

# **Consolidated Financial Summary**

## **Third Quarter of FY2018**

(April 1, 2017 – December 31, 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 Third Quarter of FY2018 (under IFRS)

January 31, 2018

Company name: TS TECH CO., LTD. Stock exchange listing: Tokyo Stock Exchange  
 Stock code: 7313 URL: <http://www.tstech.co.jp>  
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 Scheduled date for filing of quarterly securities report: February 9, 2018  
 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 Third Quarter of FY2018 (April 1, 2017 – December 31, 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	%
Third quarter of FY2018	351,460	13.0	33,873	42.1	35,650	45.1	26,330	45.1	20,233	38.5	32,005	55.0
Third quarter of FY2017	311,073	-9.2	23,832	-15.8	24,562	-17.9	18,145	-18.5	14,606	-16.3	20,646	29.6

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Third quarter of FY2018	297.57	—
Third quarter of FY2017	214.80	—

### (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 FY 2018	352,863	254,853	232,192	65.8	3,414.70
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	—	38.00	—		
FY2018 (forecast)				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
FY2018	463,000	8.7	43,000	24.4	45,000	25.7	32,000	27.6	24,800	26.4	364.72

(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  
 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  
 2) Number of treasury stock at the end of the term  
 3) Average number of shares during the term (cumulative)

3Q of FY2018	68,000,000 shares	FY2017	68,000,000 shares
3Q of FY2018	2,100 shares	FY2017	2,050 shares
3Q of FY2018	67,997,919 shares	3Q of FY2017	67,997,965 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. based on 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 above.

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## 1. Qualitative Information Concerning Quarterly Results

### (1) Qualitative Information Concerning Consolidated Financial Results

Revenue for the first three quarters of FY2018 (April 1, 2017 – December 31, 2017) reached 351,460 million yen on a consolidated basis, an increase of 40,387 million yen (13.0%) from the same period in FY2017. Factors for the increase include the impact of exchange rates\* stemming from a weaker yen and sales of press tools for new models in the Americas segment, as well as an improved makeup of models and higher order volume from major customers.

Looking at profits, operating income stood at 33,873 million yen, an increase of 10,040 million yen (42.1%) year-on-year due to higher revenue as well as compensation accompanying the end of the Guangzhou plant relocation in China and the elimination of temporary expenses related to new model launches in the Asia and Europe segment. Income attributable to owners of parent amounted to 20,233 million yen, an increase of 5,627 million yen (38.5%) year-on-year.

\*Exchange rates (Average rates for first three quarters)

FY2017... USD/JPY: ¥106.6 CNY/JPY: ¥16.0

FY2018... USD/JPY: ¥111.7 CNY/JPY: ¥16.6

Operating performance by segment is as follows.

(Japan)

(Unit: million yen)

	First three quarters of FY2017	First three quarters of FY2018	Year-on-year	Change
Revenue	70,533	66,706	-3,826	-5.4%
Operating income	7,114	6,334	-779	-11.0%

Main factors for year-on-year change

Revenue	Revenue decreased primarily due to changes in the makeup of models and a decline in sales related to development costs, offsetting higher order volume driven by new model launches and the impact of exchange rates.
Operating income	Operating income decreased primarily due to the effects of lower revenue and higher development costs, offsetting factors such as higher order volume and the impact of exchange rates.

(Americas)

(Unit: million yen)

	First three quarters of FY2017	First three quarters of FY2018	Year-on-year	Change
Revenue	155,965	164,644	8,678	5.6%
Operating income	8,184	8,199	15	0.2%

Main factors for year-on-year change

Revenue	Revenue increased primarily due to sales of press tools for new models and the impact of foreign currency translation, offsetting a slight decrease in order volume from major customers.
Operating income	Operating income remained largely unchanged year-on-year primarily due to various expenses, offsetting the effects of higher revenue.

(China)

(Unit: million yen)

	First three quarters of FY2017	First three quarters of FY2018	Year-on-year	Change
Revenue	68,510	90,035	21,525	31.4%
Operating income	10,994	18,369	7,375	67.1%

Main factors for year-on-year change

Revenue	Revenue increased primarily due to order volume from major customers, an improved makeup of models and the impact of foreign currency translation.
Operating income	Operating income increased primarily due to the effects of higher revenue as well as compensation accompanying the end of the Guangzhou plant relocation.

