



Consolidated Financial Summary FY2019

(April 1, 2018 – March 31, 2019)

TS TECH Co.,Ltd.

This document is an English translation of the Japanese language version of the consolidated financial summary that TS TECH Co., Ltd. has produced for reference purposes.

In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Consolidated Financial Summary for FY2019 (under IFRS)

April 26, 2019

Company name: TS TECH CO., LTD. Stock exchange listing: Tokyo Stock Exchange
 Stock code: 7313 URL: <http://www.tttech.co.jp>
 Representative: Masanari Yasuda, President
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 Scheduled date of general meeting of shareholders: June 21, 2019
 Scheduled date of commencement of dividend payment: June 24, 2019
 Scheduled date for filing of securities report: June 24, 2019
 Preparation of supplementary explanatory material: Yes 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 FY2019 (April 1, 2018 - March 31, 2019)

(1) Consolidated Financial Results

(%: 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	%
FY2019	412,072	-14.1	38,793	-18.1	41,407	-16.7	31,064	-19.1	25,750	-14.5	30,849	-16.8
FY2018	479,490	12.6	47,346	37.0	49,681	38.8	38,392	53.0	30,115	53.5	37,077	52.3

Note: The Group adopted IFRS 15 "Revenue from Contracts with Customers" effective the start of FY2019. As a result, revenue in FY2019 decreased by 53,174 million yen.

	Basic earnings per share	Diluted earnings per share	Return on equity attributable to owners of parent	Ratio of income before tax to total assets	Ratio of operating income to revenue
	Yen	Yen	%	%	%
FY2019	378.70	—	10.5	11.7	9.4
FY2018	442.89	—	13.4	14.7	9.9

(Reference) Share of profit (loss) of investments accounted for using the equity method FY2019 367 million yen FY2018 388 million yen

(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
FY2019	358,265	277,424	255,617	71.3	3,759.21
FY2018	351,944	259,924	235,589	66.9	3,464.66

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of term
	Million yen	Million yen	Million yen	Million yen
FY2019	43,806	-18,321	-16,390	128,647
FY2018	48,406	-12,742	-11,858	118,758

2. Cash Dividends

	Annual cash dividends per share					Total cash dividends (annual)	Dividends payout ratio (consolidated)	Equity attributable to owners of parent to dividend ratio (consolidated)
	End of 1Q	End of 2Q	End of 3Q	End of year	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY2018	—	38.00	—	42.00	80.00	5,439	18.1	2.4
FY2019	—	42.00	—	42.00	84.00	5,711	22.2	2.3
FY2020 (Forecasts)	—	43.00	—	43.00	86.00		24.2	

3. Consolidated Forecasts for FY2020 (April 1, 2019 - March 31, 2020)

(%: 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 FY2020	200,000	-1.2	18,000	-3.1	18,900	-5.5	14,700	1.2	12,100	4.7	177.95
FY2020	400,000	-2.9	36,500	-5.9	38,300	-7.5	29,200	-6.0	24,200	-6.0	355.89

Notes

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

- (2) Changes in accounting principles and estimates
1) Changes in accounting policies required by IFRS : Yes
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)

FY2019	68,000,000 shares	FY2018	68,000,000 shares
FY2019	2,275 shares	FY2018	2,100 shares
FY2019	67,997,795 shares	FY2018	67,997,915 shares

(Note) For the number of shares that is the basis for the calculation of basic earnings per share, please see page 21, “Per Share Information.”

(Reference) Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for FY2019 (April 1, 2018 - March 31, 2019)

(1) Non-Consolidated Financial Results (%: year-on-year change)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2019	96,690	12.2	6,241	55.8	18,981	39.4	15,159	-12.5
FY2018	86,178	0.8	4,006	106.6	13,615	20.4	17,334	96.5

	Net income per share	Diluted net income per share
	Yen	Yen
FY2019	222.95	—
FY2018	254.93	—

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2019	134,810	116,881	86.7	1,718.91
FY2018	132,103	109,562	82.9	1,611.26

(Reference) Shareholders' equity: FY2019 116,881 million yen FY2018 109,562 million yen

(Note) Financial figures in the non-consolidated financial results are based on Japanese accounting standards.

*This consolidated financial summary is exempt from audits by certified public accountants and 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 managers of TS TECH CO., LTD. (hereinafter the “Company”) 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 “1. Operating Performance Overview (4) Consolidated Earnings Forecasts for FY2020” on page 7 for assumptions and other information that form the premise for the operating results forecasts above.

