

Consolidated Financial Summary First Quarter of FY2018

(April 1, 2017 – June 30, 2017)

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 FY2018 (under IFRS)

July 27, 2017

Company name: TS TECH CO., LTD. Stock exchange listing: Tokyo Stock Exchange
 Stock code: 7313 URL: <http://www.tstech.co.jp>
 Representative: Michio Inoue, President
 Contact: Mahoro Kurata, Manager, Public Relations Section, Administration Department Tel. 048-462-1121
 Scheduled date for filing of quarterly securities report: August 9, 2017
 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 FY2018 (April 1, 2017 – June 30, 2017)

(1) Consolidated Financial Results (Accumulated Total) (% of change from the same period of previous year)

	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 FY2018	108,182	4.2	13,407	52.7	13,689	81.9	9,897	85.3	7,066	78.3	9,503	—
First quarter of FY2017	103,817	-10.7	8,547	-26.9	7,527	-40.1	5,342	-44.0	3,964	-47.5	-8,786	—

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First quarter of FY2018	103.93	—
First quarter of FY2017	58.30	—

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets	Equity attributable to owners of parent per share
	Million yen	Million yen	Million yen	%	Yen
First quarter of FY 2018	323,234	235,228	216,475	67.0	3,183.55
FY2017	322,202	230,989	212,417	65.9	3,123.88

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
FY2017	—	35.00	—	35.00	70.00
FY2018	—	—	—	—	—
FY2018 (forecast)	—	38.00	—	38.00	76.00

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

3. Consolidated Forecasts for FY2018 (April 1, 2017 - March 31, 2018)

(% of change from the same period of previous year)

	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 FY2018	215,000	6.4	20,900	34.3	21,600	45.3	15,300	47.6	11,200	39.0	164.71
FY2018	435,000	2.2	40,000	15.7	41,500	15.9	29,000	15.6	23,000	17.2	338.25

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

*Notes

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

(2) Changes in accounting policies and accounting estimates : 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 FY2018	68,000,000 shares	FY2017	68,000,000 shares
2) Number of treasury stock at the end of the term	1Q of FY2018	2,050 shares	FY2017	2,050 shares
3) Average number of shares during the term (cumulative)	1Q of FY2018	67,997,950 shares	1Q of FY2017	67,997,997 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 above 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 above.

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1. Qualitative Information Concerning Quarterly Results

(1) Qualitative Information Concerning Consolidated Financial Results

Revenue for the first quarter of FY2018 (April 1, 2017 – June 30, 2017) reached 108,182 million yen on a consolidated basis, an increase of 4,365 million yen (4.2%) from the same period in FY2017, on higher order volume in China, sales of press tools for new models and the impact of exchange rates* stemming from a weaker yen. These factors offset a decrease in order volume from major customers in Japan, the Americas and Asia and Europe.

Looking at profits, operating income stood at 13,047 million yen, an increase of 4,500 million yen (52.7%) year-on-year due to compensation accompanying the end of the Guangzhou plant relocation in China. Income attributable to owners of parent amounted to 7,066 million yen, a decrease of 3,102 million yen (78.3%) year-on-year.

*USD/JPY average exchange rate... FY2017 1Q: ¥108.0 FY2018 1Q: ¥111.1

Operating performance by segment is as follows.

(Japan)

(Unit: Million yen)

	First quarter of FY2017	First quarter of FY2018	Year-on-year	Changes
Revenue	21,350	20,042	-1,307	-6.1%
Operating income	1,451	1,402	-49	-3.4%

Main factors for year-on-year change

Revenue	Revenue declined due to lower order volume from major customers and changes in the makeup of models, offsetting higher sales of components.
Operating income	Despite the impact of exchange rates and component sales, operating income decreased primarily due to the impact of lower revenue.

(Americas)

(Unit: Million yen)

	First quarter of FY2017	First quarter of FY2018	Year-on-year	Changes
Revenue	54,729	55,982	1,253	2.3%
Operating income	3,678	3,305	-373	-10.1%

Main factors for year-on-year change

Revenue	Despite lower order volume from major customers and changes in the makeup of models, revenue increased slightly due to factors including sales of press tools for new models and the impact of exchange rates.
Operating income	Operating income decreased primarily due to higher labor costs and other expenses, offsetting the effects of higher revenue.