(Asia and Europe)

(Unit: million yen)

	First three quarters of FY2017	First three quarters of FY2018	Year-on-year	Change
Revenue	42,476	56,307	13,831	32.6%
Operating income	1,366	4,936	3,570	261.3%

Main factors for year-on-year change

Revenue	Revenue increased primarily due to higher order volume from major customers and an improved makeup of models, as well as a rise in component sales and the impact of foreign currency translation.
Operating income	Operating income increased primarily due to the effects of higher revenue and the elimination of temporary expenses related to new model launches incurred in the previous fiscal year.

Sales by business segment are as follows:

(Unit: million yen)

	First three quarters of FY2017		First three quarters of FY2018		Year-on- year	Change
		Sales ratio		Sales ratio		
Motorcycles	3,884	1.2%	4,725	1.3%	840	21.7%
Automobiles	302,979	97.4%	342,686	97.5%	39,706	13.1%
(Seats)	264,777	85.1%	301,748	85.9%	36,971	14.0%
(Interior products)	38,202	12.3%	40,938	11.6%	2,735	7.2%
Other businesses	4,209	1.4%	4,048	1.2%	-160	-3.8%
Total	311,073	100.0%	351,460	100.0%	40,387	13.0%

## (2) Qualitative Information Concerning Consolidated Financial Positions

### (Assets)

Assets at the end of the third quarter of FY2018 stood at 352,863 million yen, an increase of 30,661 million yen from the end of FY2017. This change is due primarily to an increase in cash and cash equivalents on higher profits, as well as an increase in trade and other receivables stemming from higher order volume from major customers.

### (Liabilities)

Liabilities at the end of the third quarter of FY2018 amounted to 98,010 million yen, up 6,797 million yen from the end of FY2017. Higher order volume from major customers led to an increase in both trade and other payables as well as other current liabilities.

### (Equity)

Equity at the end of the third quarter of FY2018 was 254,853 million yen, up 23,863 million yen from the end of FY2017. The change is the result of an increase in retained earnings as well as an increase in other components in equity driven by foreign currency translation.

## (3) Qualitative Information Concerning Consolidated Forecasts

Taking into account consolidated operating results for the first three quarters of FY2018 as well as the current trend in orders from major customers and foreign exchange rates, the Group is keeping the consolidated forecasts announced on November 1, 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)	Third quarter of FY2018 (As of December 31, 2017)
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	96,008	114,131
Trade and other receivables	68,024	72,718
Other financial assets	7,307	10,525
Inventories	29,059	27,518
Income tax receivables	449	2,131
Other current assets	5,280	5,900
<b>Total assets</b>	<b>206,131</b>	<b>232,926</b>
<b>Non-current assets</b>		
Property, plant and equipment	76,576	76,388
Intangible assets	11,695	11,083
Investments accounted for using the equity method	1,028	1,334
Other financial assets	22,019	25,890
Net defined benefit asset	1,896	2,203
Deferred tax assets	1,906	1,961
Other non-current assets	948	1,074
<b>Total non-current assets</b>	<b>116,070</b>	<b>119,936</b>
<b>Total assets</b>	<b>322,202</b>	<b>352,863</b>



(Unit: million yen)

	FY2017 (As of March 31, 2017)	Third quarter of FY2018 (As of December 31, 2017)
<b>Liabilities and equity</b>		
<b>Current liabilities</b>		
Trade and other payables	69,476	70,498
Current borrowings	973	951
Other financial liabilities	709	1,009
Income taxes payable	2,871	3,035
Provisions	3,940	3,965
Other current liabilities	2,173	6,680
<b>Total current liabilities</b>	<b>80,143</b>	<b>86,140</b>
<b>Non-current liabilities</b>		
Non-current borrowings	315	533
Other financial liabilities	1,530	1,317
Net defined benefit liability	1,098	1,272
Provisions	101	91
Deferred tax liabilities	6,173	5,302
Other non-current liabilities	1,850	3,352
<b>Total non-current liabilities</b>	<b>11,068</b>	<b>11,869</b>
<b>Total liabilities</b>	<b>91,212</b>	<b>98,010</b>
<b>Equity</b>		
Capital stock	4,700	4,700
Capital surplus	5,257	5,171
Treasury stock	-4	-4
Retained earnings	194,847	210,117
Other components of equity	7,617	12,208
Total equity attributable to owners of parent	212,417	232,192
Non-controlling interests	18,572	22,660
<b>Total equity</b>	<b>230,989</b>	<b>254,853</b>
<b>Total liabilities and equity</b>	<b>322,202</b>	<b>352,863</b>

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

Condensed Quarterly Consolidated Statement of Income

Consolidated First Three Quarters

(Unit: million yen)