Presentation materials used at the briefing on April 26, 2019 can be obtained via the following URL after the briefing:
(IR Library): <http://www.tstech.co.jp/english/ir/>

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1. Operating Performance Overview

(1) Overview of Financial Results

Results for FY2019 (April 1, 2018 – March 31, 2019) are as follows.

(Unit: million yen)

		FY2019	Year-on-year change
Revenue	After application of IFRS 15	412,072	-14.1%
	FY2018 standards	465,246	-3.0%
Operating income		38,793	-18.1%
Income before tax		41,407	-16.7%
Net income		31,064	-19.1%
Income attributable to owners of parent		25,750	-14.5%

Note: Under IFRS 15 “Revenue from Contracts with Customers,” a portion of amounts of originally recorded as sales and costs is no longer recognized as revenue.

The global economy continued to show signs of gradual improvement during the period under review, but the signs were overshadowed by trade friction between the U.S. and China, uncertainty stemming from policy trends around the world, and a slowdown in the Chinese economy that offset market stability the U.S. Despite increased demand for automobiles in Japan and Asia, the environment proved difficult given the activity in the world’s two largest automobile markets, with demand flat in the U.S. and down year-on-year in China.

Production of automobile seats for the Group’s major customers was down year-on-year in the China and Asia and Europe segments. This offset a sharp year-on-year rise in the Japan segment on increased minicar seat production and new model launches, as well as slight growth in the Americas segment.

Amid this backdrop, we proceeded with various measures to improve the Group’s profitability. We are diligently working toward our goals by implementing comprehensive cost-cutting measures, such as the construction of an even more efficient production system and quality cost control through enhanced quality assurance capabilities at each process, and launching projects with an eye to future cost competitiveness, such as fully automated production lines.

However, revenue for the fiscal year under review amounted to 465,246 million yen on a consolidated basis, down 14,243 million yen (3.0%) from the preceding fiscal year. This was mainly due to lower order volume in the China and Asia and Europe segments, lower press tool sales in the Americas segment, and the exchange rate impact. These factors offset higher order volume from major customers on new model launches in the Japan and Americas segments. Looking at profits, operating income stood at 38,793 million yen, down 8,552 million yen (18.1%) year-on-year. This reflected the elimination of compensation received in FY2018 following the end of the Guangzhou plant relocation in China (3,840 million yen) and the impact of higher materials costs, offsetting continued efforts to cut costs through more efficient production. Income attributable to owners of parent totaled 25,750 million yen, a decrease of 4,364 million yen (14.5%) year-on-year.

USD/JPY average exchange rate... FY2018: ¥110.8 FY2019: ¥110.9

CNY/JPY average exchange rate...FY2018: ¥16.7 FY2019: ¥16.5

Operating performance by geographic segment is as follows:

(Japan)

In the fiscal year under review, the Group launched production of seats for Honda's new N-VAN, CR-V, and Insight.

In order to accommodate minicar seat production increases and new model production launches, we worked to implement a highly efficient production system through measures such as revamped plant layouts, automated loading processes, and the installation of collaborative robots.

The operating performance of the Japan segment is as follows:

(Unit: million yen)

		FY2018	FY2019	Difference	Change
Revenue	After application of IFRS 15	93,552	92,856	-696	-0.7%
	FY2018 standards		102,769	9,216	9.9%
Operating income		9,653	11,935	2,282	23.6%

Main factors for year-on-year change (versus FY2018 standards)

Revenue	Revenue increased year-on-year primarily due to factors such as higher order volume from major customers and an improved model makeup. These factors offset decreases stemming from the end of transfer price adjustments pertaining to receipt of royalties based on an advanced pricing agreement (APA) agreed upon by Japan and the U.S. in the previous fiscal year.
Operating income	Operating income increased due to the impact of higher revenue and additional cost-cutting measures, offsetting decreases stemming from the end of transfer price adjustments based on an APA.

(The Americas)

In the fiscal year under review, the Group launched production of seats for the new Honda Insight and new Acura RDX.

We worked to create a highly profitable structure through measures such as quality cost control through enhanced quality assurance capabilities at each process. Additionally, construction began on a logistics center in Ohio, U.S.A that aims to make logistics even more efficient.