(China)

(Unit: Million yen)

	First quarter of FY2017	First quarter of FY2018	Year-on-year	Changes
Revenue	20,535	23,348	2,813	13.7%
Operating income	3,464	8,169	4,705	135.8%

Main factors for year-on-year change

Revenue Revenue increased on higher order volume from major customers, offsetting changes in the makeup of models.

Operating income Operating income increased due to compensation accompanying the end of the Guangzhou plant relocation and the effects of higher revenue.

(Asia and Europe)

(Unit: Million yen)

	First quarter of FY2017	First quarter of FY2018	Year-on-year	Changes
Revenue	15,023	16,801	1,777	11.8%
Operating income	1,221	1,479	257	21.1%

Main factors for year-on-year change

Revenue Revenue increased due to higher component sales and an improved makeup of models, offsetting lower order volume from major customers.

Operating income Operating income increased primarily due to higher sales of components.

Sales by business segment are as follows:

(Unit: Million yen)

	First quarter of FY2017		First quarter of FY2018		Year-on-year	Changes
		Sales ratio		Sales ratio		
Motorcycles	1,010	1.0%	1,535	1.4%	524	51.9%
Automobiles	101,365	97.6%	105,213	97.3%	3,847	3.8%
(Seats)	89,451	86.1%	91,799	84.9%	2,348	2.6%
(Interior products)	11,913	11.5%	13,413	12.4%	1,499	12.6%
Other businesses	1,441	1.4%	1,434	1.3%	-7	-0.5%
Total	103,817	100.0%	108,182	100.0%	4,365	4.2%

(2) Qualitative Information Concerning Consolidated Financial Positions

(Assets)

Assets at the end of the first quarter of FY2018 stood at 323,234 million yen, an increase of 1,032 million yen from the end of FY2017. This change is due primarily to an increase in cash and cash equivalents resulting from higher profits, offsetting a decline in trade and other receivables stemming mainly from a decrease in order volume from major customers.

(Liabilities)

Liabilities at the end of the first quarter of FY2018 amounted to 88,005 million yen, down 3,206 million yen from the end of FY2017. The decrease resulted mainly from a decline in trade and other payables due to factors such as lower order volume from major customers and payment of cash dividends.

(Equity)

Equity at the end of the first quarter of FY2018 was 235,228 million yen, up 4,238 million yen from the end of FY2017. The change is primarily the result of an increase in retained earnings stemming from the allocation of net income.

(3) Qualitative Information Concerning Consolidated Forecasts

Taking into account consolidated operating results for the first quarter of FY2018 as well as the current trend in orders from major customers and foreign exchange rates, the Company is keeping the consolidated forecasts announced on April 28, 2017 unchanged.

2. Condensed Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Unit: Million yen)

	FY2017 (As of March 31, 2017)	First quarter of FY2018 (As of June 30, 2017)
Assets		
Current assets		
Cash and cash equivalents	96,008	99,290
Trade and other receivables	68,024	65,849
Other financial assets	7,307	8,243
Inventories	29,059	27,507
Income tax receivables	449	490
Other current assets	5,280	4,786
Total assets	206,131	206,168
Non-current assets		
Property, plant and equipment	76,576	76,391
Intangible assets	11,695	11,444
Investments accounted for using the equity method	1,028	1,101
Other financial assets	22,019	22,863
Net defined benefit asset	1,896	1,999
Deferred tax assets	1,906	2,151
Other non-current assets	948	1,114
Total non-current assets	116,070	117,065
Total assets	322,202	323,234

(Unit: Million yen)

	FY2017 (As of March 31, 2017)	First quarter of FY2018 (As of June 30, 2017)
Liabilities and equity		
Current liabilities		
Trade and other payables	69,476	63,299
Current borrowings	973	1,033
Other financial liabilities	709	1,070
Income taxes payable	2,871	4,322
Provisions	3,940	3,932
Other current liabilities	2,173	3,803
Total current liabilities	80,143	77,462
Non-current liabilities		
Non-current borrowings	315	314
Other financial liabilities	1,530	1,569
Net defined benefit liability	1,098	1,111
Provisions	101	98
Deferred tax liabilities	6,173	5,460
Other non-current liabilities	1,850	1,989
Total non-current liabilities	11,068	10,543
Total liabilities	91,212	88,005
Equity		
Capital stock	4,700	4,700
Capital surplus	5,257	5,171
Treasury stock	-4	-4
Retained earnings	194,847	199,534
Other components of equity	7,617	7,073
Total equity attributable to owners of parent	212,417	216,475
Non-controlling interests	18,572	18,753
Total equity	230,989	235,228
Total liabilities and equity	322,202	323,234