	First three quarters of FY2017 (April 1, 2016 – December 31, 2016)	First three quarters of FY2018 (April 1, 2017 – December 31, 2017)
Revenue	311,073	351,460
Cost of sales	-260,284	-293,802
Gross profit	50,788	57,657
Selling, general and administrative expenses	-26,836	-28,009
Other income	781	4,752
Other expenses	-900	-527
Operating income	23,832	33,873
Finance income	1,145	1,607
Finance costs	-702	-116
Share of profit (loss) of investments accounted for using the equity method	285	286
Income before tax	24,562	35,650
Income tax expense	-6,416	-9,320
Net income	18,145	26,330
<b>Income attributable to</b>		
Income attributable to owners of parent	14,606	20,233
Income attributable to non-controlling interests	3,539	6,096
Net income	18,145	26,330
<b>Earnings per share</b>		
Basic earnings per share (yen)	214.80	297.57
Diluted earnings per share (yen)	—	—

Condensed Quarterly Consolidated Statement of Comprehensive Income  
Consolidated First Three Quarters

(Unit: million yen)

	First three quarters of FY2017 (April 1, 2016 – December 31, 2016)	First three quarters of FY2018 (April 1, 2017 – December 31, 2017)
Net income	18,145	26,330
<b>Other comprehensive income</b>		
<b>Components that will not be reclassified subsequently to net profit or loss</b>		
Premeasurements of defined benefits plans	-76	-85
Total components that will not be reclassified subsequently to net profit or loss	-76	-85
<b>Components that may be reclassified subsequently to net profit or loss</b>		
Change in fair value of available-for-sale financial assets	1,078	1,687
Differences on translation from foreign operations	1,689	4,053
Share of other comprehensive income of associates accounted for using the equity method	-190	20
Total components that may be reclassified subsequently to net profit or loss	2,577	5,761
Other comprehensive income, net or tax	2,501	5,675
<b>Comprehensive income for the period</b>	<b>20,646</b>	<b>32,005</b>
<b>Comprehensive income for the period attributable to:</b>		
Comprehensive income for the period attributable to owners of parent	17,397	24,825
Comprehensive income for the period attributable to non-controlling interests	3,249	7,180
<b>Comprehensive income for the period</b>	<b>20,646</b>	<b>32,005</b>

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

First three quarters of FY2017 (April 1, 2016 - December 31, 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				14,606	
Other comprehensive income					2,790
Total comprehensive income	—	—	—	14,606	2,790
Transactions with owners, etc.					
Dividends				-4,623	
Acquisition of treasury stock			-0		
Changes in ownership interests in subsidiaries		76			
Other				-3	
Total transactions with owners, etc.	—	76	-0	-4,627	—
Balance as at the end of the fiscal year	4,700	5,025	-4	189,830	10,354

	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	14,606	3,539	18,145
Other comprehensive income	2,790	-289	2,501
Total comprehensive income	17,397	3,249	20,646
Transactions with owners, etc.			
Dividends	-4,623	-1,948	-6,572
Acquisition of treasury stock	-0		-0
Changes in ownership interests in subsidiaries	76	-155	-79
Other	-3	-1	-4
Total transactions with owners, etc.	-4,551	-2,105	-6,656
Balance as at the end of the fiscal year	209,906	23,176	233,083

First three quarters of FY2018 (April 1, 2017 - December 31, 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				20,233	
Other comprehensive income					4,591
Total comprehensive income	—	—	—	20,233	4,591
Transactions with owners, etc.					
Dividends				-4,963	
Acquisition of treasury stock			-0		
Changes in ownership interests in subsidiaries		-85			
Other					
Total transactions with owners, etc.	—	-85	-0	-4,963	—
Balance as at the end of the fiscal year	4,700	5,171	-4	210,117	12,208

	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			
Net income	20,233	6,096	26,330
Other comprehensive income	4,591	1,084	5,675
Total comprehensive income	24,825	7,180	32,005
Transactions with owners, etc.			
Dividends	-4,963	-2,362	-7,326
Acquisition of treasury stock	-0		-0
Changes in ownership interests in subsidiaries	-85	-730	-815
Other			
Total transactions with owners, etc.	-5,049	-3,092	-8,142
Balance as at the end of the fiscal year	232,192	22,660	254,853

## (4) Condensed Quarterly Statement of Cash Flows

(Unit: million yen)