The operating performance of the Americas segment is as follows:

(Unit: million yen)

		FY2018	FY2019	Difference	Change
Revenue	After application of IFRS 15	224,867	195,604	-29,263	-13.0%
	FY2018 standards		222,864	-2,003	-0.9%
Operating income		10,189	10,041	-148	-1.5%

Main factors for year-on-year change (versus FY2018 standards)

Revenue	Revenue remained largely unchanged year-on-year primarily due to lower press tool sales and the impact of foreign currency translation, offsetting higher order volume from major customers on new model launches.
Operating income	Operating income remained largely unchanged year-on-year primarily due to the impact of higher materials costs, offsetting increases stemming from the end of transfer price adjustments pertaining to payment of royalties based on an APA agreed upon by Japan and the U.S. as well as cost-cutting measures.

(China)

In the fiscal year under review, the Group launched production of seats for the new Honda Accord and new Acura RDX.

Actual production volume fell far short of plans due to a slowdown in the Chinese economy caused by trade friction and a prolonged production stoppage by a customer. Although the difficult operating environment is expected to continue, we are proceeding with comprehensive measures to improve profitability and strengthening sales initiatives aimed at securing new customers and commercial rights.

The operating performance of the China segment is as follows:

(Unit: million yen)

		FY2018	FY2019	Difference	Change
Revenue	After application of IFRS 15	121,266	89,187	-32,079	-26.5%
	FY2018 standards		106,269	-14,996	-12.4%
Operating income		24,664	16,663	-8,000	-32.4%

Main factors for year-on-year change (versus FY2018 standards)

Revenue	Revenue decreased primarily due to lower order volume from major customers.
Operating income	Operating income decreased primarily due to the end of compensation received in the previous fiscal year following the end of the Guangzhou plant relocation as well as the effects of lower revenue.

(Asia and Europe)

In the fiscal year under review, the Group launched production of seats for Honda's new Civic and Amaze in India. We also began producing third-row seats in Hungary for a new SUV manufactured by the Volkswagen group.

Work began on a plant expansion project at TS TECH BANGLADESH LIMITED, which supplies trim cover to group companies, to bolster production capabilities. We aim to make the Group even more cost competitive through additional distribution of high-quality trim cover at low cost.

The operating performance of the Asia and Europe segment is as follows:

(Unit: Million yen)

	FY2018	FY2019	Difference	Change
Revenue	76,041	66,822	-9,218	-12.1%
Operating income	8,083	5,425	-2,657	-32.9%

Main factors for year-on-year change

Revenue	Revenue decreased primarily due to lower order volume from major customers and changes to the makeup of models, offsetting a rise in component sales.
Operating income	Operating income decreased due to the effects of lower revenue, offsetting efforts to cut costs through more efficient production.

Revenue by business segment is as follows:

(Unit: million yen)

	FY2018		FY2019		Difference	Change
		Ratio		Ratio		
Motorcycles	6,718	1.4%	6,504	1.6%	-213	-3.2%
Automobiles	466,996	97.4%	399,871	97.0%	-67,125	-14.4%
(Seats)	409,397	85.4%	353,002	85.7%	-56,395	-13.8%
(Interior products)	57,599	12.0%	46,869	11.4%	-10,729	-18.6%
Other businesses	5,775	1.2%	5,696	1.4%	-78	-1.4%
Total	479,490	100.0%	412,072	100.0%	-67,418	-14.1%

Note: The Group adopted IFRS 15 "Revenue from Contracts with Customers" effective the start of FY2019. As a result, revenue in FY2019 decreased by 53,174 million yen.

(2) Overview of Financial Position

Assets, liabilities, and equity

(Assets)

Assets at the end of FY2019 stood at 358,265 million yen, increasing 6,321 million yen from the end of FY2018. This change is primarily the result of an increase in cash and cash equivalents stemming from the allocation of net income and an increase in other financial assets resulting from an increase in time deposits. These factors offset a decrease in trade and other receivables stemming primarily from changes in orders received.

(Liabilities)

Total liabilities at the end of FY2019 amounted to 80,840 million yen, down 11,178 million yen from the end of FY2018. The decline resulted mainly from a decrease in provisions due to a recall by a major customer, a decrease in trade and other payables on a change in the method of payment to subcontractors from notes to cash, and a decrease in income tax receivables stemming from payment of corporate tax.

(Equity)

Equity at the end of FY2019 totaled 277,424 million yen, rising 17,500 million yen from the end of FY2018. This change is primarily the result of an increase in retained earnings stemming from the allocation of net income.

(3) Overview of Cash Flows

Cash and cash equivalents (hereinafter “cash”) at the end of FY2019 amounted to 128,647 million yen, up 9,888 million yen from the end of the previous fiscal year.