(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 FY2017 (April 1, 2016 – June 30, 2016)	First quarter of FY2018 (April 1, 2017 – June 30, 2017)
Revenue	103,817	108,182
Cost of sales	-86,148	-90,299
Gross profit	17,668	17,883
Selling, general and administrative expenses	-9,155	-9,085
Other income	178	4,345
Other expenses	-145	-95
Operating income	8,547	13,047
Finance income	382	575
Finance costs	-1,476	-36
Share of profit (loss) of investments accounted for using the equity method	73	103
Income before tax	7,527	13,689
Income tax expense	-2,184	-3,792
Net income	5,342	9,897
Income attributable to		
Income attributable to owners of parent	3,964	7,066
Income attributable to non-controlling interests	1,378	2,830
Net income	5,342	9,897
Earnings per share		
Basic earnings per share (yen)	58.30	103.93
Diluted earnings per share (yen)	—	—

Condensed Quarterly Consolidated Statement of Comprehensive Income
Consolidated First Quarter

(Unit: Million yen)

	First quarter of FY2017 (April 1, 2016 – June 30, 2016)	First quarter of FY2018 (April 1, 2017 – June 30, 2017)
Net income	5,342	9,897
Other comprehensive income		
Components that will not be reclassified subsequently to net profit or loss		
Remeasurements of defined benefits plans	12	-0
Total components that will not be reclassified subsequently to net profit or loss	12	-0
Components that may be reclassified subsequently to net profit or loss		
Change in fair value of available-for-sale financial assets	-1,452	-649
Differences on translation from foreign operations	-12,630	287
Share of other comprehensive income of associates accounted for using the equity method	-58	-30
Total components that may be reclassified subsequently to net profit or loss	-14,141	-393
Other comprehensive income, net or tax	-14,129	-393
Comprehensive income for the period	-8,786	9,503
Comprehensive income for the period attributable to:		
Comprehensive income for the period attributable to owners of parent	-7,974	6,523
Comprehensive income for the period attributable to non-controlling interests	-812	2,980
Comprehensive income for the period	-8,786	9,503

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

First Quarter of FY2017 (April 1, 2016 - June 30, 2016)

(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	4,949	-4	179,851	7,563
Comprehensive income					
Net income				3,964	
Other comprehensive income					-11,938
Total comprehensive income	—	—	—	3,964	-11,938
Transactions with owners, etc.					
Dividends				-2,243	
Acquisition of treasury stock			-0		
Changes in ownership interests in subsidiaries		76			
Total transactions with owners, etc.	—	76	-0	-2,243	—
Balance as at the end of the fiscal year	4,700	5,025	-4	181,572	-4,375

	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance as at the end of the previous fiscal year	197,060	22,031	219,092
Comprehensive income			
Net income	3,964	1,378	5,342
Other comprehensive income	-11,938	-2,190	-14,129
Total comprehensive income	-7,974	-812	-8,786
Transactions with owners, etc.			
Dividends	-2,243	-1,233	-3,477
Acquisition of treasury stock	-0		-0
Changes in ownership interests in subsidiaries	76	-155	-79
Total transactions with owners, etc.	-2,167	-1,388	-3,556
Balance as at the end of the fiscal year	186,919	19,830	206,749

First Quarter of FY2018 (April 1, 2017 - June 30, 2017)

(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	5,257	-4	194,847	7,617
Comprehensive income					
Net income				7,066	
Other comprehensive income					-543
Total comprehensive income	—	—	—	7,066	-543
Transactions with owners, etc.					
Dividends				-2,379	
Acquisition of treasury stock					
Changes in ownership interests in subsidiaries		-85			
Total transactions with owners, etc.	—	-85	—	-2,379	—
Balance as at the end of the fiscal year	4,700	5,171	-4	199,534	7,073

	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance as at the end of the previous fiscal year	212,417	18,572	230,989
Comprehensive income			
Profit	7,066	2,830	9,897
Other comprehensive income	-543	149	-393
Total comprehensive income	6,523	2,980	9,503
Transactions with owners, etc.			
Dividends	-2,379	-2,069	-4,449
Acquisition of treasury stock	—		—
Changes in ownership interests in subsidiaries	-85	-730	-815
Total transactions with owners, etc.	-2,465	-2,799	-5,264
Balance as at the end of the fiscal year	216,475	18,753	235,228

