, etc.					
Dividends				(3,719)	
Acquisition of treasury stock			(5,565)		
Disposal of treasury stock		(83)	83		
Share-based payments		77			
Changes in ownership in interest in subsidiaries		183			
Other			0	385	
Total transactions with owners, etc.	—	177	(5,481)	(3,334)	—
Balance at the end of the fiscal year	4,700	5,328	(10,218)	268,061	38,844

	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at the end of the previous fiscal year	296,855	28,727	325,583
Comprehensive income			
Net income	1,364	3,110	4,474
Other comprehensive income	17,133	1,458	18,592
Total comprehensive income	18,497	4,568	23,066
Transactions with owners, etc.			
Dividends	(3,719)	(7,766)	(11,486)
Acquisition of treasury stock	(5,565)		(5,565)
Disposal of treasury stock	—		—
Share-based payments	77		77
Changes in ownership in interest in subsidiaries	183	187	371
Other	385		385
Total transactions with owners, etc.	(8,637)	(7,578)	(16,216)
Balance at the end of the fiscal year	306,715	25,718	332,433

(4) Condensed Quarterly Consolidated Statement of Cash Flows

(Unit: Million yen)

	Consolidated cumulative second quarter of FY2022 (April 1, 2021 – September 30, 2021)	Consolidated cumulative second quarter of FY2023 (April 1, 2022 – September 30, 2022)
Cash flows from operating activities		
Income before tax	12,190	7,460
Depreciation and amortization	5,616	5,777
Impairment loss	137	—
Loss (gain) on disposal of non-current assets	(201)	(112)
Finance income (in parentheses) and finance costs	(768)	(1,119)
Share of loss (profit) of investments accounted for using the equity method	(317)	(93)
Decrease (increase) in trade and other receivables	7,796	646
Net decrease (increase) in leased receivables and investment assets	(889)	1,621
Decrease (increase) in inventories	(3,525)	5,917
Increase (decrease) in trade and other payables	(4,707)	2,022
Increase in net defined benefit asset or liability	51	160
Increase (decrease) in provisions	(1,946)	19
Other	4,001	515
Subtotal	17,436	22,817
Interest income received	601	797
Dividend income received	420	396
Interest expenses paid	(67)	(68)
Income taxes paid	(4,433)	(4,171)
Cash flows from operating activities	13,958	19,771
Cash flows from investing activities		
Payments into time deposits	(5,342)	(2,466)
Proceeds from withdrawal of time deposits	4,705	6,434
Purchase of property, plant and equipment	(4,269)	(7,098)
Proceeds from sales of property, plant and equipment	394	218
Purchase of intangible assets	(1,241)	(766)
Purchase of equity instruments	(34)	(44)
Proceeds from sales of equity instruments	0	—
Payments of loans receivable	(175)	(57)
Collection of loans receivable	111	61
Other	(4)	(49)
Cash flows from investing activities	(5,856)	(3,768)

(Unit: Million yen)

	Consolidated cumulative second quarter of FY2022 (April 1, 2021 – September 30, 2021)	Consolidated cumulative second quarter of FY2023 (April 1, 2022 – September 30, 2022)
Cash flows from financial activities		
Repayments of lease liabilities	(943)	(879)
Proceeds from sales of interests in subsidiaries to non-controlling interests	—	450
Purchase of treasury stock	(0)	(5,565)
Decrease (increase) in deposits for purchase of treasury shares	—	5,565
Cash dividends paid	(3,159)	(3,725)
Dividends paid to non-controlling interests	(4,930)	(6,501)
Net cash provided by (used in) financing activities	(9,033)	(10,656)
Effect of exchange rate changes on cash and cash equivalents	(595)	7,284
Net increase (decrease) in cash and cash equivalents	(1,527)	12,630
Cash and cash equivalents at beginning of period	153,034	139,585
Increase in cash and cash equivalents from newly consolidated subsidiaries	—	220
Cash and cash equivalents at end of period	151,507	152,437

(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 second quarter of FY2022 (April 1, 2021 – September 30, 2021)

(Unit: Million yen)

	Reportable segments					Adjustments	Amounts stated in consolidated F/S
	Japan	The Americas	China	Asia and Europe	Total		
Revenue							
External revenue	28,896	73,615	51,624	17,396	171,532	—	171,532
Inter-segment transfer	10,116	155	2,492	687	13,451	(13,451)	—
Total	39,012	73,770	54,117	18,083	184,984	(13,451)	171,532
Segment profits	2,274	111	9,861	984	13,232	(2,525)	10,706
Finance income and finance costs	—	—	—	—	—	—	1,166
Return on investment using the equity method	—	—	—	—	—	—	317
Income before tax	—	—	—	—	—	—	12,190

- (Notes) 1. Adjustments of -2,525 million yen for segment profits include a deduction of -7 million yen for transactions among segments, and operating expenses of -2,533 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 second quarter of FY2023 (April 1, 2022 – September 30, 2022)

(Unit: Million yen)

	Reportable segments					Adjustments	Amounts stated in consolidated F/S
	Japan	The Americas	China	Asia and Europe	Total		
Revenue							
External revenue	28,397	88,458	62,186	17,936	196,978	—	196,978
Inter-segment transfer	12,428	244	1,013	667	14,353	(14,353)	—
Total	40,825	88,702	63,199	18,604	211,332	(14,353)	196,978
Segment profits (losses)	1,566	(4,084)	10,726	335	8,543	(2,917)	5,625
Finance income and finance costs	—	—	—	—	—	—	1,741
Return on investment using the equity method	—	—	—	—	—	—	93
Income before tax	—	—	—	—	—	—	7,460

- (Notes) 1. Adjustments of -2,917 million yen for segment profits include a deduction of 58 million yen for transactions among segments, and operating expenses of -2,975 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.