(Cash flows from operating activities)

Cash flows from operating activities amounted to 43,806 million yen, showing a year-on-year decrease of 4,600 million yen. This is the result of a decrease of 8,273 million yen in net income and a change in provisions from an increase of 912 million yen in the previous fiscal year to a decrease of 4,513 million yen in FY2019. These factors offset a change in trade and other receivables from an increase of 6,301 million yen in the previous fiscal year to a decrease of 6,751 million yen in FY2019.

(Cash flows from investing activities)

Cash flows from investing activities came to 18,321 million yen, an increase of 5,579 million yen year-on-year. This primarily reflects a net change in both payments into and proceeds from the withdrawal of time deposits from an outlay of 2,910 million yen to an outlay of 8,659 million yen in FY2019.

(Cash flows from financial activities)

Cash flows from financial activities totaled 16,390 million yen, an increase of 4,531 million yen year-on-year. This reflects an increase of 3,390 million yen in dividend payments (including payments to non-controlling interests) and a net change in short-term loans payable from an outlay of 99 million yen to an outlay of 863 million yen.

(4) Consolidated Earnings Forecasts for FY2020

The Group's consolidated forecasts for FY2020 are as follows:

(Unit: million yen)

	FY2020 forecasts	Year-on-year change
Revenue	400,000	-2.9%
Operating income	36,500	-5.9%
Income before tax	38,300	-7.5%
Net income	29,200	-6.0%
Income attributable to owners of parent	24,200	-6.0%

The Group has assumed 1 USD = 110.0 yen (110.9 yen for the period under review) and 1 CNY = 16.4 yen (16.5 yen for the period under review) for its full-year average exchange rates.

2. Basic Policy on the Selection of Accounting Standards

The Group has adopted IFRS (International Financial Reporting Standards) to increase the international comparability of its financial statements in the capital market.

3. Consolidated Financial Statements

(1) Consolidated Statement of Financial Position

(Unit: million yen)

	FY2018 (As of March 31, 2018)	FY2019 (As of March 31, 2019)
Assets		
Current assets		
Cash and cash equivalents	118,758	128,647
Trade and other receivables	74,294	67,774
Other financial assets	11,541	18,596
Inventories	25,175	25,948
Income tax receivables	1,227	1,117
Other current assets	4,959	5,713
Total current assets	235,957	247,797
Non-current assets		
Property, plant and equipment	73,532	71,515
Intangible assets	10,753	10,080
Investments accounted for using the equity method	1,463	1,484
Other financial assets	24,290	22,466
Net defined benefit assets	2,804	2,535
Deferred tax assets	2,367	1,778
Other non-current assets	775	607
Total non-current assets	115,986	110,467
Total assets	351,944	358,265

(Unit: million yen)

	FY2018 (As of March 31, 2018)	FY2019 (As of March 31, 2019)
Liabilities and equity		
Current liabilities		
Trade and other payables	67,262	64,747
Current borrowings	1,059	157
Other financial liabilities	1,269	773
Income tax receivables	3,773	1,772
Provisions	4,641	271
Other current liabilities	2,720	3,673
Total current liabilities	80,727	71,395
Non-current liabilities		
Non-current borrowings	424	75
Other financial liabilities	1,430	745
Net defined benefit liabilities	1,267	1,365
Provisions	99	99
Deferred tax liabilities	5,159	5,326
Other non-current liabilities	2,911	1,832
Total non-current liabilities	11,292	9,445
Total liabilities	92,019	80,840
Equity		
Capital stock	4,700	4,700
Capital surplus	5,171	5,171
Treasury stock	-4	-5
Retained earnings	219,999	240,038
Other components of equity	5,723	5,712
Total equity attributable to owners of parent	235,589	255,617
Non-controlling interests	24,335	21,807
Total equity	259,924	277,424
Total liabilities and equity	351,944	358,265

(2) Consolidated Statement of Income and Comprehensive Income

Consolidated Statement of Income

(Unit: million yen)

	FY2018 (April 1, 2017- March 31, 2018)	FY2019 (April 1, 2018- March 31, 2019)
Revenue	479,490	412,072
Cost of sales	-399,329	-338,031
Gross profit	80,160	74,040
Selling, general and administrative expenses	-37,418	-36,521
Other income	5,192	1,692
Other expenses	-588	-418
Operating income	47,346	38,793
Finance income	2,161	2,371
Finance costs	-214	-125
Share of profit (loss) of investments accounted for using the equity method	388	367
Income before tax	49,681	41,407
Income tax expense	-11,288	-10,343
Net income	38,392	31,064
Income attributable to:		
Owners of parent	30,115	25,750
Non-controlling interests	8,277	5,313
Net income	38,392	31,064
Earnings per share		
Basic earnings per share (yen)	442.89	378.70
Diluted earnings per share (yen)	—	—