(4) Condensed Quarterly Statement of Cash Flows

(Unit: million yen)

	First quarter of FY2017 (April 1, 2016 – June 30, 2016)	First quarter of FY2018 (April 1, 2017 – June 30, 2017)
Cash flows from operating activities		
Income before tax	7,527	13,689
Depreciation and amortization	2,555	2,829
Loss (gain) on disposal of non-current assets	119	-277
Finance income and finance costs	-188	-429
Equity in (earnings) losses of affiliates	-73	-103
Decrease (increase) in operating and other receivables	1,209	2,555
Net decrease (increase) in leased receivables and investment assets	-249	-1,118
Decrease (increase) in inventories	-1,004	1,619
Increase (decrease) in operating and other debts	-4,156	-6,576
Increase in net defined benefit asset or liability	-45	-91
Increase (decrease) in provisions	-0	-4
Other	3,022	3,080
Subtotal	8,715	15,174
Interest income received	284	242
Dividend income received	105	231
Interest expenses paid	-37	-35
Income taxes paid	-2,213	-3,083
Cash flows from operating activities	6,853	12,529
Cash flows from investing activities		
Payments into time deposits	-635	-1,201
Proceeds from withdrawal of time deposits	1,990	496
Purchase of property, plant and equipment	-2,779	-2,763
Proceeds from sales of property, plant and equipment	9	44
Purchase of intangible assets	-765	-306
Purchase of equity instruments	-3	-12
Payments of loans receivable	-71	-55
Collection of loans receivable	55	60
Other	-364	-12
Cash flows from investing activities	-2,564	-3,749

(Unit: million yen)

	First quarter of FY2017 (April 1, 2016 – June 30, 2016)	First quarter of FY2018 (April 1, 2017 – June 30, 2017)
Cash flows from financial activities		
Net increase (decrease) in short-term loans payable	5	60
Proceeds from long-term loans payable	-3	-1
Repayment of long-term loans payable	-556	-264
Repayments of finance lease obligations	-0	—
Purchase of treasury stock	-2,243	-2,379
Cash dividends paid	-3,138	-2,252
Payment to acquire interests in subsidiaries from non-controlling interests	-79	-815
Net cash provided by (used in) financing activities	-6,016	-5,653
Effect of exchange rate change on cash and cash equivalents	-6,349	155
Net increase (decrease) in cash and cash equivalents	-8,076	3,281
Cash and cash equivalents at beginning of period	90,437	96,008
Cash and cash equivalents at end of period	82,361	99,290

(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 reporting segments

First quarter of FY2017 (April 1, 2016 – June 30, 2016)

(Unit: Million yen)

	Reporting Segments					Adjustments	Amounts stated in consolidated F/S
	Japan	Americas	China	Asia and Europe	Total		
Revenue							
External revenue	15,876	54,329	18,716	14,895	103,817	—	103,817
Inter-segment transfer	5,473	400	1,818	128	7,820	-7,820	—
Total	21,350	54,729	20,535	15,023	111,637	-7,820	103,817
Segment profits	1,451	3,678	3,464	1,221	9,816	-1,269	8,547
Finance income and finance costs	—	—	—	—	—	—	-1,093
Return on investment using the equity method	—	—	—	—	—	—	73
Income before tax	—	—	—	—	—	—	7,527

- (Notes) 1. Adjustments of -1,269 million yen for segment profits include a deduction of -32 million yen for transactions among segments, and operating expenses of -1,237 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 FY2018 (April 1, 2017 – June 30, 2017)

(Unit: Million yen)

	Reporting Segments					Adjustments	Amounts stated in consolidated F/S
	Japan	Americas	China	Asia and Europe	Total		
Revenue							
External revenue	14,390	55,599	21,631	16,560	108,182	—	108,182
Inter-segment transfer	5,652	382	1,717	240	7,992	-7,992	—
Total	20,042	55,982	23,348	16,801	116,174	-7,992	108,182
Segment profits	1,402	3,305	8,169	1,479	14,357	-1,309	13,047
Finance income and finance costs	—	—	—	—	—	—	539
Return on investment using the equity method	—	—	—	—	—	—	103
Income before tax	—	—	—	—	—	—	13,689

- (Notes) 1. Adjustments of -1,309 million yen for segment profits include a deduction of -96 million yen for transactions among segments, and operating expenses of -1,213 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.