	First three quarters of FY2017 (April 1, 2016 – December 31, 2016)	First three quarters of FY2018 (April 1, 2017 – December 31, 2017)
<b>Cash flows from operating activities</b>		
Income before tax	24,562	35,650
Depreciation and amortization	7,773	8,619
Impairment loss	284	180
Loss (gain) on disposal of non-current assets	288	-205
Finance income and finance costs	-1,607	-1,124
Equity in (earnings) losses of affiliates	-285	-286
Decrease (increase) in operating and other receivables	-2,796	-2,191
Net decrease (increase) in leased receivables and investment assets	1,756	-414
Decrease (increase) in inventories	-1,186	2,068
Increase (decrease) in operating and other debts	-1,418	-1,627
Increase (decrease) in net defined benefit asset or liability	-106	-146
Increase (decrease) in provisions	-90	-13
Other	3,520	6,802
Subtotal	30,693	47,313
Interest income received	757	696
Dividend income received	379	470
Interest expenses paid	-107	-110
Income taxes paid	-6,833	-11,265
<b>Cash flows from operating activities</b>	<b>24,889</b>	<b>37,103</b>
<b>Cash flows from investing activities</b>		
Payments into time deposits	-2,017	-3,888
Proceeds from withdrawal of time deposits	4,194	1,797
Purchase of property, plant and equipment	-8,447	-6,702
Proceeds from sales of property, plant and equipment	214	103
Purchase of intangible assets	-1,753	-949
Purchase of equity instruments	-42	-44
Proceeds from sales of equity instruments	129	0
Payments of loans receivable	-156	-152
Collection of loans receivable	143	148
Other	-1,028	8
<b>Cash flows from investing activities</b>	<b>-8,763</b>	<b>-9,679</b>

(Unit: million yen)

	First three quarters of FY2017 (April 1, 2016 – December 31, 2016)	First three quarters of FY2018 (April 1, 2017 – December 31, 2017)
<b>Cash flows from financial activities</b>		
Net increase (decrease) in short-term loans payable	-164	-99
Proceeds from long-term loans payable	316	300
Repayment of long-term loans payable	-27	-4
Repayments of finance lease obligations	-1,323	-993
Purchase of treasury stock	-0	-0
Cash dividends paid	-4,623	-4,963
Dividends paid to non-controlling interests	-4,623	-4,921
Payment to acquire interests in subsidiaries from non-controlling interests	-79	-815
<b>Net cash provided by (used in) financing activities</b>	<b>-10,526</b>	<b>-11,498</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>440</b>	<b>2,197</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>6,040</b>	<b>18,123</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>90,437</b>	<b>96,008</b>
<b>Cash and cash equivalents at end of period</b>	<b>96,478</b>	<b>114,131</b>

(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 three quarters of FY2017 (April 1, 2016 – December 31, 2016)

(Unit: million yen)

	Reporting Segments					Adjustments	Amounts stated in consolidated F/S
	Japan	Americas	China	Asia and Europe	Total		
Revenue							
External revenue	50,568	155,013	63,408	42,082	311,073	—	311,073
Inter-segment transfer	19,964	952	5,101	393	26,411	-26,411	—
Total	70,533	155,965	68,510	42,476	337,485	-26,411	311,073
Segment profits	7,114	8,184	10,994	1,366	27,658	-3,825	23,832
Finance income and finance costs	—	—	—	—	—	—	443
Return on investment using the equity method	—	—	—	—	—	—	285
Income before tax	—	—	—	—	—	—	24,562

- (Notes) 1. Adjustments of -3,825 million yen for segment profits include a deduction of -92 million yen for transactions among segments, and operating expenses of -3,733 million yen associated with the administration division of the parent company headquarters, which could not be allocated.
2. Segment profits are adjusted to operating income in the condensed quarterly consolidated statements of income.

First three quarters of FY2018 (April 1, 2017 – December 31, 2017)

(Unit: million yen)

	Reporting Segments					Adjustments	Amounts stated in consolidated F/S
	Japan	Americas	China	Asia and Europe	Total		
Revenue							
External revenue	48,845	163,199	84,259	55,155	351,460	—	351,460
Inter-segment transfer	17,861	1,444	5,776	1,151	26,234	-26,234	—
Total	66,706	164,644	90,035	56,307	377,694	-26,234	351,460
Segment profits	6,334	8,199	18,369	4,936	37,840	-3,967	33,873
Finance income and finance costs	—	—	—	—	—	—	1,491
Return on investment using the equity method	—	—	—	—	—	—	286
Income before tax	—	—	—	—	—	—	35,650

- (Notes) 1. Adjustments of -3,967 million yen for segment profits include a deduction of -235 million yen for transactions among segments, and operating expenses of -3,731 million yen associated with the administration division of the parent company headquarters, which could not be allocated.
2. Segment profits are adjusted to operating income in the condensed quarterly consolidated statements of income.