Consolidated Comprehensive Income

(Unit: million yen)

	FY2018 (April 1, 2017- March 31, 2018)	FY2019 (April 1, 2018- March 31, 2019)
Net income	38,392	31,064
Other comprehensive income		
Components that will not be reclassified subsequently to net profit or loss		
Remeasurements of defined benefit plans	289	23
Financial assets measured at fair value through other comprehensive income	—	-1,363
Total components that will not be reclassified subsequently to net profit or loss	289	-1,340
Components that may be reclassified subsequently to net profit or loss		
Change in fair value of available-for-sale financial assets	963	—
Differences on translation from foreign operations	-2,616	1,219
Share of other comprehensive income of associates accounted for using the equity method	47	-95
Total components that may be reclassified subsequently to net profit or loss	-1,605	1,124
Other comprehensive income, net of tax	-1,315	-215
Comprehensive income for the period	37,077	30,849
Comprehensive income for the period attributable to:		
Owners of parent	28,222	25,740
Non-controlling interests	8,855	5,108
Comprehensive income for the period	37,077	30,849

(3) Consolidated Statement of Changes in Equity

FY2018 (April 1, 2017 - March 31, 2018)

(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	5,257	-4	194,847	7,617
Comprehensive income					
Net income				30,115	
Other comprehensive income					-1,893
Total comprehensive income	—	—	—	30,115	-1,893
Transactions with owners, etc.					
Dividends				-4,963	
Acquisition of treasury stock			-0		
Changes in ownership interests in subsidiaries		-85			
Total transactions with owners, etc.	—	-85	-0	-4,963	—
Balance at the end of the fiscal year	4,700	5,171	-4	219,999	5,723

	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at the end of the previous fiscal year	212,417	18,572	230,989
Comprehensive income			
Net income	30,115	8,277	38,392
Other comprehensive income	-1,893	577	-1,315
Total comprehensive income	28,222	8,855	37,077
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
Total transactions with owners, etc.	-5,049	-3,092	-8,142
Balance at the end of the fiscal year	235,589	24,335	259,924

FY2019 (April 1, 2018 - March 31, 2019)

(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	5,171	-4	219,999	5,723
Comprehensive income					
Net income				25,750	
Other comprehensive income					-10
Total comprehensive income	—	—	—	25,750	-10
Transactions with owners, etc.					
Dividends				-5,711	
Acquisition of treasury stock			-0		
Changes in ownership interests in subsidiaries					
Total transactions with owners, etc.	—	—	-0	-5,711	—
Balance at the end of the fiscal year	4,700	5,171	-5	240,038	5,712

	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at the end of the previous fiscal year	235,589	24,335	259,924
Comprehensive income			
Net income	25,750	5,313	31,064
Other comprehensive income	-10	-204	-215
Total comprehensive income	25,740	5,108	30,849
Transactions with owners, etc.			
Dividends	-5,711	-7,636	-13,348
Acquisition of treasury stock	-0		-0
Changes in ownership interests in subsidiaries	—	—	—
Total transactions with owners, etc.	-5,712	-7,636	-13,349
Balance at the end of the fiscal year	255,617	21,807	277,424

(4) Consolidated Statement of Cash Flows

(Unit: million yen)

	FY2018 (April 1, 2017- March 31, 2018)	FY2019 (April 1, 2018- March 31, 2019)
Cash flows from operating activities		
Income before tax	49,681	41,407
Depreciation and amortization	11,568	11,982
Impairment loss	189	69
Loss (gain) on disposal of non-current assets	-206	-242
Finance income and finance costs	-1,735	-2,010
Share of loss (profit) of investments accounted for using the equity method	-388	-367
Decrease (increase) in trade and other receivables	-6,301	6,751
Net decrease (increase) in leased receivables and investment assets	20	3,319
Decrease (increase) in inventories	3,307	-526
Increase (decrease) in trade and other payables	-1,903	-2,886
Increase (decrease) in net defined benefit asset or liability	-688	362
Increase (decrease) in provisions	912	-4,513
Other	3,168	392
Subtotal	57,625	53,738
Interest income received	1,024	1,246
Dividend income received	856	919
Interest expenses paid	-152	-122
Income taxes paid	-10,946	-11,975
Net cash provided by (used in) operating activities	48,406	43,806
Cash flows from investing activities		
Payments into time deposits	-5,790	-11,004
Proceeds from withdrawal of time deposits	2,880	2,345
Purchase of property, plant and equipment	-8,952	-6,782
Proceeds from sales of property, plant and equipment	406	512
Purchase of intangible assets	-1,351	-2,012
Purchase of equity instruments	-60	-1,373
Proceeds from sales of equity instruments	0	—
Payments of loans receivable	-188	-168
Collection of loans receivable	181	173
Other	134	-10
Net cash used in (provided by) investing activities	-12,742	-18,321

(Unit: million yen)

	FY2018 (April 1, 2017- March 31, 2018)	FY2019 (April 1, 2018- March 31, 2019)
Cash flows from financial activities		
Net increase (decrease) in short-term loans payable	-99	-863
Proceeds from long-term loans payable	300	—
Repayment of long-term loans payable	-5	-390
Repayments of finance lease obligations	-1,351	-1,859
Purchase of treasury stock	-0	-0
Cash dividends paid	-4,963	-5,711
Dividends paid to non-controlling interests	-4,921	-7,564
Payment to acquire interests in subsidiaries from non-controlling interests	-815	—
Net cash used in (provided by) financing activities	-11,858	-16,390
Effect of exchange rate changes on cash and cash equivalents	-1,055	794
Net increase (decrease) in cash and cash equivalents	22,749	9,888
Cash and cash equivalents at beginning of period	96,008	118,758
Cash and cash equivalents at end of period	118,758	128,647

(5) Notes Concerning Consolidated Financial Statements

(Changes in Accounting Policies)

The Group has adopted the following accounting standards effective FY2019.

Standard	Standard Name	Standard Summary
IFRS 9	Financial Instruments	Revision of the classification, measurement and impairment of financial instruments; and hedge accounting
IFRS 15	Revenue from Contracts with Customers	Revision of accounting procedures related to recognition of revenue

(Application of IFRS 9 “Financial Instruments”)

The Group has adopted IFRS 9 “Financial Instruments” (issued July 2014, hereinafter “IFRS 9”) effective FY2019. As per the transition guidance for IFRS 9, the standard is not reflected in the consolidated financial statements of the previous fiscal year.

The Group has made the following changes to the classification of financial assets in conjunction with the application of IFRS 9.

The Group’s financial assets will be measured either at fair value or at amortized cost.

A financial asset will be measured at amortized cost if both of the following conditions are met:

--The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows

--The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets not measured at amortized cost will be measured at fair value.

Equity instruments measured at fair value, excluding those that are held for trading and therefore measured at fair value through profit or loss, will be assessed on an individual basis, and they will not be reclassified following an initial recognition of measurement at fair value either through profit or loss or through other comprehensive income.

In line with the classification changes, financial assets originally classified as “available-for-sale financial assets” will be reclassified as “financial assets measured at fair value through other comprehensive income.”

Impairment loss and gain or loss on sales related to available-for-sale financial assets, originally recognized as profit or loss in the consolidated statement of income, will be recognized as other comprehensive income.

With respect to the impairment of financial assets measured at amortized cost, under IFRS 9, the Group will also implement an “expected credit losses” model that recognizes loss allowance on the basis of expected credit losses. Under this model, the credit risk of each financial asset will be checked on the last day of each accounting period for significant increases since initial recognition. If the credit risk of a financial asset has not increased significantly since initial recognition, expected credit losses will be measured through a loss allowance equal to the 12-month expected credit losses. Conversely, if the credit risk of a financial asset has significantly increased since initial recognition, expected credit losses will be measured through a loss allowance equal to full lifetime expected credit losses.

However, a loss allowance equal to full lifetime expected credit losses is required for trade receivables that do not contain significant financing components, irrespective of significant credit risk increases since initial recognition.

The impact of IFRS 9 on the consolidated financial statements is minimal.

(Application of IFRS 15 “Revenue from Contracts with Customers”)

The Group has adopted IFRS 15 “Revenue from Contracts with Customers” (issued May 2014) and “Clarifications to IFRS 15” (issued April 2016) (hereinafter collectively “IFRS 15”) effective FY2019.

As per transitional guidance for IFRS 15, the cumulative effect of applying the standard will be recognized as an adjustment to the retained earnings balance at the beginning of FY2019.

In conjunction with the application of IFRS 15, the group will recognize revenue, excluding dividends and interest accounted for in accordance with IFRS 9 “Financial Instruments,” by applying the following five steps.

Step 1: Identify the contract with a customer

Step 2: Identify the performance obligation in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligation in the contract

Step 5: Recognize revenue when a performance obligation is satisfied

The Group’s primary line of business involves the manufacture and sale of seats for automobiles. Revenue pertaining to the sale of these products will be recognized when a product and control of said product are transferred to the customer and the performance obligation is deemed satisfied.

Revenue will be measured as amounts that deduct discounts, rebates, and refunds from compensation agreed upon in the contract with the customer.

The impact of the application of IFRS 15 on the consolidated financial statements for the fiscal year under review is as follows.

1) Consolidated Statement of Financial Position

(Unit: million yen)

	Amount related to IAS 18 and relevant interpretations (March 31, 2019)	Impact of the application of IFRS 15	FY2019 (March 31, 2019)	Notes
Assets				
Current assets				
Trade and other receivables	66,080	1,695	67,775	1
Inventories	25,172	776	25,948	1, 2
(omitted)				
Liabilities and equity				
Current liabilities				
Trade and other payables	62,276	2,471	64,747	2
(remainder of statement omitted)				

1. The ending inventory for components and raw materials provided at cost by customers has been reclassified from “inventories” to “trade and other receivables.”
As a result, “trade and other receivables” increased by 1,695 million yen and “inventories” decreased by 1,695 million yen.
2. Components and raw materials supplied at cost to customers were originally removed from inventories at the time of supply, but inventories will continue to be recognized as a financial transaction, and the ending inventory of components and raw materials retained by the customer will be recognized as a financial liability.
As a result, “inventories” and “trade and other payables” each increased by 2,471 million yen.

2) Consolidated Statement of Income

(Unit: million yen)

	Amount related to IAS 18 and relevant interpretations (April 1, 2018 – March 31, 2019)	Impact of the application of IFRS 15	FY2019 (April 1, 2018 – March 31, 2019)	Notes
Revenue	465,246	-53,174	412,072	3
Cost of sales	391,205	-53,174	338,031	3
(remainder of statement omitted)				

3. Components and raw materials provided at cost by customers were originally reflected in both “revenue” and “cost of sales” but are now shown only as a decrease in “revenue.”

As a result, both “revenue” and “cost of sales” decreased by 53,174 million yen.

(Notes Concerning Going Concern Assumption)

Not applicable

(Segment Information)

1. Overview of reporting segments

Reporting segments are component units of the Company able to provide financial information. These segments file monthly reports that the Board of Directors uses to decide management resource allocation and evaluate results.

Positioning Japan as its global base, the Company has a control and management system for the three operating regions of “The Americas,” which includes the U.S., Canada, Mexico and Brazil; “China” comprising China and Hong Kong; and “Asia and Europe” which covers Thailand, the Philippines, India, Indonesia, the U.K. and Hungary. The Company appoints an officer responsible for control and management in each region. Policies, plans, controls and other matters concerning general operations are discussed at regional management meetings attended by directors and the like in these regions for executing business activities.

Accordingly, the Company positions “Japan,” “The Americas,” “China,” and “Asia and Europe” as its four reporting segments.

In the reporting segments of “Japan,” “The Americas,” and “Asia and Europe,” the Company manufactures and sells products under their coverage that mainly consist of automobile seats, interior products, motorcycle seats, and resin-based products for motorcycles. In the reporting segment of “China,” the Company engages primarily in the manufacture and sale of automobile seats and interior products.

2. Accounting methods for revenue, profits or losses, assets, liabilities and other items for reporting segments

The Company decides the price of transactions carried out among its segments by considering market prices and gross costs, and through price negotiations.

Profits for reporting segments are operating income figures based on the consolidated statements of income.

3. Information about revenue, profits or losses, assets, liabilities and other items for reporting segments
FY2018 (April 1, 2017 - March 31, 2018)

(Unit: million yen)

	Reporting segments					Adjustments	Amounts stated in consolidated F/S
	Japan	The Americas	China	Asia and Europe	Total		
Revenue							
External revenue	68,050	223,018	113,954	74,467	479,490	—	479,490
Inter-segment transfer	25,502	1,849	7,312	1,573	36,237	-36,237	—
Total	93,552	224,867	121,266	76,041	515,727	-36,237	479,490
Segment profits	9,653	10,189	24,664	8,083	52,591	-5,245	47,346
Finance income and finance costs	—	—	—	—	—	—	1,947
Return on investment using the equity method	—	—	—	—	—	—	388
Income before tax	—	—	—	—	—	—	49,681

- (Notes) 1. Adjustments of -5,245 million yen for segment profits include a deduction of -151 million yen for transactions among segments, and operating expenses of -5,093 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 consolidated statements of income.

Other important items

(Unit: million yen)

	Reporting segments					Adjustments	Amounts stated in consolidated F/S
	Japan	The Americas	China	Asia and Europe	Total		
Depreciation and amortization	2,799	5,008	1,956	1,854	11,619	-50	11,568
Impairment loss	—	3	176	9	189	—	189
Capital payments	3,515	2,671	1,322	1,131	8,640	—	8,640

(Note) The adjustment for depreciation is a deduction for transactions between segments.

FY2019 (April 1, 2018 - March 31, 2019)

(Unit: million yen)

	Reporting segments					Adjustments	Amounts stated in consolidated F/S
	Japan	The Americas	China	Asia and Europe	Total		
Revenue							
External revenue	69,984	194,167	83,595	64,324	412,072	—	412,072
Inter-segment transfer	22,871	1,437	5,591	2,497	32,397	-32,397	—
Total	92,856	195,604	89,187	66,822	444,470	-32,397	412,072
Segment profits	11,935	10,041	16,663	5,425	44,066	-5,272	38,793
Finance income and finance costs	—	—	—	—	—	—	2,246
Return on investment using the equity method	—	—	—	—	—	—	367
Income before tax	—	—	—	—	—	—	41,407

- (Notes)
1. Adjustments of -5,272 million yen for segment profits include a deduction of -156 million yen for transactions among segments, and operating expenses of -5,116 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 consolidated statements of income.
 3. As outlined in “Changes in Accounting Policies,” accounting methods to recognize revenue have changed in conjunction with the application of IFRS 15 “Revenue from Contracts with Customers” effective FY2019, and methods for measuring profits and losses for reportable segments have changed accordingly.
As a result, in FY2019, revenue in the Japan segment decreased by 9,912 million yen; revenue in the Americas segment decreased by 27,259 million yen; and revenue in the China segment decreased by 17,082 million yen versus the previous accounting method. There is no impact on segment profits.

Other important items

(Unit: million yen)

	Reporting segments					Adjustments	Amounts stated in consolidated F/S
	Japan	The Americas	China	Asia and Europe	Total		
Depreciation and amortization	2,847	5,204	2,127	1,824	12,003	-20	11,982
Impairment loss	—	10	12	46	69	—	69
Capital payments	3,667	2,033	737	974	7,412	—	7,412

(Note) The adjustment for depreciation is a deduction for transactions between segments.

4. Information related to products and services

FY2018 (April 1, 2017 - March 31, 2018)

As revenues from external customers in a single product/service category account for the majority of revenue in consolidated statements of income, segment information by products and services is omitted.

FY2019 (April 1, 2018 - March 31, 2019)

As revenues from external customers in a single product/service category account for the majority of revenue in consolidated statements of income, segment information by products and services is omitted.

5. Information according to region

Revenue

(Unit: million yen)

	FY2018 (April 1, 2017- March 31, 2018)	FY2019 (April 1, 2018- March 31, 2019)
Japan	67,238	69,575
U.S.	161,531	139,883
Canada	51,723	44,335
China	114,473	83,755
Other	84,522	74,521
Total	479,490	412,072

(Note) Revenue is based on customers' locations and is categorized into countries or regions.

Non-current assets (excluding financial instruments, deferred tax assets, assets concerning retirement benefits, and rights arising from insurance contracts)

(Unit: million yen)

	FY2018 (As of March 31, 2018)	FY2019 (As of March 31, 2019)
Japan	30,814	31,686
U.S.	16,819	16,030
China	12,919	11,523
Other	23,732	22,356
Total	84,285	81,596

Information according to major customers

(Unit: million yen)

	FY2018 (April 1, 2017- March 31, 2018)	FY2019 (April 1, 2018- March 31, 2019)
Honda Motor Co., Ltd. Group	439,417	378,537

(Note) Revenue for the Japan, Americas, China, and Asia and Europe segments is recorded.

(Per Share Information)

Basic earnings per share and the basis for estimation are outlined below.

Latent common stock that has a dilution effect is not included.

	FY2018 (April 1, 2017- March 31, 2018)	FY2019 (April 1, 2018- March 31, 2019)
Income attributable to owners of parent (million yen)	30,115	25,750
Average number of common stock for the period (1,000 shares)	67,997	67,997
Basic earnings per share (yen)	442.89	378.70

(Subsequent Events)

Not applicable